

FORM 45-106F2
Offering Memorandum for Non-Qualifying Issuers



OFFERING OF CLASS A UNITS AND CLASS F UNITS

Date: April 13, 2018

The Issuer

Name: Rise Properties Trust (the “Trust”)
Head office: 500 – 2609 Granville Street
Vancouver, BC V6H 3H3
Phone #: 604-229-6301
E-mail address: MattB@riseproperties.ca
Fax #: 604-630-5968
Currently listed or quoted? No. **These securities do not trade on any exchange or market.**
Reporting issuer? No.
SEDAR filer? No.

The Offering

Securities offered: Class A Units and F Units of the Trust (each, a “Unit” and collectively, the “Units”). Each class shall have the attributes and characteristics as set out under Item 5.1 “Securities Offered – Terms of Units”.
Price per security: \$18.5897 per Class A Unit or US\$14.4293 per Class A Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 31, 2018) (issuable to investors who purchase Units through registered securities dealers).
\$18.5897 per Class F Unit or US\$14.4293 per Class F Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 31, 2018) (issuable to investors who purchase Units directly from the Trust).
Such prices fluctuate based on changes in the Limited Partners’ Ending Net Equity from time to time. The US dollar price fluctuates based on the current exchange rate.
Minimum/Maximum offering: **There is no Minimum Offering. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.** There is no Maximum Offering.
Minimum subscription: Investors must subscribe for a minimum of 100 Units.
Payment terms: A certified cheque, money order or bank draft drawn on a Canadian chartered bank on closing made payable to “Clark Wilson LLP in Trust” or by wire transfer to the Trust’s counsel.
Proposed closing date(s): This is a continuous offering. Closings will occur from time to time at such times as Rise Properties Services Ltd. (the “Trustee”) may determine. The Trustee may terminate the Offering at any time.
Income Tax consequences: There are important tax consequences to these securities. See Item 6.
Selling agent? No. The Trust may pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 6% of the subscription monies obtained by such persons determined by the Trustee in its discretion, acting reasonably, payable at the time of the initial investment. See Item 7.

Resale restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10. However, the Units are redeemable in certain circumstances. See Item 5.1 “Terms of Units – Unitholders’ Right to Redeem”.

Purchaser’s rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

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

This Offering is being made pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation in Canada. Subscriptions will be received if, as and when accepted, subject to prior sale and satisfaction of the conditions set forth under Item 5.2 “Subscription Procedure” and to the right of the Trustee to close the subscription books at any time without notice. Closings will be held from time to time as determined by the Trustee. See Item 4.3 “Prior Sales” and Item 5.2 “Subscription Procedure”.

No action has been or will be taken to permit a public offering of the Units in any jurisdiction where action would be required to be taken for such purpose. Accordingly, the distribution or circulation of this Offering Memorandum and the offering and sale of the Units may be restricted by law in certain jurisdictions. This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Memorandum may come are directed to inform themselves of and observe such restrictions and all legal requirements of their respective jurisdictions of residence in respect of the acquisition, holding and disposition of the Units.

Prospective investors should thoroughly review this Offering Memorandum and are advised to consult with their own legal, investment, accounting, and tax advisors concerning this investment.

The Units will be issued only on the basis of information contained in this Offering Memorandum and no other information or representation has been authorized nor may be relied upon as having been authorized by the Trust. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum, or inconsistent with the information contained herein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale of any of the Units made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Trust since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

This is primarily a blind pool offering. As of the date hereof, the Trust’s property portfolio consists of eleven Properties. See Item 2.3 “Development of the Business – Properties Acquired to Date”. Although the Trust expects that the available net proceeds of the Offering will be applied by the Operating LP, directly or indirectly, in the purchase of additional Properties, the specific additional Properties in which the Operating LP, or its subsidiary entities, will invest have not yet been determined.

MARKET AND INDUSTRY DATA

This Offering Memorandum includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Although the Trust believes this information to be reliable, the Trust has not independently verified any of the third party sourced data referred to herein. The Trust has not analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, nor has the Trust ascertained the underlying economic assumptions relied upon by such sources. Certain providers of market data and forecasts may be advisors to participants in the real estate industry and may present information in a manner that is more favorable to that industry than would be presented by an independent source.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum may constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions made by the Trustee about the success of the Trust’s investment strategies in certain market conditions, relying on the experience of the Trustee’s officers and employees and their knowledge of historical economic and market trends. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Economic and market conditions may change, which may materially impact the success of the Trust’s intended strategies as well as the Trust’s actual course of conduct. The Trustee believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be. See “Risk Factors”.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference as part of this Offering Memorandum:

- (a) the marketing materials related to this Offering prepared as at the date of this Offering Memorandum delivered or made reasonably available to a prospective purchaser; and
- (b) the marketing materials related to this Offering which may be prepared after the date of this Offering Memorandum and delivered or reasonably made available to a prospective purchaser prior to the termination of this Offering.

SUMMARY

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. Capitalized terms not otherwise defined in this Offering Memorandum have the meanings set out in the Trust Declaration made as of January 24, 2012 and as amended March 25, 2013, January 1, 2015, April 9, 2015 and September 1, 2016 (the “Trust Declaration”).

Business of the Trust

The Trust is a limited purpose, unincorporated open-ended investment trust, formed under and governed by the terms and conditions of the Trust Declaration and by the general laws of trusts and the laws of British Columbia and is resident in Canada.

The Trust has been established to acquire limited partnership units (the “**Investment LP Units**”) of Rise Properties Limited Partnership (“**Investment LP**”), temporarily hold cash and investments for the purposes of paying the expenses and liabilities of the Trust, make other investments as contemplated by the Trust Declaration, pay amounts payable by the Trust in connection with the redemption of any Units and make distributions to Unitholders. Through its ownership of Investment LP Units, the Trust will indirectly acquire, hold, manage, operate, improve, convert and sell a diversified portfolio of revenue-producing real estate properties in the United States (the “**Properties**”).

Business of the Investment LP

The Investment LP is a limited partnership formed pursuant to and governed by the laws of British Columbia and created by a Limited Partnership Agreement dated February 13, 2012, as amended and restated August 10, 2017 and March 21, 2018, between the Trust and Rise Properties Holdings Ltd. (the “**Investment GP**”). The Investment LP was established, among other things, to:

- (a) acquire common shares (“**Investment Co Shares**”) of Rise Properties Canada Ltd. (“**Investment Co**”);
- (b) advance a loan (the “**Holding Co Loan**”) to Rise Properties US Inc. (“**Holding Co**”) pursuant to the terms of the Holding Co Loan Agreement; and
- (c) temporarily hold cash and investments for the purposes of paying the expenses and liabilities of the Investment LP and making distributions to the holders of the Investment LP Units.

Business of Investment Co

Investment Co is a corporation formed pursuant to and governed by the laws of the Province of British Columbia and is owned 100% by the Investment LP. Investment Co was established, among other things, to:

- (a) acquire common shares (“**Active Co Shares**”) of Rise Properties US Holdings Inc. (“**Active Co**”); and
- (b) temporarily hold cash and investments and make distributions to the holders of the Investment Co Shares.

Investment Co, together with Holding Co, act to satisfy cross-border tax filing and payment requirements so as to absolve Canadian Unitholders from US tax matters. When income is paid out of Investment Co, its character is eligible dividend income from a Canadian corporation.

Business of Active Co

Active Co is a corporation formed pursuant to and governed by the laws of the state of Nevada and is owned 100% by Investment Co. Active Co was established, among other things, to:

- (a) acquire common shares (“**Holding Co Shares**”) of Rise Properties US Inc. (“**Holding Co**”); and
- (b) temporarily hold cash and investments and make distributions to the holders of Active Co Shares.

This entity serves to qualify the Units as a non-passive foreign investment for US taxpayers.

Business of Holding Co

Holding Co is a corporation formed pursuant to and governed by the laws of the state of Nevada and is owned 100% by the Active Co. Holding Co was established, among other things, to:

- (a) acquire limited partnership units (“**Operating LP Units**”) of Rise Properties Master Limited Partnership (“**Operating LP**”); and
- (b) temporarily hold cash and investments and make distributions to the holders of the Holding Co Shares.

Holding Co receives income from the Operating LP and pays US taxes, thus satisfying a portion of the cross-border tax filing and payment requirements.

Business of the Operating LP

The Operating LP is a limited partnership formed pursuant to and governed by the laws of Nevada and created by a Limited Partnership Agreement dated November 22, 2011 between Holding Co and Rise Properties Master Partnership Holdings Inc. (the “**Operating GP**”). The Operating GP is engaged in identifying investment and development opportunities in multi-family and other revenue-producing real estate located in the United States. In order to take advantage of such investment opportunities, the Operating GP has established the Operating LP pursuant to the laws of Nevada.

The principal business of the Operating LP will be to identify, acquire, own, manage and rent one or more of the Properties as revenue-producing rental properties. This aspect of the Operating LP’s business is referred to in this Offering Memorandum as the “**Rental Operations**” of the Operating LP. The Operating LP may also redevelop, repair, renovate and convert into condominiums or other subdivided or undivided interests one or more of the Properties and will market and sell such condominium or other subdivided or

undivided interests. This aspect of the Operating LP's business is referred to in this Offering Memorandum as "**Conversion**".

In order to accommodate the expected requirements of lenders and to segregate any risks of ownership between Properties, the Operating GP intends to have each of the Properties owned by a separate underlying limited partnership, each a "**Property LP**", established and owned by the Operating LP.

As of the date hereof, the Trust's property portfolio consists of eleven Properties. See Item 2.3 "Development of the Business – Properties Acquired to Date".

Affiliates of the Investment GP and Operating GP

The Operating GP may employ or retain affiliates of the Operating GP ("**Operating GP Affiliates**") to provide goods or services to the Operating LP, provided that the cost of such goods or services are competitive with the cost of similar goods or services provided by an independent third party.

The Operating GP may contract the following Operating GP Affiliates to provide services to the Operating LP: MT Asset Management LLC, Thrive Communities Inc., Thrive Developments, Inc. Certain principals of the Trustee are also principals of these Operating GP Affiliates. For more information on these Operating GP Affiliates and their respective principals, see Item 3.2 – "Affiliates and Management Experience".

The fees outlined in the table below may be paid directly to the Operating GP, or to Operating GP Affiliates of the Operating GP and the Investment GP, from time to time. The Operating GP believes these fees are reasonable and competitive with the cost of similar goods or services provided by independent third parties.

Fee	Details	Paid To
Asset Management Fee	Class A - 2.0% of the Net Asset Value of the Investment LP Class F - 1.0% of the Net Asset Value of the Investment LP	Operating GP
Acquisition Fee	1.0% of the gross purchase price of a Property	Operating GP
Property Management Fee	3% of the gross revenue from managed Properties	Property Manager
Repositioning Fee	5% of repositioning costs	Operating GP
Development Management Fee	5% of all costs of a Conversion, including the FMV of the Property at the commencement of Conversion	Developer

In addition to the Development Management Fee noted above, the Developer will retain 35% of the net profits arising from a Conversion. A warranty reserve shall be set aside for each Conversion project. The Developer will retain the warranty and HOA (Homeowner Association) risk associated with such Conversion project and shall be responsible for the cost of any claim above and beyond the warranty reserve amount.

Offering:

This is a continuous offering of the Units. There is no maximum offering. There is no minimum offering. You may be the only purchaser. This Offering is being made pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation in Canada. See Item 5.2 "Subscription Procedure".

Subscription Procedure:

Subscribers may subscribe for Units by returning to the Trust a completed Subscription Agreement, together with payment in the form of a certified cheque, or bank draft, or by wire transfer, in the amount of the Subscription Price for the Subscriber's Units. A Subscriber whose subscription is accepted by the Trustee will become a Unitholder. The Trustee may terminate the Offering at any time. See Item 5.2 "Subscription Procedure".

Subscription Price:	<p>\$18.5897 per Class A Unit or US\$14.4293 per Class A Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 31, 2018) (issuable to investors who purchase Units through registered securities dealers).</p> <p>\$18.5897 per Class F Unit or US\$14.4293 per Class F Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 31, 2018) (issuable to investors who purchase Units directly from the Trust).</p> <p>Such prices fluctuate based on changes in the Limited Partners' Ending Net Equity from time to time. The US dollar price fluctuates based on the current exchange rate.</p>
Minimum Subscription:	<p>Investors must subscribe for a minimum of 100 Units. See Item 5.2 "Subscription Procedure".</p>
Closing:	<p>Closings will occur from time to time at such times as the Trustee may determine. The Trustee may terminate the Offering at any time.</p>
Sales Fee:	<p>The Trust may pay a sales fee (the "Sales Fee") to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 6% of the subscription monies obtained by such persons. The Trust will be obligated to pay any applicable GST or other taxes on such fees. The Trust's expectation is that the average sales fee paid will be approximately 4% of the subscription proceeds.</p>
Use of Proceeds:	<p>The net subscription proceeds received from the issuance of Units will ultimately be invested in the acquisition of Operating LP Units and will be used by the Operating LP in Rental Operations and Conversions.</p>
The Trust's Distribution Policy:	<p>The Trust will distribute to each Unitholder Distributable Cash Flow (Trust) realized from its investment in Investment LP Units (being its share of the distributable cash received by the Investment LP and generated by the Investment LP's indirect investment, through its ownership of Investment Co Shares and Holding Co Loan, in the Properties owned and operated by the Operating LP) for each Distribution Period in which such amounts are realized. The Trustee, in its discretion, acting reasonably, will, in respect of each Distribution Period, allocate for distribution an amount equal to Grossed-Up Distributable Cash Flow (Trust) <i>pro rata</i> among the Classes of Units based on the number of Units outstanding in each Class. Class Specific Expenses shall then be applied to reduce the amount of Grossed-Up Distributable Cash Flow allocable to the Class to which such Class Specific Expenses relate as the Trustee may determine in its sole discretion.</p> <p>The Trustee will, in respect of each Distribution Period, on or before each Distribution Record Date, declare payable to the Unitholders of record at the close of business on each Distribution Record Date, all or any part of the Distributable Cash Flow (Trust) for the Distribution Period.</p> <p>The Trustee will have the right but not the obligation to distribute and allocate Distributable Cash, Trust Income, Net Realized Capital Gains and any other applicable amounts among Unitholders in such a manner so as to ensure where possible that they are treated equitably taking into account differences that may arise as a result of the acquisition of Units at different times in a fiscal year or in different fiscal calendar years.</p>

The Trust intends to distribute its net income and net realized capital gains, if any, in the year they are earned or realized to ensure that no income tax is payable by the Trust. If distributions to Unitholders are in excess of net income and net realized capital gains, if any, of the Trust the adjusted cost base of the Unitholders' Units will generally be reduced. See Item 5.1 "Terms of Units – Distributions" and Item 6 "Summary of Principal Canadian Federal Income Tax Considerations".

Distributions by Investment LP

Subject to the payment of a Special Distribution – Investment LP, in each Period, the Investment LP will pay and distribute Available Cash Flow – Investment LP as follows:

- (a) First, to the Limited Partners and the Investment GP, until they have received an amount (the "**Payment Amount**") which, when aggregated with all previous distributions in that Period pursuant to this subsection (a), is equal to (but not in excess of) the Hurdle Return (After Tax) for such Period and shall be paid as follows:
 - (i) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period, an amount equal to the product of the Payment Amount multiplied by the Limited Partners' Percentage Interest; and
 - (ii) to the Investment GP, an amount equal to the product of the Payment Amount multiplied by the General Partner Percentage Interest;
- (b) Second, to the extent that Available Cash Flow – Investment LP exceeds the Total Return – Investment LP in such Period (the "**Excess**"), the Excess shall be paid, in an amount not to exceed any negative Value Appreciation in such Period, as follows:
 - (i) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period, an amount equal to the product of the Excess multiplied by the Limited Partners' Percentage Interest; and
 - (ii) to the Investment GP, an amount equal to the product of the Excess multiplied by the General Partner Percentage Interest; and
- (c) Third, to the extent that Available Cash Flow – Investment LP exceeds the amounts distributed pursuant to subsections (a) and (b) of this section, 20% of such excess shall be paid to the Investment GP and 80% of such excess shall be paid as follows:
 - (i) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the period, an amount equal to the product of such excess multiplied by the Limited Partners' Percentage Interest; and
 - (ii) to the Investment GP, an amount equal to the product of such excess multiplied by the General Partner Percentage Interest.

For a more detailed description on Distributions by the Investment LP, see Item 5.1 B "The Investment LP Units - Distributions".

Percentage Interests:	Pursuant to the Investment LP Agreement, the Limited Partners are entitled to receive the Limited Partners' Percentage Interest in all of the income and capital of the Investment LP and the Investment GP is entitled to receive the General Partner Percentage Interest in all of the income and capital of the Investment LP. Initially, the Limited Partners' Percentage Interest is equal to 100% and the General Partner Percentage Interest is nil. In any Period in which the Total Return – Investment LP exceeds the Hurdle Return, to the extent that Available Cash Flow – Investment LP is not sufficient to pay such excess (being the Excess Return), the Investment GP will participate in that portion of the Excess Return through an accretion to the General Partner Percentage Interest.
Redemption:	Units will be redeemable at the request of the Unitholders, subject to applicable law and certain other conditions set out in the Trust Declaration. If conditions preclude the payment of redemptions in cash, redemptions may be paid in-kind through the issuance of additional Units or debt securities. See Item 5.1 “Terms of Units – Redemption”. The payment in cash by the Trust of the redemption price of Units will reduce the amount of cash available to the Trust for the payment of distributions to the holders of Units, since the payment of redemptions will take priority over the payment of cash distributions. See Item 8 “Risk Factors”.
Distribution on Termination:	<p>On the termination of the Trust, the assets of the Trust will be liquidated and the proceeds distributed to pay the liabilities of the Trust and to establish reserves for the contingent liabilities of the Trust. Thereafter, the Trustee will redeem the Units from the Unitholders on a <i>pro rata</i> basis.</p> <p>See Item 5.1 “Terms of Units –Termination of the Trust”.</p>
Non-Residency Restriction	At no time may “non-residents” of Canada (as defined in the Tax Act) be the beneficial owners of more than 49% of the Units, nor may they beneficially own any rights or options that may entitle them to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by non-residents. The Trust Declaration includes provisions allowing the Trustee to require the redemption of Units by a non-resident Unitholder to ensure that this threshold is not exceeded. See Item 5.1 “Terms of Units – Forced Redemption Upon Non-Residency”.
Taxation of the Trust and Unitholders:	Subject to various tax considerations (refer to Item 6 “Summary of Principal Canadian Federal Income Tax Considerations”), income (i.e. return on capital) is generally taxed in the hands of a Unitholder as ordinary income, capital gains, or dividends. Amounts in excess of the income of the Trust that are paid or payable by the Trust to a Unitholder (i.e. return of capital) are generally non-taxable to a Unitholder (but reduce the Unitholder's adjusted cost base in the Unit for purposes of the Tax Act). See Item 6 “Summary of Principal Canadian Federal Income Tax Considerations”.
Transferability:	Subject to exceptions set out in the Trust Declaration, Units will be, for all purposes of the Trust and the Trust Declaration, personal and moveable property, and will be transferable at any time and from time to time. Transfers of Units will be recorded on the Trust's register of Unitholders and will only become effective when so recorded. As well, securities requirements may prohibit or restrict transferability of Units. See Item 10 “Resale Restrictions”.
Risk Factors:	An investment in Units entails a number of risks, including that this Offering is primarily a blind pool offering; that there is no market for the Units and a market for Units is not expected to develop; that an investment in Units is an indirect investment in the Properties acquired by the Operating LP, and as such, have attached to them the risks associated with investing in real estate generally, such as

environmental risk, competition for real estate properties, changes in economic conditions; risks associated with redemptions and retractions of Units; the possibility of conflicts of interest; and risks associated with changes in income tax regulation.

This Offering is not suitable for investors who cannot afford to assume any significant risks in connection with their investments. The risks are more fully described in Item 8 “Risk Factors”.

GLOSSARY

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

Acquisition Fee means a fee payable to the Operating GP by the Operating LP pursuant to the Services Agreement for acquisition and financing services, in an amount equal to 1.0% of the gross purchase price of a Property and payable to the Operating GP upon the completion of the purchase of each Property.

Active Co means Rise Properties US Holdings Inc., a Nevada corporation.

Affiliate or **Affiliates** has the same meaning as in the B.C. Securities Act.

Asset Management Fee means an annual fee equal to, subject to the classes of units of the Trust issued and outstanding at the applicable time, the aggregate of the following:

- (a) 2% of the Investment LP Value attributable to the Class A Units; plus
- (b) 1.0% of the Investment LP Value attributable to the Class F Units; plus
- (c) 1.0% of the Investment LP Value attributable to interests other than classes of units of the Trust,

payable monthly on the last day of each month during the term of the Services Agreement in an amount equal to the following:

- (x) 0.1667% of the Investment LP Value attributable to the Class A Units as at the beginning of each such month;
- (y) 0.083% of the Investment LP Value attributable to the Class F Units as at the beginning of each such month; and
- (z) 0.083% of the Investment LP Value attributable to interests other than classes of units of the Trust as at the beginning of each such month.

Available Cash Flow – Investment LP means, for any Period, all amounts received by the Investment LP in such Period, whether by way of dividends, interest or otherwise, from and in respect of its investment in the Investment Co Shares and Holding Co Loan and which either:

- (a) arise from or are related to the Rental Operations; or
- (b) represent net profits arising from Conversions, calculated as if the Property were acquired at its Fair Market Value as at the commencement of its Conversion.

B.C. Securities Act means the *Securities Act* (British Columbia), with all amendments thereto in force from time to time and any statutes that may be passed which have the effect of supplementing or superseding such statute.

Business Day means a day other than a Saturday, Sunday or any day on which the principal office of the Trust's bankers located in Vancouver, British Columbia, is not open for business during normal banking hours.

Class A Units means a Class A Unit of the Trust.

Class F Unit means a Class F Unit of the Trust.

Class Specific Expenses means any expenses (net of income tax effect, if any, associated with such expenses), including any asset management fees payable to the Operating GP, allocated to a particular Class of Units as determined by the Trustee, acting reasonably, as set out in a Supplemental Indenture to the Trust Declaration, from time to time, and as stated in this Offering Memorandum, other than Grandfathered Trailer Fees.

Closing means a closing of the sale of Units as the Trustee may determine from time to time.

Conversion means the redevelopment, repair, renovation and conversion into condominiums or other subdivided or undivided interests of one or more of the Properties and the marketing and sale of such condominium or other subdivided or undivided interests, and **Converted** means the completion of a Conversion.

Cost Sharing and Recovery Agreement means an agreement dated as of February 13, 2012 between the Trust and the Investment LP pursuant to which the Investment LP has agreed to bear all of the costs of this Offering incurred by the Trust, as a cost of issuing Investment LP Units.

Debt Securities means debt securities of any subsidiary of the Trust that may be created and issued from time to time, that are subordinated and unsecured, have a maturity of five years or less, are prepayable at any time at the option of the issuer prior to maturity, and pay an annual rate of interest equal to the Canada Five-Year yield, payable monthly in arrears.

Deferred Income Taxes means deferred income taxes calculated on a consolidated basis in accordance with international financial reporting standards less an amount equal to three percent (3%) of the fair market value of the Properties multiplied by the income tax rate used to calculate the deferred income taxes.

Deferred Plan means a trust governed by a “registered retirement savings plan”, “registered retirement income fund”, “deferred profit sharing plan” or “tax-free savings account” as those terms are defined in the Tax Act.

Developer means, from time to time, an Affiliate of the Investment GP and Operating GP which will provide development management and other services to the Operating GP in respect of a Conversion.

Developer Conversion Profit means 35% of the net profits arising from a Conversion, calculated as if the Property were acquired at its Fair Market Value as at the commencement of its Conversion.

Development Management Fee means a fee payable by the Property LP to the Developer, in an amount equal to 5% of all costs of a Conversion, including the Fair Market Value of the Property at the time a Conversion is commenced, all soft costs of development, all hard costs of construction, financing costs, marketing costs and all other costs incurred in respect of a Conversion.

Distributable Cash – Investment LP means the aggregate of the Available Cash Flow – Investment LP and Other Receipts – Investment LP and cash received from other sources, less reasonable reserves determined by the Investment GP to be necessary to operate the affairs of the Investment LP in a prudent and businesslike manner.

Distributable Cash Flow (Trust) means the cash flow of the Trust which is available for distribution to Unitholders, as determined in the Trust Declaration.

Distributions – Investment LP means distributions of Distributable Cash – Investment LP, but does not include Special Distributions – Investment LP.

Distribution Period means each quarter of each calendar year, being any of the periods ending on March 31, June 30, September 30 and December 31 in each year.

Distribution Record Date in respect of any Distribution Period means the third Business Day of each month within a Distribution Period.

Economic Sanctions Laws means the foreign assets control regulations, 31 C.F.R. Chapter V, as amended, and any amending legislation or executive order relating to such legislation, as administered by OFAC.

Excess Return means the amount, if any, by which the Total Return – Investment LP exceeds the Hurdle Return.

Fair Market Value means an amount equal to 97% of the fair market value of a Property, which shall be determined assuming a fully informed willing buyer and a willing seller dealing at arm’s length with one another and a free and open market for such Property.

Fiscal Year means each consecutive period of twelve (12) months coinciding with the calendar year and ending on December 31, provided that the first Fiscal Year of the Trust commenced on January 24, 2012 and ended on December 31, 2012.

Fund Management Agreement the agreement between the Trust and Robson Capital Management Inc., dated November 30, 2015, pursuant to which Robson Capital Management Inc. provides certain limited services with respect to the management and administration of the Trust and the sale of Units through FundSERV.

General Partner Percentage Interest means, at any particular time, that percentage interest in and to all of the income or capital of the Investment LP which is determined as 100% less the Limited Partners' Percentage Interest.

Grandfathered Trailer Fees means, where registered securities dealers were involved in the sale of Units and had trailer fee agreements in place prior to September 1, 2016, fees equal to 1% per annum on subscription proceeds paid by the Investment LP to such registered securities dealers (which will be payable until redemption of such Units).

Grossed-Up Distributable Cash Flow means Distributable Cash Flow (Trust) plus any Class Specific Expenses, calculated in accordance with the Trust Declaration.

Holding Co means Rise Properties US Inc., a Nevada corporation.

Holding Co Loan means a loan to be made by the Investment LP to Holding Co, the proceeds of which will be used to indirectly acquire Properties.

Holding Co Loan Agreement means the agreement to be made between the Investment LP and Holding Co in respect of the Holding Co Loan.

Holding Co Shares means common shares of Holding Co.

Hurdle Return – Investment LP means, for any Period, an amount equal to an 8% annual return on the aggregate of:

- (a) the Total Opening Net Equity as at the beginning of such Period, plus
- (b) the Subscription Proceeds received during such Period; less
- (c) any returns of Other Receipts-Investment LP or any cash received from other sources (other than Available Cash Flow-Investment LP) during such Period,

calculated on a non-compounded daily basis.

Hurdle Return (After Tax) means, for any Period, an amount equal to the Hurdle Return – Investment LP less any Taxes for that Period.

Investment Co means Rise Properties Canada Ltd., a British Columbia corporation.

Investment Co Shares means common shares of the Investment Co.

Investment GP means Rise Properties Holdings Ltd., a British Columbia corporation.

Investment LP means Rise Properties Limited Partnership, a British Columbia limited partnership.

Investment LP Agreement means the agreement dated February 13, 2012, as amended and restated August 10, 2017 and March 21, 2018, between the Trust and the Investment GP in respect of the Investment LP.

Investment LP Units means limited partnership units of the Investment LP.

Investment LP Value means the “Net Asset Value” of the Investment LP as of each Valuation Date, determined in accordance with the Investment LP Agreement. The Investment LP Agreement provides that the Investment LP Value will be determined on each Valuation Date by valuing the Properties and all other assets held by the Investment LP as at the Valuation Date, including all income, net realized capital gains and other amounts payable to the Limited Partners, and deducting from the total of the foregoing Deferred Income Tax and all other liabilities of the Investment LP accrued as of the Valuation Date, including all unrealized tax liabilities arising from the ownership of Properties assuming that they are disposed of at the value determined in accordance with the rules applicable thereto as set forth in the Investment LP Agreement. The Investment LP Agreements sets forth the following rules that apply to the valuation of all Investment LP assets and liabilities:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Investment GP determines that any such asset is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Investment GP determines to be the fair value thereof;
- (b) the market value of any money market instruments will be deemed to be their cost, plus accrued interest;
- (c) the market value of any direct or indirect interest in real property will be an amount equal to 97% of the fair market value of a Property, which shall be determined assuming a fully informed willing buyer and a willing seller dealing at arm’s length with one another and a free and open market for such Property. Such Property may include stabilized income-generating rental properties, properties that are undergoing a repositioning and properties undergoing a Conversion. Such value shall only reflect the Investment LP’s direct or indirect interest in such Property.
- (d) the market value of any mortgage will be deemed to be the aggregate principal amount owing under or in respect of the mortgage on the Valuation Date, plus interest accrued thereon to and including the Valuation Date, unless the Investment GP determines that such mortgage has a fair market value which is different than the aggregate of such principal and interest, in which case the fair market value of such mortgage will be deemed to be the value as determined by the Investment GP, acting reasonably;
- (e) any security that is listed or dealt in on a stock exchange will be valued at the sale price applicable to a board lot last reported at the close of trading on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked price rather than the last quoted closing price;
- (f) any security purchased, the purchase price of which has not been paid, will be included for valuation purposes as a security held and the purchase price, including brokers’ commissions and other expenses, will be treated as a liability of the Investment LP;
- (g) any security sold but not delivered, pending receipt of the proceeds, will be valued at the net sale price;
- (h) if any Valuation Date would not be a Business Day, then the Investment LP property will be valued as of, and the Valuation Date will be deemed to be the preceding Business Day;
- (i) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Investment GP to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Investment GP will make such valuation as it considers fair and reasonable;
- (j) the value of any assets of the Investment LP quoted or valued in terms of foreign currency, the value of any funds on deposit and contractual obligations payable to the Investment LP in foreign currency and the value of any liabilities and contractual obligations payable by the Investment LP in foreign currency will be determined using the applicable rate of exchange available to the Investment LP to

acquire Canadian dollars with such foreign currency current at, or as nearly as practicable to, the Valuation Date as determined by the Investment GP; and

- (k) estimated operating expenses of the Investment LP will be accrued to the date as of which the Investment LP Value is being determined. Such expenses shall include accrued fees payable to Affiliates.

For the purposes of the foregoing rules, quotations and appraisals may be obtained, as applicable, from any report in common use, a reputable broker or other financial institution or a licensed appraiser, provided always that the Investment GP will, in circumstances where such quotations or appraisals are not available or the Investment GP is of the opinion that they do not accurately reflect the value of the assets of the Investment LP or are disproportionately expensive to obtain in the circumstances, retain sole discretion to use such information and methods as the Investment GP deems to be necessary or desirable for valuing the assets of the Investment LP, including the use of a formula computation.

Liabilities means the mortgage loans, other loans, notes, debentures, indebtedness, accounts payable, accrued liabilities, and all other obligations or liabilities of the Relevant Entities, excluding Deferred Income Taxes, calculated on a consolidated basis in accordance with international financial reporting standards.

LIBOR means the London Interbank Offered Rate and is the rate at which banks may borrow funds from other banks in the London interbank market.

Limited Partners means limited partners of the Investment LP.

Limited Partners' Ending Net Equity means, at the end of any Period, that amount which is the aggregate of:

- (a) the Limited Partners' Opening Net Equity as at the beginning of such Period; plus
- (b) the Subscription Proceeds – Investment LP received during such Period; plus
- (c) the difference between:
 - (i) that amount which is equal to the Limited Partners' Percentage Interest as at the end of the immediately preceding Period of:
 - (A) the lesser of the Total Return – Investment LP and the Hurdle Return (After Tax) in such Period; plus
 - (B) 80% of any Excess Return in such Period; less
 - (ii) the aggregate distributions of Distributions – Investment LP paid to the Limited Partners during such Period, excluding Distributions paid at the end of such Period.

Limited Partners' Opening Net Equity means:

- (a) in respect of the first Period, the Total Opening Net Equity as at the beginning of such Period; and
- (b) in respect of all subsequent Periods, the aggregate of:
 - (i) the Limited Partners' Ending Net Equity as at the end of the immediately preceding Period; less
 - (ii) the distributions of Distributions - Investment LP paid at the end of the immediately preceding Period.

Limited Partners' Percentage Interest means, for any Period, that percentage interest in and to all of the income or capital of the Investment LP which is the percentage determined by the following formula:

$$A \div B$$

where:

A is the Limited Partners' Ending Net Equity; and

B is the Total Ending Net Equity.

MOSAIC means the group of corporations, partnerships and other entities which together operate a real estate development, investment and management business headquartered in Vancouver, B.C. doing business under the name of MOSAIC or Mosaic Homes. MOSAIC is an Affiliate of the Investment GP and Operating GP. Affiliates of MOSAIC that may receive fees from the Operating GP or its subsidiaries, from time to time, include MT Asset Management LLC, Thrive Communities Inc., and Thrive Developments, Inc.

OFAC means the U.S. Department of the Treasury's Office of Foreign Assets Control.

Offering means this offering of Units.

Operating GP means Rise Properties Master Partnership Holdings Inc., a Nevada corporation and the general partner of the Operating LP.

Operating LP means Rise Properties Master Limited Partnership, a Nevada limited partnership.

Operating LP Units means limited partnership units of the Operating LP.

Ordinary Resolution means a resolution approved by not less than 50% of the votes cast by the parties entitled to vote who in person or by proxy at a duly convened meeting or a written resolution signed by such parties entitled, in the aggregate, to not less than 50% of the aggregate number of votes.

Other Receipts – Investment LP means, for any Period, all amounts received by the Investment LP in such Period, whether by way of dividends, interest or otherwise, from and in respect of its investment in the Investment Co Shares and Holding Co Loan, and which either:

- (a) represent a return of capital invested in Properties which have been Converted, including the positive or negative difference between the Fair Market Value of such Property as at the commencement of its Conversion less the cost of such Property; or
- (b) in respect of Properties which are not Converted, arise from or are related to matters other than the Rental Operations (and, for greater certainty, includes proceeds of refinancing of the Properties),

less Taxes for the Period relating thereto.

Period means such period of time, which may be equal to or more or less than a Fiscal Year, which is established from time to time by the Investment GP for the calculation of the equity, returns and percentage interests pursuant to the Investment LP Agreement.

Prohibited Parties List means any one or more of the following:

- (a) The OFAC Specially Designated Nationals and Blocked Persons List.
- (b) The OFAC Consolidated Sanctions List.
- (c) The list of individuals and entities prohibited from doing business with the Department of Housing and Urban Development.

Properties means the lands and premises or interests therein to be purchased, owned, operated or Converted by the Operating LP.

Proportionate Share, for each Limited Partner of the Investment LP, means that fraction which:

- (a) has as its denominator the aggregate number of Investment LP Units outstanding; and
- (b) has as its numerator the number of Investment LP Units held by such Limited Partner.

