

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



**ALL ISLAND EQUITY REIT**

**Date:** March 15, 2021

**The Issuer**

**Name:** All Island Equity REIT (the “Trust”)

**Head office:** 450A Wentworth Street, Nanaimo, British Columbia V9R 3E1  
Phone #: 778-350-7348  
E-mail address: info@allislandequityreit.com

**Currently listed or quoted?** No. **These securities do not trade on any exchange or market.**

**Reporting issuer?** No.

**SEDAR filer?** Yes, but only as required pursuant to section 2.9 of National Instrument 45-106 – *Prospectus Exemptions*. The Trust is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

**The Offering**

**Securities offered:** Class A Units and Class F Units of the Trust (each, a “Unit” and together, the “Units”). Each class shall have the attributes and characteristics as set under Item 5.1 - “Securities Offered – Terms of Units”. Class F Units are available for managed accounts (as defined herein).

**Price per security:** The price per security is determined by AIE Services Inc. (the “Trustee”), the trustee of the Trust, from time to time and will be set forth in the subscription agreement(s) entered into between the Subscribers and the Trust.

**Minimum/Maximum offering:** **There is no minimum or maximum to this offering. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

**Minimum Subscription:** First time Subscribers must make a minimum investment of \$10,000 in any Class of Units, subject to the discretion of the Trustee. Existing Unitholders must make a minimum investment of \$2,500 in any Class of Units and maintain a minimum of \$10,000 in Unit subscriptions, subject to the discretion of the Trustee.

**Payment terms:** A certified cheque or wire transfer on closing payable to Integral Wealth Securities Limited (the “Agent”).

**Proposed closing date(s):** Closings will occur from time to time at such times as agreed upon by the Trustee and the Agent. The Trustee may terminate the Offering at any time.

**Income tax consequences:** There are important tax consequences to these securities. See Item 6 - “Summary of Income Tax Consequences and Eligibility.”

**Selling Agent?** Yes. The Agent will act as selling agent in connection with the Offering. See Item 7 - “Compensation Paid to Sellers and Finders”.

**Resale restrictions:** You will be restricted from selling your securities for an indefinite period. See Item 10 - “Resale Restrictions”. However, the Units are redeemable in certain circumstances. The Trust may also retract Units from time to time. See Item 5.1 - “Securities Offered – Terms of Units”.

**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 - “Purchasers’ Rights”.

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

The Trust conditionally offers the Units for sale by way of private placement to qualified investors who are residents of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario and in such other jurisdictions where it may be permitted to do so. Subscriptions will be received if, as and when accepted, subject to 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 agreed upon by the Trustee and the Agent. See 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 Subscribers 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 provided by the Trust, and no other information or representations have been authorized nor may be relied upon as having been authorized by the Trust, and no person has been authorized by the Trust to provide prospective investors with information other than as contained in this Offering Memorandum. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person.

**This is a primarily blind pool Offering. The Trust expects that the available net proceeds of the Offering will be applied by the Trust to indirectly acquire additional properties, however, except as otherwise described herein, the specific additional properties in which the Trust may indirectly invest have not yet been determined. Further, a portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may also be used to pay: (a) down mortgage financing on a specific property or group of properties; (b) capital expenditure on a specific property or properties; (c) infill development projects; and (d) due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to acquisitions.**

#### **Industry and Market Data**

Unless otherwise indicated, the Trust obtained the industry and market data used throughout this Offering Memorandum from surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While the Trust believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Trust has not independently verified such data, does not make any representations as to the accuracy of such information, and is not responsible for the accuracy of any of the data from third party sources referred to in this Offering Memorandum.

#### **Forward-Looking Statements**

This Offering Memorandum, and any marketing materials (as defined herein) incorporated by reference, may contain forward-looking statements. These statements relate to future events or the Trust's views or predictions of possible future performance, operations, and its strategy. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology, including by way of example and without limiting the generality of the foregoing, statements with respect to future performance of the Properties. These statements are based on reasonable 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 are only predictions. Even though the Trust

believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements or information will prove to be accurate. In addition, this Offering Memorandum, and any marketing materials incorporated by reference, may contain forward-looking statements attributed to third party industry sources.

Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward-looking statements include, but are not limited to, general economic, political, market and business factors and conditions; the ability of the Trust to raise capital, interest rates fluctuations; statutory and regulatory developments; ability to obtain financing; increased competition; loss of key employees; additional funding requirements; catastrophic events; and other factors, including acts of war, terrorism, natural disasters or pandemics or epidemics, such as COVID-19, and the severity and duration thereof. The foregoing factors are not intended to represent a complete list of the factors that could affect the Trust. Additional factors are noted under Item 8 - "Risk Factors".

The forward-looking statements contained in this Offering Memorandum, and any marketing materials incorporated by reference, are expressly qualified by this cautionary statement. The forward-looking statements are made as of the date of this Offering Memorandum. Except as otherwise required by applicable law, the Trust does not intend to, and assumes no obligation to, update or revise these or other forward-looking statements it may provide, whether as a result of new information, plans or events or otherwise.

#### **Currency**

All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

#### **Documents Incorporated by Reference**

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

- (a) the marketing materials, including the most recent annual net asset value calculation letter and quarterly report prepared prior to the date of this Offering Memorandum and the investor presentation dated March 15, 2021 (collectively, the "**marketing materials**"), as applicable, related to this Offering and 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.

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## 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 used in this Summary and not defined herein have the meaning given to them in the Glossary.*

### **Business of the Trust**

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

The Trust has been established to issue Units, acquire LP Units, 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 LP Units, the Trust will indirectly acquire, hold, manage, and operate a diversified portfolio of revenue-producing real estate properties in the Trust Region.

### **Business of the Limited Partnership:**

The Trust and AIE Management Inc. (the “**General Partner**”), which also acts as the administrator of the Trust, established the Limited Partnership pursuant to the laws of the Province of British Columbia to, among other things:

- (a) directly or indirectly acquire, own, hold, manage, lease, operate, improve and sell commercial and residential real estate properties, including existing revenue-producing properties and properties developed by the Trust to be held as income-producing real estate for long-term investment, in the Trust Region, or any direct or indirect interests therein, which may include a direct or indirect interest in the properties; and
- (b) conduct any other business or activity incidental, ancillary or related thereto.

### **Offering:**

There is no minimum or maximum to this 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. The Trustee may terminate the Offering at any time. See Item 5.2 - “Subscription Procedure”.

### **Subscription Procedure:**

Subscribers may subscribe for Units by returning to the Agent, the Trustee, or as the Trustee may direct, as applicable, a completed Subscription Agreement, together with payment by way of certified cheque or wire transfer in the amount of the aggregate Subscription Price for the Subscriber’s Units payable to the Agent. A Subscriber whose subscription is accepted by the Trustee will become a Unitholder. See Item 5.2 - “Subscription Procedure”.

### **Subscription Price:**

The price per security is determined by the Trustee from time to time and will be set forth in the subscription agreement(s) entered into between the Subscribers and the Trust.

### **Minimum Subscription:**

First time Subscribers must make a minimum investment of \$10,000 in any Class of Units, subject to the discretion of the Trustee. Existing Unitholders must make a minimum investment of \$2,500 in any Class of Units and maintain a minimum of \$10,000 in Unit subscriptions, subject to the discretion of the Trustee. See Item 5.2 - “Subscription Procedure”.

**Selling Agent:**

The Agent will act as selling agent in connection with the Offering. Pursuant to the Agent Engagement Letter, the Trust has agreed to pay the Agent: (i) a fee equal to 3.0% of the aggregate gross proceeds from the Offering at each closing thereof; (ii) an annual trailer fee of up to 1.0% of the Net Asset Value of the Class A Units, in aggregate, on each Distribution Record Date, payable in any manner determined by the Trustee, in its discretion, including by way of a reduction in the distributions otherwise payable to the affected Class A Unitholders; and (iii) the Agent's reasonable expenses related to the Offering, and the Agent's legal counsel fees (including all fees, disbursements and any applicable taxes and levies), provided that the Agent's legal counsel fees for which the Trust would be responsible for shall not exceed \$15,000, plus disbursements and any applicable taxes and levies. See Item 2.7 – "Material Agreements – The Agent Engagement Letter" and Item 7 - "Compensation Paid to Sellers and Finders".