Property LP means a Property specific limited partnership created to compartmentalize liability arising from the operations of individual properties by the Operating LP.

Property Manager means Thrive Communities Inc. The Property Manager is an Affiliate of the Investment GP and the Operating GP.

Property Management Fee means a fee payable by each limited partnership holding a Property to the Property Manager, for ongoing day-to-day management of the Rental Operations of the Property. The Operating GP expects that the fee payable to the Property Manager will be 3% of the gross revenue from the managed Property or Properties.

Redemption means a redemption of Units by a Unitholder.

Relevant Entity means any of the Investment LP, Holding Co, Investment Co or Operating LP and any entity that is consolidated therewith in accordance with international financial reporting standards.

Rental Operations means the acquisition, ownership, management and rental of the Properties as revenue-producing rental properties.

Repositioning Fee means a fee payable by the Operating LP to the Operating GP in an amount equal to 5% of the costs incurred by the Operating LP in the updating, renovating, repairing, replacing and refurbishing a Property upon acquisition in order to reposition it in its surrounding market.

Sales Fee means a fee which may be paid by the Trust to registered securities dealers, or where permitted, non-registrants, in an amount not to exceed 6% of the subscription monies obtained by such persons.

Securities Authority means the British Columbia Securities Commission and any other analogous securities commission in a jurisdiction in which the Units are offered for sale.

Services Agreement means an agreement dated as of February 13, 2012, as amended September 1, 2016 and January 16, 2017, between the Operating LP and the Operating GP pursuant to which the Operating GP has agreed to provide certain services relating to the Operating LP and the Properties.

Special Distribution – Investment LP means a distribution which, in the opinion of the Investment GP, acting reasonably, would not substantially adversely affect the interests of the Limited Partners, including the ability of the Investment LP to distribute Available Cash Flow – Investment LP pursuant to the terms of the Investment LP Agreement, in any Period any cash of the Investment LP, including without limitation Available Cash Flow – Investment LP, Other Receipts – Investment LP, Subscription Proceeds – Investment LP and cash received from other sources, is distributed to the Investment GP in priority to the distributions to the Limited Partners.

Special Resolution means a resolution approved by not less than 75% of the votes cast by those parties who vote in person or by proxy at a duly convened meeting, or a written resolution signed by parties entitled, in the aggregate, to not less than 75% of the aggregate number of votes of an entity.

Subscriber means a subscriber for Units.

Subscription Price means the amount paid by a Subscriber for a Unit.

Subscription Proceeds – Investment LP means the gross Subscription Price received by the Investment LP from the issuance of Investment LP Units.

Supplemental Indenture means, prior to the issue of a Class of Units other than the Class A Units or the Class F Units, a supplemental indenture executed by the Trustee creating such Class of Units and establishing the terms thereof and confirming that the Unitholders who hold Units issued as part of such Class of Units are entitled to the benefits of the Trust in respect of such Class of Units in accordance with the Trust Declaration.

Tax Act means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1.

Taxes means all federal, state, local, provincial, branch or other taxes, including income, gross receipts, profits, property, capital, net worth, production, sales, use, licence, excise, franchise, employment, environmental, transfer, withholding, payroll taxes, employment taxes, stamp taxes, occupation taxes, premium taxes, minimum taxes, goods and services tax, customs duties or other taxes of any kind whatsoever imposed or charged by any government entity, together with any interest, penalties, or additions with respect thereto, and withheld or payable by an entity.

Termination Date means the date on which the Trust is terminated.

Total Ending Net Equity at the end of any Period means the aggregate of:

- (a) the Total Opening Net Equity as at the beginning of such Period; plus
- (b) the Subscription Proceeds – Investment LP received during such Period; plus
- (c) the Total Return – Investment LP for such Period; less
- (d) any distributions of Distributions – Investment LP and Special Distributions – Investment LP paid during such Period, excluding Distributions – Investment LP and Special Distributions – Investment LP paid at the end of such Period.

Total Opening Net Equity means, in respect of the first Period, the total Subscription Proceeds – Investment LP as at the beginning of such Period and in respect of any subsequent Period, the amount which is:

- (a) the Total Ending Net Equity as at the end of the immediately preceding Period; less
- (b) the distributions of Distributions – Investment LP and Special Distributions – Investment LP paid at the end of the immediately preceding Period.

Total Return – Investment LP for any Period, means the aggregate, without duplication, of:

- (a) the Available Cash Flow Investment LP received during such Period; plus
- (b) the Value Appreciation during such Period; plus
- (c) the amount, if any, by which the Working Capital – Investment LP has increased during such Period other than by virtue of the receipt of Subscription Proceeds – Investment LP or any amounts described in paragraphs (a) and (b); plus
- (d) increases in Deferred Income Taxes paid or payable and income taxes paid or payable; less
- (e) the amount, if any, by which the Working Capital – Investment LP has been reduced during such Period, other than by virtue of a return of Other Receipts – Investment LP or any cash received from other sources (other than Available Cash Flow – Investment LP) or the use of any amounts described in paragraphs (a) and (b); less
- (f) decreases in Deferred Income Taxes paid or payable and income taxes paid or payable.

Trust means Rise Properties Trust, a trust created pursuant to the Trust Declaration.

Trust Conversion Profit means 65% of the net profits arising from a Conversion, calculated as if the Property were acquired at its Fair Market Value as at the commencement of its Conversion.

Trust Declaration means the Declaration of Trust dated January 24, 2012 and as amended March 25, 2013, January 1, 2015 and April 9, 2015 and as amended and restated September 1, 2016 in respect of the Trust, as may be amended, restated modified or supplemented from time to time.

Trust Value on each Valuation Date means the Trust's proportionate share of the Investment LP Value plus all other assets held by the Trust less the total of all liabilities of the Trust accrued at the Valuation Date.

Trust Notes means promissory notes of the Trust issued that are subordinated and unsecured, have a maturity of five years or less, are prepayable at any time at the Trust's option prior to maturity, and pay an annual rate of interest equal to the Canada Five-Year yield, payable monthly in arrears.

Trustee means Rise Properties Services Ltd., a British Columbia corporation, the trustee named under the Trust Declaration.

Unit means a Unit of beneficial interest in the Trust. Units may be issued in one or more classes of Units, called "Classes".

Unitholders means those investors whose subscriptions to purchase Units are accepted by the Trust and thereafter at any particular time the persons entered in the register or registers of the Trust as holders of Units and the singular form means one such registered holder, and includes the holders of Units.

Valuation Date means the last Business Day in each calendar quarter and such other days on which the Trust is required under applicable securities law or the Trust Declaration to calculate Investment LP Value or Investment LP Value Per Unit.

Value Appreciation means, for any Period, the aggregate of:

- (a) for Properties which are owned by the Operating LP throughout the Period, the difference, if any, whether positive or negative, between the Fair Market Value of such Properties as at the end of such Period less the Fair Market Value of such Properties as at the beginning of such Period;
- (b) for Properties which are acquired by the Operating LP during such Period, the difference, if any, whether positive or negative, between the Fair Market Value of such Properties as at the end of such Period less the purchase price of such Properties; and
- (c) for Properties which are sold by the Operating LP during such Period, the difference, if any, whether positive or negative, between the net sales proceeds from the sale of such Properties less the Fair Market Value of such Properties as at the beginning of such Period.

Working Capital – Investment LP means, at the end of any Period, all cash balances, accounts receivable, financial assets or any other assets of any Relevant Entity, other than the Properties, less Deferred Income Taxes and all other Liabilities, all calculated on a consolidated basis in accordance with international financial reporting standards, unless otherwise stated.

EXPLANATORY NOTE AND CURRENCY

The Units offered under this Offering Memorandum are denominated in Canadian dollars and in United States dollars. The United States dollar price per Unit is determined using the Limited Partners' Ending Net Equity, which is calculated in Canadian dollars, and converted to United States dollars using the Bloomberg closing exchange rate on the last business day of each calendar quarter.

Investors that purchase their Units in Canadian dollars will receive cash distributions and payments on redemption of Units, if and when applicable, in Canadian dollars. Investors that purchase their Units in United States dollars will receive cash distributions and payments on redemption of Units, if and when applicable, in United States dollars.

The Trust's consolidated financial statements are prepared in Canadian dollars. All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Available Funds of the Trust		
Sources of Funds	Assuming Minimum Offering⁽¹⁾	Assuming Maximum Offering⁽²⁾
A. Amount to be Raised by this Offering	\$ -	\$ 34,308,853
B. Selling Commissions and Fees ⁽³⁾	\$ -	\$ (686,177)
C. Costs of the Offering (e.g., legal, accounting, audit) ⁽⁴⁾	\$ -	\$ (34,309)
D. Available Funds: D = A – B – C	\$ -	\$ 33,588,367
E. Additional Sources of Funding Required or Available ⁽⁵⁾	\$ -	\$ 22,547,000
F. Working Capital Deficiency	\$ -	\$ -
G. Total: G = (D+E) - F	\$ -	\$ 56,135,367
H. Reimbursement of Costs by the Investment LP ⁽⁶⁾	\$ -	\$ 720,486
Use of Net Funds By Trust		
I. Investment by Trust in Investment LP Units ⁽⁷⁾	\$ -	\$ 56,855,853
J. Total	\$ -	\$ 56,855,853

(1) There is no minimum offering. You may be the only purchaser.

(2) There is no maximum offering. The amount shown under "Assuming maximum offering" is an estimate based on the sale of 1,845,584 Units, which the Trust expects to sell pursuant to this Offering, and is used for illustrative purposes only. Notwithstanding that the Units are also offered in United States dollars, the amounts presented are based on a price of \$18.5897 per Unit (see "Explanatory Note and Currency"). Such price will fluctuate based on changes in the Limited Partners' Ending Net Equity from time to time.

(3) The Trust and Operating GP may pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 6% of the subscription monies. Accordingly, the Trust could pay as much as \$2,058,531 in up front selling commissions and fees. The amount included in the table above is based on the Trust's expectation that the average sales fee paid will be approximately 2% of the subscription proceeds. The Trust and Operating GP may also pay trailing commissions to registered securities dealers in respect of Units sold by them or held in client accounts of such registered securities dealers. The Trust expects the average trailer will be approximately 1% per annum on invested capital. To the extent that the Trust is responsible for the payment of compensation to registered securities dealers, the funds available to the Trust will be reduced. To the extent that the Operating GP agrees to pay any sales fees or trailing commissions, the Operating GP will use amounts earned by it pursuant to the Services Agreement, including Acquisition Fees or Asset Management Fees, and there will be no impact to the Trust's funds.

(4) Estimated Offering Costs include expenses (currently estimated to be approximately 0.1% of the subscription monies) of or incidental to the issue, sale and delivery of the Units pursuant to this Offering, including, without limitation, fees and disbursements of legal counsel and accountants, and the reasonable out-of-pocket expenses (including applicable taxes) of the Trust in connection with such issue, sale and delivery.

(5) The Trust intends to finance the acquisition of Properties, if any, partially through mortgage funding. There is no guarantee that it will be able to acquire such mortgage funding under reasonable terms. The Trust may also draw on its credit facility in the amount of \$22,547,000, representing the balance remaining available. See Item 2.7 "HomeStreet Bank - Credit Facility" and "KeyBank - Credit Facility".

(6) Pursuant to a Cost Sharing and Recovery Agreement dated February 13, 2012 between the Trust and the Investment LP, the Investment LP will reimburse the Trust for the costs and expenses incurred by the Trust in offering the Units and obtaining subscriptions for Units, in consideration of the Trust investing the subscription proceeds in the acquisition of Investment LP Units.

(7) The net proceeds raised by the Trust from the issuance of the Units will be invested in Investment LP Units.

1.2 Use of Available Funds

The Trust intends to use the subscription proceeds to ultimately invest through the Investment LP, Investment Co and Holding Co in the acquisition of Operating LP Units. Pending such investment, the subscription proceeds will be invested in cash and money market investments. The Trustee will use its best efforts to make suitable investments of the subscription proceeds as soon as possible following each closing.

The Operating LP will invest the net subscription proceeds received from the issuance of the Operating LP Units in the acquisition of Properties for Rental Operations and Conversions.

Sources and Uses of Funds by the Operating LP		
Sources of Funds	Assuming Minimum Offering	Assuming Maximum Offering
Gross Proceeds from the issuance of Operating LP Units	\$ -	\$ 56,855,853
Reimbursement of Costs to the Trust	\$ -	\$ (720,486)
Net Proceeds from the issuance of Operating LP Units ⁽¹⁾		\$ 56,135,367
Uses of Funds		
Acquisition of Properties ⁽²⁾	\$ -	\$ 48,557,092
Estimated closing costs for purchase of Properties (including transfer fees, legal, due diligence and financing costs) ⁽³⁾	\$ -	\$ 1,684,061
Repositioning of Properties ⁽⁴⁾	\$ -	\$ 4,210,153
Creation of working capital reserve ⁽⁵⁾	\$ -	\$ 1,684,061
Total:	\$ -	\$ 56,135,367

⁽¹⁾ The Trust intends for the net proceeds of the Offering to be used to acquire Properties, if available. The Trust intends to finance the acquisition of the Properties, if any, partially through debt financing. In the event that such debt financing is available and is obtained, the total available funds will be increased by the net proceeds thereof.

⁽²⁾ The amount incurred in respect of the purchase of Properties by the Operating LP. Additional funding for such Property acquisitions is expected by way of mortgage financing, which will typically not exceed 75% of the Property's Fair Market Value upon acquisition.

⁽³⁾ The Trust estimates that average closing costs for acquisitions will represent approximately 3% of the gross purchase price of a Property. Closing costs will include the 1% Acquisition Fee paid to the Operating GP.

⁽⁴⁾ The Operating LP may undertake a repositioning program upon Property acquisition with the aim of improving the long term financial performance of the Properties. Such programs will vary in cost depending on the age, condition, and size of the Properties. The Operating GP estimates that approximately 7.5% of the net proceeds will be used to complete such programs.

⁽⁵⁾ The Operating LP will establish a working capital reserve to ensure sufficient funds are available to undertake capital expenditures at the Properties and to pay, from time to time, unanticipated operating and/or capital expenses of the Properties. The working capital reserve will represent approximately 3% of the gross purchase price of the properties.

1.3 Reallocation

The Trust intends to spend the subscription proceeds as stated. Funds will be reallocated only for sound business reasons.

ITEM 2 BUSINESS OF THE ISSUER

2.1 Structure

The investment structure referred to in this Offering Memorandum is shown in the chart set out on the following page. This structure was design with the following objectives in mind:

- (a) accommodate tax-efficient cross-border investment from Canada into the US;
- (b) satisfy Deferred Plan eligibility requirements for Canadian investors;
- (c) shield Canadian investors from US tax reporting;
- (d) consolidate property level balance sheets providing financial strength to meet guarantor requirements for debt financing purposes; and
- (e) compartmentalize operating liability.

The Trust

Rise Properties Trust, or the Trust, is a trust created under the laws of the Province of British Columbia, pursuant to a Declaration of Trust dated January 24, 2012 and as amended March 25, 2013, January 1, 2015, April 9, 2015 and September 1, 2016. The head office of the Trust is located at Suite 500 – 2609 Granville Street, Vancouver, British Columbia V6H 3H3.

The Trustee

Rise Properties Services Ltd., or the Trustee, is a corporation incorporated under the *Business Corporations Act* (British Columbia) on November 22, 2011 under Incorporation No. BC0925791. The Trustee's registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 and its head office is located at Suite 500 – 2609 Granville Street, Vancouver BC V6H 3H3. The directors of the Trustee are Jason Kenneth Daviss, David Lloyd Kirzinger, Robert Maitland McCarthy, and Kari Lynne Anderson. The issued shares of the Trustee are privately owned directly and indirectly by the holding companies of Robert Maitland McCarthy, Chris Barbati, Max Bruce, Chris White, Andrew Sims and Jason Kenneth Daviss, each of whom is a principal of MOSAIC; and by David Lloyd Kirzinger, Kari Lynne Anderson, and Rose Nicole O'Dell, each of whom is a principal of Thrive Communities Inc., which is an Affiliate of MOSAIC.

Investment LP

The Investment LP, was formed by the Trust and the Investment GP under the name "Rise Properties Limited Partnership" by a Certificate of Limited Partnership filed pursuant to the *Partnership Act* (British Columbia) on February 13, 2012 under registration number LP0576296. The registered and records office of the Partnership is located at 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

Rise Properties Holdings Ltd., or the Investment GP, is the general partner of the Investment LP. The Investment GP is a corporation incorporated under the *Business Corporations Act* (British Columbia) on November 22, 2011 under incorporation number BC0925797. The registered and records office of the Investment GP is located at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1 and its head office is located at Suite 500 - 2609 Granville Street, Vancouver BC V6H 3H3. The directors of the Investment GP are Jason Kenneth Daviss, David Lloyd Kirzinger, and Rose Nicole O'Dell. The issued shares of the Investment GP are owned by the Trustee, on its own account and not as trustee for the Unitholders. As such, all dividends and other distributions by the Investment GP to the Trustee will be received by the Trustee for its own account.

Investment Co

Rise Properties Canada Ltd., or the Investment Co, is a corporation incorporated under the *Business Corporations Act* (British Columbia) on November 22, 2011, under incorporation number BC0925801. The directors of Investment Co

are Jason Kenneth Daviss, David Lloyd Kirzinger, and Rose Nicole O'Dell. The issued shares of the Investment Co are owned by the Investment LP.

Active Co

Rise Properties US Holdings Inc., or Active Co, is a corporation formed pursuant to and governed by the laws of Nevada by the filing of Articles of Incorporation under Chapter 78 of the Nevada Revised Statutes on September 18, 2013 under No. E0454162013-5. The directors of Active Co are David Lloyd Kirzinger, Kari Lynne Anderson, and Rose Nicole O'Dell. The issued shares of the Active Co are owned by Investment Co.

Holding Co

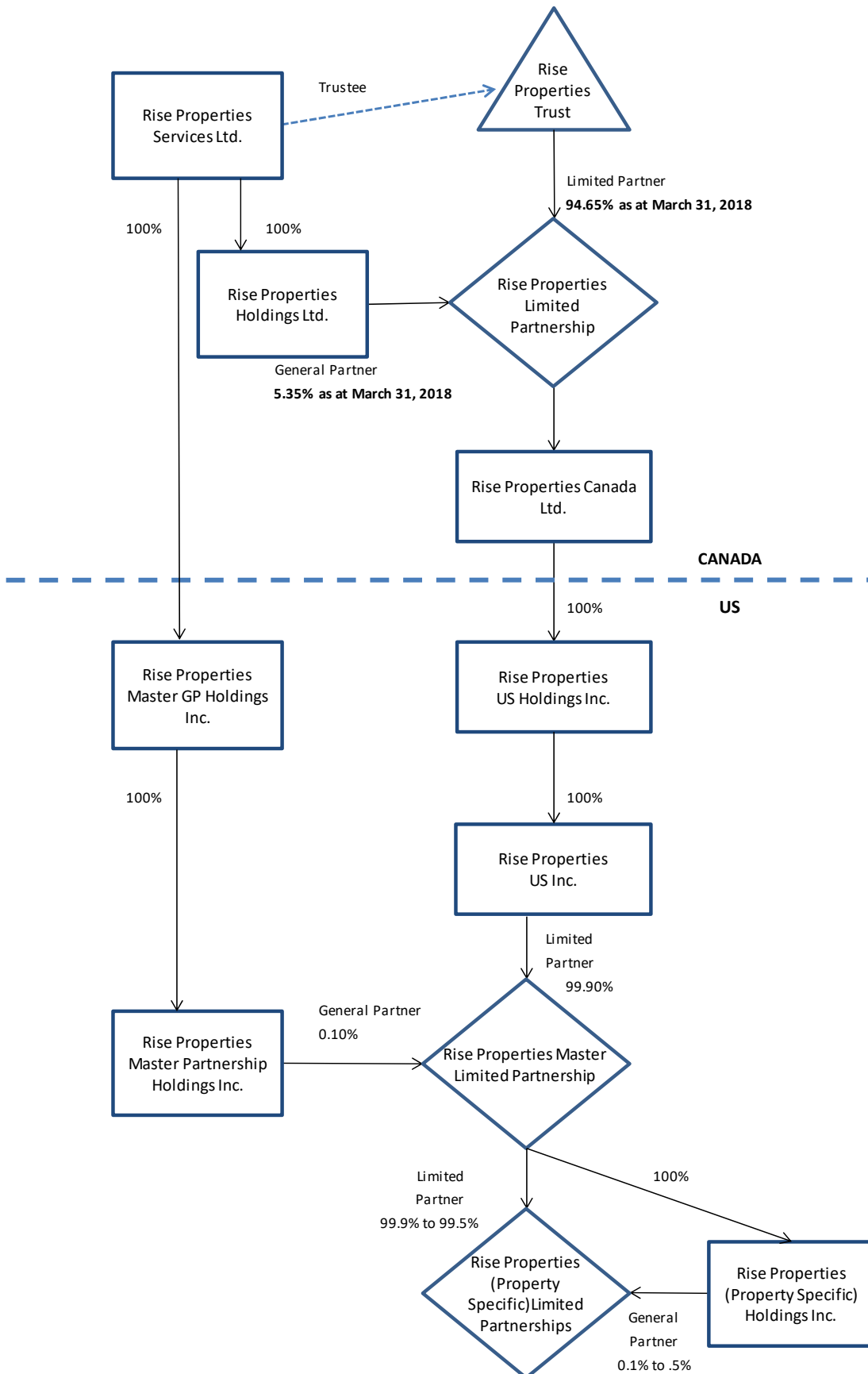
Rise Properties US Inc., or Holding Co, is a corporation formed pursuant to and governed by the laws of Nevada by the filing of Articles of Incorporation under Chapter 78 of the Nevada Revised Statutes on November 15, 2011 under No. E0619732011-1. The directors of the Holding Co are David Lloyd Kirzinger, Kari Lynne Anderson, and Rose Nicole O'Dell. The issued shares of the Holding Co are owned by Active Co.

Operating LP

Rise Properteis Master Limited Partnership, or the Operating LP, is a limited partnership formed pursuant to and governed by the laws of Nevada by the filing of a Certificate of Limited Partnership under Chapter 87A of the Nevada Revised Statutes on November 22, 2011 under No. E0631432011-1.

Rise Properties Master Partnership Holdings Inc., or the Operating GP, is the general partner of the Operating LP. The Operating GP is a corporation formed pursuant to and governed by the laws of Nevada by the filing of Articles of Incorporation under Chapter 78 of the Nevada Revised Statutes on November 15, 2011 under No. E-0619772011-5. The directors of the Operating GP are David Lloyd Kirzinger, Kari Lynne Anderson, and Rose Nicole O'Dell. The issued shares of the Operating GP are owned indirectly by the Trustee.

RISE PROPERTIES TRUST
INVESTMENT STRUCTURE AS AT March 31, 2018



2.2 The Trust's Business

The Trust - The Trust has been established for the purpose of investing in the Investment LP Units. It is the vehicle through which investment capital from the Canadian public is raised and has been structured as such to allow for Canadian Deferred Plan eligibility while preserving the tax efficiency of a flow through entity. The subscription proceeds received from the issuance of the Units will be invested in an equal number of Investment LP Units issued by the Investment LP. The Trust will also temporarily hold cash and money market investments for the purposes of paying the expenses and liabilities of the Trust, pay amounts payable by the Trust in connection with the redemption of any Units, and make distributions to Unitholders. The Trust's long-term objective is to earn income by way of distributions from the Investment LP to holders of the Investment LP Units, which will originate from the Investment LP's indirect interest in the Rental Operations and Conversions of the Properties. An investment in Units is intended to provide investors with the opportunity to receive cash distributions originating from the ongoing Rental Operations and Conversions of the Properties.

Investment LP - The gross proceeds from the issuance of the Units will be invested in the Investment LP through the Trust's investment in Investment LP Units. The Investment LP has been established for the purposes of issuing Investment LP Units and investing in Investment Co Shares and the Holding Co Loan. The Investment LP will also temporarily hold cash for the purposes of paying its expenses and liabilities and making distributions to the holders of Investment LP Units. The Investment LP exists to accommodate the payment to the Investment GP of non-cash accretion of percentage interest for returns generated in excess of 8%. The Investment GP receives non-cash performance bonuses through its carried interest in the Investment LP. This interest is known as the General Partner Percentage Interest.

Investment Co - A portion of the gross proceeds received by the Investment LP from the issuance of the Investment LP Units will be invested in the Investment Co through an investment in Investment Co Shares. Investment Co has been established for the purposes of issuing Investment Co Shares and investing in the Active Co Shares. Investment Co, together with Holding Co, act to satisfy cross-border tax filing and payment requirements so as to absolve Canadian Unitholders from US tax matters. When income is paid out of Investment Co, its character is eligible dividend income from a Canadian corporation.

Active Co - The gross proceeds from the issuance of the Investment Co Shares will be invested in the Active Co through the Investment Co's investment in Active Co Shares. Active Co has been established for the purposes of issuing Active Co Shares to Investment Co and investing in the Holding Co. This entity serves to qualify the Units as a non-passive foreign investment for US taxpayers. Absent the existence of this entity within the organizational structure, the Trust would be deemed a Passive Foreign Investment Company, or "PFIC" for US taxpayers. Such a designation would result in material tax inefficiencies for US taxpayers.

Holding Co - The gross proceeds from the issuance of the Active Co Shares will be invested in the Holding Co through the Active Co's investment in Holding Co Shares. As well, Holding Co will borrow the Holding Co Loan from the Investment LP. Holding Co has been established for the purposes of issuing Holding Co Shares to Active Co and borrowing the Holding Co Loan from the Investment LP and investing in the Operating LP Units. Holding Co, together with Investment Co, act to satisfy cross-border tax filing and payment requirements so as to absolve Canadian Unitholders from US tax matters. Holding Co receives income from the Operating LP and pays US taxes.

Operating LP - The gross proceeds from the issuance of the Holding Co Shares to Investment Co and the Holding Co Loan will be invested in the Operating LP through Holding Co's investment in Operating LP Units. The Operating LP has been established for the purpose of owning and operating a portfolio of income-producing multi-family residential apartment Properties (or proportionate interests in such Properties) in the United States, and holding such Properties as capital property for Rental Operations. In the future, as market conditions allow, the Operating LP will select some or all of the Properties for Conversion. The Operating GP intends to invest the proceeds realized from the issuance of the Operating LP Units to Holding Co in such properties.

The Operating GP intends to concentrate on identifying properties for possible acquisition in strong growth markets, and to manage the Properties with the view to preserving capital and providing quarterly cash returns. The Operating LP also serves to consolidate the ownership of the Properties thereby creating a balance sheet with sufficient strength to meet guarantor requirements in connection with the mortgage debt held by each Property LP, while at the same time, preserving flow through tax treatment.

The Properties - The Operating LP intends to invest the proceeds realized from the issuance of Operating LP Units in a portfolio of income-producing multi-family residential apartment properties in the United States. All Properties will be purchased at prices and on terms negotiated with arm's length third party vendors. The Operating GP will have a detailed inspection report prepared by an independent inspection firm for each Property that is proposed for acquisition, and will have any such Property appraised by a qualified appraiser.

The Operating LP intends to carry out a program of updating, renovating, repairing, replacing and refurbishing each Property upon its acquisition in order to reposition the Property's standard and quality of finish within the surrounding market. Depending on the condition of a Property at the time of acquisition, such repositioning may range from a relative limited updating of its finishes to an extensive renovation and refurbishment of the Property. Pursuant to the Services Agreement, the Operating LP will pay to the Operating GP the Repositioning Fee, being an amount equal to 5% of the costs incurred in completing the repositioning program.

Title to the Properties - In order to accommodate the expected requirements of Lenders and to segregate any risks of ownership between Properties, the Operating LP intends to have title to each of the Properties registered in the name of a separate, single-purpose entity, which will likely be a limited partnership established in the State in which the Property is located.

Management of Properties - The Operating LP intends to engage an affiliate of the Operating GP - Thrive Communities Inc. (the "**Property Manager**") to provide ongoing day-to-day management of the Rental Operations of the Properties. The Operating GP expects that the fee payable to the Property Manager will be 3% of the gross revenue from the managed Property or Properties.

Holding Co Loan - A portion of the funds received by the Investment LP from the issuance of Investment LP Units to Limited Partners may be advanced by the Investment LP to the Holding Co as a loan pursuant to the Holding Co Loan Agreement. Such portion will be determined by the Investment GP from time to time. The Holding Co Loan Agreement will set out the terms and conditions of the Holding Co Loan, including the term, interest rate, security and other provisions, all of which will be based on the terms and conditions for similar loans then applicable in the marketplace. Interest on the Holding Co Loan will be payable by the Holding Co in priority to the payment of dividends on the Holding Co Shares held by Investment Co. The proceeds of such a loan will be used in the acquisition, repositioning, or conversion of Properties. The purpose of such loan is to implement a tax strategy intended to reduce the overall income tax burden to Unitholders.

Conversion of the Properties - From time to time, the Operating GP will identify certain of the Properties to be appropriate for Conversion. The Operating GP will base such determination on the physical status of the Property, its location, the status of the real estate sales market in which the Property is located, and other factors which, in the opinion of the Operating GP, will result in a positive return from the Conversion.

Each Conversion of a Property will be conducted by the Operating GP and the respective Developer pursuant to a joint venture, partnership or other joint relationship, pursuant to which the Developer will provide property development and construction management services. Pursuant to such agreement, the Developer will be entitled to receive a development management fee equal to 5% of all costs of the Conversion, including the Fair Market Value of the Property at the time the Conversion is commenced, all soft costs of development, all hard costs of construction, financing costs, marketing costs and all other costs incurred in respect of the Conversion. In addition, the Developer will be entitled to 35% of the profits earned in the Conversion.

Joint Venture - A property specific limited partnership indirectly controlled by the Trust is party to a joint venture agreement with IC Delridge Way Investor GP, LLC pursuant to which Rise Properties (Westridge) Limited Partnership is the administrative general partner in connection with the ownership of Westridge Apartments.

2.3 Development of the Business

Establishment of the Trust

The Trust was established on January 24, 2012. To date, the Trust has issued 7,441,292 Class F Units and 713,124 Class A Units, for total aggregate proceeds of \$120,999,492 net of redemptions.

The Trust has been established to provide investors attractive returns via acquiring, repositioning, and holding rental apartment properties, some of which may be converted to condominiums as and when market conditions allow. Over the past 25 years, principals of the Operating GP have acquired over US\$1 billion of apartments and managed more than 15,000 units in the Greater Seattle Area and along the west coast of the United States. From 2003 to 2008, the principals of the Operating GP converted almost 700 rental apartment units to condominiums with an average profit margin of approximately 25%. Collectively, the principals of the Operating GP have 100 years of experience in rental apartment transactions, property management, condominium conversions, portfolio assemblies, and real estate investment trust management. For more information on the experience of the principals of the Trustee see Item 3.2 – “Affiliates and Management Experience”.

Why Apartments?

Homeownership rates in the US have declined from a peak of approximately 69% in 2004 / 2005 toward their long term historical average of just over 64.2%, according to the US Census Bureau fourth quarter 2017 report. Every 1% decline in the home ownership rate creates the potential for an additional 1.1 million rental households in the United States. This trend is similar in the Greater Seattle Area where homeownership rates have fallen by 4% since 2012 creating strong demand for rental apartments according to Dupre + Scott. In King and Snohomish counties alone, a 1% decrease in the home ownership rate creates potential demand for 10,600 rental units.

Millennials (ages 18-34), a generation 80+ million strong and equal in size to the Baby Boom, are entering their prime rental years creating favorable demographic conditions for rental apartments. Furthermore, due to the recent recession in the United States, Millennials have delayed household formation choosing instead to stay at home. According to the US Census Bureau in 2017, 31% of individuals 18-34 years of age are now living at home compared to a long term historical average of 28%. A movement back to the long-term average could create an additional 1.5 to 2.2 million individuals seeking housing, all of whom have a higher propensity to rent than other age cohorts.

Why Seattle?

Seattle has an impressive employment base and strong employment outlook. Fortune 500 employers such as Amazon, Microsoft, Boeing, and Costco along with a thriving technology sector are powering employment growth. According to Conway Pedersen Economics, the Greater Seattle Area added over 57,000 jobs in 2017 and the region is expected to add a total of 200,000 jobs by the end of the decade. Further, the Greater Seattle Area is growing jobs faster than the rest of the nation at 3.2% versus the national average of 1.6% for the twelve months ending February 2018.

Seattle has a strong rental market. A large Millennial population is driving strong demand for rental apartments with the annual effective rent growth rate at 2.5% in the Greater Seattle Area as of March 31, 2018 according to The Puget Sound Economic Forecaster. Regional vacancy rates are down to 4.1%. A Dupre + Scott study showed since 2012 Seattle has enjoyed population increase of 46%, however growth in the 20-34 age cohort is up approximately 60%. This suggests greater Seattle may be attracting a disproportionate share of millennials who are relocating for new jobs, in particular high-tech jobs.

Seattle has significant geographic barriers to growth. Development in Seattle is constrained by the Pacific Ocean, Lake Washington, and Lake Sammamish, making it difficult to introduce new supply in desirable locations at a competitive price. Research by ING Clarion has shown that markets with constraints to growth tend to have higher rent levels, greater rent growth and stronger capital value growth over time.

Seattle is landlord friendly. Seattle does not have any meaningful rent controls or restrictions on the conversion of rental apartments to for-sale condominiums. Property economics can be improved quickly, often within 12 months of acquisition, and apartment owners have the flexibility of capitalizing on any resurgence of the for-sale housing market through condominium conversions.

Seattle's housing market is improving. According to the National Association of Realtors, for-sale home prices in the Greater Seattle Area have risen 13.2% from the previous year. Northwest Multiple Listings Service reports that a month's supply, an indicator of housing inventory available for sale, was 0.83 in King County, and 0.67 in Snohomish County, for the month ending March 31, 2018. Balanced market conditions are typically in the range of 4-6 months of supply indicating that current market supply is limited. An improving housing market may create opportunities for condominium conversions over time.

Business & Investment Strategy

The Trust intends to pursue the following strategies to achieve its objectives:

Acquisition Strategy

The Operating GP will seek to acquire underperforming properties that offer opportunities to add value through property repositioning and, where appropriate, through condominium conversions.

The Operating GP will focus its acquisition efforts in markets in the western United States that have barriers to growth, a stable and growing employment base, a highly-educated workforce, favorable rental demographics, and strong rents and occupancies. The initial target market for acquisitions will be the Greater Seattle Area.

Properties acquired will typically have a purchase price in the \$10 to \$45 million range, will have been constructed in the last 10 to 25 years, and will be close to, but not in, the core of target markets. Properties will be in average to good condition for their age at the time of acquisition and may have deferred maintenance issues. When possible and appropriate, the Operating GP will acquire Properties in close proximity to those that it already holds, thereby allowing for economies of scale in management.