**Use of Proceeds:**

The Net Subscription Proceeds, together with Reimbursable Costs, will be used by the Trust primarily to invest in the acquisition of LP Units. The Units are redeemable in accordance with the provisions of the Trust Declaration. In the event that the Trust is required to redeem Units, a portion of the available funds may be used to satisfy any such redemptions.

The Limited Partnership will use the proceeds from the issuance of LP Units to the Trust to purchase additional properties. A portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may also be used to pay: (i) down mortgage financing on a specific property or properties; (ii) capital expenditure on a specific property or properties; (iii) infill development projects; and (iv) due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to such acquisitions or properties. The specific additional properties in which the Trust may indirectly invest have not yet been determined.

Pending investment in LP Units, the Net Subscription Proceeds, together with Reimbursable Costs, may be invested in Permitted Investments. The Trustee will use its best efforts to make suitable investments of the Net Subscription Proceeds, and Reimbursable Costs, as soon as possible following each Closing.

**Distributions by the Trust:**

The Trust will distribute to each Unitholder amounts which it receives from the Limited Partnership as distributions in respect of the LP Units held by the Trust, less all costs and expenses of the Trust for the distribution period and all amounts that relate to the redemption of Units. Subject to the foregoing, the Trust intends to make quarterly distributions to Unitholders of record on the last Business Day of each quarter. Distributions will be paid within a reasonable period of time following the end of each quarter for which a distribution is declared. The Trust may also make additional distributions in excess of quarterly distributions during the year, as the Trustee may determine from time to time.

Each distribution declared pursuant to the Trust Declaration constitutes a binding obligation of the Trust on the date so declared. Consequently, a Unitholder will have the legal right to enforce payment on the Distribution Payment Date or December 31, as the case may be, of any amount payable to such Unitholder as a result of any distribution declared or otherwise made payable pursuant to the Trust Declaration on the applicable Distribution Record Date or the applicable December 31, as the case may be, to, and not yet received by, such Unitholder.

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

If, on a Distribution Payment Date, the Trust does not have cash in an amount sufficient to pay the cash distribution to be made on such Distribution Payment Date, the Trustee may, in its discretion, borrow sufficient funds on such terms as it deems appropriate to make such cash distributions. In the event that the Trustee is unable to, or determines that it is not in the best interests of, the Trust and the Unitholders to borrow funds in order to make a distribution wholly in cash, the distribution payable to the Unitholders on such Distribution Payment Date will, to the extent necessary to ensure that the Trust does not have an income tax liability under Part I of the Tax Act, be distributed to holders of Units in the form of additional Units, and will include a distribution of additional Units (at the Net Asset Value per Unit), in compliance with securities laws, having a value equal to the cash shortfall.

**Redemption:**

Units will be redeemable at the request of the Unitholders, subject to applicable laws and certain other conditions set out in the Trust Declaration. The Trust Declaration includes quarterly limits and annual limits on cash payments for redemptions. If conditions preclude the payment of redemptions in cash, redemptions may be paid in-kind through the issuance of debt securities or other securities. Unitholders requesting redemptions must comply with the provisions of the Trust Declaration. See Item 2.7 – “Material Agreements – Trust Declaration – Redemption – Right of Redemption by Unitholders”.

Any cash payment by the Trust of the Redemption Price of Units will reduce Distributable Cash Flow. In addition, redemptions paid in-kind through the issuance of debt securities or other securities will generally not be qualified investments or may be prohibited investments for Deferred Plans. See Item 8 “Risk Factors”.

**Retraction:**

The Trust has the right to retract Units from Unitholders. See Item 2.7 – “Material Agreements – Trust Declaration – Retraction – Trust’s Right of Retraction”.

**Closing:**

This is a continuous offering. Closings will occur from time to time at such times as the Trustee may determine.

**Management Agreement:**

The Manager has agreed to provide certain services to the Limited Partnership in connection with: (i) the issuance of the LP Units, (ii) the acquisition, ownership and operation of the Properties, and (iii) the business of the Limited Partnership.

In consideration for the provision of the services provided by the Manager, the Limited Partnership will pay to the Manager the Asset Management Fee and the Acquisition Fee. See Item 2.7 - “Material Agreements – Management Agreement”.