Joint Venture Strategy

The Operating LP, or its subsidiary entities, may invest in, or be a participant in, joint arrangements and partnerships with third parties from time to time to acquire larger properties that benefit from economies of scale and allow for a more diversified portfolio. These joint venture partners will typically be large institutional groups with valuable real estate experience who only work with partners who are local real estate experts with an established operating platform and strong track records. Partnering with these institution groups can typically achieve more attractive debt offerings for the property, given the institutional investor's much larger position in the debt markets.

The Operating LP, or its subsidiary entities, will act as the asset manager for these properties and will participate in investment returns *pari passu* up to a negotiated hurdle rate. In exchange for the Trust's expertise and operating platform, if the investment hurdle is exceeded, the partner will pay the Operating LP, or its subsidiary entities, a performance bonus increasing the project returns without changing the underlying investment's risk.

The Operating LP, or its subsidiary entities, will participate in these joint venture investments typically as a 10%-50% minority owner and will not have the same decision-making powers it would over a wholly owned property. Management will work to decrease this reduction in control by negotiation terms within the joint venture agreement that provides options if there is a disagreement on a key decision.

Financing Strategy

Investments will be managed in a disciplined manner, with a focus on balance sheet management to ensure that the Trust maintains a prudent capital structure and conservative financial profile. Property specific financing will typically not exceed 75% of the Property's Fair Market Value upon acquisition. Seven year or shorter fixed or variable rate financing may be used to finance the acquisition of Properties. Terms of such financing may include an interest only period. After repositioning and stabilization of a Property, acquisition financing may be replaced by five, seven or ten-year fixed rate amortizing debt. The Trust aims to stagger debt maturities in order to mitigate interest rate risk and re-financing exposure in any particular period. The Trust intends to prudently manage the overall long term leverage of the portfolio to below a 2:1 debt to equity ratio. To date, the total sum of mortgage loans on the properties is US\$124.5 million or 50.53% of the Fair Market Value of the Properties as at March 31, 2018. For more information on the financing securing the Trust's current portfolio, see Item 2.3 – "Development of the Business – Property Portfolio – Property Debt Summary" and Item 4.2 "Long Term Debt".

Portfolio and Property Management Strategy

The Operating GP intends to generate stable cash flow from the Properties through increasing occupancy levels, optimizing average rental rates and prudently managing Property costs. The Operating GP has retained the Property Manager to provide property management services. The Property Manager's experienced management team plans to create value through repositioning, enhancing Property operations through superior management, and by developing

a true sense of community. Property management services provided by the Property Manager include but are not limited to: on-site supervision and day-to-day management of each of the Properties, leasing, budgeting, repairs and maintenance, banking and necessary administrative and related services.

The Property Manager is expected to be a fee 3% of Gross Revenue of the Property. The Operating GP believes this fee is reasonable and competitive with the cost of similar services provided by independent third party property managers.

Property Portfolio

The Trust's Property Portfolio consists of eleven Properties. A summary of the physical and financial characteristics, expressed in United States Dollars, of each of these properties can be found in the tables below:

Property Summary:

Property Name	Address	Purchase Price	Purchase Date	Acquisition & Repositioning & Capital Costs to Date	Value as of March 31, 2018 ⁽¹⁾	Total Units	Rentable Sq. Ft	Average Unit Size	Average Rent Per Unit ⁽²⁾	Average Rent per Sq. Ft. ⁽²⁾
Bentley House	2700 NW Pine Cone Drive Issaquah, WA	\$14,000,000	6/1/2012	\$1,054,677	\$22,560,000	47	69,816	1,485	\$3,016	\$2.03
Station Nine	16720 6th Avenue West Lynnwood, WA	\$13,950,000	12/19/2012	\$3,848,482	\$28,280,000	126	107,256	851	\$1,523	\$1.79
Northline	14359 Linden Avenue North Seattle, WA	\$14,000,000	6/23/2014	\$1,575,350	\$23,700,000	111	74,225	669	\$1,457	\$2.18
Borgata	400 South 50th St. Renton, WA	\$17,900,000	10/15/2014	\$447,379	\$23,230,000	83	93,260	1,124	\$1,967	\$1.75
Starboard	9311 NE 118th Lane Kirkland, WA	\$15,650,000	2/4/2015	\$4,471,845	\$26,050,000	80	75,872	948	\$2,107	\$2.22
Fort Lawton	901A Montana Circle Seattle, WA	\$10,500,000 (\$1,378,098 Basis Remaining)	2/13/2015	\$2,295,338	\$3,673,436	26 (2 Homes Remaining)	N/A	N/A	N/A	N/A
Starboard Condominiums	93rd Lane NE #204, #303(1), #303(2) Kirkland, WA	\$500,000	3/27/2015, 6/19/2015, 9/22/2017	\$50,927	\$686,558	3	2,774	925	\$1,621	\$1.75
Woodcreek Apartments	14611 Admiralty Way Lynnwood, WA 98087	\$33,100,000	11/16/2015	\$611,538	\$39,330,000	164	166,592	1,016	\$1,621	\$1.60
Artesia by The Lake	11225 19th Avenue SE in Everett, WA	\$40,500,000	12/15/2016	\$2,173,469	\$43,600,000	192	175,460	914	\$1,611	\$1.76
Citywalk Apartments	1130 North 115th Street, Seattle, WA	\$26,900,000	12/20/2017	\$399,294	\$27,930,000	102	92,010	902	\$1,666	\$1.85
Westridge Apartments (10% JV Partner)	7901 Delridge Way SW, Seattle, WA	\$7,245,000	3/22/2018	\$84,755	\$7,245,000	239	235,798	987	\$1,821	\$1.85

⁽¹⁾ Values are based on independent appraisal reports as of March 31, 2018 prepared by Colliers International for all properties besides Westridge, Fort Lawton, and Starboard Condominium. Westridge's value is based off the Operating LP's 10% ownership of the March 22, 2018 purchase price. Fort Lawton is considered inventory and recorded at cost. Starboard Condominium is reflected at management's estimate of fair value.

⁽²⁾ Average Rent Per Unit and Average Rent Per Sq. Ft. is based on projected market rents and potential rent at market as determined in the independent appraisal report by Colliers International as of March 31, 2018.

Property Debt Summary:

Property Name	Lender	Loan Amount	Interest Only Until	Maturity	Fixed Interest Rate	Interest Rate Benchmark	Spread Over Benchmark ⁽¹⁾	Benchmark Cap
Bentley House	Freddie Mac	\$11,975,529	11/1/2015	11/1/2019	3.19%	n/a	n/a	n/a
Station Nine	Freddie Mac	\$12,200,000	5/1/2021	5/1/2021	3.98%	n/a	n/a	n/a
Northline	Freddie Mac	\$10,387,710	8/1/2017	7/1/2024	4.30%	n/a	n/a	n/a
Borgata	Freddie Mac	\$13,417,297	12/1/2017	11/1/2021	3.68%	n/a	n/a	n/a
Starboard	HomeStreet	\$5,500,000	n/a	9/1/2019	n/a	30 Day LIBOR	2.50%	n/a
Fort Lawton- Land Loan	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
Fort Lawton- Constructio	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
Starboard Condominium	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Woodcreek Apartments	Freddie Mac	\$22,885,000	12/1/2022	12/1/2022	4.08%	n/a	n/a	n/a
Artesia by The Lake	Freddie Mac	\$26,250,000	1/1/2019	1/1/2024	4.06%	n/a	n/a	n/a
Citywalk Apartments	Freddie Mac	\$17,485,000	2/1/2021	1/1/2025	n/a	30 Day LIBOR	2.01%	3.99%
Westridge Apartments (10% JV Partner)	Fannie Mae	\$4,350,000	4/1/2028	4/1/2028	3.95%	n/a	n/a	n/a

⁽¹⁾ Spread indicates the margin over the Interest Rate Benchmark that comprises the interest rate payable to the Lender. The spread, added to the Interest Rate Benchmark, comprises the interest rate payable. The Interest Rate Benchmark will vary with economic conditions.

Total debt on the Properties acquired to date is US\$124.5 million, compared to a total fair market value as at March 31, 2018 of US\$246,284,994 million, representing a total loan-to-value ratio of 50.53%.

In the case of Starboard, a subsidiary of the Operating LP entered into a Rate Cap Agreement with SMBC Capital Markets, Inc. This agreement sets a maximum cap on the Interest Rate Benchmark of 3.72% until February 5, 2019. In the case of Citywalk, a subsidiary of the Operating LP entered into a Rate Cap Agreement with SMBC Capital Markets, Inc. This agreement sets a maximum cap on the Interest Rate Benchmark of 3.99% until January 1, 2021.

These Rate Cap Agreements were entered into as a hedge against interest rate risk associated with variable rate mortgage loans against these properties.

Bentley House

Bentley House is located in Issaquah, in King County. The property was developed with the vision of delivering the premier luxury condo project in the Kirkland, Bellevue, Issaquah sub-markets. The building was constructed as a 45-unit plus 2-guest suite for sale property with a concrete and steel structure, dedicated underground RV parking bays, executive office space complete with a boardroom, and a disproportionately high amount of common amenity space. The building was constructed for a reported total cost of US\$26.5 million and was completed in December 2010.

The property was purchased for US\$14.0 million in June 2012 in an off-market transaction, meaning that the property was not publicly listed for sale. Approximately \$1.1 million was invested in completing the last portion of common area amenity space including renovations and the fit out of the foyer, great room, athletic facilities, meeting spaces and roof top deck. A dog run was also installed to complete the amenity package.

Since its acquisition, average monthly rents have increased from US\$1,650 per unit to US\$3,016 per unit per month, with the current occupancy rate at 95.7%. An appraisal by Colliers International as March 31, 2018 values the property at US\$22,560,000.

As a result of the repositioning and improved performance metrics, management was able to refinance Bentley House on October 31, 2014. The refinancing resulted in increased cash of US\$3.9 million. Additionally, the interest only period was extended through November 1, 2015 through a five year loan with an all-in rate of 3.19% and a 12 months interest only period.

Station Nine

Station Nine is located approximately 25 miles northeast of downtown Seattle in Lynnwood. This property was built in 1989 by a private investor from whom the Trust acquired the property. The property suffered from meaningful deferred maintenance, poor presentation and unprofessional property management.

The property was purchased for US\$13.95 million in an off-market transaction, meaning that the property was not publicly listed for sale. Given the deferred maintenance and poor aesthetics of the property, an extensive repositioning program was undertaken, with an additional US\$3.8 million invested in the property.

The repositioning included significant investment in the physical building to address deferred maintenance issues, professionalizing on-site management, enforcing payment of delinquencies, and improving the overall tenant profile. The property was also rebranded as Station Nine to help establish a new and positive perception of the community. Resident satisfaction has improved dramatically.

Since acquiring the property in December 2012 monthly average rents have increased from US\$903 per unit to US\$1,523 per unit per month, with the current occupancy rate at 96.8%. An appraisal by Colliers International as at March 31, 2018 values the property at US\$28,280,000.

As a result of the repositioning and improved performance metrics, management was able to refinance Station Nine in April 2014. The refinancing resulted in increased cash of US\$3.2 million. Additionally, the interest only period was extended through May 2021 through a 7-year interest only loan with an all-in rate of 3.98%.

Northline

Northline is located in the City of Seattle approximately 10 miles north of downtown. It consists of 111 apartment homes within 16 two-storey buildings. The property is situated on approximately 3 acres, providing ample green space somewhat unique to the City of Seattle which tends toward higher density. Northline was built in 1978 and was renovated in 2009 but has suffered due to poor management.

The property was purchased for US\$14.0 million in an off-market, meaning that the property was not publicly listed for sale. The Trust saw an opportunity to dramatically improve the property with a modest renovation budget and significant management improvements.

The property underwent a repositioning including exterior painting, extensive curb appeal and landscaping improvements, rebranding with new marketing materials, and a modernization of the common area amenities. There were also three homes that were not renovated in 2009 and 14 that need washer and dryers installed. This work was completed as part of the redevelopment plan.

Northline's current occupancy is 97.3%. Since its acquisition, average monthly rents have increased from US\$1,007 per unit to US\$1,457 per unit per month. An appraisal by Colliers International as at March 31, 2018 values the property at US\$23,700,000.

Borgata Apartments and Townhomes

Borgata is located in the City of Renton approximately 10 miles southeast of downtown Seattle, in close proximity to Valley Medical and Boeing Renton. It consists of 83 apartment homes within 16 residential buildings, a mix of flats and townhomes with vaulted ceilings and desirable floorplans. The property is situated on approximately 8 acres and was built in 2002. The Trust sees this as a potential conversion given the great location, views and high percentage of owner vs. rental occupied housing nearby. Borgata is currently 94.0% occupied. Since its acquisition, average monthly rents have increased from US\$1,625 per unit to US\$1,967 per unit per month. An appraisal by Colliers International as at March 31, 2018 values the property at US\$23,230,000.

Starboard

Starboard is located in the City of Kirkland's Juanita area. Built in 1986, Starboard is a garden-style apartment community located on 3.27 acres within walking distance to Juanita Beach on Lake Washington. The property is comprised of 80 apartment homes, in 8 separate 10-unit buildings which are part of a larger condominium project containing a total of 130 units. The apartment homes feature one bedroom-one bath, and two bedroom-one + one-half bath homes, with an average unit size of 948 square feet. The community offers a green, low-density experience while being just blocks away from the urban shops and dining at Kirkland's Juanita Village.

Starboard was acquired for US\$15.65 million on February 4, 2015 and US\$4.5 million has been allocated to property repositioning. Repositioning included full renovation of the apartment interiors and clubhouse amenities, improvements to landscaping, and a new marketing and merchandising strategy. Upon stabilization, the Trust is targeting an effective yield of approximately 6% on invested capital. Starboard is currently 97.5% occupied. Since its acquisition, average monthly rents have increased from US\$1,347 per unit to US\$2,107 per unit per month. An appraisal by Colliers International as at March 31, 2018 values the property at US\$26,050,000.

Fort Lawton

Fort Lawton, a former installation of the United States Army consisting of 26 historical residences, is located on over 9 acres within Discovery Park, a 534-acre park in Seattle's Magnolia neighborhood. These picturesque residences are just minutes from Downtown Seattle in a serene park setting that has unobstructed views of Puget Sound and the Olympic Mountains.

The historic charm of Fort Lawton is evident within its single family and townhome units. Constructed in 1904 and 1905 in the Colonial Revival Style, each structure is listed on the National Register of Historic Places and offer two, three, four or five bedroom options that honor the past yet accommodate modern living.

Fort Lawton was acquired for US\$10.5 million on February 13, 2015. The Trust has substantially refurbished 24 of the homes, all of which have sold. There are two homes remaining that were damaged by a fire in October 2016. The Trust intends to rebuild and substantially refurbish these last two homes and anticipates a high demand given the unique setting and their historic design. The Trust anticipates selling the remaining two homes by the end of 2018.

Starboard Condominium

Starboard Condominiums are located in the City of Kirkland's Juanita area. The first one unit condominium was acquired on March 27, 2015 for US\$132,000. The second one unit condominium was acquired on June 19, 2015 for US\$173,000. The third one unit condominium was acquired on September 22, 2017 for US\$195,000. All units are part of the same large condominium project as Starboard apartments.

Woodcreek

Woodcreek is a 164-unit garden-style apartment community located in the City of Lynnwood approximately 21 miles North of downtown Seattle, in close proximity to Boeing Everett and the Alderwood Mall. The community was built in 2000 and is comprised of 14 residential buildings plus a clubhouse on 7.6 acres. The property underwent a repositioning in 2010 which included updates to the unit interiors and club house. Total costs associated with acquiring the property was \$33.72 million and the Trust expects to generate an effective yield of approximately 6% on invested capital. Woodcreek is currently 93.9% occupied. Since its acquisition, average monthly rents have increased from US\$1,407 per unit to US\$1,621 per unit per month. An appraisal by Colliers International as at March 31, 2018 values the property at US\$39,330,000.

Artesia by The Lake

Artesia by The Lake is a 192-unit suburban garden-style apartment community located near Silver Creek in a particularly desirable area of South Everett. The property consists of fifteen separate residential buildings which sit on 10.10 acres surrounding a scenic wetland. The apartment homes feature a variety of unit sizes ranging from one bedroom-one bath to three bedroom-two bath homes, with an average unit size of 914 square feet. The community offers a green, low-density experience for residents and is in a strong Seattle submarket anchored by Boeing and related industries.

Artesia by The Lake was acquired for US\$40.5 million on December 15, 2016 and a budget of US\$4.4 million has been allocated to property repositioning. Repositioning will include full renovation of the apartment interiors and clubhouse amenities, improvements to landscaping, and a new marketing and merchandising strategy. Artesia by The Lake is currently 86.5% occupied. Since its acquisition, average monthly rents have increased from US\$1,242 per unit to US\$1,611 per unit per month. An appraisal by Colliers International as at March 31, 2018 values the property at US\$43,600,000.

Citywalk Apartments

Citywalk is a 102-unit garden-style apartment community composed of 4 residential buildings and a clubhouse on 2.63 acres, providing residents a low-density living experience just 15 minutes via the E-line from downtown Seattle. The apartment homes feature a variety of unit sizes ranging from one bedroom-one bath to two bedroom-two bath homes, with an average unit size of 901 square feet, all with washers and dryers and exterior decks/patios. The community is less than 5 minutes from Northgate Mall and the newly arriving light rail station.

Citywalk was acquired for US\$26.9 million on December 20, 2017. Plans are to improve the overall look and feel of the community with nearly \$3 million budgeted for deferred maintenance, common area upgrades, and unit interior renovations. The unit interiors have nearly been untouched since the property was built making it ripe for a value add renovation. There is also an opportunity to significantly reduce the property's high utility expenses to increase value. Primarily, this includes significant savings on common area utilities by eliminating an antiquated pool and/or finding a potential leak, and implementing high efficiency water fixtures in homes. Citywalk is currently 97.1% occupied with average monthly market rents at US\$1,666.

Westridge Apartments

Built in 1990, West Ridge Park is composed of 40 residential buildings and a clubhouse on 17 acres, providing residents a low-density living experience just 15 minutes from downtown Seattle. The units have an average size of 987 SF, and a unit mix that consists of 1x1 and 2x1 flats, as well as 2x1.5 and 2x2 townhome units. 144 of the units are townhome style (60%) and 43 (18%) include garages. The property has an extensive amenity package including clubhouse, pool, fitness center, dog park and resident garden. The property is located in West Seattle, within a 5-mile radius of Alki Beach, Lincoln Park, the Junction retail center. The property is less than a mile away from Westwood Village shopping center (400,000 sf of retail) and approximately 5 miles from downtown Seattle, with over 260,000 of the region's jobs.

West Ridge Park was acquired for \$72.45 million USD on March 22, 2018. The property was acquired on an off-market basis. The property was purchased in partnership with Intercontinental Real Estate Corporation, which was formed in 1959 and currently manages \$6 billion USD in real estate.

Plans are to improve the overall look and feel of the community with nearly \$6.3 million budgeted for deferred maintenance, common area upgrades, and unit interior renovations. The renovation objective of West Ridge Park is to capitalize on its unique unit mix and site characteristics through a thoughtful and expansive renovation program. West Ridge Park will offer finish levels similar to that of new product, with the unique offering of a residential-feeling townhome community with abundant amenities, a picturesque creek and green space. The result should earn West Ridge Park a meaningful rent premium over other garden style communities nearby while still offering a discount to new product in the junction area of West Seattle.

Property Dispositions

Station at Mill Creek (Formerly Surrey Park)

On July 27, 2017, Station at Mill Creek was sold for US\$11,000,000. Station at Mill Creek was purchased on October 8, 2013 for US\$6.88 million. An additional US\$557,752 was invested into the repositioning the Property. The financing on the Property in the amount of US\$5,322,658 was repaid in full on the date of sale.

Canada Revenue Agency Application

On October 9, 2015, the Trust made application for an advance income tax ruling to the Canada Revenue Agency in respect of then proposed amendments to the Trust Declaration to re-designate its then existing class of trust units, to create a new class of trust units, and to provide the Trustee with the authority to create additional classes of units. Pursuant to the amendments to the Trust Declaration, effective on September 1, 2016, the then existing trust units were re-designated as Class F Units on a one-for-one basis. The Unitholders at the time of the re-designation were not entitled to any proceeds of disposition and the then existing trust units were not cancelled or redeemed. In addition to the amendments to the Trust Declaration, the Services Agreement was amended to reflect a revised management fee structure whereby the annual management fee would equal the aggregate of the following:

- (a) 2.0% of the net asset value of the Investment LP in respect of all Class A Units; plus
- (b) 1.0% of the net asset value of the Investment LP in respect of all Class F Units; plus
- (c) 1.0% of the portion of the net asset value of the Investment LP that is attributable to the Investment GP.

The advance income tax ruling from the CRA confirmed that:

- (a) the amendments to the Trust Declaration would not result in a resettlement of the Trust so as to cause a disposition by the Trust of its assets;
- (b) the re-designation of the then outstanding trust units into Class F Units would not result in a disposition by the Unitholders of their trust units held immediately prior to the time of the re-designation;

- (c) any future re-designation of Class A Units into Class F Units, as applicable, would not result in a disposition by the Unitholder of their Units held at the time of such future re-designation; and
- (d) the proposed transactions contemplated by the application, including the changes to the management fee and the proposed methodology of income allocation, would not cause subsection 104(7.1) of the Tax Act to apply so as to deny the deduction by the Trust of any amount it is otherwise entitled to deduct under paragraph 104(6)(b) of the Tax Act.

2.4 Long Term Objectives

The long term objective of the Trust is to issue sufficient Units to be able to acquire sufficient Investment LP Units to indirectly enable the Operating LP to:

- (a) expand its asset base and increase funds from operations through a program of acquisitions targeting underperforming properties which offer opportunities for value add through active management, repositioning, and where appropriate, conversion to for-sale condominiums, and
- (b) generate stable cash distributions on a tax-efficient basis from investments in multi-family real estate in major markets on the West Coast of the United States.

2.5 Short Term Objectives and How the Trust Intends to Achieve Them

What the issuer must do and how it must do it	Target completion date or if not known, number of months to complete	Cost to complete, if applicable
Purchase additional Properties	<i>Acquisition under contract:</i> On February 7 th , the Trust indirectly, through a subsidiary of the Operating LP, entered into a conditional purchase and sale agreement to acquire a 241 unit apartment property located in Fife, Washington, for a purchase price of US\$39,500,000 plus standard closing costs. The property is located just off of I-5 with easy access North to Seattle or South to Tacoma. The property is within 30 miles of 700,000 jobs, and within 5 miles of the Kent Valley, the 4 th largest distribution center in the US at 126,000,000 sf. The property stands to benefit from several significant future transit-oriented developments. Specifically, the future Fife light rail station will be less than ½ mile from the property. The Trust has \$500,000 in non-refundable deposits in respect of the acquisition. A portion of the purchase price is expected to be financed with first and second mortgages in the aggregate amount of US\$28,150,000. The completion of the acquisition remains subject to satisfactory due diligence review in accordance with the Trust's standard operating procedures, including a review of independent appraisals, environmental assessments and property condition reports.	Unknown
Manage, reposition, and enhance properties.	Ongoing – improved management and repositioning of properties typically are to occur over the first 12-24 months of ownership depending on the size, age, and other characteristics of the property.	Unknown

The business objectives of the Trust for the next 12 months are to complete the offering of a sufficient number of Units pursuant to this Offering Memorandum to be able to acquire sufficient Investment LP Units to indirectly enable the Operating LP to carry out the acquisition of Properties and operate them on a commercially reasonable basis.

This is primarily a blind pool offering. The Trust's Property Portfolio consists of eleven Properties. Although the Trust expects that the available net proceeds of the Offering will be applied by the Operating LP, directly or indirectly, in the purchase of additional Properties, the specific additional Properties in which the Operating LP, or its subsidiary entities, will invest have not yet been determined.

2.6 Insufficient Funds

(not applicable)

2.7 Material Agreements

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

- (c) Trust Declaration dated January 24, 2012 and as amended March 25, 2013, January 1, 2015, April 9, 2015 and September 1, 2016, between the Trustee and the settlor creating the Trust under the laws of the Province of British Columbia. The Trust Declaration is described in Item 5.1 – “Terms of Units – Trust Declaration”.
- (d) Investment LP Agreement establishing the Investment LP, dated February 13, 2012, as amended and restated August 10, 2017 and made between the Trust and the Investment GP. The Investment LP Agreement is described in Item 5.1 – “Terms of Units – Investment LP Agreement”.
- (e) Limited Partnership Agreement establishing the Operating LP, dated November 22, 2011 and made between Holding Co and the Operating GP. The Holding Co and the Operating GP are described in Item 2.1 – “Structure” and Item 2.2 “The Trust's Business”.
- (f) Cost Sharing and Recovery Agreement dated February 13, 2012 between the Trust and the Investment LP, pursuant to which the Investment LP will reimburse the Trust for the costs and expenses incurred by the Trust in offering the Units and obtaining subscriptions for Units, in consideration of the Trust investing the subscription proceeds in the acquisition of Investment LP Units.
- (g) Services Agreement dated February 13, 2012, as amended September 1, 2016 and January 16, 2017, between the Operating LP and the Operating GP. The Services Agreement is described in Item 3.6 – “Services Agreement”.
- (h) Subscription Agreement – the agreement by which investors will subscribe for and acquire Units on the terms and conditions described in this Offering Memorandum. The Subscription Agreement is described in Item 5.2 – “Subscription Procedure”.
- (i) Property Appraisal Engagement Agreements – refers to property specific appraisal engagements between Colliers International and the property specific Limited Partnerships to prepare property specific appraisal reports on an annual and quarterly basis through to March 31, 2018.
- (j) Fund Management Agreement – the Agreement between the Trust and Robson Capital Management Inc., dated November 30, 2015, relating to the Trust requiring the services of a fund manager to provide certain limited services with respect to the management and administration of its affairs and the sale of units of the Trust through FundSERV. Robson Capital Management was established in 2003 and is an independent investment firm that provides fund management and exempt market dealer services. It assists Canadian alternative investment funds in making their funds available through IIROC dealer firms, under its FundSERV manufacturer's code “RBS”. It is registered with the Ontario Securities Commission as Portfolio Manager, Investment Fund Manager and Exempt Market Dealer.
- (k) HomeStreet Bank credit facility – the three year agreement between a Property LP and HomeStreet Bank to lend a \$13,000,000 USD line of credit dated September 1, 2016 maturing September 1, 2019. The line of credit carries a variable interest rate of 30 Day LIBOR + 250bps and will be used for future acquisitions, renovations, unitholder redemptions and other capital requirements.
- (l) KeyBank credit facility – the agreement between the Operating LP and KeyBank to lend a \$10,000,000 USD line of credit dated April 6, 2018 maturing April 6, 2020. The line of credit carries

a variable interest rate of 30 Day LIBOR + a spread ranging from 325bps to 400bps and will be used for future acquisitions, renovations, unitholder redemptions and other capital requirements.

Copies of all contracts referred to above may be inspected during normal business hours at the principal office of the Trustee, located at 500 – 2609 Granville Street Vancouver, British Columbia, V6H 3H3.

ITEM 3

INTERESTS OF DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND PRINCIPAL HOLDERS

Rise Properties Services Ltd. is the Trustee of the Trust. It has no material assets or liabilities. It carries on no business activities other than acting as trustee of the Trust. The shares of the Trustee are owned directly and indirectly by the holding companies of various principals of MOSAIC and by Kari Lynne Anderson, and Rose Nicole O'Dell, each of whom is a principal of Thrive Communities Inc., which is an Affiliate of MOSAIC.

The issued shares of the Investment GP are owned by the Trustee, on its own account and not as trustee for the Unitholders. As such, all dividends and other distributions by the Investment GP to the Trustee will be received by the Trustee for its own account.

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Trustee and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Trust (a “**principal holder**”). Other than otherwise disclosed in this Offering Memorandum, the directors and officers of the Trustee do not presently receive compensation in their capacity as directors and officers.

Name and municipality of principal residence	Positions held (e.g. Director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by the Trustee in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, percentage and type of securities of the Trust held
David Lloyd Kirzinger Victoria, BC Canada	Director, Officer 11/22/2011	Nil	287,969 Class F Units 3.53%
Jason Kenneth Daviss Delta BC, Canada	Director, Officer 11/22/2011	Nil	15,000 Class F Units 0.18%
Robert Maitland McCarthy Vancouver BC, Canada	Director, Officer 11/22/2011	Nil	114,003 Class F Units 1.40%
Kari Lynne Anderson Seattle, WA, USA	Director, Officer 4/28/2017	Nil	8,017 Class F Units 0.10%

Persons who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Trust are considered a “**principal holder**”. Principal holders are subject to certain additional requirements including restrictions on RRSP or TFSA investments, see Item 6 “Income Tax Considerations”, and being included in the Trust’s recurring OFAC reporting process to determine if any principal holder is or at any time has been listed on any Prohibited Parties List.

Fees Paid to Affiliates of the Operating and Investment GP:

The Operating GP may employ or retain Affiliates of the Operating GP to provide goods or services to the Operating LP, provided that the cost of such goods or services are competitive with the cost of similar goods or services provided by an independent third party.

The Operating GP may contract with the following Affiliates to provide services to the Operating LP: MT Asset Management LLC, Thrive Communities Inc. and Thrive Development Inc. Certain principals of the Trustee are also principals of these Affiliates. For more information on these Affiliates and their respective principals, see Item 3.2 – “Affiliates and Management Experience”.

The fees outlined in the table below may be paid directly to the Operating GP, or to Affiliates of the Operating GP and the Investment GP, from time to time. The Operating GP believes these fees are reasonable and competitive with the cost of similar goods or services provided by independent third parties.

Fee	Details	Paid To
Asset Management Fee	Class A - 2.0% of the Net Asset Value of the Investment LP Class F - 1.0% of the Net Asset Value of the Investment LP	Operating GP
Acquisition Fee	1.0% of the gross purchase price of a Property	Operating GP
Property Management Fee	3% of the gross revenue from managed Properties	Property Manager
Repositioning Fee	5% of repositioning costs	Operating GP
Development Management Fee	5% of all costs of a Conversion, including the FMV of the Property at the commencement of Conversion	Developer

In addition to the Development Management Fee noted above, the Developer will retain 35% of the net profits arising from a Conversion. A warranty reserve shall be set aside for each Conversion project. The Developer will retain the warranty and HOA (Homeowner Association) risk associated with such Conversion project and shall be responsible for the cost of any claim above and beyond the warranty reserve amount.

3.2 Affiliates and Management Experience

The following table provides a summary of the professional expertise and experience of the Affiliates of the Operating GP that may be retained to deliver services to the Operating LP. The table also outlines the principals of each Affiliate. The principals of the Operating GP Affiliates are also principals of the Trustee. See Item – 2.1 “Structure” for a description of the Trustee.

Affiliate	Expertise & Principals	General Services Provided
MOSAIC	MOSAIC is a real estate development organization specializing in the development of rowhomes and apartments in Metro Vancouver. To date MOSAIC has developed over \$1 billion of real estate in Metro Vancouver. Since inception, MOSAIC acquired over \$200 million of rental apartments and converted 700 rental apartment units to condominiums. The active principals of the MOSAIC group are Rob Maitland McCarthy, Max Bruce, Chris Barbati, Chris White, Jason Kenneth Daviss, Andrew Sims, and Dave Lloyd Kirzinger. For more information on MOSAIC please visit: www.mosaichomes.com .	Acquisition of Properties. Overall investment strategy related to acquisition and disposition of properties, rental operations, and condominium conversion. Development and construction management services associated with Condominium Conversions.
Thrive	<p>Thrive is an organization specializing in property management and development services.</p> <p>Thrive Communities Inc. is a boutique property management firm located in Seattle, Washington. Unlike traditional property management services, Thrive actively enhances rental income and asset values by fostering a true sense of community amongst residents. In addition to providing property management services to RISE, Thrive manages 6,123 apartment units in Greater Seattle.</p> <p>Thrive Developments Inc. provides development and construction management services from the initial project assessment and strategy stages to the final project launch. It manages and executes projects to maximize opportunities and capture value.</p> <p>The active principals of Thrive are Kari Lynne Andersen, Rose Nicole O'Dell, and Dave Lloyd Kirzinger. For more information on Thrive please visit www.thrivecommunities.com.</p>	Day to day property management. property repositioning, property performance and financial reporting.

The following table discloses the experience and principal occupations of the directors, senior officers and key personnel of the Trustee over the past five years:

Name	Principal occupations and related experience
David Lloyd Kirzinger	Mr. Kirzinger is a director of the Trustee and is also a principal of the Property Manager. He is responsible for all US property acquisitions, and oversees both the property management and conversion business. Over the past 27 years, Mr. Kirzinger has worked for Trammell Crow, Avalon-Bay, Intrawest, and Belcorp, a large private apartment owner. During his career, Mr. Kirzinger has put together three rental / conversion portfolios consisting of 1,100 units, 1,200 units, and 5,000 units respectively. He has managed over 15,000 rental units. Mr. Kirzinger received his Bachelor of Arts in Economics from the University of British Columbia and his MBA from Stanford University.
Barrett Rudolph Sigmund	Mr. Sigmund is the President of Trust's US subsidiaries and is responsible for operations and acquisitions. He has a Masters in Business Administration from the University of Washington and completed the UW professional certification in real estate. Mr. Sigmund has tremendous experience with respect to the acquisition and redevelopment of rental properties in Seattle and on the west coast of the United States. He has purchased over \$2 billion in apartment buildings during his career; \$800 million in 2016 alone.
Robert Maitland McCarthy	Mr. McCarthy is a director of the Trustee. He is currently the Chairman of MOSAIC Homes, a firm he co – founded in 2000. Since 1988, Mr. McCarthy has been directly involved in over 200 Vancouver and Seattle real estate development projects.
Jason Kenneth Daviss	Mr. Daviss is a director of the Trustee. In his capacity as Senior Vice President of Finance for MOSAIC, Mr. Daviss oversees the organization's capital market operations. Mr. Daviss has led or overseen over \$2 billion in all forms of residential development financing across North America since 2000. He holds the Chartered Financial Analyst (CFA) designation and received a Bachelor of Commerce degree with Honors from the University of British Columbia after completing a double major in Real Estate and Finance. Mr. Daviss lives with his wife and family in Delta, BC.
Rose Nicole O'Dell	Ms. O'Dell is a principal of the Property Manager and is responsible for the oversight of the daily work of property accounting for Thrive's portfolio. She began her career at Indigo Real Estate as a regional manager and advanced to the position of Chief Financial Officer and Compliance Director. Ms. O'Dell earned an MBA and a Bachelor's in Finance from Seattle University. Ms. O'Dell currently sits on the board of the Washington Multi Family Housing Association and is a committee member with Urban Lands Institute.
Kari Lynne Anderson	Ms. Anderson is a principal of the Property Manager and is responsible for all of RISE's property management in the United States. During her career, Ms. Anderson has worked at Trammell Crow, Equity Residential, and Investco, a Seattle apartment operation. As an Area Vice President with Equity Residential, Ms. Anderson directed five regional managers who oversaw 15,000 apartment homes. Ms. Anderson was the founding president of the Washington Apartment Association, and served two terms in that office.

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last 10 years, no cease trade order has been in effect for a period of more than 30 consecutive days during the past 10 years, and no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten years against or with regard to any:

- (a) director, executive officer or control person of the Trustee, or
- (b) any issuer of which any person referred to in Item 1 above was a director, senior officer, or control person of at that time.

3.4 Loans

There are no debentures or loans due to or from the directors, management, promoters or principal holders of the Trustee as at the date of this Offering Memorandum.

3.5 Promoter

By reason of its initiative in forming and establishing the Trust and taking steps necessary for the public distribution of the Units, the Trustee is the promoter of this Offering. The directors of the Trustee are Jason Kenneth Daviss, David Lloyd Kirzinger, Robert Maitland McCarthy, and Kari Lynce Anderson. The Trustee will not receive any benefits, directly or indirectly from the issuance of the Units other than as described in this Offering Memorandum.

3.6 Services Agreement

Under the Services Agreement, the Operating GP has agreed to provide the following services to the Operating LP, for which it will be paid the fees set out below:

- (a) identify Properties for acquisition, negotiate the purchase thereof, conduct due diligence, apply for and obtain mortgage loans and liaise with legal counsel, brokers and others in connection with completing the purchase of Properties;
- (b) provide overall management, financial and business planning for the Operating LP;
- (c) establish appropriate legal and accounting systems for the proper control of the Properties;
- (d) maintain ongoing liaison with the lenders of the mortgage loans and using best efforts to arrange a refinancing of the mortgage loans at the expiration of their terms and any subsequent refinancings;
- (e) conduct ongoing analysis of market conditions to monitor the Operating LP's investment in the Properties;
- (f) when necessary or advisable, negotiate and complete the sale of a Property on such terms and conditions and at such time as the Operating GP may determine;
- (g) preparing annual financial reports on the Properties; and
- (h) performing such other administrative duties as a reasonably prudent administrative manager would provide in the same or comparable circumstances and such other administrative duties as the Trust may reasonably request from time to time.

In consideration of such services, the Operating LP will pay the Operating GP the Acquisition Fee, in an amount equal to 1.0% of the gross purchase price of each Property (or interest in a Property) and the Asset Management Fee. For greater clarity, the Operating GP, in its sole discretion, acting reasonably and consistently from period-to-period, will

determine the Investment LP Value attributable to: (i) any class of units of the Trust; and (ii) interests other than classes of units of the Trust, in an equitable manner, based on information from the Investment GP and the Trustee determined in accordance with the terms of the Investment LP Agreement and the Trust Declaration, as applicable. Unless otherwise determined by the Operating GP, the Investment LP Value attributable to: (i) any class of units of the Trust; or (ii) interests other than classes of units of the Trust, as at the beginning of any month will be based on the Valuation Date, provided that such Valuation Date is the last Business Day of the most recently completed calendar quarter. Further, any of the foregoing may be supplemented, amended or varied from time to time, as deemed necessary or advisable, in the sole discretion of the Operating GP, acting reasonably, in the event that additional classes of units in the capital of the Trust are created, issued and outstanding or otherwise. In addition, the Operating GP will be entitled to be reimbursed for any deposits paid and for all out-of-pocket expenses incurred by the Operating GP in completing any of the above duties.

ITEM 4 CAPITAL STRUCTURE

4.1 Capital Structure The following table summarizes information about outstanding securities of the Trust at March 31, 2018:

Description of security	Number authorized to be issued	Number outstanding as at March 31, 2018	Number outstanding after minimum Offering ⁽¹⁾	Number outstanding after maximum Offering ⁽¹⁾
Class A Units	unlimited	713,124	713,124	713,124
Class F Units	unlimited	7,441,292	7,441,292	7,441,292

⁽¹⁾ There is no minimum or maximum offering.

4.2 Long Term Debt The Trust has an indirect interest in mortgages held by the individual Property LPs. The amounts and terms of these loans are outlined under Item 2.3 – “Development of the Business – Property Portfolio – Property Debt Summary”.

4.3 Prior Sales

The table below shows the number of units issued, and funds received, net of redemptions, during the prior 12 months from March 31, 2018:

Date of Subscription/Redemption ⁽¹⁾	Type of Security Issued	Number of Securities Issued Net of Redemptions	Price per security	Total Funds Received
April 1, 2017 to June 30, 2017	Class F Units	299,658	\$17.2039	\$5,404,534
April 1, 2017 to June 30, 2017	Class A Units	96,446	\$17.2039	\$4,105,728
July 1, 2017 to September 30, 2017	Class F Units	122,205	\$17.3256	\$2,117,276
July 1, 2017 to September 30, 2017	Class A Units	109,324	\$17.3256	\$1,899,144
October 1, 2017 to December 31, 2017	Class F Units	364,396	\$17.3241	\$6,242,227
October 1, 2017 to December 31, 2017	Class A Units	177,801	\$17.3241	\$3,175,719
January 1, 2018 to March 31, 2018	Class F Units	784,630	\$18.1147	\$14,227,824
January 1, 2018 to March 31, 2018	Class A Units	179,417	\$18.1147	\$3,250,078
Total Trust Units in Last 12 Months		2,133,877		\$40,422,530

⁽¹⁾ There may be a time lag between the date on which a Unitholder enters into a Subscription Agreement for the Units and the date on which the Units are issued. This gap may straddle a quarter’s end when the Units are in the process of being re-valued. If a Subscription Agreement is entered into prior to the quarter’s end, notwithstanding that the Units may be issued the following quarter, the price per Unit at the time the Subscription Agreement was entered into is the price at which the Units are issued.

4.4 Redemption History

The table below shows redemption history of the Trust for the for last two completed years and for the current year though March 31, 2018:

	Trust Units ⁽¹⁾		Class A		Class F	
	Number of	Value (\$)	Number of	Value (\$)	Number of	Value (\$)
2016						
Unpaid redemption requests, beginning of year	127,584	\$ 2,000,000	-	\$ -	-	\$ -
Redemptions requests	148,499	\$ 2,364,170	-	\$ -	110,563	\$ 1,870,589
Redemptions paid out	276,083	\$ 4,364,170	-	\$ -	110,563	\$ 1,870,589
Unpaid redemption requests, end of year	-	\$ -	-	\$ -	-	\$ -
2017						
Unpaid redemption requests, beginning of year	-	\$ -	-	\$ -	-	\$ -
Redemptions requests	-	\$ -	5,898	\$ 97,146	361,268	\$ 6,228,553
Redemptions paid out	-	\$ -	5,898	\$ 97,146	353,202	\$ 6,087,348
Unpaid redemption requests, end of year	-	\$ -	-	\$ -	8,066	\$ 141,205
2018						
Unpaid redemption requests, beginning of year	-	\$ -	-	\$ -	8,066	\$ 141,205
Redemptions requests	-	\$ -	2,160	\$ 39,122	120,146	\$ 2,176,401
Redemptions paid out	-	\$ -	-	\$ -	8,866	\$ 155,697
Unpaid redemption requests, end of period	-	\$ -	2,160	\$ 39,122	119,346	\$ 2,161,909

⁽¹⁾ As of September 1, 2016 the Trust re-designated of the then outstanding Trust Units into Class F Units and created new Class A Units.

ITEM 5 SECURITIES OFFERED

5.1 Terms of Units

Units Offered and Subscription Price

The securities offered pursuant to this Offering Memorandum are Class A Units and Class F Units of the Trust, which comprise the only authorized Units of the Trust as of the date hereof. See Item 2.3 “Development of the Business – Canada Revenue Agency Application”.

The price per Class A Unit is \$18.5897 or US\$14.4293 per Class A Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 29, 2018) (issuable to investors who purchase Units through registered securities dealers). The price per Class F Units is \$18.5897 or US\$14.4293 per Class F Unit (calculated based on the Bloomberg closing exchange rate of US\$0.7762 on March 31, 2018) (issuable to investors who purchase Units directly from the Trust). Such prices fluctuate based on changes in the Limited Partners’ Ending Net Equity from time to time. The US dollar price fluctuates based on the current exchange rate.

The Class A Units and Class F Units are identical save for the fact that holders of the Class A Units will be entitled to the same proportionate share of discretionary distributions from the Trust as holders of the Class F Units, less certain equalizing adjustment (the “**Equalizing Adjustment**”) to reflect the Additional Management Fee, as defined herein, attributable only to the Class A Units. The Equalizing Adjustment to each Class A Unit will be calculated as follows:

- (a) the Additional Management Fee, net of the deferred tax asset generated by such Additional Management Fee, divided by
- (b) the number of Class A Units outstanding.

The percentage of Management Fee charged in respect of the Class A Units will be one percentage point higher (the “**Additional Management Fee**”) than that of Class F Units. With the Additional Management Fee, the Operating GP will pay trailer fees on all future Class A Units. The trailer fees in respect of the grandfathered units (i.e., trust units outstanding prior to the re-designation discussed under “Canada Revenue Agency Application” the sale of which involved registered securities dealers) will continue to be paid by Investment LP. See also Item 5.1 “Terms of Securities Offered – Trust Declaration”.

Trust Declaration

The rights and obligations of the Unitholders are governed by the Trust Declaration made as of January 24, 2012 and as amended March 25, 2013, January 1, 2015, April 9, 2015 and September 1, 2016 among the Trustee, the settlor of the Trust, and all persons who become holders of Units as provided therein. The following is a summary of certain material provisions of the Trust Declaration. **This summary does not purport to be complete and reference should be to the Trust Declaration itself, a copy of which is available from the Trustee. Capitalized terms used in this**

summary which are not otherwise defined in this Offering Memorandum have the meaning ascribed to them in the Trust Declaration.

Class A Units; Class F Units

The Trust is authorized to issue an unlimited number of redeemable Class A Units and Class F Units. Except as provided in the Trust Declaration Indenture and this Offering Memorandum, each Unit entitles the Unitholder to the same rights and obligations as any other Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholders.

Subject to the provisions of the Trust Declaration relating to distributions, as described below, each Unit represents an equal undivided beneficial interest or share in any distribution from the Trust (whether of Distributable Cash Flow (Trust), Trust Income, Net Realized Capital Gains or other amounts, other than amounts in respect of a distribution *in specie* on a redemption of Units specifically to Unitholders who redeem their Units) and in Trust Property in the event of the termination or winding-up of the Trust. Each Unit entitles the holder of record thereof to one vote at all meetings of Unitholders. All Units rank among themselves equally and ratably without discrimination, preference or priority.

Units of different Classes may have different rights, benefits and other attributes from Units of other Classes. Subject to limitations and requirements determined from time to time by the Trustee, in its sole discretion, acting reasonably, and stated in this Offering Memorandum, any Unit (other than a Class F Unit) of a particular Class of Units may be re-designated by the Trustee as a Unit of another Class of Units, provided, however, that any such re-designation will not entitle the holder of the Units which are the subject of such re-designation to any Trust Property, or any redemption proceeds.

Classes of Units

The Trustee will have the power and authority, from time to time, for and on behalf of the Trust, to create one or more Classes of Units on such terms and conditions as may be determined by the Trustee, provided that such creation does not adversely affect the pecuniary value of the interest of any Unitholder in the Trust. All of the Units in any Class of Units will have the same rights, benefits and other attributes, and will rank equally, with every other Unit in such Class of Units and no Unit in a Class of Units will have any preference or priority over any other Unit of such Class of Units. The number of Units issued in any Class of Units is unlimited, unless the number of Units for such Class of Units is limited at the time the Class of Units is established.

Except in respect of the Class A Units and the Class F Units, before the issue of a Class of Units, the Trustee will execute a Supplemental Indenture creating such Class of Units and establishing the terms thereof and confirming that the Unitholders who hold Units issued as part of such Class of Units are entitled to the benefits of the Trust in respect of such Class of Units.

Any Units in any Class of Units created by Supplemental Indenture will:

- (a) be designated by a letter by the Trustee; and
- (b) have such rights and restrictions with respect to subscription price and other terms and conditions of their offering and manner of subscription, sharing in the property of the Trust and other matters as the Trustee determines to be appropriate, which rights and restrictions may be different from the rights and restrictions which pertain to the Units of any other Class of Units.

At the option of the Trustee, the maximum number of Units of any Class of Units may be limited, such limitation to be expressed in the Supplemental Indenture providing for the creation of the Class of Units.

Distributions

Distributions of Distributable Cash Flow

The Trustee will, in respect of each Distribution Period, on or before each Distribution Record Date, declare payable to the Unitholders of record at the close of business on each Distribution Record Date, all or any part of the Distributable Cash Flow (Trust) for the Distribution Period.

The Trustee, in its discretion, acting reasonably, will, in respect of each Distribution Period, allocate for distribution an amount equal to Grossed-Up Distributable Cash Flow *pro rata* among the Classes of Units based on the number of Units outstanding in each Class. Class Specific Expenses shall then be applied to reduce the amount of Grossed-Up Distributable Cash Flow (Trust) allocable to the Class to which such Class Specific Expenses relate as the Trustee may determine in its sole discretion.

The amount of Distributable Cash Flow (Trust) determined and allocated to a particular Class in accordance with the Trust Declaration will be payable to each Unitholder of record of each Class on such Distribution Record Date *pro rata* in proportion to the number of Units of such Class held as of record by such Unitholder on such Distribution Record Date. Generally, any Distributable Cash Flow (Trust) that has been declared to be payable to Unitholders in respect of a Distribution Period will be paid in cash on the Distribution Payment Date in respect of such Distribution Period.

Computation of Distributable Cash Flow (Trust)

The cash flow of the Trust for any Distribution Period will be equal to:

- (a) the sum of all cash amounts received by the Trust for or in respect of such Distribution Period, including the amounts received as a limited partner holding Investment LP Units in the Investment LP pursuant to the terms of the Investment LP Agreement and all other income, interest, distributions, dividends, proceeds from the investment in the Investment LP Units (other than by way of security interest), returns of capital and repayments of indebtedness, as well as all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed; less
- (b) all costs and expenses of the Trust that, in the opinion of the Trustee, may reasonably be considered to have accrued and become owing in respect of, or which relate to, such Distribution Period or a prior Distribution Period if not accrued in such prior period; and less
- (c) all amounts payable in cash that relate to the redemption or repurchase of Units and that have become payable by the Trust in such Distribution Period or prior Distribution Period,

provided that any funds borrowed by the Trust or the proceeds of the issuance of Units or other securities of the Trust and related transactions in connection therewith will not be included in the calculations of Cash Flow in respect of any Distribution Period.

Distributable Cash Flow (Trust) will be equal to the Cash Flow for such Distribution Period less any amount that the Trustee may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Trust, that have been or are reasonably expected to be incurred in the activities and operations of the Trust (to the extent that such costs or expenses have not otherwise been taken into account in the calculation of the Cash Flow of the Trust) and less such reserves or amounts as are, in the opinion of the Trustee, necessary or desirable.

Computation of Income and Net Realized Capital Gains

Trust Income for any taxation year of the Trust will be determined by the Trustee as the amount by which the income of the Trust for such year computed in accordance with the provisions of the Tax Act, other than paragraph 82(1)(b) and subsection 104(6) thereof, and taking into account such other amounts and adjustments as are determined in the discretion of the Trustee regarding the calculation of income for the purposes of determining the “taxable income” of the Trust, exceeds each amount determined by the Trustee in respect of any non-capital loss for a prior taxation year that the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for such year; provided, however, that capital gains and capital losses will be excluded from the computation of Trust Income and, if an amount has been designated by the Trust under subsection 104(19) of the Tax Act, such designation shall be disregarded.

Net Realized Capital Gains for any taxation year of the Trust will be determined by the Trustee as the amount, if any, by which the aggregate of the capital gains of the Trust realized in such year exceeds the aggregate of the capital losses of

the Trust realized in such year and each amount determined by the Trustee in respect of any net capital loss for a prior taxation year that the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for such year multiplied by the reciprocal of the fraction applicable in determining the proportion of a capital gain for such prior taxation year that is a taxable capital gain.

Allocations and Distributions of Trust Income, Net Realized Capital Gains, Capital and Other Amounts

The Trustee shall allocate, declare payable and/or make distributions, from time to time, out of Trust Income, Net Realized Capital Gains, the capital of the Trust or otherwise, (other than amounts designated payable to redeeming Unitholders) in any year, in such amount or amounts, and in respect of such Classes, and on such dates and to Unitholders of record of such Classes on such dates, as the Trustee may determine, acting reasonably, may determine, having regard to the amount of cash distributions paid or payable in respect of such Classes and to such Unitholders of such Class during such taxation year. In determining amounts to be allocated to a Class of Units as set out above, the Trustee shall: (i) divide an amount equal to the sum of Trust Income or such other amounts as the Trustee determines (other than amounts designated payable to redeeming Unitholders) and any Class Specific Expenses among the Classes of Units in proportion to the amount of cash distributions paid or payable in respect of each Class of Units for such taxation year; and (ii) reduce the amounts determined in (i) by Class Specific Expenses that are attributable to each Class.

Having regard to the intention that the Trustee allocate, distribute and make payable to Unitholders all of the Trust Income, Net Realized Capital Gains and 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, on the last day of each taxation year of the Trust the following amounts will, without any further actions on the part of the Trustee, be automatically due and payable to Unitholders of record at the close of business on such day of each year (whether or not such day is a Business Day):

- (a) the amount of Trust Income for such year, other than (i) any Trust Income realized by the Trust as a result of a redemption of Units and that are payable to redeeming, and (ii) any other Trust Income that was previously paid or made payable to Unitholders in such year; and
- (b) the amount of Net Realized Capital Gains for such year, other than (i) any capital gains that are realized by the Trust as a result of a redemption of Units and that are payable to redeeming Unitholders, and (ii) any other capital gains that were previously paid or made payable to Unitholders in such year.

Character of Distributions and Designations

In accordance with and to the extent permitted by the Tax Act and analogous provisions of any applicable provincial income tax legislation, the Trustee in each year will make designations in respect of the amounts paid or payable to Unitholders for such amounts that the Trustee considers to be reasonable in all of the circumstances, including designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net capital gains realized by the Trust in the year and foreign source income of and foreign taxes paid by the Trust for the year, as well as elect under subsection 104(13.1) and/or subsection 104(13.2) of the Tax Act that income be taxed to the Trust, rather than to the Unitholders. Distributions paid or payable to Unitholders will be distributed from Trust Income, Net Realized Capital Gains, trust capital or other items in such amounts as the Trustee may, in its absolute discretion, determine and allocate to the Unitholders in the same proportions as distributions received by the Unitholders, subject to the discretion of the Trustee to adopt an allocation method which the Trustee considers to be more reasonable in the circumstances. For greater certainty, any distribution of Net Realized Capital Gains will include the non-taxable portion of the capital gains of the Trust that are encompassed in such distribution.

Method of Payment of Distributions

Where the Trustee determines that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution that has been declared payable, or otherwise made payable, on the due date for such payment or for any other reason cannot pay the distribution in cash, or the Trustee otherwise elects in respect of any such distribution at the sole and absolute discretion of the Trustee, the payment will be distributed to the Unitholders in the form of additional Units, or fractions of Units, if necessary or desirable, having a value equal to the difference between the amount of such distribution declared to be payable and the amount of cash that has been determined by the Trustee to be available for the payment of such distribution. Such additional Units will be issued *pro rata* in proportion to the number of Units held as of record by such Unitholder on such date. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities

regulatory authorities or a prospectus or similar filing. Any such Units issued are then reconsolidated with the existing Units.

Special Distribution Provisions

To the extent distributions are calculated in respect of a Distribution Period and payable at the end of such Distribution Period, if for any reason, including the termination of the Trust, such Distribution Period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened Distribution Period and be payable at the end of such shortened Distribution Period.

The Trustee will have the right but not the obligation to distribute and allocate Distributable Cash, Trust Income, Net Realized Capital Gains and any other applicable amounts among Unitholders in such a manner so as to ensure where possible that they are treated equitably taking into account differences that may arise as a result of the acquisition of Units at different times in a fiscal year or in different fiscal calendar years.

Redemption

Right of Redemption

Each Unitholder will be entitled to require the Trust to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the Trust Declaration.

Exercise of Redemption Right

A Unitholder holding Units wishing to redeem the whole or any part of his or her Units (a “**Redemption**”) may deliver a notice of such desire (the “**Redemption Notice**”) to the Trustee at any time.

Effect of Redemption Notice

Upon receipt by the Trust of the Redemption Notice, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon that are declared payable to the Unitholders of record on a date that is subsequent to the date of receipt by the Trustee of the Redemption Notice. Units shall be considered to be tendered for redemption on the date that the Trustee has, to the satisfaction of the Trustee, received the Redemption Notice and further documents or evidence the Trustee may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

The payment in cash by the Trust of the redemption price of Units will reduce the amount of cash available to the Trust for the payment of distributions to the holders of Units, since the payment of redemptions will take priority over the payment of cash distributions. See Item 8 “Risk Factors”.

Redemption Price

Subject to applicable laws and the conditions listed below, the Trust will redeem the Units specified in such Redemption Notice. The price per Unit payable upon redemption will be equal to either:

- (a) where the Units are listed on a stock exchange or similar market, an amount equal to the lesser of (i) 95% of the market price of the Units during the 10 trading day period after the redemption date; and (ii) 100% of the closing market price of the Units on the redemption date; or
- (b) where the Units are not listed on a stock exchange or similar market, 95% of the aggregate of the Trust’s proportionate share of the Investment LP Value of the most recent calendar quarter that ends prior to the Redemption Date divided by the number of Units outstanding at such date; or
- (c) notwithstanding the foregoing, the Trustee may, in its sole discretion, elect to pay a Redemption Price per Unit which is equal to 100% of the value set out in Section (b) above to Unitholders whose

Units are redeemed pursuant to terms and conditions of the Trust Declaration (the “**100% Redemption Provision**”).

For greater certainty, the 100% Redemption, which may be subject to the following, without limitations, additional conditions, which may be amended from time to time, at the sole discretion of the Trustee:

- (a) the 100% Redemption will only apply to Units which have been held by a Unitholder for a minimum of one year prior to the receipt of a Redemption Notice in respect thereof;
- (b) payment of the redemption price may be subject to a 6 month, or longer, waiting period;
- (c) notwithstanding anything to the contrary in the Trust Declaration, any Units tendered for redemption pursuant to the 100% Redemption will retain the rights set out in the Trust Declaration until the redemption price is paid, including the right to receive distributions; and
- (d) in the event that the Unitholder wishing to redeem Units redeems less than all of such Unitholder's Units, future DRIP Units earned by the Units tendered for redemption may be: (i) included with the total Units to be redeemed; (ii) issued to such Unitholder pursuant to the terms of the DRIP; or (iii) a combination of (i) and (ii), up to the date of redemption thereof, in the sole discretion of the Trustee.

Payment of Redemption Price

The redemption price per Unit multiplied by the number of Units tendered for Redemption will be paid to a Unitholder by way of a cash payment no later than the last day of the calendar month following the calendar quarter in which the Units were tendered for redemption, provided that:

- (a) the total amount payable by the Trust by cash payment in respect of the redemption of Units for that calendar quarter will not exceed $\frac{1}{2}$ of 1% of the aggregate Subscription Price of all Units that were issued and outstanding at the start of such calendar quarter;
- (b) the total amount payable by the Trust by cash payment in respect of the redemption of Units in any twelve month period ending at the end of that calendar quarter will not exceed 2% of the aggregate subscription price of all Units that were issued and outstanding at the start of such twelve month period; and
- (c) in the event that the Units are listed on a stock exchange or similar market, the normal trading of the Units is not suspended or halted on any stock exchange on which the Units are listed for trading on the redemption date or for more than five trading days during the 10 day trading period commencing immediately after the redemption date.

If any of the conditions in paragraphs (a) to (c) above preclude the payment of the redemption price in cash (and the Trustee does not, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar quarter), the redemption price shall be paid and satisfied by way of either of the following methods to be selected by the Trustee using its sole discretion:

- (a) the issuance and delivery of a number of Trust Notes, each in the principal amount of \$100, having an aggregate principal amount equal to the redemption price per Unit multiplied by the number of Units tendered for redemption; or
- (b) a distribution *in specie* to the Unitholder of a number of Debt Securities (each in the principal amount of \$100), having an aggregate principal amount equal to the redemption price per Unit multiplied by the number of Units tendered for redemption; or
- (c) a distribution *in specie* to the Unitholder of a number of Investment LP Units with an aggregate value (having regard to the Investment LP Unit Value at that time) equal to the aggregate redemption price of the Units tendered for redemption.

Units will be redeemed according to the order in which Redemption Notices are received.

Trust Notes, Debt Securities and Investment LP Units received as a result of redemptions of Units will generally not be qualified investments for Deferred Plans, and this could give rise to adverse consequences to a Deferred Plan and/or its annuitant, beneficiary or holder, including the redeeming Unitholder becoming subject to a penalty tax. Accordingly, purchasers which are Deferred Plans should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units. See Item 8 – “Risk Factors”.

Forced Redemption Upon Non-Residency

At no time may “non-residents” of Canada (as defined in the Tax Act) be the beneficial owners of more than 49% of the Units, nor may they beneficially own any rights or options that may entitle them to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by non-residents. If the Trustee becomes aware that more than 49% of the Units are held by non-residents or that such a situation is imminent, the Trustee may require the redemption of Units by a non-resident Unitholder or Unitholders, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustee may determine. The redemption proceeds payable for each Unit to be redeemed will be equal to 95% of the lesser of the subscription price and the amount payable to a redeeming Unitholder in the event of a Redemption of a Unit, determined on the day on which the Trustee issues the redemption notice.

Meetings of Unitholders and Resolutions

Meetings of Unitholders

The Trustee may, at any time, convene a meeting of the Unitholders generally or of any Class of Unitholders and will be required to convene a meeting on receipt of a request in writing of Unitholders holding, in aggregate, 15% or more of the Units of a Class of Units then outstanding. Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Special Resolution, will require the approval of Unitholders by an Ordinary Resolution.

Quorum

A quorum for any meeting of Unitholders generally or a Class of Unitholder, as applicable, convened to consider such matter will consist of two or more Unitholders present in person or by proxy and representing not less than 10% of the Units or Units of a Class of Units, as applicable, then outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days later, selected by the Trustee and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum.

Voting Rights

Each Unitholder is entitled to one vote per Unit held. In the case of a meeting of a Class of Unitholders, a Unitholder of the Class in question will be entitled to one vote for each Unit held by the Unitholder in that Class.

Class Meetings

Any matter affecting a particular Class of Units alone or affecting a Class of Units differently from other Classes of Units must be approved by Ordinary Resolution of the Unitholders of the affected Class unless such matter:

- (a) is the creation of a Class of Units which has a preference over the affected Class of Units in any Trust Property allocable to the affected Class of Units; or
- (b) would abrogate, diminish or negatively affect any of the rights, privileges or restrictions or conditions in favour of the affected Class of Units,

in which case an Special Resolution of the Unitholders of such Class of Units is required.

Powers Exercisable Ordinary Resolution

The following matters require approval by Ordinary Resolution and shall be deemed approved, consented to or confirmed, as the case may be, upon the adoption of such Ordinary Resolution:

- (a) matters relating to the administration of the Trust for which the approval of the Unitholders generally or of the Unitholders of a Class, as applicable, is required by policies of the Securities Authorities or other applicable laws and regulations in effect from time to time, and such policies, laws or regulations do not require approval by Special Resolution;
- (b) subject to the requirements for a Special Resolution, any matter or thing stated in the Trust Declaration to be required to be consented to or approved by the Unitholders generally or of the Unitholders of a Class, as applicable; and
- (c) any matter which the Trustee considers appropriate to present to the Unitholders generally or of the Unitholders of a Class, as applicable, for their confirmation or approval.

Powers Exercisable Special Resolution

The following powers will only be exercisable by Special Resolution passed by all of the Unitholders:

- (a) the amendment of the Trust Declaration (except as provided under “Amendments to the Trust Declaration” below) or changes to the Trust, including changes to the investment objectives of the Trust;
- (b) the removal of the Trustee;
- (c) the appointment of a new trustee;
- (d) the termination of the Trust;
- (e) a reduction in the amount payable on any outstanding Units upon liquidation of the Trust;
- (f) an increase in the liability of any Unitholders; or
- (g) the alteration or elimination of any voting rights pertaining to any outstanding Units.

Notwithstanding the above or any other provision herein, no confirmation, consent or approval shall be sought or have any effect and no Unitholders shall be permitted to effect, confirm, consent to or approve, in any manner whatsoever, where the same increases the obligations of or reduces the compensation payable to or protection provided to the Trustee, except with the prior written consent of the Trustee.

Meeting Information

Prior to each meeting of Unitholders generally or of Unitholders of a Class, as applicable, the Trustee will provide to each Unitholder, together with the notice of the meeting:

- (a) a form of proxy which may be used by a Unitholder to appoint a proxy, who need not be a Unitholder, to attend and act at the meeting on behalf of the Unitholder, in the manner and to the extent authorized by the proxy; and
- (b) all information and certifications required by applicable law.

Termination of the Trust

The Trustee may at any time terminate and dissolve the Trust by giving written notice to each of the then Unitholders of its intention to terminate the Trust at least ninety (90) days before the date on which the Trust is to be terminated. Upon termination, the net assets of the Trust will be distributed to the Unitholders on a *pro rata* basis. Prior to the termination date, the Trustee will convert the assets of the Trust to cash. After payment of the liabilities of the Trust, each Unitholder

registered as such at the close of business on the date fixed as the termination date will be entitled to receive from the Trustee his proportionate share of the value of the Trust in accordance with the number of Units which he then holds.

Amendments to the Trust Declaration

Subject to the restrictions described in “Meetings of Unitholders and Resolutions”, any provision of the Trust Declaration may be amended, deleted, expanded or varied by the Trustee, if the amendment is, in the opinion of counsel for the Trustee, not a material change which adversely affects the pecuniary value of the interest of any Unitholders and does not relate to:

- (a) any material change in the position, authority or responsibility of the Trustee; or
- (b) any change in the investment policy of the Trust or to the Trust Declaration, if such change is material or is otherwise required by the Trust Declaration.

Information and Reports

After the close of each calendar year, the Trust’s audited financial statements and report will be distributed no later than 90 days after the end of the fiscal year in accordance with applicable securities legislation. In addition, on or before March 31 in each calendar year, the Trust will forward to each person who received a distribution at any time during the previous calendar year, tax reporting information in such a manner as will enable such person to report the income tax consequences of investment in Units in the Unitholder’s annual Canadian income tax return.

Liability of Unitholders

In circumstances where a material obligation of the Trust is created, the Trust Declaration provides that the Trustee will have any such obligations modified so that there is no personal liability of Unitholders. Further, the Trustee will cause the operations of the Trust to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of liability on the Unitholders for claims against the Trust.

As a general rule, the Trustee making investments for the Trust contracts as principal and therefore, subject to contract, the Trustee is liable for all obligations incurred in carrying out such investments for the Trust. However, in cases where the Trustee is unable to obtain written agreement that a material obligation assumed by the Trust is not binding upon the Unitholders personally there is a risk that if the claims made in respect thereof are to be satisfied by the Trust, a Unitholder may be held personally liable for the obligations of the Trust, provided that pursuant to the Trust Declaration such liability is limited to the Units held by such Unitholders. In case of claims made against the Trust which do not arise out of contracts, for example, claims for taxes or claims in tort, personal liability may also arise against Unitholders.

Powers and Responsibilities of the Trustee

The Trustee has exclusive authority to manage the operations and affairs of the Trust and to make all decisions regarding the business of the Trust, and has authority to bind the Trust. The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Trust Declaration. The Trustee is responsible for managing the business and administration of the Trust and the conduct of the affairs of the Trust, including without limitation:

- (a) holding Trust Property (as defined in the Trust Declaration) in safekeeping; retaining moneys, securities, property, assets or investments; investing moneys from time to time forming part of the Trust Property;
- (b) ensuring that the gross subscription proceeds are invested in Investment LP Units;
- (c) borrowing money as necessary to pay distributions to Unitholders, and encumbering Trust Property in respect thereof;
- (d) paying properly incurred expenses out of Trust Property;

- (e) depositing moneys from time to time forming part of the Trust Property in accounts;
- (f) possessing and exercising rights, powers and privileges pertaining to ownership of or interest in Trust Property;
- (g) holding legal title to Trust Property;
- (h) reinvesting income and gains of the Trust and taking other actions besides the mere protection and preservation of the Trust Property;
- (i) appointing the accountants of the Trust;
- (j) appointing the bankers of the Trust;
- (k) ensuring compliance with applicable securities legislation;
- (l) preparing and filing or causing to be prepared and filed all requisite returns, reports and filings;
- (m) monitoring the listing or trading of the Units on a stock exchange or other market;
- (n) monitoring the Trust's tax status as a "mutual fund trust" and, if applicable, a "real estate investment trust" within the meaning of the Tax Act;
- (o) providing all requisite office accommodation and associated facilities;
- (p) providing or causing to be provided to the Trust all other administrative and other services and facilities required by the Trust; and maintaining or causing to be maintained complete records of all transactions in respect of the investment portfolio of the Trust;
- (q) prescribing any instrument provided for or contemplated by the Trust Declaration;
- (r) to borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interests in, encumber or hypothecate the Trust Property to secure any of the foregoing; and
- (s) to effect payment of distributions to Unitholders,

all subject to the terms and conditions set out in the Trust Declaration. The Trust Declaration provides that the Trustee may engage or employ persons in connection with the Trust and pay to them compensation out of Trust Property and may delegate its powers, authorities and duties.

The Trustee or any successor trustee may resign upon 60 days' notice to Unitholders, or may be removed by a Special Resolution of the Unitholders by notice to the Trustee not less than 60 days prior to the date that such removal is to take effect, provided that a successor trustee is appointed or the Trust is terminated. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy shall occur in the office of the Trustee, a successor trustee shall forthwith be appointed by the Unitholders by Special Resolution to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee shall execute and deliver such documents as such successor trustee may require for the conveyance of any property of the Trust held in the Trustee's name, shall account to the successor trustee for all property of the Trust which the Trustee holds as trustee and shall thereupon be discharged as trustee.

The Trust Declaration provides that the Trustee will be indemnified out of the Trust Property in respect of any civil, criminal or administrative action or proceeding to which it, any of its officers or directors, or any officer or director of any of its affiliates, is made a party by reason of being or having been a Trustee or officer or director of the Trustee, and/or in respect of any and all taxes, penalties or interest in respect of unpaid taxes or other governmental charges imposed upon such parties as a result of the exercise of his or her powers or duties under the Trust Declaration. However, any such party will not be indemnified in respect of unpaid taxes or other governmental charges that result from his or her failure to act honestly and in good faith with a view to the best interests of the Trust, or as a result of

his or her failure to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where such party did not have reasonable grounds for believing that his or her conduct was lawful.