**Administration Agreement:**

In consideration for an annual payment of \$10.00 and the reimbursement of costs and expenses of the Manager, the Manager has agreed to provide general administrative services to the Trust in connection with the Trust’s business, including establishing and maintaining back accounts, receiving distributions on the LP Units and processing distributions to Unitholders, establishing legal and accounting systems, receiving and delivering notices, structuring the terms and conditions of the Units, overseeing the sale of Units, responding to Unitholder inquiries, delivering tax statements, preparing financial reports, etc. See Item 2.7 - “Material Agreements – Administration Agreement”.

<b>Cost Sharing Agreement</b>	Pursuant to the Cost Sharing and Recovery Agreement, the Limited Partnership agreed to pay all costs and expenses in respect of this Offering and the distribution of LP Units, including sales fees and expenses and the costs of legal, accounting and audit services, tax advice, printing, travel and filings. See Item 2.7 - “Material Agreements – Cost Sharing and Recovery Agreement”.
<b>Distribution on Termination of Trust:</b>	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. See Item 2.7 – “Material Agreements – Trust Declaration – Termination of the Trust”.
<b>Residency Requirement:</b>	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 then outstanding. Additionally, at no time shall non-residents hold or beneficially own, directly or indirectly, Units or any other rights or options, including convertible debentures or other securities that may entitle them (conditionally or otherwise) 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. See Item 2.7 – “Material Agreements – Trust Declaration – Constraint on Non-Resident Unitholders”.
<b>Eligibility for Investment:</b>	The Trust intends to continue to qualify as a “mutual fund trust” as defined in the Tax Act. Provided that the Trust is a mutual fund trust, the Units will be a qualified investment for Deferred Plans. See Item 6 - “Summary of Income Tax Consequences and Eligibility”.
<b>Taxation of the Trust and Unitholders:</b>	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. 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. Subscribers should consult their own professional advisers to obtain advice on the income tax consequences that apply to them. See Item 6 - “Summary of Income Tax Consequences and Eligibility”.
<b>Transferability:</b>	Units will be transferable subject to compliance with the Trust Declaration and applicable securities laws. Securities laws requirements may prohibit or restrict the transferability of Units. See Item 10 - “Resale Restrictions”.
<b>Risk Factors:</b>	<p>An investment in Units is subject to a number of risks, including that there is no market for 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 Trust through its ownership of LP Units, and as such, have attached to them the risks associated with investing in real estate generally, such as interest rate risk, tenant occupancy levels, environmental risks, competition for real estate properties, changes in economic conditions; risks associated with redemptions and retractions of Units; the possibility of conflicts of interest; risks associated with changes in income tax regulation; risks related to cybersecurity; and other factors including acts of war, terrorism, natural disasters or pandemics or epidemics, including the novel coronavirus otherwise known as COVID-19.</p> <p>This Offering is not suitable for Subscribers who cannot afford to assume any significant risks in connection with their investments including the total loss of their investment in the Units. See Item 8 - “Risk Factors”.</p>



## 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”** means the acquisition of the Properties comprising the Portfolios which occurred on May 15, 2017;

**“Acquisition Fee”** has the meaning given to it under Item 2.7 – “Material Agreements – Management Agreement”;

**“Administration Agreement”** means the administration agreement dated March 1, 2017, as amended and restated May 1, 2019, and as amended and restated January 1, 2020, between the Manager, as administrator, and the Trust, as described under Item 2.7 – “Material Agreements – Administration Agreement”, as such agreement may be amended, restated or supplemented from time to time;

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

**“Agent”** means Integral Wealth Securities Limited;

**“Agent Engagement Letter”** means the engagement letter dated March 15, 2021 between the Trust and the Agent, as described under Item 2.7 – “Material Agreements – The Agent Engagement Letter”;

**“AIE Residential”** has the meaning given to it under Item 2.3 – “Development of the Business – Properties Acquired to Date – Property Debt Summary”;

**“Asset Management Fee”** means an annual fee payable by the Limited Partnership to the Manager for services provided pursuant to the Management Agreement, in an amount up to 0.50% of the Gross Asset Value, determined by the Manager from time to time, and payable quarterly no later than the last day of the quarter;

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

**“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday in the City of Nanaimo, British Columbia;

**“Canada Five-Year Yield”** means on any date the yield to maturity on such date (expressed as a percentage), assuming semi-annual compounding, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of approximately five years, which Canada Five-Year Yield shall be determined by a major Canadian investment dealer selected by the Trustee;