In addition, the Trust Declaration contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive fees from the Trust for acting as trustee of the Trust, and will be reimbursed by the Trust for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust. The Trustee may dispose of any Trust Property on such terms as the Trustee may in its sole discretion determine for the purpose of paying any obligations imposed on the Trust or for repaying any loan hereby authorized.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflicts of Interest

The Trustee or a director or officer of the Trustee who directly or indirectly has a material interest in a material contract or transaction or proposed material contract or transaction with the Trust, other than an affiliate of the Trust, must disclose in writing to the Trust the nature and extent of such interest forthwith after becoming aware of the material contract or transaction or proposed material contract or transaction. Such director or officer of the Trustee must not vote on any resolution to approve the material contract or transaction, unless the material contract or transaction is one relating primarily to his or her remuneration as a director or officer, one for indemnity or insurance, or one with any affiliate of the Trust.

Where the Trustee or any director or officer of the Trustee fails to disclose his or her interest in a material contract or transaction, the Trustee or any Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the material contract or transaction and directing that the Trustee or such director or officer account to the Trust for any profit or gain realized, provided that if the Trustee or director or officer is acting honestly and in good faith, he or she will not be accountable to the Trust or to the Unitholders for any profit or gain realized from such material contract or transaction, and such material contract or transaction will not be void or voidable and may not be set aside, if: (i) the material contract or transaction was reasonable and fair to the Trust at the time it was approved; (ii) the material contract or transaction is confirmed or approved at a meeting of the Trust duly called for that purpose; and (iii) the nature and extent of the Trustee's or director's or officer's interest in such contract or transaction is disclosed in reasonable detail in the notice calling the meeting of the Trustee.

The issued shares of the Investment GP are owned by the Trustee, on its own account and not as trustee for the Unitholders. As such, all dividends and other distributions by the Investment GP to the Trustee will be received by the Trustee for its own account and the Unitholders are not entitled to receive any income or proceeds arising from or relating to the Trustee's investment in the issued shares of the Investment GP.

Rights of Unitholders

A Unitholder has certain of the same protections, rights and remedies as a shareholder would have under the *Canada Business Corporations Act* (the "CBCA"), except as described herein. Many of the provisions of the CBCA respecting the governance and management of a corporation have been incorporated in the Trust Declaration. For example, Unitholders are entitled to exercise voting rights in respect of their Units in a manner comparable to shareholders of a CBCA corporation, and provisions relating to the calling and holding of meetings of Unitholders included in the Trust Declaration are comparable to those of the CBCA. Unlike shareholders of a CBCA corporation, Unitholders do not have a comparable right of a shareholder to make a proposal at a general meeting of the Trust. The matters in respect of which Unitholder approval is required under the Trust Declaration are generally less extensive than the rights conferred on the shareholders of a CBCA corporation. The appointment of auditors is reserved to the Trustee rather than the Unitholders. Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, the sale of all or substantially all of its property, or a going private transaction). As an alternative, Unitholders seeking to terminate their investment in the Trust are entitled to receive, subject to certain conditions and limitations, their *pro rata* share of the Trust's net assets through the exercise of the redemption rights described above.

under “Redemption”. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties.

Shareholders of a CBCA corporation may apply to a court to order the liquidation and dissolution of the corporation in certain circumstances, whereas Unitholders may rely only on the general provisions of the Trust Declaration which permit the winding-up of the Trust with the approval of a Special Resolution of the Unitholders. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Declaration does not include comparable rights.

The foregoing is a summary only of certain of the material provisions of the Trust Declaration. For a complete understanding of all of the provisions of the Trust Declaration, reference should be made to the Trust Declaration itself, a copy of which is available from the Trustee.

Investment LP Agreement

The rights and obligations of the Investment GP and the limited partners of the Investment LP are governed by the Investment LP Agreement dated February 13, 2012, as amended and restated August 10, 2017, and made among the Investment LP, the Trust and all persons who subscribe for Investment LP Units establishing the Investment LP. The following is a summary of certain material provisions of the Investment LP Agreement. **This summary does not purport to be complete and reference should be to the Investment LP Agreement itself, a copy of which is available from the Investment GP c/o the Trustee. Capitalized terms used in this summary which are not otherwise defined in this Offering Memorandum have the meaning ascribed to them in the Investment LP Agreement.**

Investment LP Units

Interests in the Investment LP consist of an unlimited number of Investment LP Units. The price of LP Units will fluctuate based on changes in the Limited Partners’ Ending Net Equity from time to time.

Distributions

Subject to the payment of a Special Distribution – Investment LP, in each Period, the Investment LP will pay and distribute Available Cash Flow – Investment LP as follows:

- (a) First, to the Limited Partners and the Investment GP, until they have received an amount (the “**Payment Amount**”) which, when aggregated with all previous distributions in that Period pursuant to this subsection (a), is equal to (but not in excess of) the Hurdle Return (After Tax) for such Period and shall be paid as follows:
 - (iii) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period, an amount equal to the product of the Payment Amount multiplied by the Limited Partners’ Percentage Interest; and
 - (iv) to the Investment GP, an amount equal to the product of the Payment Amount multiplied by the General Partner Percentage Interest;
- (b) Second, to the extent that Available Cash Flow – Investment LP exceeds the Total Return – Investment LP in such Period (the “**Excess**”), the Excess shall be paid, in an amount not to exceed any negative Value Appreciation in such Period, as follows:
 - (i) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period, an amount equal to the product of the Excess multiplied by the Limited Partners’ Percentage Interest; and

- (ii) to the Investment GP, an amount equal to the product of the Excess multiplied by the General Partner Percentage Interest; and
- (c) Third, to the extent that Available Cash Flow – Investment LP exceeds the amounts distributed pursuant to subsections (a) and (b) of this section, 20% of such excess shall be paid to the Investment GP and 80% of such excess shall be paid as follows:
 - (iii) to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the period, an amount equal to the product of such excess multiplied by the Limited Partners' Percentage Interest; and
 - (iv) to the Investment GP, an amount equal to the product of such excess multiplied by the General Partner Percentage Interest.

Pursuant to the Investment LP Agreement, the Limited Partners are entitled to receive the Limited Partners' Percentage Interest in all of the income and capital of the Investment LP and the Investment GP is entitled to receive the General Partner Percentage Interest in all of the income and capital of the Investment LP. Initially, the Limited Partners' Percentage Interest is equal to 100% and the General Partner Percentage Interest is nil. In any Period in which the Total Return – Investment LP exceeds the Hurdle Return, to the extent that Available Cash Flow – Investment LP is not sufficient to pay such excess (being the Excess Return), the Investment GP will participate in that portion of the Excess Return through an accretion to the General Partner Percentage Interest.

Distributions of Other Receipts

Subject to the payment of a Special Distribution – Investment LP, in each Period, other than the last Period prior to a dissolution of the Investment LP, Other Receipts – Investment LP shall be distributed, as cash flow permits and subject to the discretion of the Investment GP to retain all or any portion of any such balance, as follows:

- (a) the Limited Partners' Percentage Interest of the Other Receipts – Investment LP will be distributed to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period; and
- (d) the General Partner Percentage Interest of the Other Receipts – Investment LP will be distributed to the General Partner.

Special Distribution on Account of the General Partner Percentage Interest

If, in the opinion of the Investment GP, acting reasonably, it would not substantially adversely affect the interests of the Limited Partners, including the ability of the Investment LP to distribute Available Cash Flow – Investment LP, in any Period any cash of the Investment LP, including without limitation Available Cash Flow – Investment LP, Other Receipts – Investment LP, Subscription Proceeds – Investment LP, and cash received from other sources, may be distributed to the Investment GP in priority to the distributions to the Limited Partners.

Additional Capital Contributions

No limited partner of the Investment LP is required to make additional capital contributions to the Investment LP over and above the purchase price paid for such limited partner's Investment LP Units.

Distributions upon Dissolution

Upon the liquidation, dissolution or wind-up of the Investment LP, its assets will be liquidated and the proceeds of dissolution will be distributed in the following order:

- (a) in the event that dissolution occurs upon the final repayment of the Holding Co Loan or the redemption of the last of the Investment Co Shares, to pay any costs incurred by the Investment LP in such repayment or redemption;
- (e) to pay all expenses incurred in the winding-up of the Investment LP;

- (f) to pay all of the liabilities of the Investment LP, including any loans or advances made by Limited Partners, any amounts owing to the Investment GP in respect of costs and expenses owing to it pursuant to the Investment LP Agreement, all in the manner required by law;
- (g) to establish such reserves as the Investment GP considers necessary;
- (h) to return to each Limited Partner the amount in such Limited Partner's capital account;
- (i) to return to the General Partner the balance in its capital account; and
- (j) to distribute any balance then remaining as follows:
 - (i) the Limited Partners' Percentage Interest of the balance will be distributed to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares; and
 - (ii) the General Partner Percentage Interest of the balance will be distributed to the General Partner.

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

Allocation of Income and Losses for Tax and Accounting Purposes

Subject to any Special Distribution – Investment LP or any allocation adjustments, the net income and taxable income of the Investment LP for each Fiscal Year shall be allocated among the Limited Partners and Investment GP as follows:

- (a) first, to each of the Limited Partners and Investment GP *pro rata* an amount, if any, in proportion to and to the extent of any losses previously allocated to each such partner in previous Fiscal Years less the cumulative amount allocated to each such Partner in previous Fiscal Years pursuant to such provision;
- (b) second, to the Limited Partners and Investment GP, to the extent of the cumulative amounts distributed to the Limited Partners and Investment GP respectively pursuant to subparagraph (a) above up to and including the date of such net income allocation in excess of the cumulative amount allocated to the Limited Partners and Investment GP in previous Fiscal Years, and the Limited Partners' share so determined shall be allocated among the Limited Partners *pro rata* in accordance with their respective Proportionate Shares throughout the Period;
- (c) third, to the Limited Partners and Investment GP, to the extent of the cumulative amounts distributed to the Limited Partners and Investment GP respectively pursuant to subparagraph (b) above up to and including the date of such net income allocation in excess of the cumulative amount allocated to the Limited Partners and Investment GP in previous Fiscal Years, and the Limited Partners' share so determined shall be allocated among the Limited Partners *pro rata* in accordance with their respective Proportionate Shares throughout the Period;
- (d) fourth, to the Limited Partners and Investment GP, to the extent of the cumulative amounts distributed to the Limited Partners and Investment GP respectively pursuant to subparagraph (c) above up to and including the date of this net income allocation in excess of the cumulative amount allocated to the Limited Partners and Investment GP in previous Fiscal Years, and the Limited Partners' share so determined shall be allocated among the Limited Partners *pro rata* in accordance with their respective Proportionate Shares throughout the Period;
- (e) fifth, to the Limited Partners and Investment GP, to the extent of the cumulative amounts distributed to the Limited Partners and Investment GP respectively pursuant to the provision of the Investment LP Agreement relating to the distribution of Other Receipts – Investment LP up to and including the date of such net income allocation in excess of the cumulative amount allocated to the Limited Partners and Investment GP in previous Fiscal Years, and the Limited Partners' share so determined shall be allocated among the Limited Partners *pro rata* in accordance with their respective Proportionate Shares throughout the Period; and

- (f) sixth, the balance if any to the Limited Partners and to the Investment GP in accordance with the Limited Partners' Percentage Interest and the General Partner GP Percentage Interest, respectively, and the Limited Partners' share so determined shall be allocated among the Limited Partners *pro rata* in accordance with their respective Proportionate Shares throughout the Period.

Where taxable income of the Investment LP in a Fiscal Year includes a taxable dividend (as the term is defined in subsection 89(1) of the Tax Act), the source of taxable income that is a taxable dividend shall be allocated among the Limited Partners and Investment GP on the following basis:

- (a) first, to the Investment GP, to the extent of income allocated to it in such Fiscal Year pursuant to paragraphs (a) through (f) above or any special allocation to the Investment GP or any allocation adjustments; and
- (b) second, as to the remainder, to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period.

Taxable income from other sources shall then be allocated among the Limited Partners and Investment GP on such basis so that the total allocation to each partner shall be in accordance with the amounts provided for in paragraphs (a) through (f) above. For greater certainty, where net income or taxable income of the Investment LP for a Fiscal Year is insufficient to fulfill the total allocations provided for in paragraphs (a) through (f) above to their full extent, the portion of net income or taxable income, as the case may be, to be allocated under such subsections shall be allocated between the Limited Partners (as a group) and the Investment GP rateably based on the amount that is the cumulative amounts distributed to each party pursuant to the provisions of the Investment LP Agreement relating to the allocation of net loss and taxable loss, subsections (a) and (c) of the provision of the Investment LP Agreement relating to the distribution of Available Cash Flow – Investment LP and the provision of the Investment LP Agreement relating to the distribution of Other Receipts – Investment LP, as the case may be, up to and including the date of this net income allocation, less the cumulative amount allocated to each party pursuant to paragraphs (a), (b), (d) or (e) above, as the case may be, in previous Fiscal Years.

The net loss and taxable loss of the Investment LP for each Fiscal Year shall be allocated among the Limited Partners and Investment GP as follows:

- (a) first, to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares throughout the Period to the extent of the positive balance remaining in their capital accounts; and
- (b) second, as to the remainder, if any, to the Investment GP.

Special Allocation to the Investment GP and Allocation Adjustments

If a Special Distribution – Investment LP has been made to the Investment GP pursuant in a particular Fiscal Year or previous Fiscal Years, then to the extent that net income and taxable income of the Investment LP allocable to Limited Partners is greater than the amount that would have been allocated to Limited Partners had the Special Distribution – Investment LP not been made (such difference being the "Excess Income Amount"), then the Excess Income Amount shall be allocated so as to increase the Investment GP (and decrease the Limited Partners') allocated share of net income and taxable income of the Investment LP, but only to the extent that the cumulative Excess Income Amount allocated in that Fiscal Year and previous Fiscal Years is equal to and not greater than the cumulative Special Distributions – Investment LP in that Fiscal Year and previous Fiscal Years.

The Investment GP, in its reasonable discretion and from time to time, may make further modifications, by resolution or otherwise, to the manner or amount in which net income, taxable income, net loss and taxable losses of the Investment LP are allocated to or among the Limited Partner and the Investment GP in order that, in the reasonable judgment of the Investment GP, such allocations will, on an annual or cumulative basis, reasonably reflect the cumulative amount and sources of amounts distributed to each Limited Partner and the Investment GP, provided, however, that no such adjustment or modification shall materially and adversely affect the amounts distributable to any partner.

Management and Control of the Limited Partnership

Under the terms of the Investment LP Agreement, the Investment GP is given full power and authority to manage, control, administer and operate the business of the Investment LP, except for certain matters being subject to votes of the Investment LP limited partners. No Investment LP limited partner is permitted to take part in the management of

the business of the Investment LP. The Investment GP has unlimited liability for the debts, liabilities and obligations of the Investment LP to the extent required by the *Partnership Act* (British Columbia) and other applicable legislation. A limited partner of the Investment LP will not be liable for any debts, liabilities or obligations of the Investment LP in excess of such limited partner's paid capital contributions and any unpaid capital contributions agreed to be paid in respect of such limited partner's Investment LP Units, provided such limited partner does not take part in the control or management of the business of the Investment LP.

Removal of the General Partner

The limited partners of the Investment LP may, by Special Resolution and upon 60 days' written notice to the Investment GP, remove the Investment GP without cause, and may remove the Investment GP for cause, if such cause is not remedied after reasonable notice from the limited partners of the Investment LP. In either such case, the limited partners will appoint, concurrently with the removal, a replacement general partner to assume all of the responsibilities and obligations of the removed Investment GP, and the removed Investment GP will be released of its liabilities under the Investment LP Agreement and indemnified for any damages and expenses with respect to events which occur in relation to the Investment LP after the appointment of the new general partner.

In the event of the removal of the Investment GP, the Investment LP may terminate any agreements made between the Investment LP and the Investment GP or a related party, upon the payment by the Investment LP to the Investment GP or such related party of the amount stated in such agreement to be payable upon termination or, in the absence thereof, a reasonable termination compensation. Upon termination of any such agreements, the Investment LP will be responsible for the payment to the Investment GP of any and all fees payable under such agreements, and all expenses incurred and paid by the Investment GP up to the date immediately prior to the date of termination. As well, the Investment LP will purchase from the Investment GP its interest in the Investment LP for a price equal to the fair market value thereof, less the damages caused to the Investment LP by the removed Investment GP in the termination of its relationship with the Investment LP, if any.

The removal and replacement of the General Partner will not dissolve the Limited Partnership, and the business of the Limited Partnership will be continued by the new General Partner.

Voting

Each Investment LP Unit has attached to it the right to exercise one vote at meetings of the Investment LP. Certain powers, relating generally to the existence and fundamental powers of the Investment LP, are specified in the Investment LP Agreement to be exercisable only by way of a Special Resolution passed by the limited partners of the Investment LP.

Financial Information

The General Partner has agreed under the Investment LP Agreement to distribute a copy of audited annual financial statements to each limited partner of the Investment LP within ninety (90) days after the end of each fiscal year of the Investment LP, and to provide each limited partner with annual income tax information for each fiscal year by March 31 of the following year to facilitate the declaration by each limited partner of his, her or its share of the Investment LP's income. All financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) applied on a consistent basis, and will contain a breakdown of any expenses for which related parties have been reimbursed.

Residency

Under the terms of the Investment LP Agreement, Investment LP Units may only be held by persons or entities that are residents of Canada for Canadian income tax purposes. If, at any time, a limited partner of the Investment LP becomes a non-resident for Canadian income tax purposes, such non-resident limited partner may be required to sell his, her or its Investment LP Units to a resident of Canada.

No Transferability

Limited Partners may not transfer, assign, pledge, encumber or dispose of any Investment LP Units without the written consent of the Investment GP.

Certificates

Certificates for Units will be issued to Limited Partners.

The foregoing is a summary only of certain of the material provisions of the Investment LP Agreement. For a complete understanding of all of the provisions of the Investment LP Agreement, reference should be made to the Investment LP Agreement itself, a copy of which is available from the Investment GP c/o of the Trustee.

5.2 Subscription Procedure

The Units are conditionally offered if, as and when Subscriptions are accepted by the Trust and subject to prior sale. Subscriptions for Units will be received by the Trust subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This Offering is being made in accordance with certain statutory prospectus exemptions and, where applicable, registration exemptions, contained in securities legislation in the jurisdictions in which the Units are being offered. Such exemptions relieve the Trust from provisions under such statutes requiring the Trust to file a prospectus and utilize a registered securities dealer to sell the Units. As such, investors will not receive the benefits associated with the involvement of such registrants or the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions.

The Units are being offered on a continuous basis pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation. In order to subscribe for Units, investors must be within one of the following categories:

- (a) an “accredited investor” as such term is defined in National Instrument 45-106 (“**NI 45-106**”), provided the subscriber delivers a signed risk acknowledgement form in the form required by NI 45-106, if applicable; or
- (b) a resident in British Columbia, who acknowledges having received and read a copy of this Offering Memorandum and delivers a signed risk acknowledgement form in the form required by NI 45-106; or
- (c) resident in Manitoba or Yukon, who acknowledges having received and read a copy of this Offering Memorandum and delivers a signed risk acknowledgement form in the form required by NI 45-106 and is either:
 - (i) an “Eligible Investor” (as defined in NI 45-106); or
 - (ii) purchasing a number of Units which have an aggregate Subscription Price of less than \$10,000; or
- (d) resident in Alberta, Ontario or Saskatchewan, who acknowledges having received and read a copy of this Offering Memorandum and delivers a signed risk acknowledgement form, including Schedule 1 Classification of Investors under the Offering Memorandum Exemption, in the form required by NI 45-106 and the acquisition cost of all securities acquired by the subscriber who is an individual in the preceding 12 months does not exceed the following amounts:
 - (i) in the case of a subscriber that is not an “Eligible Investor”, \$10,000;
 - (ii) in the case of a subscriber that is an “Eligible Investor”, \$30,000;
 - (iii) in the case of a subscriber that is an “Eligible Investor” and that received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$100,000,

provided, however, that the investment limits described in (e)(i) and (ii) above do not apply if the subscriber is an “accredited investor” or a person described in Section 2.5(1) of NI 45-106; or

- (e) acquiring Units that have a Subscription Price of not less than \$150,000, provided the conditions of Section 2.10 of NI 45-106 are satisfied.

Notwithstanding the foregoing, Units may be issued pursuant to other available exemptions from the prospectus requirements of applicable securities legislation provided the conditions of such exemptions are satisfied.

Investors may subscribe for Units by returning to the Trustee at 500 – 2609 Granville Street, Vancouver, British Columbia V6H 3H3 the following:

- (a) a completed Subscription Agreement; and
- (b) a certified cheque, money order or bank draft drawn on a Canadian chartered bank in an amount equal to the price per Unit multiplied by the number of Units subscribed for, payable to “Clark Wilson LLP, in trust” c/o the Trustee, or by wire transfer in the amount of the aggregate Purchase Price to the Trust’s counsel pursuant to the wiring instructions attached.

Each Investor will also be required to sign two copies of a Risk Acknowledgment (Form 45-106F4 with Schedule 1 Classification of Investors Under the Offering Memorandum Exemption for Alberta, Saskatchewan and Ontario subscribers), and in accordance with the requirements of NI 45-106 and, if applicable, two further copies of a Risk Acknowledgment Form (Appendix A to BC Instrument 32-513). Each Investor that is an individual that is relying on the “accredited investor” exemption in Section 2.3 of NI 45-106 will also be required to sign two copies of a Risk Acknowledgment Form (Form 45-106F9), in accordance with the requirements of NI 45-106. In accordance with the requirements of NI 45-106, the Trustee will hold the subscription monies advanced by each Investor in trust for the Investor until midnight on the second business day after the Subscription Agreement is signed by the Investor.

Subscriptions received will be subject to rejection or allotment by the Trust in whole or in part in the Trustee’s sole discretion. The Trust is not obliged to accept any subscription. If any subscription is not accepted, the Trust will promptly return to the subscriber the Subscription Agreement and the money comprising such subscription. Confirmation of acceptance of a subscription will be forwarded to the subscriber by the Trust. The Trust reserves the right to close the subscription books at any time without notice.

The Trust intends to accept subscriptions for Units on a continuous basis, on such days as the Trustee may determine from time to time. For convenience, subscription funds which are received by the Trust prior to any acceptance date will be held in a separate bank account of the Trust until subscriptions are accepted by the Trust. The deposit of subscription funds by the Trust into such bank account shall not constitute acceptance of the subscription for Units in respect of which such funds have been delivered.

The Units have not been and will not be registered under the *United States Securities Act* of 1933, as amended, and subject to certain exceptions, may not be offered or sold in the United States.

All subscription documents should be reviewed by prospective subscribers and their professional advisers prior to subscribing for Units.

ITEM 6
SUMMARY OF PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

PROSPECTIVE PURCHASERS SHOULD OBTAIN INDEPENDENT ADVICE FROM THEIR OWN TAX AND LEGAL ADVISORS REGARDING THE INCOME TAX CONSEQUENCES APPLICABLE TO THEIR OWN PARTICULAR CIRCUMSTANCES.

The following is a summary, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who acquires Units pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, is resident in Canada for the purposes of the Tax Act, deals at arm's length and is not affiliated with the Issuer and holds the Units as capital property. Generally, the Units will be considered to be capital property to a Unitholder provided such Units are not held in the course of carrying on a business and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding their particular circumstances as such election would affect the Canadian federal income tax treatment of dispositions by the Unitholder of all of their "Canadian securities" (as defined in the Tax Act).

This summary is not applicable to a Unitholder that is a "financial institution" for purposes of the "mark-to-market" rules or a "specified financial institution", or a Unitholder an interest in which is a "tax shelter investment" (all as defined in the Tax Act). This summary does not address the tax considerations of Unitholders borrowing money to acquire Units. All such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of the Units acquired pursuant to this Offering. This summary describes certain principal Canadian federal income tax considerations based on the application of specific provisions of the Tax Act to the transactions described in the Offering Memorandum, and does not address any tax consequences which could arise as a result of any potential application of the general anti-avoidance rule in subsection 245(2) of the Tax Act to any particular transaction or series of transactions.

This summary is based on the facts set out in this Offering Memorandum. This summary is also based upon the provisions of the Tax Act and the regulations (the "**Regulations**") thereunder in force as of the date hereof and on the publicly available administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations thereunder which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the "**Proposed Amendments**"). There can be no assurance that these proposals will be enacted in their current form or at all, or that the CRA will not change its administrative policies and assessing practices.

This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action. There can be no assurances that such changes, if made, might not be retroactive. Modification or amendment of the Tax Act or Proposed Amendments could significantly alter the tax status of the Trust and the tax consequences of investing in Units. **This summary also does not take into account provincial, territorial, U.S., State, or other foreign tax legislation or considerations, which may differ significantly from those discussed in this summary.**

This summary does not address any Canadian federal income tax considerations applicable to nonresidents. Any non-resident Unitholders should consult their own tax advisors regarding the tax consequences of acquiring and holding Units. All distributions to non-residents will be net of any applicable withholding taxes.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the particular circumstances applicable to each Unitholder. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. The Trust has not obtained, nor sought, an advance tax ruling from the CRA in respect of this Offering. Prospective

purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances.

Tax Status of the Trust

Qualification as a “Mutual Fund Trust”

This summary assumes that the Trust has qualified at all times since inception, currently qualifies and will continue to qualify as a “mutual fund trust” as defined in the Tax Act. If the Trust does not qualify or ceases to qualify as a mutual fund trust, the Canadian federal income tax considerations described below would be materially different from those described in this summary, and in particular, adverse consequences may arise including that (i) the Trust may become liable to pay certain additional taxes (with the result that the amount of cash available for distribution by the Trust would be reduced and Unitholders may otherwise be adversely affected), and, (ii) unless at such time the Units are listed on a designated stock exchange, the Units will not be qualified investments for Deferred Plans (with the result that a Deferred Plan, its annuitant or holder thereof may become liable to pay additional tax or penalties or may be otherwise adversely affected).

To qualify as a mutual fund trust at any particular time, it must satisfy certain requirements including that: (i) the Trust must be a unit trust (as defined in the Tax Act) resident in Canada; (ii) the Trust must not reasonably be considered to be established or maintained primarily for the benefit of non-residents of Canada; (iii) the only undertaking of the Trust must be the investing of its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable), or the acquiring, holding, maintaining, improving, leasing or managing of real property (or an interest in real property) or an immovable (or real right in immovables) that is capital property of the Trust, or any combination of such activities; and (iv) the Trust must comply with certain prescribed requirements including that the Units be qualified for distribution to the public and that at all relevant times there must be no fewer than 150 beneficiaries of the Trust, each of whom holds at least one “block of units” (as defined in the Regulations) having an aggregate fair market value of not less than CDN\$500 each. For the Trust to qualify as a “unit trust” it must be an inter vivos trust, the interest of each Unitholder must be described by reference to units of the trust, and the Units must have conditions requiring the Trust to accept, at the demand of a Unitholder and at prices determined and payable in accordance with the conditions, the surrender of the Units that are fully paid.

The SIFT Measures

The Tax Act contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships and their investors (the “**SIFT Measures**”). The SIFT Measures effectively tax certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. The SIFT Measures apply to any “specified investment flow-through” (a “**SIFT**”) and its investors.

A SIFT is generally a trust or partnership investments in which are listed or traded on a stock exchange or other public market, and which holds “non-portfolio property” (as defined in the Tax Act). The effect of the SIFT Measures is that SIFT trusts and SIFT partnerships are generally subject to a special tax (“**SIFT tax**”) on their “non-portfolio earnings” (as defined in the Tax Act), where such earnings are distributed or allocated to investors of the trust or partnership. For those purposes, “non-portfolio earnings” generally includes income (other than taxable dividends) from, or net taxable capital gains realized on, any “non-portfolio property” in the taxation year. Non-portfolio properties include certain Canadian real, immovable or resource properties, certain property used in the course of carrying on a business in Canada, and securities in certain intermediary entities which own non-portfolio properties.

The Trust does not have immediate plans to list the Units on any stock exchange for public trading. Should the Units be in the future listed or traded on a stock exchange or other public market, the Trust expects to hold no property and carry out no activities that would cause it to become liable to SIFT tax. Specifically, the Trust, the Investment LP, Investment Co, Holding Co, Operating LP and its direct or indirect subsidiary partnerships (the “**Rise US Limited Partnerships**”) do not expect to hold any “non-portfolio property” for the purposes of the Tax Act.

Consequently the Trust expects, and this summary assumes, that the Trust will not be liable to SIFT tax under the SIFT Measures. Should the Units or the Investment LP Units be listed or traded on a stock exchange or public market, and should the Trust, Investment LP or Investment Co hold any non-portfolio property, the Canadian federal income tax considerations could be materially different from those described in this summary. In particular the non-deductible

distributions amount of the Trust or the taxable non-portfolio earnings of the Investment LP, if any, could be taxable to the Trust or Investment LP respectively (with the result that the amount of cash available for distribution by the Trust may be reduced), and such amount could also, depending on the circumstances, be included in the income of Unitholders for purposes of the Tax Act as eligible dividends. There can be no assurances that the treatment of SIFTs under the Tax Act will not be changed, or that administrative policies or assessing practices of the CRA will not develop, in a manner which adversely affects the Issuer or Unitholders.

Taxation of the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its income for the year determined under the Tax Act, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or 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 to the Unitholder in the year by the Trust or if the Unitholder is entitled in that year to enforce payment of the amount.

The Trust will generally be required to include in computing income for a particular taxation year its allocated share of the income or loss of the Investment LP for the fiscal period of the Investment LP ending on or before the year-end of the Trust. Any dividend received by the Investment LP will retain its character as a dividend when allocated to the Trust. The Trust's ability to deduct any losses allocated to it by the Investment LP will be limited by certain rules under the Tax Act. The Trust may also realize a capital gain or loss on the disposition or deemed disposition of Investment LP Units (including from any distribution *in specie* of Investment LP Units), from the disposition of foreign currency or upon the allocation of a capital gain or loss from the Investment LP, as described below under "Taxation of the Investment LP". Also, as described under "Taxation of the Investment LP" below, cash flow distributed by the Investment LP to the Trust will be generally received free from tax, except to the extent that such distributions reduce the adjusted cost base of Investment LP Units held by the Trust to a negative amount at the end of a fiscal year of the Investment LP.

In computing its income for purposes of the Tax Act, the Trust may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. The Trust will be entitled to deduct reasonable expenses incurred by it in the course of issuing Units on a five-year straight line basis (subject to pro-rata for short taxation years), to the extent such costs are not reimbursed under the Cost Sharing and Recovery Agreement.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**capital gains refund**"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Trust Declaration provides that all or a portion of any income or taxable capital gain realized by the Trust as a result of that redemption may, at the discretion of the Trustee, be treated as income or taxable capital gain paid to, and designated as income or taxable capital gain of, the redeeming Unitholders, and thus generally deductible by the Trust in computing its income.

Under the Trust Declaration, an amount equal to the net income (including taxable capital gains) of the Trust (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), plus the non-taxable portion of any net capital gain realized by the Trust, but excluding:

- A. income and capital gains arising on or in connection with an *in specie* distribution on the redemption of Units which are paid or payable and designated by the Trust to redeeming Unitholders,
- B. capital gains, which may be offset by capital losses, if any, carried forward from prior years or, if not so offset, tax on which is recoverable by the Trust, and
- C. income, which may be offset by non-capital losses, if any, carried forward from prior years, may be payable in the year to Unitholders, subject to the qualifications described below.

The Trust Declaration provides that, to the extent cash of the Trust is unavailable for distributions, and the income of the Trust in a taxation year exceeds the cumulative cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units or otherwise. Income of the Trust payable to Unitholders,

whether in cash, additional Units or otherwise, will generally be deductible by the Trust in computing its taxable income.

Losses incurred by the Trust in a particular taxation year cannot be allocated to Unitholders, but may be deducted by the Trust, in the case of non-capital losses in the particular year and in the ensuing twenty taxation years, and in the case of capital losses in the particular year and in any future taxation year to the extent of capital gains in computing taxable income of the Trust in accordance with, and subject to, applicable provisions of the Tax Act.

Taxation of the Investment LP

The Investment LP is not subject to tax under the Tax Act. Each partner of the Investment LP (including the Trust), is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of the partnership for the partnership's fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. For this purpose, the income or loss of the Investment LP is computed for each fiscal year as if the Investment LP was a separate person resident in Canada, and allocated to partners on the basis of their respective shares of that income or loss as provided for in the limited partnership agreement of the Investment LP, subject to certain provisions of the Tax Act.

Generally, cash distributions to a limited partner, including the Trust, in excess of the limited partner's share of the income and capital gains for a fiscal year will be treated for purposes of the Tax Act as a return of capital, which is not required to be included in the limited partner's income but will reduce the limited partner's adjusted cost base of its partnership units. If, as a result, the limited partner's adjusted cost base of its partnership units at the end of a fiscal year of any of the Investment LP would otherwise be a negative amount, the limited partner will be deemed to realize a capital gain equal to such amount, and the adjusted cost base of its partnership units will be nil immediately thereafter.

If the Investment LP incurs losses for purposes of the Tax Act, the Trust as limited partner will be entitled to deduct in the computation of its income for purposes of the Tax Act its share of any such losses for any fiscal year to the extent of its "at-risk amount" in respect of the Investment LP. In general, the "at-risk amount" of a limited partner in respect of a limited partnership for any taxation year will be the adjusted cost base of the limited partner's partnership interest at the end of the year (subject to certain provisions of the Tax Act), plus any undistributed income allocated to the limited partner for the year, less any amount owing by the limited partner (or a person with whom the limited partner does not deal at arm's length) to the limited partnership (or a person with whom the limited partnership does not deal at arm's length), and less the amount of any benefit that the limited partner (or a person with whom the limited partner does not deal at arm's length) is entitled to receive or obtain for the purpose of reducing, in whole or in part, any loss of the limited partner from the investment.

The income for purposes of the Tax Act of the Investment LP includes dividends, if any, received from Investment Co as well as interest income on the Holding Co Debt. Such interest income will be considered as income from a source in the U.S. (see "*Foreign Tax Credits and Deductions*" below). The Investment LP is required to include in computing its income for a taxation year all interest that accrues to the Investment LP before the end of that year or that becomes receivable or is received by the Investment LP before the end of that year, except to the extent that such interest was included in computing the Investment LP's income for a preceding taxation year. The Investment LP generally is not required to include in computing its income any amount received as a repayment of principal in respect of the Holding Co Debt. In computing its income or loss, the Investment LP may generally deduct administrative costs and other expenses of a current nature incurred by it for the purpose of earning income from its business or property, provided such expenses are reasonable and otherwise deductible, subject to applicable provisions of the Tax Act. The Investment LP may also deduct any expenses incurred by it in the course of the issuance of Investment LP Units on a five-year straight line basis (subject to pro-rata for short taxation years).

Taxation of Investment Co

Holding Co will be a "controlled foreign affiliate" of Investment Co for purposes of the Tax Act. Dividends paid by Holding Co to Investment Co will be included in computing the income of Investment Co. However, to the extent that such dividends are considered to have been paid out of the "exempt surplus" of Holding Co with respect to Investment Co such amount will be deductible in computing the taxable income of Investment Co.

Investment Co is required to include “foreign accrual property income” (“**FAPI**”) in respect of Holding Co in computing the income of Investment Co for the taxation year of Investment Co in which the taxation year of Holding Co ends, whether or not Investment Co actually receives a distribution of the FAPI in that taxation year of Investment Co. If an amount of FAPI is included in computing the income of Investment Co for Canadian income tax purposes, Investment Co should be entitled to deduct an amount in computing income in respect of any income or profits tax (“foreign accrual tax”) that is considered for Canadian tax purposes to have been paid by Holding Co that may reasonably be regarded as applicable to the amount of FAPI included in Investment Co’s income. Any amount of FAPI of Holding Co included in income will increase, and any amount of deduction in respect of foreign accrual tax will decrease, the adjusted cost base to Investment Co of its shares in Holding Co. At such time as Investment Co receives a dividend regarded, for purposes of the Tax Act, as being paid out of income that was previously taxed as FAPI, that dividend will effectively not be taxable to Investment Co and there will be a corresponding reduction in the adjusted cost base to Investment Co of its shares in Holding Co. FAPI of a foreign affiliate is generally computed in Canadian currency and in accordance with Part I of the Tax Act as though the affiliate were resident in Canada, subject to the detailed rules contained in the Tax Act.

Dividends considered as being paid out of the “pre-acquisition surplus” of Holding Co with respect to Investment Co will reduce the adjusted cost base to Investment Co of its shares in Holding Co. If the adjusted cost base to Investment Co of its shares in Holding Co becomes a negative amount, Investment Co will be deemed to realize a capital gain equal to such amount and its adjusted cost base in those shares will be deemed to be nil immediately thereafter.

Taxation of Unitholders

Distributions

A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income for purposes of the Tax Act of the Trust for a taxation year, including net realized taxable capital gains, that is paid or payable by the Trust to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units, or otherwise. Any loss of the Trust for purposes of the Tax Act cannot be allocated to Unitholders.

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Unitholder in a taxation year will not be required to be included in computing the Unitholder’s income for the year and should not reduce the adjusted cost base of Units held by the Unitholder. Any other amount paid or payable by the Trust in that year (other than as proceeds of disposition) that is in excess of the Trust’s net income for that year will not generally be required to be included in the Unitholder’s income for the year. However, where such an amount is paid or payable to a Unitholder, the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will immediately thereafter be nil.

The Trust Declaration provides that net income and net taxable capital gains of the Trust for purposes of the Tax Act will be allocated among the Unitholders in the same proportion as distributions received by them, unless the Trustee otherwise determines.

The Trust Declaration also provides that the Trust shall make the requisite designations permitted by the Tax Act such that the portion of net taxable capital gains of the Trust distributed to Unitholders as may reasonably be considered to be part of the amount that was included in computing income of Unitholders for purposes of the Tax Act will be deemed to be received by Unitholders in the year as a taxable capital gain. Any such designated amount will be subject to the general rules relating to the taxation of capital gains described below. A Unitholder which is a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 10⅓% on certain investment income, including taxable capital gains.

The Trust Declaration also provides that the Trust shall make the requisite designations permitted by the Tax Act such that the portion of taxable dividend received by the Trust on a share of the capital stock of a taxable Canadian corporation as may reasonably be considered to be part of the amount that was included in computing income of Unitholders for purposes of the Tax Act will be deemed to be received by Unitholders in the year as a taxable dividend. To the extent that amounts distributed by the Trust to Unitholders are designated as taxable dividends from a taxable Canadian corporation, the normal gross-up and dividend tax credit rules will apply in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations

(or certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals) and the deduction in computing taxable income generally will be available to Unitholders that are corporations. An additional refundable 10½% tax will be payable by Unitholders that are Canadian-controlled private corporations (as defined in the Tax Act) in certain circumstances. Enhanced gross-up and dividend tax credit rules under the Tax Act will apply to Unitholders who are individuals to the extent that taxable dividends are designated by Investment Co as “eligible dividends” in accordance with the Tax Act.

The Trust Declaration also provides that the Trust shall make the requisite designations permitted by the Tax Act such that the portion of the Trust’s taxable income from a U.S. source distributed to Unitholders as may reasonably be considered to be part of the amount that was included in computing the income of Unitholders for purposes of the Tax Act will be deemed to be received by Unitholders in the year as income from a U.S. source. For purposes of computing their entitlement to foreign tax credits under the Tax Act, Unitholders shall also be deemed to have paid their proportionate share of any U.S. tax paid by the Trust on such U.S. source income (see “*Foreign Tax Credits and Deductions*” below).

Purchases of Units

Since the net income of the Trust will be distributed on a quarterly basis, a purchaser of a Unit may become taxable on a portion of the net income of the Trust that is accrued or realized by the Trust in a period before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the period and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by the Trust in a year before the time the Unit was purchased but which is paid or made payable to Unitholders at year end and after the time the Unit was purchased.

Dispositions of Units

On the disposition or deemed disposition of a particular Unit, a Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of such particular Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Trust that is otherwise required to be included in the Unitholder's income, including any capital gain realized by the Trust in connection with a redemption which has been designated by the Trust to the redeeming Unitholder. The taxation of capital gains and capital losses is described below.

The adjusted cost base of a Unit to a Unitholder will include the amount paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income (including net capital gains) will be the amount of income (including the applicable non-taxable portion of net capital gains) distributed by the issue of those respective Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit must be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition. The non-taxable portion of distributions (other than the non-taxable portion of any net capital gains) received on a Unit will generally reduce the adjusted cost base of the Unit.

Where Units are redeemed and the redemption price is paid by the delivery of Debt Securities or Investment LP Units to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Debt Securities or Investment LP Units so distributed less any income or capital gain realized by the Trust in connection with the redemption of those Units, and which has been designated by the Trust to the Unitholder. Where any income or capital gain realized by the Trust in connection with the distribution of Debt Securities or Investment LP Units on the redemption of Units has been designated by the Trust to a redeeming Unitholder, the Unitholder will be required to include in computing the Unitholder’s income the income or taxable portion of the capital gain so designated.

Where Units are redeemed and the redemption price is paid by the delivery of Debt Securities as described above, the redeeming Unitholder will be required to include in income any interest on Debt Securities acquired (including interest that accrued prior to the date of the acquisition of such Debt Securities by the Unitholder that is designated as income to the Unitholder by the Trust) in accordance with the provisions of the Tax Act. The cost of any Debt Securities distributed by the Trust to a Unitholder upon redemption of Units will be equal to the fair market value of those Debt Securities at the time of the distribution less any accrued interest on such Debt Securities. Similarly, where Units are redeemed and the redemption price is paid by the delivery of Investment LP Units as described above, a redeeming

Unitholder will be required to include in income the Unitholder's allocable share of income or loss of the Investment LP for purposes of the Tax Act for the year that includes the redemption (and the Unitholder's allocable share of income or loss of the Investment LP for all years during which the Unitholder holds the Investment LP Units), in accordance with the provisions of the Investment LP Agreement and the detailed rules of in the Tax Act in that regard. In the case of the Unitholder's allocable share of loss of the Investment LP for any given fiscal year, the Unitholder, will be entitled to deduct in the computation of its income for purposes of the Tax Act only to the extent of that Unitholder's "at-risk amount" as described above under "Taxation of the Investment LP". The cost of any Investment LP Units distributed by the Trust to a Unitholder upon a redemption of Units will be equal to the fair market value of those Investment LP Units at the time of the distribution.

Where Units are redeemed and the redemption price is paid by the issuance to the redeeming Unitholder of Trust Notes, the proceeds of disposition to the Unitholder of Units will be equal to the fair market value of the Trust Notes issued. The cost of the Trust Notes issued to a Unitholder by the Trust upon redemption of Units will be equal to the fair market value of the Units disposed in exchange. The Unitholder will thereafter be required to include in computing income for purposes of the Tax Act interest on the Trust Notes, in accordance with the terms of such Trust Notes and the provisions of the Tax Act.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the Trust in respect of a Unitholder must generally be included in the Unitholder's income as a taxable capital gain in the taxation year in which the disposition occurs or in respect of which a net taxable capital gains designation is made by the Trust. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units generally may be deducted by the Unitholder against taxable capital gains of the Unitholder in the year of disposition, and to the extent such losses exceed such gains, in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 10% computed with reference to its "aggregate investment income" (as defined in the Tax Act) for the year, which includes amounts in respect of taxable capital gains.

Foreign Tax Credits and Deductions

To the extent that Unitholders are deemed to have paid their proportionate shares of any U.S. tax paid by the Trust on U.S. source income, such amount may be deductible as a foreign tax credit from the Unitholder's Canadian federal income tax otherwise payable for that year as relates to non-business income from U.S. sources. For purposes of calculating the foreign tax credit, non-business income from U.S. sources include taxable income of the Trust for purposes of the Tax Act that is from U.S. sources, is paid or payable by the Trust to the Unitholder, is included in computing income of the Unitholder for purposes of the Tax Act, and is designated by the Trust as U.S.-source income by filing requisite designations as permitted by the Tax Act. The amount deductible from Canadian federal income tax otherwise payable as a foreign tax credit is limited to the portion of the Unitholder's Canadian federal income tax otherwise payable under the Tax Act which is attributable to income from U.S. non-business income sources. If the U.S. tax paid attributable to a Unitholder exceeds the Unitholder's Canadian federal income tax otherwise payable on U.S. non-business income for the year, such part of the excess amount in respect of income from property (which should include for these purposes income of the Trust that is paid or payable by the Trust to the Unitholder and included in computing income of the Unitholder for purposes of the Tax Act) may be deducted as a foreign tax deduction in computing a Unitholder's income from such source for purposes of the Tax Act. A Unitholder's ability to apply U.S. taxes in the foregoing manner may be affected where the Unitholder has other U.S. source income or losses or has paid other U.S. taxes. Investors should consult their own tax advisors regarding their ability to claim foreign tax credits or foreign tax deductions.

The foregoing mechanism for recognition of U.S. taxes for purposes of the Tax Act through foreign tax credits or foreign tax deductions does not apply to Unitholders that are Deferred Plans. Annuitants, beneficiaries or holders of Unitholders that are Deferred Plans should consult their own tax advisors in this regard.

Alternative Minimum Tax

The Tax Act provides for a special “alternative minimum tax” applicable to certain taxpayers including individuals and certain trusts, depending on the amount of their “adjusted taxable income”. In general terms, adjusted taxable income of a Unitholder who is an individual or a trust (and therefore the exposure of such Unitholder to liability for alternative minimum tax) must be increased by, among other things, any capital gains realized by such Unitholder on the disposition of Units and by any net income of the Trust that is paid or payable to such Unitholder and that has been designated as a taxable dividend or as a taxable capital gain.

Eligibility for Investment

Provided that at a particular time the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Units will be a “qualified investment” under the Tax Act at that time for Deferred Plans.

Generally, if at any time the Trust does not qualify or ceases to qualify as a mutual fund trust, the Units will not be, or will cease to be, qualified investments for Deferred Plans at that time. Debt Securities, Investment LP Units or Trust Notes that may be issued by the Trust to holders of Units, on or in connection with the redemption of Units, will generally not be qualified investments for Deferred Plans. Where a Unit, a Debt Security, Investment LP Unit or Trust Note held by a Deferred Plan is not a qualified investment or is a prohibited investment, adverse tax consequences will generally arise to the Deferred Plan and the annuitant, beneficiary or holder of the Plan, including, depending on the circumstances, that the Plan and the annuitant, beneficiary or holder may become subject to additional taxes and penalties, or that the annuitant, beneficiary or holder may be deemed to have received income from the Deferred Plan.

Notwithstanding that the Units may be a qualified investment for Deferred Plans as described above, a holder of a tax-free savings account or an annuitant under a registered retirement savings plan or registered retirement income fund, as the case may be (a “**Specified Plan**”), will be subject to a penalty tax if the Units held in the Specified Plan are a prohibited investment as defined in the Tax Act for the Specified Plan. The Units will generally be a “prohibited investment” for a Specified Plan if the holder or annuitant of the Specified Plan does not deal at arm’s length with the Trust for the purposes of the Tax Act, or has a “significant interest”, as defined in the Tax Act, in the Trust. Generally, a holder or annuitant will have a significant interest in the Trust if the Specified Plan, the annuitant or holder (as applicable), and other persons and partnerships not dealing at arm’s length with the annuitant or holder together, directly or indirectly, hold interests as beneficiaries under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust.

In light of the foregoing, Deferred Plans that propose to invest in Units should consult their own tax advisors before deciding to purchase Units and again before deciding to exercise the redemption rights attached to such Units.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Trust may engage selling agents including registered securities dealers, exempt market dealers or, where permitted, non-registrants. The Trust may pay a sales fee to such selling agents in an amount not to exceed 6% on all subscription monies received by such persons. The Trust's expectation is that the average sales fee paid will be approximately 4% of the subscription proceeds. Assuming an offering of 1,845,584 Units for aggregate proceeds of \$34,308,853 and that average of such fees is 4% across all Units subscribed for, such fees would be \$1,372,354. Notwithstanding that the Units are also offered in United States dollars, the amounts presented are based on a price of \$18.5897 per Unit (see "Explanatory Note and Currency").

In addition to any amounts payable by the Trust, the Operating GP may pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 6% of the subscription monies. The Operating GP's expectation is that the average sales fee paid will be approximately 1% of the subscription proceeds. Assuming an offering of 1,845,584 Units for aggregate proceeds of \$34,308,853 and that average of such fees is 1% across all Units subscribed for, such fees would be \$343,089. Notwithstanding that the Units are also offered in United States dollars, the amounts presented are based on a price of \$18.5897 per Unit (see "Explanatory Note and Currency").

In addition to any amounts payable by the Trust, the Operating GP may also pay trailing commissions to registered securities dealers in respect of Units sold by them or held in client accounts of such registered securities dealers. The Operating GP expects the average trailing commission will be approximately 1% per annum on invested capital.

To the extent that the Operating GP agrees to pay any sales fees or trailing commissions, the Operating GP will use amounts earned by it pursuant to the Services Agreement, including Acquisition Fees or Asset Management Fees, and there will be no impact to the Trust's funds.

ITEM 8 RISK FACTORS

The purchase of securities hereunder involves a number of risk factors. The risks described below are not the only risks involved with an investment in the Units. If any of the following risks occur, or if others occur, the issuer's business, operating results and financial condition could be seriously harmed and purchasers of Units may lose all of their investment. Risks affecting the Trust will affect its ability to make distributions on the Units. In addition to the risk factors set forth elsewhere in this Offering Memorandum, prospective purchasers should consider the following risks associated with a purchase of such securities:

Investment Risk

This is a Blind Pool Offering – This is primarily a "blind pool" offering. The Trust's Property Portfolio consists of eleven Properties. See "Development of the Business – Properties Acquired to Date". Although the Trust expects that the available net proceeds of the Offering will be applied by the Operating LP, directly or indirectly, in the purchase of additional Properties, the specific additional Properties in which the Operating LP, or its subsidiary entities, will invest have not yet been determined.

No Market for Units – There currently is no market whatsoever for the Units and it is expected that there will be no market for the Units. Consequently, holders of such securities may not be able to sell them readily, and Units may not be readily accepted as collateral for a loan. Purchasers should be prepared to hold these securities indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

Return not Guaranteed – The Hurdle Return – Investment LP is not a guaranteed return and may not be paid on a current basis in each year or at all. The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. Cash distributions, including a return of a Unitholder's original investment, are not guaranteed and their recovery by an investor is at risk and the anticipated return on investment is based upon many performance assumptions.

Currency Exchange Rate Risk – The Offering Price for Units is denominated in Canadian dollars and United States dollars, but the underlying investment in the Properties will be denominated in United States dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in United States dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to United States dollars. Accordingly, investors are subject to currency exchange rate risk.

Reliance on Assumptions – The Trust's business plan and investment strategy have been formulated based on the Trust's analysis and expectations regarding recent economic developments in the United States, the continued recovery of U.S. real estate markets generally and the U.S. to Canadian dollar exchange rate. Such analysis may be incorrect and such expectations may not be realized, in which event the Hurdle Return – Investment LP may not be achieved.

No Maximum Time for Investment of Net Proceeds – There is no maximum time period for the full investment of the net proceeds of the Offering in Properties and the timing of such investment will depend upon the Operating GP's identification of Properties meeting the criteria for acquisition. There is a risk that the Operating LP may not invest all proceeds of the Offering in Properties and not be able to generate sufficient funds for the Investment LP to pay the Hurdle Return – Investment LP.

Liability of Unitholders – There is a risk that a Unitholder could be held personally liable for obligations in connection with the Trust (to the extent that claims are not satisfied by the Trust). The Trust Declaration provides that no Unitholder shall be held to have any personal liability as such for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Trust or the Trustee (to the extent that claims are not satisfied by the Trust). In any event, the Trust Declaration requires the Trustee to ensure that any written contract or commitment of the Trust includes an express limitation of liability except where not reasonably possible.

Risks Associated with Redemptions

Use of Available Cash – The payment in cash by the Trust of the redemption price of Units will reduce the amount of cash available to the Trust for the payment of distributions to the holders of Units, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

- (a) *Limitation on Payment of Redemption Price in Cash* – The total cash amount available for the payment of the redemption price of Units by the Trust is limited to 1/2 of 1% of the aggregate Subscription Price of all Units that were issued and outstanding at the start of such calendar quarter and 2% of the aggregate subscription price of all Units that were issued and outstanding at the start of such twelve month period.
- (b) *Payment of Redemption Price in Kind* – As a result of the foregoing limitations, the redemption of Units may be paid by way of a Trust Note, Debt Security or an Investment LP Unit. Trust Notes and Debt Securities are payable over a term of five years or less with annual interest at the Canada Five-Year Yield. Trust Notes, Debt Securities and Investment LP Units received as a result of redemptions of Units may not be liquid. Further, they will generally not be qualified investments or may be prohibited investments for Plans. Where Trust Notes, Debt Securities or Investment LP Units held by a Plan are not qualified investments or are prohibited investments, adverse tax consequences will generally arise to the Plan and the annuitant, beneficiary or holder of the Plan, including, depending on the circumstances, that the Plan and the annuitant, beneficiary or holder may become subject to additional taxes and penalties, that the annuitant, beneficiary or holder of the Plan may be deemed to have received income therefrom, and that the Plan may have its tax status revoked. Accordingly, Plans that propose to invest in Units should consult their own tax advisors before doing so and before deciding to exercise the redemption rights attached to such Units.

Liquidity Risk – The Units are not listed on an exchange. There is currently no secondary market through which the Units may be sold, there can be no assurance that any such market will develop and the Trust has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in Units is by way of redemption of Units. Which are subject to the limitations discussed in Item 5.1 "Terms of Units – Redemption".

Risk Factors Relating to the Trust's Canadian Tax Status – The Trust intends to qualify as a “mutual fund trust” under the Tax Act at all relevant times. If the Trust does not meet the requisite conditions or otherwise does not qualify or ceases to qualify as a “mutual fund trust” under the Tax Act, adverse consequences may arise including that: (i) the Trust may become liable to pay certain additional tax liabilities (with the result that the amount of cash available for distribution by the non-qualifying trust would be reduced and Unitholders may otherwise be adversely affected), and (ii) the Units will not be qualified investments for Deferred Plans (with the result that adverse tax consequences will generally arise to the Deferred Plan and the annuitant, beneficiary or holder of the Deferred Plan, including, depending on the circumstances, that the Deferred Plan and the annuitant, beneficiary or holder may become subject to additional taxes and penalties, that the annuitant, beneficiary or holder of the Deferred Plan may be deemed to have received income therefrom, and that the Deferred Plan may have its tax status revoked).

Risk Factors Relating to FAPI – FAPI earned by Holding Co must be included in computing Investment Co's income for taxation year of Investment Co in which the taxation year of Holding Co ends, subject to a deduction for grossed-up “foreign accrual tax” as computed in accordance with the Tax Act. The deduction for grossed-up “foreign accrual tax” may not fully offset the FAPI realized by Holding Co, thereby increasing Investment Co's Canadian tax liability and reducing cash available for distribution to unitholders. In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act as though the affiliate were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions that are not taxable to Holding Co under the Internal Revenue Code of 1986, as amended from time to time, may still give rise to FAPI for purposes of the Tax Act and, accordingly, may result in a Canadian tax liability of Investment Co, thereby reducing cash available for distribution to Unitholders.

Risk Factors Relating to the Treatment of SIFTs and Controlled Foreign Affiliates – There can be no assurances that Canadian federal income tax laws respecting the criteria relating to, and the treatment of SIFTs or controlled foreign affiliates' exempt surplus will not be changed, or that administrative policies and assessing practices of the CRA will not develop, in a manner which adversely affects the Trust or the Unitholders.

Other Canadian Tax and Foreign Tax Related Risk Factors – The tax treatment of investment and real estate activities of the Trust have a material effect on the advisability of an investment in the Units. The rules governing the Canadian federal income taxation of Unitholders are complex. The summary in “Canadian Federal Income Tax Considerations” does not address or consider all aspects of Canadian federal income tax of an investment in the Trust and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Units offered herein.

Risk Factors Relating to Non-Residents – The Tax Act may impose additional withholding or other taxes on distributions made by the Trust to Unitholders who are non-residents of Canada. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. In addition, this Offering Memorandum does not describe the tax consequences under the Tax Act to non-residents, which may be more adverse than the consequences to other Unitholders. Prospective purchasers who are non-residents should consult their own tax advisors.

Issuer Risk

Reliance on Management – Prospective purchasers assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of the Operating GP and its principals in determining the composition of the portfolio of Properties, and in negotiating the pricing and other terms of the agreements leading to the acquisition of Properties.

U.S. Market Factors – The Properties will be located in the U.S. Global market and economic conditions since the beginning of 2008 have been challenging with recession conditions in the North American economy. U.S. markets appear to be improving, albeit slowly, and are currently experiencing declining levels of unemployment, stable or rising home prices, declining foreclosure rates, and improving but curtailed access to credit markets. Fears of a “double-dip” recession have somewhat subsided, although the rate of recovery remains slow when compared to previous recessions. Although the recession technically ended in June, 2009, the U.S. economy has not yet returned to operating at normal capacity and the effects of the coming reduction in fiscal stimulus programs may halt the nascent recovery. Concern about the stability of the markets generally and the strength of the economic recovery may lead lenders to curtail funding to businesses and consumers, and force financial institutions to continue to take the necessary

steps to restructure their business and capital structures. Although economic indicators suggest that the worst of the economic downturn has passed, the demand for housing, support for rents and property values may not continue on their current trajectory and the domestic and international economic shocks could lead to a deterioration of market conditions. The Trust cannot predict when or if the real estate markets will recover to such a level that will allow for the accomplishment of its stated objectives. The value of Properties acquired may decline if market conditions cease their improvement or worsen.

Industry Risk

Risks of Real Estate Investment and Ownership – Investment in real estate is subject to numerous risks, including the factors listed below and other events and factors which are beyond the control of the Trust:

- (a) *Acquisition Risk* – The Operating LP intends to acquire Properties selectively. The acquisition of Properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Operating LP will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the Properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired Property up to standards established for the market position intended for that Property may prove inaccurate.
- (b) *General Real Estate Ownership Risks* – All real 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 leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. Distributable cash flow will be adversely affected if a significant number of tenants of the Properties were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties is not able to be leased on economically favourable lease terms. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a Property is producing any income. Real 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 LP's ability to vary its portfolio promptly in response to changing economic or investment conditions. If for whatever reason, liquidation of assets is required, there is a risk that sales proceeds realized might be less than the current book value of the Operating LP's investments or that market conditions would prevent prompt disposition of assets.

- (c) *Financing Risks* – There is no assurance that the Operating LP will be able to obtain sufficient mortgage loans to finance the acquisition of Properties, or, if available, that the Operating LP will be able to obtain mortgage loans on commercially acceptable terms. Further, there is no assurance or guarantee that any mortgage loans, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of Properties which the Operating LP is able to purchase will decrease and the possible return from the ownership of Properties will be reduced. Even if the Operating LP is successful in obtaining adequate mortgage loans, the Operating LP may not be able to generate sufficient funds through the operation of the Properties to service the mortgage loans. If a default occurs under any of the mortgage loans, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Properties.
- (d) *Interest Rate Fluctuations* – It is anticipated that the value of Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the value of Units. A decrease in interest rates may encourage tenants to purchase condominiums or other types of housing, which could result in a reduction in demand for rental properties. Changes

in the interest rates may also have effects on vacancy rates, rent levels, repositioning costs and other factors affecting the Trust's business and profitability. The mortgage loans arranged by the Operating LP may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Operating LP's cost of borrowing.

- (e) *Potential Liability under Environmental Protection Legislation* – Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the Operating LP could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on, from or in one or more of the Properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect the Operating LP's ability to sell such Property or to borrow using the Property as collateral, and could potentially also result in claims against the Operating LP by private parties.
- (f) *Uninsured Losses* – The Operating GP will, under the terms of the Operating LP Agreement, arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to those to be owned by the Operating LP and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to any of the Properties, the Operating LP could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of such Properties.
- (g) *Competition for Real Property Investments* – The Operating LP will compete for suitable real property investments with individuals, corporations, real estate investment trusts and similar vehicles, and institutions (both U.S., Canadian and foreign) which are presently seeking or which may seek in the future real property investments similar to those sought by the Operating LP. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments.
- (h) *Revenue Shortfalls* – The Properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable to the Trust than the existing lease. Further, revenues from the Properties may not increase sufficiently to meet increases in operating expenses or debt service payments under mortgages or to fund changes in the variable rates of interest charged in respect of such loans.
- (i) *Tenants* – The real estate business is competitive. Numerous other developers, managers and owners of properties compete with the Trust in seeking tenants. The existence of competing developers, managers and owners for the Trust's tenants could have an adverse effect on the Trust's ability to lease suites in its Properties and on the rents charged.
- (j) *Joint Ventures* – The Operating LP may invest in or be a participant in joint ventures and partnerships with third parties in respect of the Properties. A joint venture or partnership involves certain additional risks, including, (i) the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with the Operating LP or take actions contrary to the Operating LP instructions or requests or to the Operating LP policies or objectives with respect to the Properties, (ii) the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such Properties or repay the co-venturers'/partners' share of property debt guaranteed by the Operating LP or for which the Operating LP will be liable and/or result in the Operating LP suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions, (iii) the risk that such co-venturers/partners may, through their activities on behalf of or in the name of, the ventures or partnerships, expose or subject the Operating LP to liability, (iv) the need to obtain co-venturers'/partners' consent with respect to certain major decisions, including the decision to distribute cash generated from such Properties or to refinance or sell a Property. In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be

subject to rights of first refusal or first offer and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements; the fact that the Operating LP may not control the joint venture or partnership decisions. Such rights may be triggered at a time when the Operating LP may not desire to sell but may be forced to do so because the Operating LP do not have the cash to purchase the other party's interests. Such rights may also inhibit the Operating LP's ability to sell an interest in a Property or a joint venture/partnership within the time frame or otherwise on the basis the Operating LP desires.

For all of the aforesaid reasons and others set forth and not set forth herein, the Units involve a certain degree of risk. Any person considering the purchase of the Units should be aware of these and other factors set forth in this Offering Memorandum and should consult with his/her legal, tax and financial advisors prior to making an investment in the Units. The Units should only be purchased by persons who can afford to lose all of their total investment.

ITEM 9 REPORTING OBLIGATIONS

Because the Trust is not a "reporting issuer" as defined in the applicable securities legislation, the continuous reporting requirements of those statutes do not generally apply to the Trust.

The Trust is not required to send you any documents on an annual or ongoing basis. The Trust will, however, on or before March 31 in each calendar year, provide to each Unitholder audited annual financial statements and all other information required to file Canadian income tax returns.

ITEM 10 RESALE RESTRICTIONS

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

Unless permitted under securities legislation, Unitholders 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 of Canada. The Trust does not intend to become a reporting issuer at any time, with the result that the Unitholders may never be able to trade or re-sell their Units.

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless: (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 PURCHASERS' RIGHTS

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

Two Day Cancellation Right – You can cancel your agreement to purchase the Units. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Units.

Statutory Rights of action in the Event of a Misrepresentation

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

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

The applicable contractual and statutory rights are summarized below. Subscribers should refer to the applicable securities laws of their respective offering Jurisdiction for the particulars of these rights or consult with professional advisors.

Investors in British Columbia, Alberta and Manitoba

If you are a resident in British Columbia, Alberta or Manitoba and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy the Units; or
- (b) for damages against the Trust, the Trustee, every person who was a director of the Trustee at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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

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

In British Columbia and Alberta you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

In Manitoba, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) two years after the day of the transaction.

Investors in Ontario

If you are a resident of Ontario and there is a misrepresentation in this Offering Memorandum, together with any amendment to it, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy the Units; or
- (b) for damages against the Trust.

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 Units. 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 you signed the agreement to purchase the Units.

You must commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation; or (ii) three (3) years after you signed the agreement to purchase the Units.

A misrepresentation is defined in the *Securities Act* (Ontario) as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary in order to make any statement therein not misleading in light of the circumstances in which it is made. A material fact, when used in relation to securities issued or proposed to be issued, is defined in the *Securities Act* (Ontario) as a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities.

Investors in Saskatchewan

If you are resident in Saskatchewan and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, subject to certain limitations, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy the Units; or
- (b) for damages against:
 - (i) the Trust, the Trustee, every person who was a director or the promoter of the Trustee or the Trust, respectively, at the date of this Offering Memorandum,
 - (ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them,
 - (iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed this Offering Memorandum, and
 - (iv) every person who, or company that, sells the Units on behalf of the Trust under 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 Units. 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 you signed the agreement to purchase the Units.

You must commence your action for damages within the earlier of: (i) one year after learning of the misrepresentation; or (ii) six (6) years after you signed the agreement to purchase the Units.

In addition, subject to certain limitations, where any advertising or sales literature (as such terms are defined in the Saskatchewan securities legislation) disseminated in connection with the Offering contains a misrepresentation, a purchaser who purchases Units referred to in that advertising or sales literature has a right of action against the Trust, the Trustee, every promoter and director of the Trust or the Trustee, respectively, as the case may be, and every person who or company that sells Units under the Offering with respect to which the advertising or sales literature was disseminated. In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of Units, the purchaser has a right of action for damages against the individual who made the verbal statement.

Investors in Yukon

If you are a resident in Yukon and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

- (c) the Trust to cancel your agreement to buy the Units; or
- (d) for damages against the Trust, the Trustee, every person who was a director of the Trustee at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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

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 Units. 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 transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

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

ITEM 12
FINANCIAL STATEMENTS

Consolidated Financial Statements of
(Expressed in Canadian dollars)

RISE PROPERTIES TRUST

For the Three Months Ended March 31, 2018

RISE PROPERTIES TRUST

Condensed Consolidated Interim Statement of Financial Position (unaudited)
(Expressed in Canadian dollars)

	March 31 2018	December 31 2017*
Assets		
Non-current assets:		
Investment properties (note 3)	\$ 312,580,732	\$ 292,244,002
Current assets:		
Deposits on land	743,877	-
Mortgage reserve fund and restricted cash	2,216,998	1,499,170
Accounts receivable and prepaid expenses	2,497,842	563,333
Loan receivable (note 4)	1,803,760	1,756,300
Subscriptions receivable	2,142,663	1,095,044
Property held for development and resale (note 4)	4,732,855	5,914,055
Cash	24,915,632	9,560,288
	39,053,627	20,388,190
	\$ 351,634,359	\$ 312,632,192
Equity		
Accumulated other comprehensive income	8,252,615	4,449,128
Non-controlling interests (note 7)	10,344,195	8,806,327
	\$ 18,596,810	\$ 13,255,455
Liabilities		
Non-current liabilities:		
Mortgages payable (note 5)	\$ 158,216,312	\$ 147,096,937
Deferred income taxes	16,064,270	14,925,016
	174,280,582	162,021,953
Current liabilities:		
Mortgages payable – current portion (note 5)	1,045,782	909,854
Income taxes payable	660,517	124,409
Accounts payable and other liabilities	4,786,466	2,410,916
	6,492,765	3,445,179
Net assets attributable to holders of redeemable units		
Class F	139,683,535	124,579,015
Class A	12,580,667	9,330,590
	\$ 333,037,549	\$ 299,376,737

* The December 31, 2017 consolidated balance sheet has been derived from audited financial statements.