**“Capital Expenditures”** has the meaning given to it under Item 2.3 – “Development of the Business – Residential Portfolio”;

**“Cash Flow”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Distributions – Computation of Cash Flow of the Trust”;

**“CBCA”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Rights of Unitholders”;

**“Class A Unit”** means a Class A unit of the Trust;

**“Class F Unit”** means a Class F unit of the Trust;

**“Closing”** means a closing of the sale of Units as the Trustee may determine from time to time;

**“Commercial Portfolio”** has the meaning given to it under Item 2.3 – “Development of the Business – The Market Opportunity”;

**“Cost Sharing and Recovery Agreement”** means the cost sharing and recovery agreement dated March 29, 2017 between the Trust and the Limited Partnership, as described under Item 2.7 – “Material Agreements – Cost Sharing and Recovery Agreement”, as such agreement may be amended, restated and or supplemented from time to time;

“**CRA**” has the meaning given to it under Item 6 – “Summary of Income Tax Consequences and Eligibility”;

“**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 pre-payable 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 Plan**” means a trust governed by a “registered retirement savings plan”, “registered retirement income fund”, or “tax-free savings account”, as those terms are defined in the Tax Act;

“**Distributable Cash Flow**” means, in respect of the Trust, the distributable cash flow for, or in respect of, a Distribution Period; and is 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;

“**Distribution Payment Date**” in respect of any Distribution Period, means a date on which the Trustee is required to make a distribution of Distributable Cash Flow, which date shall be a date that falls within a reasonable period of time following the end of the Distribution Period, as determined from time to time by the Trustee in its discretion;

“**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, except for June 30, 2017;

“**Distribution Record Date**” in respect of any Distribution Period means the last Business Day of such Distribution Period;

“**Distribution Reinvestment Plan**” or “**DRIP**” means the distribution reinvestment plan of the Trust;

“**Existing Unitholder**” means a Unitholder prior to any issuance of Units to such Unitholder pursuant to the Offering;

“**Extraordinary Distributions**” means, in respect of the Limited Partnership, distributions to the Limited Partners arising from or related to funds received by the Limited Partnership on account of matters other than revenues arising from the ordinary course of operations of the Properties, including distributions arising from a refinancing or a sale but excluding normal course distributions of available cash;

“**Fair Market Value**” means an amount equal to the fair market value of a Property, which shall be determined assuming a fully informed willing buyer and a willing seller dealing at arms'-length with one another and a free and open market for such Property, unless the Manager, upon review of independent evidence such as third party appraisals, property tax assessment information or other third party market information, reasonably determines that any Property has a fair market value other than as described above, in which case the value of such interest in the Property will be deemed to be the value as recommended by the Manager, acting reasonably, for the determination by the Trustee of the Trust;

“**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 March 1, 2017 and ended on December 31, 2017;

“**General Partner**” means AIE Management Inc.;

“**General Partner's Allocation**” has the meaning given to it under Item 2.3 – “Development of the Business – Restructuring and Other Corporate Changes”;

“**Gross Asset Value**” means the Fair Market Value of all assets of the Trust, including the Properties, cash, publicly traded securities and any other assets, as measured on the financial statements of the Trust as at the end of each month;

“**Income Share**” means the allocation to a Limited Partner of a share of the income or loss of the Limited Partnership which shall be his, her or its Proportionate Share thereof subject to adjustments made to allocate revenue and expenses on a daily incremental basis from the date the LP Units are issued and to fairly allocate expenses on a cumulative, proportionate basis;

**“Initial Contribution”** means the amount of \$10.00 paid by the Settlor to the Trustee for the purpose of settling the Trust;

**“Limited Partner”** means a limited partner of the Limited Partnership;

**“Limited Partnership”** means All Island Equity REIT Limited Partnership;

**“Limited Partnership Agreement”** means the limited partnership agreement dated March 1, 2017, as amended and restated May 1, 2019, and as amended and restated December 31, 2019, governing the Limited Partnership, as such agreement may be amended, restated or supplemented from time to time;

**“LP Units”** means the partnership units of the Limited Partnership designated as Limited Partnership units pursuant to the Limited Partnership Agreement;