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Condensed Consolidated Interim Statement of Net Earnings and Comprehensive Income (unaudited)
(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2018	2017
Rental income and recoveries	\$ 5,930,939	\$ 5,540,028
Property operating expenses	2,387,756	2,267,341
Earnings from property operations	3,543,183	3,272,687
Net sales and revenues	2,074,327	3,704,243
Cost of sales and revenues	1,828,409	2,892,136
Warranty expense	36,942	-
Marketing expense	-	172,986
Earnings from property held for sale	208,976	639,121
Other income:		
Fair value adjustments to investment properties (note 3)	1,665,273	625,151
Gain from Insurance claim coverage, and other	1,836,804	-
	3,502,077	625,151
Other expenses:		
Consulting and advisory expenses	122,794	81,104
Administration fees and other expenses	395,492	277,640
Finance expense:		
Interest expense and other	1,430,393	1,411,314
Distributions to holders of redeemable units	1,621,445	1,209,224
	3,570,124	2,979,282
Net income before income taxes	3,684,112	1,557,677
Income taxes:		
Current	648,435	-
Deferred	597,045	933,573
	1,245,480	933,573
Net income		
Unitholders of the Trust	2,215,974	561,705
Non-controlling interests (note 7)	222,658	62,399
	2,438,632	624,104
Other comprehensive income (loss):		
Foreign currency translation on US operations	4,024,176	(1,063,167)
Net comprehensive income	6,462,808	(439,063)
Comprehensive income attributable to:		
Unitholders of the Trust	6,019,461	(465,276)
Non-controlling interests (note 7)	443,347	26,213
	\$ 6,462,808	\$ (439,063)

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Condensed Consolidated Interim Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)
(Expressed in Canadian dollars)

Three Months Ended March 31, 2018

	Class F		Class A	
	Units	Amount	Units	Amount
Balance, January 1	6,651,697	\$ 124,579,015	538,674	\$ 9,330,590
Net income		2,215,974		-
Increase in equity of non-controlling interests (note 7)		(1,199,928)		-
Issuance of units, net of issuance costs (note 6)	904,775	16,264,908	181,576	3,289,199
Redemption of units	(120,146)	(2,176,434)	(2,160)	(39,122)
Balance at end of period	7,436,326	\$ 139,683,535	718,090	\$ 12,580,667

Condensed Consolidated Interim Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)
(Expressed in Canadian dollars)

Three Months Ended March 31, 2017

	Class F		Class A	
	Units	Amount	Units	Amount
Balance, January 1	\$ 5,857,617	\$ 95,271,666	9,187	\$ 150,000
Net income		561,705		-
Issuance of units, net of issuance costs (note 6)	145,914	2,446,474	140,951	2,532,646
Redemption of units	(133,129)	(2,283,405)	-	-
Balance at end of period	5,870,402	\$ 95,996,440	150,138	\$ 2,682,646

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Consolidated Statement of Changes in Equity (unaudited)
(Expressed in Canadian dollars)

Three Months Ended March 31, 2018

	Accumulated other comprehensive income	Non- controlling interests
Balance at beginning of period	\$ 4,449,128	\$ 8,806,327
Distributions	-	(105,407)
Increase in equity of non-controlling interests (note 7)		1,199,928
Net earnings	-	222,658
Foreign currency translation adjustment	3,803,487	220,689
Balance at end of period	\$ 8,252,615	\$ 10,344,195

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

Three Months Ended March 31, 2017

	Accumulated other comprehensive income	Non- controlling interests
Balance at beginning of period	\$ 12,481,488	\$ 10,360,237
Distributions	-	(122,124)
Increase in equity of non-controlling interests (note 7)	-	-
Net earnings	-	62,399
Foreign currency translation adjustment	(1,026,981)	(36,186)
Balance at end of period	\$ 11,454,507	\$ 10,264,326

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Condensed Consolidated Interim Statement of Cash Flows (unaudited)
(Expressed in Canadian dollars)

Three Months Ended March 31,	2018	2017
Cash provided by (used in):		
Operating activities:		
Net income	\$ 2,438,632	\$ 1,833,328
Items not affecting cash:		
Fair value adjustments to investment properties (note 3)	(1,665,273)	(625,151)
Deferred income taxes	1,245,480	933,572
Amortization of deferred financing fees	46,376	76,239
Acquisition of Inventories:		
Cost of sales	1,532,519	2,892,136
Additions	(216,034)	(1,625,726)
Changes in non-cash operating items:		
Accounts receivable and prepaid expenses	(1,884,180)	69,536
Accounts payable and other liabilities	58,325	1,142,356
Mortgage interest expense	1,381,964	1,335,075
Distributions to holders of redeemable units	1,621,445	-
Cash provided by operating activities	4,559,254	6,031,365
Investing activities:		
Acquisition of investment properties	(9,443,655)	-
Capital additions to investment properties	(1,275,774)	(89,706)
Deposits on land	(750,004)	-
Cash used in investing activities	(11,469,433)	(89,706)
Financing activities:		
Proceeds from issuance of units, net	17,411,444	6,040,263
Distributions to unitholders	(1,726,852)	(1,331,348)
Redemption of units by unitholders	(14,526)	(2,283,405)
Proceeds from mortgages payable	7,399,275	(6,383,520)
Principal repayment of mortgages payable	(218,804)	(4,278,707)
Increase in mortgage reserve fund	(664,927)	(478,476)
Mortgage interest paid	(1,373,179)	(1,229,392)
Cash received from prior period subscriptions	1,095,044	-
Cash provided by financing activities	21,907,475	(9,944,585)
Effect of exchange rate fluctuations on cash held	358,048	(27,201)
Change in cash during the period	15,355,344	(4,030,127)
Cash, beginning of period	9,560,288	12,321,953
Cash, end of period	\$ 24,915,632	\$ 8,291,826

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

1. Nature of the business:

Rise Properties Trust (the "Trust" or "RISE") is an unincorporated, open-ended limited purpose trust formed under, and governed by, the laws of the Province of British Columbia and created pursuant to the Declaration of Trust dated January 24, 2012 and as amended September 1, 2016. The Trust's Head Office is located at 500 - 2609 Granville Street, Vancouver, British Columbia, Canada.

The Trust and its direct and indirect subsidiaries, were established for the purposes of acquiring, holding, financing, maintaining, improving, redeveloping, marketing and selling a diversified portfolio of revenue-producing real estate properties in the United States.

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements were authorized for issue by the Trustees on April 13, 2018.

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

(b) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis, with the exception of the investment properties, which have been measured at fair value.

(c) Functional and presentation currencies:

These consolidated financial statements are presented in Canadian dollars. Currently, the Trust operates investment properties in the United States. Consequently, the Trust's functional currency is US dollars.

(d) Presentation of financial statements:

The Trust uses a classified statement of financial position. The consolidated statement of financial position distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within twelve months from the reporting date and noncurrent assets and liabilities are those where the recovery or settlement is expected to occur more than twelve months from the reporting date. The Trust classifies the statements of net earnings and comprehensive earnings using the function of expense method, which classifies expenses according to their functions, such as costs of operations or administrative activities.

(e) Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

3. Investment properties:

Three months ended March 31,	2018	2017
Opening Investment Properties	\$ 292,244,002	\$ 275,723,240
Cost of acquisition of investment properties	9,443,655	
Capital additions to investment properties	1,275,774	89,706
Fair value adjustment	1,665,273	625,151
Foreign currency translation difference for US operations	7,952,028	(2,625,189)
	\$ 312,580,732	\$ 273,812,908

The investment properties are pledged as security against the mortgages payable.

(a) Acquisitions:

As of March 31 2018, the Trust has acquired one new property in 2018. Acquisitions During the quarter ended March 31, 2018 and during the year ended December 31, 2017 and 2016, were as follows:

- On March 22, 2018, the Trust, in a joint venture agreement with Intercontinental Real Estate Corporation, acquired 10% of West Ridge Park, a 239-unit apartment community located in Seattle, Washington, for a purchase price of \$9,374,306 (US\$7,245,000) plus standard closing costs and adjustments of approximately \$148,611 (US\$114,855). This acquisition was initially financed with cash and a new ten-year mortgage in the amount of \$5,628,465 (US\$4,350,000).
- On December 20, 2017, the Trust acquired Citywalk, a 102-unit apartment community located in Seattle, Washington, for a purchase price of \$34,544,980 (US\$26,900,000) plus standard closing costs and adjustments of approximately \$706,270 (US\$549,969). This acquisition was initially financed with cash and a new seven-year mortgage in the amount of \$22,454,237 (US\$17,485,000).
- On September 22, 2017, the Trust acquired one condominium unit located within the same community as Starboard (the "Starboard Condominiums") for \$240,000 (US \$195,000) plus standard closing costs and adjustments of approximately \$29,061 (US \$23,594). This acquisition was financed with cash.
- On December 15, 2016, the Trust acquired Artesia by the Lake, a 192-unit apartment community located in Everett, Washington, for a purchase price of \$54,379,350 (US\$40,500,000) plus standard closing costs and adjustments of approximately \$974,802 (US\$726,001). This acquisition was initially financed with cash and a new seven year mortgage in the amount of \$35,245,875 (US\$26,250,000).

(b) Disposals:

On July 27, 2017 The Trust sold Station at Mill Creek, a 46-unit apartment community located in Mill Creek, Washington, for a sales price of \$14,374,311 (US\$11,000,000) less standard closing costs and adjustments of approximately \$461,074 (US\$352,839). This property was initially purchased in 2013 for US\$6,880,000.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

3. Investment properties (continued):

(c) Valuation:

Management obtained independent appraisals on all investment properties held at December 31, 2017, with the exception of West Ridge Park which was purchased in March 2018, whose fair value is its purchase price. Management has incorporated the appraisals obtained in its determination of fair value for each of the investment properties.

The fair value of investment properties is based on Level 3 inputs (see note 11 for definition of levels). There have been no transfers during the period between levels.

The significant inputs used to determine the fair value of the Trust's investment properties are as follows:

	March 31, 2018	December 31, 2017
Number of properties	10	9
Value of investment properties	\$ 312,580,732	\$ 292,244,002
Weighted Average DCR	5.22%	5.23%
Foreign exchange rate	1.2884	1.2545

4. Property held for Development and Resale:

On February 13, 2015, the Trust acquired Fort Lawton ("Fort Lawton"), a property consisting of 26 residential units located in Seattle, Washington, for a purchase price of \$13,072,000 (US\$10,500,000) plus standard closing costs and adjustments of approximately \$861,000 (US\$692,000). The property was acquired with the intention to renovate and sell the units.

At March 31, 2018, two units remain in property held for development and resale. As the remaining units are expected to be sold within a year, they are presented as current assets in the consolidated statement of financial position.

During 2017, the sales price of one unit was settled partially by cash and partially by a loan receivable of \$1,803,760 (US\$1,400,000) entered into by the third-party purchaser. The loan receivable bears interest at 6% per annum, and is due in full on July 13, 2018, and is secured on the property.

On October 24, 2016, a duplex containing two of the remaining three homes held for sale were damaged by a fire which occurred during renovation work. In fiscal year 2016, an impairment loss of \$1,949,961 was recorded, due to the damage caused by the fire. The Trust made a claim under the insurance policy held on these homes and recorded other income receivable as of December 31, 2016, for the expected insurance proceeds, of \$1,949,961.

As of March 31, 2018 the Trust has received assurance that it will receive additional insurance proceeds in 2018 totaling \$1,817,593 (US\$1,437,060). This amount was recorded as an additional gain from insurance claim coverage on the statement of income.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

5. Mortgage payable:

	Nominal interest	Year of maturity	March 31, 2018	December 31, 2017
Bentley House (a)	3.19%	2019	\$ 15,429,271	\$ 15,107,338
Station Nine (b)	3.98%	2021	15,718,480	15,304,900
Northline (c)	4.30%	2024	13,383,526	13,086,435
Borgata (d)	3.68%	2021	17,286,845	16,909,925
Starboard (e)	4.38%	2019	7,086,200	5,018,000
Woodcreek (f)	4.08%	2022	29,485,034	28,709,233
Artesia by the Lake (g)	4.06%	2024	33,820,500	32,930,625
Citywalk (h)	3.89%	2025	22,527,674	21,934,933
West Ridge Park (i)	3.95%	2028	5,604,540	-
Total mortgages principal payable			\$ 160,342,070	\$ 149,001,389
Less: Unamortized mortgage transaction costs			1,079,976	994,598
Total carrying value of mortgages payable			\$ 159,262,094	\$ 148,006,791

- (a) Bentley House bears interest at fixed a rate of 3.19%. Monthly interest only payments were required until November 1, 2015, after which principal and interest payments are required for the remainder of the term. The term expires in 2019.
- (b) Station Nine bears interest at a fixed rate of 3.98%. Monthly interest only payments are required until May 1, 2021 when the term expires.
- (c) Northline bears interest at a fixed rate of 4.30%. Monthly interest only payments were required until August 1, 2017, after which principal and interest payments are required for the remainder of the term. The term expires in 2024.
- (d) Borgata bears interest at a fixed rate of 3.68%. Monthly interest only payments were required until December 1, 2017, after which principal and interest payments are required for the remainder of the term. The term expires in 2021.
- (e) The Trust refinanced Starboard in 2016 into a line of credit with HomeStreet Bank. The maximum facility is \$17,455,100 (US\$13,000,000). As of March 31, 2018, The Trust drew on \$7,086,200 (\$5,500,000 USD) of the credit facility. The loan bears interest at 2.50% above the one-month USD LIBOR rate (March 31, 2018 at 1.88%). Monthly only interest payments are required until September 1, 2019 when the term expires.
- (f) The mortgage on Woodcreek bears interest at a fixed rate of 4.08%. Monthly interest only payments are required until December 1, 2022, when the term expires.
- (g) The mortgage on Artesia by the Lake bears interest at a fixed rate of 4.06%. Monthly interest only payments are required until February 1, 2019, after which principal and interest payments are required for the remainder of the term. The term expires in 2024.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

5. Mortgage payable (continued):

- (h) The mortgage on Citywalk bears interest at a variable rate of 2.01% above the one-month USD LIBOR rate (March 31, 2018 at 1.88%). Monthly only interest payments are required until January 1, 2021, after which principal and interest payments are required for the remainder of the term. The term expires in 2025.
- (i) The mortgage entered into upon purchase (March 22, 2018) of West Ridge Park bears interest at a fixed rate of 3.95%. Monthly principal and interest payments are required for the term of the loan. The term expires in 2028.

The mortgages are secured by a first charge on the Trust's investment properties and a guarantee by a subsidiary of the Trust.

Principal repayments, as of March 31, 2018, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

Remainder of 2018	\$	1,045,782
2019		23,876,659
2020		1,723,950
2021		33,943,571
2022		31,401,658
Thereafter		68,350,450
		<hr/> 160,342,070
Unamortized mortgage transaction costs		1,079,976
Total carrying value of mortgages payable	\$	<hr/> 159,262,094

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

6. Redeemable Class F and Class A units: representing net assets attributable to holders of redeemable units:

Under the terms of the declaration of Trust, on January 24, 2012 the settlor of the Trust contributed the sum of \$10 to the Trust in order to constitute and settle the Trust. No units were exchanged for the contribution.

Effective on September 1, 2016, the Trust re-designated its then existing class of trust units as Class F Units and created an additional class of Class A Units (collectively the "Units").

Since existing trust units were re-designated as Class F Units on a one-for-one basis, any unit transactions that occurred prior to September 1, 2016 have been represented as Class F Units for comparative purposes.

Net income attributed to units on re-designation on September 1, 2016 was derived from the June 30, 2016 interim financial statements.

Detail of units issued and units redeemed have been presented in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

Each unitholder is entitled to participate equally with respect to any and all distributions of net income and net realized capital gains subject to an adjustment in a trust unit's proportionate share as a result of the date of the first issue of a trust unit in the first fiscal year of the Trust. On termination, the unitholders of record are entitled to receive all the assets of the Trust remaining after payment of all debts, liabilities, and liquidation expenses of the Trust.

The Trust distributed \$1,621,445 and \$1,209,224 to unitholders for the three months ended March 31, 2018 and 2017, respectively. This represented a \$0.220 per unit distribution at March 31, 2018 (\$0.205 per unit at March 31, 2017).

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

7. Non-controlling interests:

The non-controlling interests represent those of general partners ("the General Partners") of certain of the Trust's subsidiaries.

Set out below are the significant subsidiaries of the Trust and the Trust's % interest in each entity at March 31, 2018. The remaining interest of the subsidiaries is held by the non-controlling interests:

	Place of business	Ownership interest
Rise Properties Limited Partnership	Canada	94.65%
Rise Properties Canada Ltd.	Canada	94.65%
Rise Properties US Holdings Inc.	US	94.65%
Rise Properties US Inc.	US	94.65%
Rise Properties Master Limited Partnership	US	94.55%
Rise Properties (Bentley House) Limited Partnership	US	94.55%
Rise Properties (Station Nine) Limited Partnership	US	94.55%
Rise Properties (Surrey Park) Limited Partnership	US	94.55%
Rise Properties (Woodland Pointe) Limited Partnership	US	94.55%
Rise Properties (Borgata) Limited Partnership	US	94.55%
Rise Properties (Juanita Beach) Limited Partnership	US	94.55%
Rise Properties (Fort Lawton) Limited Partnership	US	94.55%
Rise Properties (Juanita Beach Condos) Limited Partnership	US	94.55%

The unitholders of the Trust receive a preferred, pre-tax return equal to 8% per annum (2015 - 8% per annum) on contributed capital, and once this hurdle has been met, the non-controlling interests will be entitled to a return equal to 20% of the return in excess of 8%. The remaining 80% of the excess return will be allocated to unitholders. Only after unitholders achieve their minimum 8% return in cash will any portion of the non-controlling interests' return be paid in cash. The portion of the non-controlling interests' return not able to be paid in cash will automatically result in an accretion of equity of the same amount in the Trust's subsidiaries, to the non-controlling interests.

The non-controlling interests' return will be calculated and accrued in accordance with the Rise Properties Limited Partnership Agreement on a quarterly basis until the final annual calculation is performed at year end. The amount of the return accrued at March 31, 2018 is \$1,199,928 (March 31, 2017 - nil).

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

8. Related party transactions and balances:

- (a) The General Partners of certain subsidiaries of the Trust provide asset management services to the Trust. The Trust was charged the following fees for these services during the period:

Three months ended March 31,	2018	2017
Acquisition fees	\$ 916,372	\$ -
Asset management fees	374,877	276,743

- (b) An entity related by virtue of common ownership with the Trustee of the Trust, provides property management and construction management services to the Trust. The Trust was charged the following fees for these services during the period:

Three months ended March 31,	2018	2017
Property management fees	\$ 208,548	\$ 210,977
Re-positioning fees	32,050	5,707
Development Management Fee	52,238	179,979
Developer Conversion profit	177,994	-

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

9. Risk management:

In the normal course of business, the Trust is exposed to a number of risks from its use of financial instruments. These risks, and the actions taken to manage them, are as follows:

- (a) Credit risk and economic dependence:

The Trust's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The Trust is exposed to credit risk in the event of non-payment of rent and recoveries by its tenants. This risk is mitigated by obtaining advance deposits and initiating a prompt collection process. The amount of rent receivables at March 31, 2018 was \$60,361 (December 31, 2017 - \$41,617), of which \$114 (December 31, 2017 - \$12,551) was past due.

- (b) Interest rate risk:

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

9. Risk management (continued):

Some of the Trust's mortgages payable bear interest at a floating rate based on LIBOR or Prime Rates. The impact of a 1.0% change in the LIBOR or Prime rate will increase or decrease the Trust's interest expense or earnings by \$296,139 annually, based on the outstanding balance of the mortgages payable as at March 31, 2018.

(c) Currency Risk:

The Trust's reporting currency is in Canadian dollars, but the underlying investment in the Properties is denominated in US dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in US dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to US dollars. Accordingly, the Trust is subject to currency exchange rate risk.

(d) Liquidity risk:

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate a real property investment, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

The Trust diligently monitors the repayment dates of its mortgages and intends to refinance all mortgages as they become due. The mortgage due dates represent a weighted average remaining term of 4.80 years.

The Trust's scheduled payments are:

March 31, 2018	Accounts payable and other	Mortgage payments (principal, interest and maturities)	Total
Remainder of 2018	\$ 4,786,466	\$ 5,557,325	\$ 10,343,791
2018	-	29,359,288	29,359,288
2019	-	6,497,308	6,497,308
2020	-	22,859,235	22,859,235
2021	-	35,403,244	35,403,244
Thereafter	-	84,953,047	84,953,047
	\$ 4,786,466	\$ 184,629,447	\$ 189,415,913

RISE PROPERTIES TRUST

Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

March 31, 2018

10. Supplementary disclosure – unitholders' equity reconciliation:

The following provides supplementary information prepared by management to show a reconciliation of unitholders' equity and net asset value per unit.

The net asset value and net asset value per unit have been calculated in accordance with the Rise Properties Limited Partnership Agreement.

	March 31, 2018	December 31, 2017
Unitholders' equity ^(a)	\$ 18,596,810	\$ 13,065,202
Less:		
Allowance for transaction costs ^(b)	9,377,422	8,767,320
Mortgages payable adjustment ^(c)	1,079,976	994,598
GST liability of GP interest ^(d)	440,316	437,149
Non-controlling interest and initial trust contribution	10,344,195	8,806,337
	21,241,909	19,005,404
Add:		
Carrying Value of Class F and Class A Units ^(e)	152,264,202	134,099,858
Deferred income taxes transaction costs ^(f)	1,969,300	1,841,100
Increase in inventory value for implied sale ^(g)	-	250,611
	154,233,502	136,191,569
Net asset value	\$ 151,588,402	\$ 130,251,367
Units outstanding	8,154,416	7,190,370
Net asset value unit	18.5897	18.1147

- (a) Unitholders equity per the financial statements is prepared in accordance with IFRS.
- (b) The appraised value of the investment properties assumes no transaction costs on disposition of the properties. Management believes that if the investment properties were sold a disposition cost of approximately 3% of the appraised value of the properties would be incurred. As such, a reserve has been taken for this amount.
- (c) The mortgages payable balance per the financial statement includes amounts that reduce the actual payable amount for mortgages payable, in compliance with IFRS. This adjustment increases the mortgages payable balance to that which would be required to actually be paid on disposition of the investment properties.
- (d) As of September 8, 2017, the Canadian Revenue Agency issued new guidance that certain limited partnership distributions may now be subject to additional GST/HST where they were paid or became payable to general partners. As the Trust would be subject to this new guidance, an additional liability equal to 5% of the Trust's non-controlling interest has been added to the Net Asset Value calculation.
- (e) Effective on September 1, 2016, the Trust re-designated its then existing class of trust units as Class F Units and created additional classes of Class A Units. These two unit classes were designated as liabilities for presentation purposes. This adjustment adds these values back as they are the carrying value of each unitholders investment.
- (f) As Management has reduced the fair value of the investment properties to reflect a 3% transaction cost on disposition, deferred income taxes have been reduced by a proportionate amount, which is 3% of the appraised value of the investment properties multiplied by the applicable tax rate in effect.
- (g) As of December 31, 2017, a nonrefundable deposit had been paid for the sale of a property held as inventory. As such, the sale was considered reasonably assured and an increase in fair value for the property to be sold had been included for the calculation of net asset value.

Consolidated Financial Statements
(Expressed in Canadian dollars)

RISE PROPERTIES TRUST

Year ended December 31, 2017



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Rise Properties Trust

We have audited the accompanying consolidated financial statements of Rise Properties Trust, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of net income and comprehensive income, changes in net assets attributable to holders of redeemable units, changes in equity, and cash flows for the year ended December 31, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rise Properties Trust as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 in accordance with International Financial Reporting Standards.

Other Matter

We draw attention to the fact that the supplementary information included in note 14 does not form part of the audited consolidated financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

KPMG LLP

Chartered Professional Accountants

March 2, 2018
Vancouver, Canada


RISE PROPERTIES TRUST

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	December 31 2017	December 31 2016
Assets		
Non-current assets:		
Investment properties (note 4)	\$ 292,244,002	\$ 275,723,240
Current assets:		
Mortgage reserve fund and restricted cash	1,499,170	1,277,674
Accounts receivable and prepaid expenses	563,333	2,769,379
Loan receivable (note 5)	1,756,300	-
Subscriptions receivable	1,095,044	1,994,179
Property held for development and resale (note 5)	5,914,055	15,793,639
Cash	9,560,288	12,321,953
	20,388,190	34,156,824
	\$ 312,632,192	\$ 309,880,064
Equity		
Accumulated other comprehensive income	4,449,128	12,481,488
Non-controlling interests (note 9)	8,806,327	10,360,237
	\$ 13,255,455	\$ 22,841,725
Liabilities		
Non-current liabilities:		
Mortgages payable (note 6)	\$ 147,096,937	\$ 153,910,757
Deferred income taxes	14,925,016	20,873,169
	162,021,953	174,783,926
Current liabilities:		
Mortgages payable – current portion (note 6)	909,854	10,896,247
Income taxes payable	124,409	927,040
Accounts payable and other liabilities	2,410,916	5,009,460
	3,445,179	16,832,747
Net assets attributable to holders of redeemable units		
Class F	124,579,015	95,271,666
Class A	9,330,590	150,000
	\$ 299,376,737	\$ 287,038,339

See accompanying notes to consolidated financial statements.

Approved on behalf of the Trustees:

 Director

 Director

RISE PROPERTIES TRUST

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	December 31 2017	December 31 2016
Assets		
Non-current assets:		
Investment properties (note 4)	\$ 292,244,002	\$ 275,723,240
Current assets:		
Mortgage reserve fund and restricted cash	1,499,170	1,277,674
Accounts receivable and prepaid expenses	563,333	2,769,379
Loan receivable (note 5)	1,756,300	-
Subscriptions receivable	1,095,044	1,994,179
Property held for development and resale (note 5)	5,914,055	15,793,639
Cash	9,560,288	12,321,953
	20,388,190	34,156,824
	\$ 312,632,192	\$ 309,880,064
Equity		
Accumulated other comprehensive income	4,449,128	12,481,488
Non-controlling interests (note 9)	8,806,327	10,360,237
	\$ 13,255,455	\$ 22,841,725
Liabilities		
Non-current liabilities:		
Mortgages payable (note 6)	\$ 147,096,937	\$ 153,910,757
Deferred income taxes	14,925,016	20,873,169
	162,021,953	174,783,926
Current liabilities:		
Mortgages payable – current portion (note 6)	909,854	10,896,247
Income taxes payable	124,409	927,040
Accounts payable and other liabilities	2,410,916	5,009,460
	3,445,179	16,832,747
Net assets attributable to holders of redeemable units		
Class F	124,579,015	95,271,666
Class A	9,330,590	150,000
	\$ 299,376,737	\$ 287,038,339

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Consolidated Statement of Net Income and Comprehensive Income
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2017	2016
Rental income and recoveries	\$ 21,877,700	\$ 17,728,380
Property operating expenses	9,285,866	7,261,029
Earnings from property operations	12,591,834	10,467,351
Net sales and revenues	17,118,553	24,100,354
Cost of sales and revenues	13,563,987	19,606,138
Marketing expense	452,154	1,046,633
Earnings from property held for sale	3,102,412	3,447,583
Other income:		
Fair value adjustments to investment properties (note 4)	13,308,070	21,521,756
Loss on disposal of investment properties (note 4)	(457,964)	-
Gain from Insurance claim coverage	326,850	1,949,961
	13,176,956	23,471,717
Other expenses:		
Consulting and advisory expenses	522,331	384,953
Administration fees and other expenses	1,277,471	991,829
Impairment of inventories	-	1,949,961
Finance expense: (note 6)		
Interest expense and other	5,774,454	4,875,007
Distributions to holders of redeemable units	5,496,279	2,215,521
	13,070,535	10,417,271
Net income before income taxes	15,800,667	26,969,380
Income tax expense (recovery): (note 7)		
Current	2,470,779	1,007
Deferred	(4,735,356)	10,217,553
	(2,264,577)	10,218,560
Net income:		
Unitholders of the Trust	16,095,589	15,521,557
Non-controlling interests (note 9)	1,969,655	1,229,263
	18,065,244	16,750,820
Other comprehensive loss:		
Foreign currency translation on US operations	(8,972,697)	(2,205,783)
Net comprehensive income	9,092,547	14,545,037
Comprehensive income attributable to:		
Unitholders of the Trust	7,872,976	13,477,646
Non-controlling interests (note 9)	1,219,571	1,067,391
	\$ 9,092,547	\$ 14,545,037

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)

Year ended December 31, 2017

	Class F		Class A	
	Units	Amount	Units	Amount
Balance, January 1	5,857,618	\$ 95,271,666	9,187	\$ 150,000
Net income		16,095,589		-
Increase in equity of non-controlling interests (note 9)		(380,187)		-
Issuance of units, net of issuance costs (note 8)	1,155,347	19,820,501	535,385	9,277,736
Redemption of units	(361,268)	(6,228,554)	(5,898)	(97,146)
Balance, December 31, 2017	-	6,651,697 \$ 124,579,015	538,674	\$ 9,330,590

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)

Year ended December 31, 2016

	Class F		Class A	
	Units	Amount	Units	Amount
Balance, January 1		\$ -		\$ -
Reclassification of units to liability, September 1, 2016 (note 8)	5,206,048	81,224,762	-	-
Net income (note 8 (a))		5,869,115		-
Increase in equity of non-controlling interests (note 9)		(2,519,532)		-
Issuance of units, net of issuance costs	762,132	12,567,910	9,187	150,000
Redemption of units	(110,562)	(1,870,589)	-	-
Balance, December 31, 2016	5,857,618	\$ 95,271,666	9,187	\$ 150,000

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

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

Year ended December 31, 2017

	Accumulated other comprehensive income	Non- controlling interests
Balance, January 1	\$ 12,481,488	\$ 10,360,237
Special distribution to non-controlling interests (note 9)	-	(2,500,000)
Distributions	-	(463,415)
Increase in equity of non-controlling interests (note 9)	190,253	189,934
Net income	-	1,969,655
Foreign currency translation adjustment	(8,222,613)	(750,084)
Balance, December 31, 2017	\$ 4,449,128	\$ 8,806,327

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

Year ended December 31, 2016

	Unitholders' equity		Accumulated other comprehensive income	Non- controlling interest
	Units	Carrying value		
Unitholders' equity, January 1, 2016	4,675,499	\$ 65,106,260	\$ 15,617,170	\$ 5,984,895
Issuance of units, net of issuance cost	679,049	10,810,104	-	-
Redemption of units	(148,500)	(2,364,170)	-	-
Distributions	-	(1,979,874)	-	(303,352)
Net income (note 8 (a))	-	9,652,442	-	777,665
	5,206,048	81,224,762	15,617,170	6,459,208
Reclassification of units to liability (note 8)	(5,206,048)	(81,224,762)	-	-
	-	-	15,617,170	6,459,208
Net income (note 8 (a))	-	-	-	451,598
Increase in equity of non- controlling interest (note 9)	-	-	(1,091,771)	3,611,303
Foreign currency translation adjustment	-	-	(2,043,911)	(161,872)
Balance, December 31, 2016	-	\$ -	\$ 12,481,488	\$ 10,360,237

RISE PROPERTIES TRUST

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

Year Ended December 31, 2017, with comparative information for 2016	2017	2016
Cash provided by (used in):		
Operating activities:		
Net income	\$ 18,065,244	\$ 16,750,820
Items not affecting cash:		
Fair value adjustments to investment properties	(13,308,070)	(21,521,756)
Deferred income taxes	(5,502,942)	10,217,553
Amortization of deferred financing fees	284,687	242,810
Loss on refinancing or disposition (fees and repayment):		
Write off of unamortized deferred finance fees	116,009	141,537
Prepayment penalty on refinance	-	114,434
Acquisition of Inventories:		
Cost of sales	13,563,987	19,606,138
Impairment Loss	-	1,949,961
Additions	(4,511,550)	(16,993,173)
Changes in non-cash operating items:		
Accounts receivable and prepaid expenses	277,104	(1,779,106)
Accounts payable and other liabilities	(2,411,016)	584,753
Mortgage interest expense	5,373,756	4,375,688
Distributions to holders of redeemable units	5,496,279	2,215,521
Cash provided by operating activities	17,443,488	15,905,180
Investing activities:		
Acquisition of investment properties	(34,501,647)	(55,092,646)
Disposition of investment properties	14,277,358	-
Capital additions to investment properties	(1,104,798)	(4,442,077)
Cash used in investing activities	(21,329,087)	(59,534,723)
Financing activities:		
Proceeds from issuance of units, net	28,003,193	21,533,835
Distributions to unitholders	(5,959,694)	(4,498,747)
Redemption of units by unitholders	(6,184,495)	(4,234,759)
Special distribution to non-controlling interest	(2,500,000)	-
Proceeds from mortgages payable	22,694,511	40,736,054
Principal repayment of mortgages payable	(29,046,680)	(859,741)
Increase in mortgage reserve fund	(316,001)	271,898
Mortgage interest paid	(5,452,014)	(4,796,609)
Cash received from prior period subscriptions	1,994,179	-
Cash provided by financing activities	3,232,999	48,151,931
Effect of exchange rate fluctuations on cash held	(2,109,065)	(292,031)
Change in cash during the year	(2,761,665)	4,230,357
Cash, beginning of year	12,321,953	8,091,596
Cash, end of year	\$ 9,560,288	\$ 12,321,953

See accompanying notes to consolidated financial statements.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

1. Nature of the business:

Rise Properties Trust (the "Trust" or "RISE") is an unincorporated, open-ended limited purpose trust formed under, and governed by, the laws of the Province of British Columbia and created pursuant to the Declaration of Trust dated January 24, 2012 and as amended September 1, 2016. The Trust's Head Office is located at 500 - 2609 Granville Street, Vancouver, British Columbia, Canada.

The Trust and its direct and indirect subsidiaries, were established for the purposes of acquiring, holding, financing, maintaining, improving, redeveloping, marketing and selling a diversified portfolio of revenue-producing real estate properties in the United States.

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements were authorized for issue by the Trustees on March 2, 2018.

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

(b) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis, with the exception of the investment properties, which have been measured at fair value.

(c) Functional and presentation currencies:

These consolidated financial statements are presented in Canadian dollars. The Trust owns and manages investment properties in the United States and the Trust's functional currency is determined to be US dollars.

(d) Presentation of financial statements:

The Trust uses a classified statement of financial position. The consolidated statement of financial position distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within twelve months from the reporting date and noncurrent assets and liabilities are those where the recovery or settlement is expected to occur more than twelve months from the reporting date. The Trust classifies the statements of net income and comprehensive income using the function of expense method, which classifies expenses according to their functions, such as costs of operations or administrative activities.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

2. Basis of presentation (continued):

(e) Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(i) Estimates:

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant areas of estimation include the following:

(A) Fair value of investment properties:

The fair value of the investment properties disclosed in the notes to the financial statements is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques.

The determination of the fair value of the investment properties requires the use of estimates such as future cash flows from assets (i.e., tenant profiles, future revenue streams and overall repair and condition of the property), discount rate applicable to those assets' cash flows and capitalization rates. These estimates are based on market conditions existing at the reporting date.

(B) Properties held for development and resale:

The cost of sale of a property or unit is allocated on the basis of the estimated total cost of the project prorated by the selling price of the property or unit over the anticipated sales proceeds from the entire project.

The determination of the cost of the project is determined by management based on proformas, which includes costs incurred to date and estimated costs to complete. The proformas are updated on a regular basis to reflect changes in the estimated sales proceeds and costs to complete. These estimates are based on conditions existing at the reporting date.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

2. Basis of presentation (continued):

(e) Use of estimates and judgments (continued):

(ii) Judgments (continued):

In the process of applying the Trust's accounting policies, management has made the following critical judgments:

(A) Deferred income taxes:

The Trust qualifies as a "mutual fund trust" for Canadian income tax purposes under Part I of the Income Tax Act (Canada) (the "Tax Act"). The Trust intends to distribute all of its taxable income to unitholders and to deduct such distributions for income tax purposes. Canadian income tax obligations relating to distributions of the Trust are the obligations of the unitholders. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

The Tax Act contains certain provisions (the "SIFT Measures") which levy tax on certain trusts and partnerships that are specified investment flow-through entities ("SIFTs") in defined circumstances. Certain distributions attributable to a SIFT's "non-portfolio earnings" will not be deductible in computing a SIFT's income and the SIFT will be subject to Canadian income tax on such distributions at regular Canadian corporate rates. Management believes that the Trust is not a SIFT and therefore not subject to the SIFT Measures. Management further believes that the Trust would not have any non-portfolio earnings for the reporting period. Accordingly, no provision has been made for tax under the SIFT Measures. Management intends to operate the Trust in such a manner so as to remain exempt from the SIFT Measures on a continuous basis in the future. If the Trust becomes a SIFT, it will be subject to federal and provincial income taxes at regular Canadian corporate rates on its non-portfolio earnings, if any, distributed to unitholders.

(B) Business combinations:

The Trust acquires real estate properties in its normal course of business. At the time of acquisition, the Trust considers whether or not the acquisition represents the acquisition of a business. The Trust accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g., maintenance, cleaning, security, bookkeeping, etc.). When the acquisition of a property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition, including transaction costs, is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. All acquisitions made to date by the Trust have been deemed to be asset acquisitions.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies:

(a) Basis of consolidation:

These consolidated financial statements include the assets, liabilities and result of operations of the Trust and its subsidiaries, after elimination of inter-company transactions and balances. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Trust obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Trust is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are prepared for the same reporting period as the Trust using consistent accounting policies.

When the Trust does not own all of the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated statement of financial position as a separate component of total equity (note 9).

(b) Investment properties:

Investment properties comprise property held to earn rental revenue or for capital appreciation or both, but not for sale in the ordinary course of business. Investment property is measured initially at cost, including acquisition costs. Acquisition costs include applicable transfer taxes and professional fees which are directly attributable to the acquisition of the asset.

Subsequent to initial recognition, investment properties are measured at fair value with any change therein recognized in income. The Trust defines fair value to be the value a third party is willing to pay, in an arm's length transaction, for an investment property. Any subsequent valuations performed on an investment property, after acquisition date, would be the new basis for the fair value recorded on the investment property.

As set out in note 2(e)(i), in arriving at their estimates of market values, management will determine whether a property in its portfolio of investment properties requires an independent appraisal.

The following approaches, either individually or in combination, are used by management, together with the appraisers, in their determination of the fair value of the investment properties:

- (i) The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization method and/or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.
- (ii) The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(b) Investment properties (continued):

Management reviews each independent appraisal and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above.

Any gains and losses on the disposal of investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

Gains and losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset on the date the transaction occurred.

(c) Property held for development and resale:

Property held for development and resale is recorded at the lower of cost and net realizable value. Cost includes all costs of acquisition, costs of development (including direct development costs and capitalized interest) and other costs incurred in bringing the property to the condition where it is ready for sale. The costs are identified as either specific costs attributable to a specific unit or common costs which are then allocated to each saleable unit in proportion to the anticipated revenue.

As set out in note 2 (e) (i) management estimates the net realizable value of its inventory using estimates and assumptions about future selling prices and future development costs.

The Trust records an impairment provision where the carrying value of a particular property exceeds its estimated net realizable value.

(d) Revenue recognition:

(i) Rental revenue:

Rental revenue is recognized in income on a straight-line basis over the lease term subject to collectability being reasonably assured.

Rental revenue includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements. Recoveries are recognized in the period in which the related operating expense was incurred and collectability is reasonably assured.

(ii) Property sales:

Revenue from the sale of property is recognized when title passes to the purchaser upon closing and at which time all proceeds are received or collectability is reasonably assured.

(e) Cash:

Cash consists of cash on hand and cash held at financial institutions.

(f) Deposits on land:

Deposits on land consists of deposits held in trust and due diligence costs incurred for specific acquisitions of investment properties expected to close.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(g) Mortgage reserve fund:

The mortgage reserve fund consists of cash on deposit required by the lenders to be retained in escrow to pay for any repairs to the properties and certain costs. These funds will be released to pay the respective obligations or once certain conditions are met, such as completion of repairs.

(h) Finance expenses:

Finance expenses consist of mortgage interest, amortization of deferred financing fees and the write-off of deferred financing fees on the extinguishment of an existing mortgage and distributions to Class A and Class F unitholders. Mortgage interest and distributions to Class F and Class A unitholders are recognized in the period in which they are incurred.

Deferred financing fees are capitalized and amortized over the life of the loan using the effective interest rate method. When a mortgage is extinguished and refinanced with a new mortgage, all costs associated with the original mortgage, including the unamortized deferred financing fees, are charged to income in the period that this occurs.

(i) Leases:

Leases are classified according to the substance of the transaction to determine whether substantially all the risks and benefits of ownership in the investment property have been transferred. All tenant leases where a subsidiary of the Trust is the lessor have been determined to be operating leases.

(j) Segment reporting:

The Trust owns only residential property in one primary market in the United States. The primary format for segment reporting is based on geographic region and is consistent with the internal reporting provided to the chief operating decision-maker, determined to be the directors. Accordingly, segment reporting has not been presented.

(k) Redeemable units and distributions on redeemable units:

Effective on September 1, 2016, the Trust re-designated its then existing class of trust units as Class F Units and created the additional Class A Units (collectively the "Units"). All classes of units have the same objectives, strategies and restrictions, but differ with respect to the fee structure. Class A Units incur a 2% asset management fee and Class F Units incur a 1% asset management fee (note 10). The Units do not meet the exception criteria in IAS 32 for classification as equity due to the dissimilarity of features between classes and accordingly, effective September 1, 2016, the Units have been reclassified as financial liabilities and presented as "net assets attributable to holders of redeemable units" in the consolidated statement of financial position.

Units redeemed are accounted for in the period during which the redemption is effective. Resultant gains on redemption are recognized in the consolidated statement of net income (loss) in the same period.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(k) Redeemable units and distributions on redeemable units (continued):

Distributions to Unitholders on each class of redeemable units are made on a quarterly basis in arrears. Subsequent to September 1, 2016, distributions on redeemable units are treated as an expense within the consolidated statement of comprehensive income, corresponding with the units' classification as liabilities. Distributions are accrued in the period to which they relate.

(l) Financial instruments:

(i) Non-derivative financial assets and liabilities:

Non-derivative financial assets and liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Trust's designation of such instruments.

The Trust classifies its financial instruments as follows:

Cash and mortgage reserve funds	Loans and receivables
Accounts receivable and prepaid expenses	Loans and receivables
Subscriptions receivable	Loans and receivables
Mortgages payable	Other financial liabilities
Accounts payable and other liabilities	Other financial liabilities
Class A and Class F units	Other financial liabilities

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are accounted for at amortized cost, using the effective interest rate method, less any impairment losses.

The Trust's non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost, using the effective interest method. The Trust's non-derivative financial liabilities include mortgages payable, accounts payable and other liabilities and, effective September 1, 2016, Class A and Class F units which are also classified as liabilities, and are no longer recorded as equity in the statement of unitholders' equity.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(l) Financial instruments (continued):

(ii) Impairment of financial assets:

At each reporting date, the Trust assesses whether there is objective evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The loss is recognized in impairment expense.

(m) Provisions:

Provisions are recognized by the Trust when:

- (i) the Trust has a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources will be required to settle the obligation; and
- (iii) the amount can reasonably be estimated.

If the time value of money is material, provisions are discounted using a current rate that reflects the risk profile of the liability, and the increase to the provision due to the passage of time will be recognized as a finance cost.

(n) Income taxes:

For the Canadian and U.S. corporate subsidiaries of the Trust, income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting dates.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(n) Income taxes (continued):

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Accounting standards issued but not yet effective:

(i) IFRS 9 - *Financial Instruments: Classification and Measurement*.

On July 24, 2014 the IASB issued the complete IFRS 9, *Financial Instruments* ("IFRS 9 (2014)").

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Trust intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. The Trust has determined that the new standards will have no material effect on its consolidated financial statements.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

3. Significant accounting policies (continued):

(o) Accounting standards issued but not yet effective (continued):

(ii) IFRS 15 - *Revenue recognition*:

On May 28, 2014 the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Trust intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(iii) IFRS 16 - *Leases*:

On January 13, 2016 the IASB issued IFRS 16, *Leases* ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases* ("IAS 17").

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Trust intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

4. Investment properties:

	2017	2016
Balance, beginning of year	\$ 275,723,240	\$ 200,368,600
Cost of acquisitions	34,501,647	55,092,646
Capital additions	1,104,798	4,442,077
Change in fair value	13,308,068	21,521,756
Disposals	(14,277,358)	-
Foreign currency translation	(18,116,393)	(5,701,839)
	\$ 292,244,002	\$ 275,723,240

The investment properties are pledged as security against the mortgages payable.

(a) Acquisitions:

During the year ended December 31, 2017 and 2016, acquisitions were as follows:

- On December 20, 2017, the Trust acquired Citywalk, a 102-unit apartment community located in Seattle, Washington, for a purchase price of \$34,544,980 (US\$26,900,000) plus standard closing costs and adjustments of approximately \$706,270 (US\$549,969). This acquisition was initially financed with cash and a new seven-year mortgage in the amount of \$22,454,237 (US\$17,485,000).
- On September 22, 2017, the Trust acquired one condominium unit located within the same community as Starboard (the “Starboard Condominiums”) for \$240,000 (US \$195,000) plus standard closing costs and adjustments of approximately \$29,061 (US \$23,594). This acquisition was financed with cash.
- On December 15, 2016, the Trust acquired Artesia by the Lake, a 192-unit apartment community located in Everett, Washington, for a purchase price of \$54,379,350 (US\$40,500,000) plus standard closing costs and adjustments of approximately \$974,802 (US\$726,001). This acquisition was initially financed with cash and a new seven year mortgage in the amount of \$35,245,875 (US\$26,250,000).

(b) Disposals:

On July 27, 2017 The Trust sold Station at Mill Creek, a 46-unit apartment community located in Mill Creek, Washington, for a sales price of \$14,374,311 (US\$11,000,000) less standard closing costs and adjustments of approximately \$461,074 (US\$352,839). This property was initially purchased in 2013 for US\$6,880,000.

(c) Valuation:

Management obtained independent appraisals on all investment properties held at December 31, 2017, with the exception of Citywalk which was purchased in December 2017 and Starboard Condominiums. Management have incorporated the appraisals obtained in its determination of fair value for each of the investment properties.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

4. Investment properties (continued):

The fair value of investment properties is based on Level 3 inputs (see note 11 for definition of levels). There have been no transfers during the period between levels.

The significant inputs used to determine the fair value of the Trust's investment properties are as follows:

	2017	2016
Number of properties	9	9
Value as at December 31	\$ 292,244,002	\$ 275,723,240
Weighted Average DCR	5.23%	5.34%
Foreign exchange rate at December 31	1.2545	1.3427

Valuations determined by the DCR method are sensitive to changes in the capitalization rates. Additionally, as the investment properties are valued in US dollars, the fair value reported in Canadian dollars is also sensitive to changes in foreign exchange rates. The table below summarizes the sensitivity of the fair value of investment properties to changes in capitalization rates and foreign exchange rates.

As at December 31, 2017:

		-10%	-5%	As reported	+5%	+10%
FX Rate		1.1291	1.1918	1.2545	1.3172	1.3800
Cap rate						
-0.25%	4.98%	\$ 276,233,412	\$ 291,579,713	\$ 306,926,013	\$ 322,272,314	\$ 337,618,615
Actual	5.23%	263,019,602	277,631,802	292,244,002	306,856,203	321,468,403
+0.25%	5.48%	251,012,263	264,957,389	278,902,514	292,847,640	306,792,766

As at December 31, 2016:

		-10%	-5%	As reported	+5%	+10%
FX Rate		1.2084	1.2756	1.3427	1.4098	1.4770
Cap rate						
-0.25%	5.09%	\$ 260,344,634	\$ 274,808,225	\$ 289,271,816	\$ 303,735,407	\$ 318,198,997
Actual rate	5.34%	248,150,916	261,937,078	275,723,240	289,509,402	303,295,564
+0.25%	5.59%	237,048,323	250,217,675	263,387,026	276,556,377	289,725,729

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise indicated)

Year ended December 31, 2017

5. Property held for development and resale:

On February 13, 2015, the Trust acquired Fort Lawton ("Fort Lawton"), a property consisting of 26 residential units located in Seattle, Washington, for a purchase price of \$13,072,000 (US\$10,500,000) plus standard closing costs and adjustments of approximately \$861,000 (US\$692,000). The property was acquired with the intention to renovate and sell the units.

During 2017, 6 units were completed and sold (2016 - 13 units were sold). The sales price of one unit was settled partially by cash and partially by a loan receivable of \$1,756,300 (US\$1,400,000) entered into by the third-party purchaser. The loan receivable bears interest at 6% per annum, and is due in full on July 13, 2018, and is secured on the property.

At December 31, 2017, three units remain in property held for development and resale. As the remaining units are expected to be sold within a year, they are presented as current assets in the consolidated statement of financial position.

On October 24, 2016, a duplex containing two of the remaining three homes held for sale were damaged by a fire which occurred during renovation work. In fiscal year 2016, an impairment loss of \$1,949,961 was recorded, due to the damage caused by the fire. The Trust made a claim under the insurance policy held on these homes and recorded other income receivable as of December 31, 2016, for the expected insurance proceeds, of \$1,949,961. In 2017 the Trust received insurance proceeds totaling \$326,850 in excess of the other income receivable recorded in 2016. This excess was recorded as an additional gain from insurance claim coverage on the statement of income.

During 2017, interest expense of \$200,963 was capitalized to the Fort Lawton property being developed for resale (2016 - \$530,450).

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6. Mortgages payable:

	Nominal Interest rate	Year of maturity	December 31 2017	December 31 2016
<i>Mortgages on investment properties</i>				
Bentley House (a)	3.19%	2019	\$ 15,107,338	\$ 16,515,159
Station Nine (b)	3.98%	2021	15,304,900	16,380,940
Station at Mill Creek (c)	n/a	2025	-	7,227,836
Northline (d)	4.30%	2024	13,086,435	14,098,350
Borgata (e)	3.68%	2021	16,909,925	18,126,450
Starboard (f)	4.06%	2019	5,018,000	17,455,100
Woodcreek (g)	4.08%	2022	28,709,233	30,727,690
Artesia by the Lake (h)	4.06%	2024	32,930,625	35,245,875
Citywalk (i)	3.57%	2025	21,934,933	-
Total mortgages on investment properties			149,001,389	155,777,400
<i>Mortgages on properties held for development and resale</i>				
Fort Lawton – Land (j)	n/a	2017	-	2,674,323
Fort Lawton – Construction (j)	n/a	2017	-	7,596,709
			-	10,271,032
Total mortgages principal payable			149,001,389	166,048,432
Less: Unamortized mortgage transaction costs			994,598	1,241,428
			\$ 148,006,791	\$ 164,807,004

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6. Mortgages payable (continued):

- (a) Bentley House bears interest at fixed a rate of 3.19%. Monthly interest only payments were required until November 1, 2015, after which principal and interest payments are required for the remainder of the term. The term expires in 2019.
- (b) Station Nine bears interest at a fixed rate of 3.98%. Monthly interest only payments are required until May 1, 2021 when the term expires.
- (c) Station at Mill Creek was sold on July 27, 2017, and the remaining mortgage balance was settled at the time of closing.
- (d) Northline bears interest at a fixed rate of 4.30%. Monthly interest only payments are required until August 1, 2017, after which principal and interest payments are required for the remainder of the term. The term expires in 2024.
- (e) Borgata bears interest at a fixed rate of 3.68%. Monthly interest only payments are required until December 1, 2017, after which principal and interest payments are required for the remainder of the term. The term expires in 2021.
- (f) The Trust refinanced Starboard in 2016 into a line of credit with HomeStreet Bank. The maximum facility is \$17,455,100 (US\$13,000,000). As of December 31, 2017, The Trust drew on \$5,018,100 (\$4,000,000 USD) of the credit facility. The loan bears interest at 2.50% above the one month USD LIBOR rate (December 31, 2017 at 1.56%). Monthly only interest payments are required until September 1, 2019 when the term expires.
- (g) The mortgage on Woodcreek bears interest at a fixed rate of 4.08%. Monthly interest only payments are required until December 1, 2022, when the term expires.
- (h) The mortgage on Artesia by the Lake bears interest at a fixed rate of 4.06%. Monthly interest only payments are required until February 1, 2019, after which principal and interest payments are required for the remainder of the term. The term expires in 2024.
- (i) The mortgage entered into upon purchase (December 20, 2017) of Citywalk bears interest at a variable rate of 2.01% above the one month USD LIBOR rate (December 31, 2017 at 1.56%). Monthly only interest payments are required until January 1, 2021, after which principal and interest payments are required for the remainder of the term. The term expires in 2025.
- (j) Both the mortgage on the Fort Lawton land and the construction loan were fully repaid in 2017.

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6. Mortgages payable (continued):

The mortgages are secured by a first charge on the Trust's investment properties and a guarantee by a subsidiary of the Trust.

Principal repayments, as of December 31, 2017, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

	CAD	USD
2018	\$ 909,854	\$ 725,272
2019	20,901,810	16,661,467
2020	1,195,282	952,796
2021	32,570,171	25,962,671
2022	30,074,173	23,973,036
Thereafter	63,350,099	50,498,285
	\$ 149,001,389	\$ 118,773,527

7. Income taxes:

(a) Income tax expense (recovery) in respect of the Canadian and US corporate subsidiaries of the Trust comprises current and deferred tax. Total income tax expense (recovery) consists of the following:

	2017	2016
Current income tax expense	\$ 2,470,779	\$ 1,007
Deferred income tax expense (recovery)	(4,735,356)	10,217,553
	\$ (2,264,577)	\$ 10,218,560

The Trust has not recognized deferred tax liabilities in respect of historical unremitted earnings of foreign subsidiaries for which it is able to control the timing of the remittance and which are considered reinvested for the foreseeable future. At December 31, 2017, these earnings and appreciation totaled \$63,544,339 (2016 – \$48,417,369). These earnings and appreciation would be subject to withholding taxes if they were remitted by the foreign subsidiaries.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
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7. Income taxes (continued):

- (b) Income tax expense differs from the amount that would be computed by applying the US domestic income tax rates of 35% (2016 - 35%) to earnings before income taxes as a result of the following:

	2017	2016
Income tax at US statutory rate of 35% (2016: 35%)	\$ 5,530,233	\$ 9,439,283
Permanent differences	1,923,698	775,432
Temporary differences and other	(4,983,152)	3,845
Change in substantively enacted tax legislation	(4,735,356)	-
Income tax expense (recovery)	\$ (2,264,577)	\$ 10,218,560

On December 22, 2017, the United States signed into law the Tax Cuts and Jobs Act ("U.S. Tax Reform"). The U.S. Tax Reform reduces the U.S. federal corporate income tax rate from 35% to 21% effective as of January 1, 2018.

- (c) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and future tax liabilities are presented below:

	2017	2016
Deferred tax assets:		
Non-capital losses carry forwards	\$ -	\$ -
Deferred tax liabilities:		
Investment properties	11,795,038	20,873,169
	\$ 11,795,038	\$ 20,873,169

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Year ended December 31, 2017

8. Redeemable Class F and Class A units: representing net assets attributable to holders of redeemable units:

(a) Units:

Under the terms of the declaration of Trust, on January 24, 2012 the settlor of the Trust contributed the sum of \$10 to the Trust in order to constitute and settle the Trust. No units were exchanged for the contribution.

Effective on September 1, 2016, the Trust re-designated its then existing class of trust units as Class F Units and created an additional class of Class A Units (collectively the "Units").

Since existing trust units were re-designated as Class F Units on a one-for-one basis, any unit transactions that occurred prior to September 1, 2016 have been represented as Class F Units for comparative purposes.

Net income attributed to units on re-designation on September 1, 2016 was derived from the June 30, 2016 interim financial statements.

Year ended December 31, 2016	Unitholders Of the Trust	Non-controlling interest	Total
Net income reported pre re-designation	\$ 9,652,442	\$ 777,665	\$ 10,430,107
Net income reported post re-designation	5,869,115	451,598	6,320,713
Total net income	\$ 15,521,557	\$ 1,229,263	\$ 16,750,820

(b) Distributions:

Net income is allocated between the Trust and non-controlling interest based on the weighted daily average capital outstanding during the period.

Each Class F unitholder is entitled to participate equally with respect to any and all distributions of net income and net realized capital gains subject to an adjustment in each unit's proportionate share as a result of the date of the first issue of a trust unit in the first fiscal year of the Trust.

Each Class A unitholder is entitled to the same proportionate share of discretionary distributions from the Trust as holders of the Class F Units, less an adjustment to reflect the additional Management Fee (note 10).

On termination, the unitholders of record are entitled to receive all the assets of the Trust remaining after payment of all debts, liabilities, and liquidation expenses of the Trust.

The Trust paid distributions of \$5,496,279 (2016 - \$4,195,395) to unitholders during the year.

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
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Year ended December 31, 2017

8. Redeemable Class F and Class A units: representing net assets attributable to holders of redeemable units (continued):

Distributions per unit consisted of the following:

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Distributions per unit				
Class F	\$ 0.205	\$ 0.220	\$ 0.220	\$ 0.220
Class A	0.192	0.194	0.196	0.189

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Distributions per unit				
Class F	\$ 0.205	\$ 0.205	\$ 0.205	\$ 0.205
Class A	-	-	0.205	0.176

Prior to the designation of Trust units to Class F and creation of Class A units, all distributions from the Trust were determined to be distributions from equity. Commencing after September 1, 2016, all distributions for Class F and Class A units were classified as finance expense.

Year ended December 31:

	Class F units		Class A units		Total	
	2017	2016	2017	2016	2017	2016
Finance expense	\$ 5,320,840	\$ 2,213,904	\$175,439	\$ 1,617	\$ 5,496,279	2,215,521
Equity distribution	-	1,979,874	-	-	-	1,979,874
	\$ 5,320,840	\$ 4,193,778	\$175,439	\$ 1,617	\$ 5,496,279	4,195,395

RISE PROPERTIES TRUST

Notes to the Consolidated Financial Statements
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9. Non-controlling interests:

The non-controlling interests represent those of general partners ("the General Partners") of certain of the Trust's subsidiaries.

Set out below are the significant subsidiaries of the Trust and the Trust's % interest in each entity at December 31, 2017. The remaining interest of the subsidiaries is held by the non-controlling interests:

	Place of business	Ownership interest
Rise Properties Limited Partnership	Canada	94.02%
Rise Properties Canada Ltd.	Canada	94.02%
Rise Properties US Holdings Inc.	US	94.02%
Rise Properties US Inc.	US	94.02%
Rise Properties Master Limited Partnership	US	93.92%
Rise Properties (Bentley House) Limited Partnership	US	93.92%
Rise Properties (Station Nine) Limited Partnership	US	93.92%
Rise Properties (Surrey Park) Limited Partnership	US	93.92%
Rise Properties (Woodland Pointe) Limited Partnership	US	93.92%
Rise Properties (Borgata) Limited Partnership	US	93.92%
Rise Properties (Fort Lawton) Limited Partnership	US	93.92%
Rise Properties (Fort Lawton Condos) Limited Partnership	US	93.92%
Rise Properties (Juanita Beach) Limited Partnership	US	93.92%
Rise Properties (Starboard Condos) Limited Partnership	US	93.92%
Rise Properties (Woodcreek) Limited Partnership	US	93.92%
Rise Properties (Artesia) Limited Partnership	US	93.92%

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9. Non-controlling interests (continued):

The unitholders of the Trust receive a preferred, pre-tax return equal to 8% per annum (2016 - 8% per annum) on contributed capital, and once this hurdle has been met, the non-controlling interests will be entitled to a return equal to 20% of the return in excess of 8%. The remaining 80% of the excess return will be allocated to unitholders. Only after unitholders achieve their minimum 8% return in cash will any portion of the non-controlling interests' return be paid in cash. The portion of the non-controlling interests' return not able to be paid in cash will automatically result in an increased allocation of equity of the same amount in the Trust's subsidiaries, to the non-controlling interests.

The non-controlling interests' return will be calculated and accrued in accordance with the Rise Properties Limited Partnership Agreement, as amended, on a quarterly basis and awarded annually. The amount of the return awarded at December 31, 2017 was \$189,934 (2016 - \$3,611,303) which was all settled through an increase in equity of the non-controlling interest. On August 31, 2017 Rise Properties Limited Partnership declared a special distribution to its non-controlling interest for \$2,500,000 which reduced the non-controlling interest's ownership in the Limited Partnership.

10. Related party transactions and balances:

The Trust and its subsidiaries may employ or retain related parties to provide goods or services, provided that the cost of such goods or services are competitive with the cost of similar goods or services provided by an independent third party.

The fees outlined in the table below, and as defined in the Trust's Offering Memoranda, may be paid directly to the General Partner or to related parties of the General Partner, pursuant to agreements between the Trust and its subsidiaries and the General Partner and its subsidiaries and related parties:

Fee	Details
Asset management fee	Class F: 1.0% per annum of the consolidated Net Asset Value of Rise Properties Limited Partnership Class A: 2.0% per annum of the consolidated Net Asset Value of Rise Properties Limited Partnership
Acquisition fee	1.0% of the gross purchase price of an investment property or a property to be developed and held for resale
Property management fee	3% per annum of the gross rental revenue from managed investment properties of the Trust
Repositioning fee	5% of repositioning costs, which are defined as costs incurred in updating, renovating, repairing, replacing and refurbishing a property upon acquisition in order to reposition it in its surrounding market

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10. Related party transactions and balances(continued):

Fee	Details
Development management fee	5% of all costs of a Conversion (defined as the redevelopment, repair, renovation and conversion into condominiums or other subdivided or undivided interest in one or more of the properties and the marketing and sale of such condominium or other subdivided or undivided interests), including the fair value of the property at the commencement of Conversion
Developer conversion profit	35% of the net profits from a Conversion, calculated as if the property were acquired at its fair value as at the commencement of its Conversion

- (a) The General Partners of certain subsidiaries of the Trust provide asset management services to the Trust. The Trust was charged the following for these services during the period:

	2017	2016
Acquisition fees	\$ 351,677	\$ 536,874
Asset Management fees	1,206,057	898,194
Repositioning fees	271,973	173,965
Developer Management fees	393,269	1,182,181
Developer Conversion profit (refund)	(194,993)	2,583,506

- (b) An entity related by virtue of common ownership with the Trustee of the Trust, provides property management and construction management services to the Trust. The Trust was charged the following fees for these services during the period:

	2017	2016
Property management fees	\$ 646,713	\$ 525,250

Acquisition fees, repositioning fees and development management fees have been capitalized to the properties to which the fees relate. Asset management fees are recorded in administration and other expenses. Property management fees are recorded in property expenses. Developer conversion profit is recognized in cost of property sold at the time that the property sale is recorded.

- (c) As of December 31, 2017, there were no receivables or payables within the balance sheet, from or to related parties.

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11. Fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement.

Assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements are classified based on a three-level hierarchy that reflects the significance of the inputs used when determining the fair value as follows:

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2 - determined by using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 - determined using inputs that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investment properties are the only assets measured at fair value by the Trust. These are classified as a Level 3 investment. The Trust does not have any liabilities designated as fair value through profit or loss.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

	December 31, 2017		December 31, 2016	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Cash	\$ 9,560,288	\$ 9,560,288	\$ 12,321,953	\$ 12,321,953
Mortgage reserve fund	1,499,170	1,499,170	1,277,674	1,277,674
Accounts receivable and prepaid expenses	2,319,634	2,319,634	2,769,379	2,769,379
Subscriptions receivable	1,095,044	1,095,044	1,994,179	1,994,179
Accounts payable and accrued liabilities	2,218,597	2,218,597	5,009,460	5,009,460
Mortgages payable	149,001,389	149,267,299	166,048,432	166,555,107
Net assets attributable to holders of redeemable units	134,099,858	134,099,858	95,421,666	95,421,666

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11. Fair value (continued):

The valuation techniques and inputs for the Trust's financial instruments are as follows:

(i) Other assets and other liabilities

The carrying values of financial assets and financial liabilities not measured at fair values, such as cash, mortgage reserve funds, accounts receivable, subscriptions receivable, and accounts payable and other liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(ii) Mortgages payable

The fair values of the mortgages payable have been calculated based on discounted future cash flows using discount rates that reflect current market conditions for instruments having similar terms and conditions and therefore are classified as Level 2 in the fair value hierarchy.

(iii) Net assets attributable to holders of redeemable units

Effective September 1, 2016, Class A units and Class F units were reclassified as liabilities. Upon reclassification of the units as liability, the Trust measured the Class A and Class F units initially at fair value; subsequently, the Class A and Class F units are measured at amortized cost using the effective interest rate method.

The Trust routinely redeems and issues redeemable units at the amounts equal to the proportionate share of net assets of the Trust at the time of redemption, calculated on a basis consistent with that used in the financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

There were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2017. The Class A and Class F units are classified as a Level 2 investment.

RISE PROPERTIES TRUST

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12. Capital management:

The Trust defines capital as the aggregate of non-controlling interest, accumulated other comprehensive income, mortgages payable and net assets attributable to unitholders. The term "long-term debt" means any financial liabilities of the Trust beyond one year from the balance sheet date. The Trust's objective in managing capital is to maintain a level of capital that complies with investment and debt restrictions pursuant to the Trust Declaration. The Trust's capital structure is approved by its Trustee through its periodic reviews. Capital adequacy is monitored by the Trust by assessing performance against the approved annual plan throughout the year and by monitoring adherence to investment and debt restrictions contained in the Declaration and debt covenants.

The Trust Declaration allows the Trustee, at its discretion, to distribute to the Trust's unitholders in each year all or a portion of the Trust's income for the year, as calculated in accordance with the Income Tax Act after all permitted deductions under the Act have been taken. The Trustee also reviews the cash distribution paid to unitholders on a regular basis.

The Trust is in compliance with all investment and debt restrictions pursuant to the Trust Declaration for the period ended December 31, 2017.

Under the terms of the mortgages payable, a subsidiary of the Trust, as guarantor of the mortgages payable, is required to maintain a net worth of \$25,090,000 (US\$20,000,000) and liquid assets of \$3,293,063 (US\$2,625,000). On December 31, 2017, the subsidiary had a net worth of \$159,885,634 (US\$127,449,686) and liquid assets of \$4,072,599 (US\$3,246,394).

The capital structure of the Trust consisted of the following:

	2017	2016
Non-controlling interests	\$ 8,806,327	\$ 10,360,237
Accumulated other comprehensive income	4,258,875	12,481,488
Mortgages payable	148,006,791	164,807,004
Net assets attributable to unitholders	134,099,858	95,421,666
	<u>\$ 295,171,851</u>	<u>\$ 283,920,395</u>

RISE PROPERTIES TRUST

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Year ended December 31, 2017

13. Risk management:

In the normal course of business, the Trust is exposed to a number of risks from its use of financial instruments. These risks, and the actions taken to manage them, are as follows:

(a) Credit risk and economic dependence:

The Trust's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The Trust is exposed to credit risk in the event of non-payment of rent and recoveries by its tenants. This risk is mitigated by obtaining advance deposits and initiating a prompt collection process. The amount of rent receivables at December 31, 2017 was \$41,617 (2016 - \$113,577), of which \$12,551 (2016 - \$59,341) was past due. Subscriptions receivable outstanding do not present a significant credit risk, as all funds are received within a few days after their trade date. All subscriptions receivable were received by the Trust subsequent to December 31, 2017.

(b) Interest rate risk:

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

Some of the Trust's mortgages payable bear interest at a floating rate based on LIBOR or Prime Rates. The impact of a 1.0% change in the LIBOR or Prime rate will increase or decrease the Trust's interest expense or income by \$270,000 annually, based on the outstanding balance of the mortgages payable as at December 31, 2017.

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13. Risk management (continued):

(c) Currency risk:

The Trust's reporting currency is in Canadian dollars, but the underlying investment in the Properties is denominated in US dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in US dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to US dollars. Accordingly, the Trust is subject to currency exchange rate risk.

A reasonably possible strengthening or weakening of the Canadian dollar against the US dollar at December 31, 2017 would have affected the measurement of US dollar denominated balances and increased (decreased) comprehensive income and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Comprehensive Income (Loss)	
	Strengthening +10%	Weakening -10%
December 31, 2017	\$ (14,520,000)	\$ 14,520,000
December 31, 2016	(11,498,000)	11,498,000

There would be minimal impact on net income as the Trust's functional currency is US dollars and the majority of its assets and liabilities are denominated in US dollars, thus the foreign exchange difference arises primarily upon translation for presentation purposes.

(d) Liquidity risk:

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate a real property investment, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

RISE PROPERTIES TRUST

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13. Risk management (continued):

(d) Liquidity risk (continued):

The Trust diligently monitors the repayment dates of its mortgages and intends to refinance all mortgages as they become due. The mortgage due dates represent a weighted average remaining term of 4.9 years.

The Trust's scheduled payments are:

Year ended December 31,	Accounts payable and other	Mortgage payments (principal, interest and maturities)	Total
2018	\$ 2,410,916	\$ 6,723,638	\$ 9,134,554
2019	-	26,568,226	26,568,226
2020	-	6,254,991	6,254,991
2021	-	22,210,037	22,210,037
2022	-	34,423,992	34,423,992
Thereafter	-	82,526,062	82,526,062
	\$ 2,410,916	\$ 178,706,946	\$ 181,117,862

RISE PROPERTIES TRUST

Supplementary disclosure: unitholders' equity reconciliation – Unaudited

Year ended December 31, 2017

14. Supplementary disclosure – unitholders' equity reconciliation:

The following provides supplementary information prepared by management to show a reconciliation of unitholders' equity and net asset value per unit.

The net asset value and net asset value per unit have been calculated in accordance with the Rise Properties Limited Partnership Agreement.

The supplementary information in this note has been prepared by management and is unaudited:

(unaudited)	2017	2016
Total equity ^(a)	\$ 13,065,202	\$ 22,841,725
Less:		
Allowance for transaction costs ^(b)	8,767,320	8,271,697
Mortgages payable adjustment ^(c)	994,598	1,241,428
GST liability of GP interest ^(d)	437,149	-
Non-controlling interest and initial trust contribution	8,806,337	10,360,247
	19,005,404	19,873,372
Add:		
Carrying Value of Class F and Class A Units ^(e)	134,099,858	95,421,666
Deferred income taxes transaction costs ^(f)	1,841,100	2,812,300
Increase in inventory value for implied sale ^(g)	250,611	628,150
	136,191,569	98,862,116
Net asset value	\$ 130,251,367	\$ 101,830,469
Units outstanding	7,190,370	5,866,805
Net asset value unit	18.1147	17.3571

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14. Supplementary disclosure – unitholders' equity reconciliation (continued):

- (a) Unitholders equity per the financial statements is prepared in accordance with IFRS.
- (b) The appraised value of the investment properties assumes no transaction costs on disposition of the properties. Management believes that if the investment properties were sold a disposition cost of approximately 3% of the appraised value of the properties would be incurred. As such, a reserve has been taken for this amount.
- (c) The mortgages payable balance per the financial statement includes amounts that reduce the actual payable amount for mortgages payable, in compliance with IFRS. This adjustment increases the mortgages payable balance to that which would be required to actually be paid on disposition of the investment properties.
- (d) As of September 8, 2017 the Canadian Revenue Agency issued new guidance that certain limited partnership distributions may now be subject to additional GST/HST where they were paid or became payable to general partners. As the Trust would be subject to this new guidance, an additional liability equal to 5% of the Trust's non-controlling interest has been added to the Net Asset Value calculation.
- (e) Effective on September 1, 2016, the Trust re-designated its then existing class of trust units as Class F Units and created additional classes of Class A Units. These two unit classes were designated as liabilities for presentation purposes. This adjustment adds these values back as they are the carrying value of each unitholders investment.
- (f) As Management has reduced the fair value of the investment properties to reflect a 3% transaction cost on disposition, deferred income taxes have been reduced by a proportionate amount, which is 3% of the appraised value of the investment properties multiplied by the applicable tax rate in effect.
- (g) As of December 31, 2017, a nonrefundable deposit has been paid for the sale of a property held as inventory. As such, the sale is considered reasonably assured and an increase in fair value for the property to be sold has been included for the calculation of net asset value.

**ITEM 13
DATE AND CERTIFICATE**

Dated “April 13, 2018”

This Offering Memorandum does not contain a misrepresentation.

**RISE PROPERTIES TRUST, by its
trustee, Rise Properties Services Ltd.**

“David Kirzinger”
Director and Acting Chief Executive Officer

“Jason Daviss”
Director and Acting Chief Financial Officer

On behalf of the Board of Directors

“Robert McCarthy”
Director

“Kari Anderson”
Director

Trustee and Promoter

Rise Properties Services Ltd.

“Robert McCarthy”
Director

“Kari Anderson”
Director