**“managed account”** has the meaning given to it in National Instrument 31-103;

**“Management Agreement”** means the agreement between the Limited Partnership and the Manager dated March 29, 2017, as amended and restated May 1, 2019, and as amended and restated January 1, 2020 to, among other things, include the Trust as a party, as described under Item 2.7 – “Material Agreements – Management Agreement”, as such agreement may be amended, restated and or supplemented from time to time;

**“Manager”** means AIE Management Inc.;

**“Mid-Island Area”** means the area of Vancouver Island generally encompassing the Comox Valley Regional District and its surrounding areas, including Campbell River;

**“Mortgage Loans”** means one or more mortgages, charges, pledges, hypothecs, liens, security interests or other encumbrances of any kind or nature whatsoever of the Properties to be granted by the Limited Partnership (or, if a Property is held by a nominee entity on behalf of the Limited Partnership, by such entity) to one or more lenders, the proceeds of which will be used to finance the purchase, ownership and operation of such Properties;

**“Net Asset Value”** means, on a particular date, the aggregate value of the Trust Property on the Valuation Date, less the aggregate value of the Trust’s liabilities on the Valuation Date and will be subject to valuation rules set by the Trust from time to time;

**“Net Asset Value Per Unit”** means the Net Asset Value divided by the number of outstanding Units of the Trust (determined before giving effect to any reinvestment of net income, Net Realized Capital Gains or other distributions then payable to Unitholders and before giving effect to any redemptions or issuances of Units to be implemented as of the Valuation Date);

**“Net Income (LP) and Net Loss (LP)”** means, for accounting purposes, the net income or net loss of the Limited Partnership for a fiscal year as determined in accordance with IFRS applied on a consistent basis to the extent possible;

**“Net Realized Capital Gains”** means, for any taxation year, the amount, if any, by which the aggregate of the capital gains of the Trust realized in such year exceeds the sum of:

- (i) the aggregate of the capital losses of the Trust realized in such year;
- (ii) any capital gains that are realized by the Trust as a result of a redemption of Units pursuant to the Trust Declaration and that are payable to redeeming Unitholders; and
- (iii) 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;

**“Net Subscription Proceeds”** means the gross proceeds to the Trust from the sale of the Units less the costs of this Offering and any applicable fees;

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

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

**"Offering"** means the offering of Units under this Offering Memorandum;

**"Offering Memorandum Exemption"** has the meaning given to it under Item 5.2 "Subscription Procedure";

**"Options"** has the meaning given to it under Item 2.7 – "Material Agreements – Trust Declaration – Constraint on Non-Resident Unitholders";

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

**"Permitted Investments"** means:

- (i) debt obligations of or guaranteed by the Government of Canada or a province of Canada;
- (ii) commercial paper obligations of a corporation or other person whose commercial paper is rated investment grade by Dominion Bond Rating Service Limited or its successors or assigns or by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or its successors or assigns;
- (iii) interest-bearing accounts and short term certificates of deposit issued or guaranteed by a Canadian chartered bank or trust company;
- (iv) money market mutual funds; or
- (v) any combination thereof;

**"Portfolios"** has the meaning given to it under Item 2.3 – "Development of the Business – The Market Opportunity";

**"Properties"** means the various direct, indirect or partial interests in commercial and residential real estate properties, including existing revenue-producing properties and capital properties developed by the Limited Partnership to be held as income-producing real estate for long-term investment, situate in the Trust Region and acquired, owned and operated from time to time by the Limited Partnership, including, but not limited to, the Portfolios;

**Property Management Agreement** means, collectively, the commercial property management agreement and residential property management agreement between the Limited Partnership and Devon Properties Ltd. dated January 26, 2019, as described under Item 2.7 – "Material Agreements – Property Management Agreement", as such agreement may be amended, restated and or supplemented from time to time;

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

- (i) has as its denominator the aggregate of an amount equal to the total subscription proceeds for LP Units received by the Limited Partnership; and
- (ii) has as its numerator:
  - (A) in the case of a LP Unit, an amount equal to the subscription price of such Unit; and
  - (B) in the case of a Limited Partner, an amount equal to the aggregate of the total subscription price paid by such Limited Partner for all of his, her or its LP Units;

**"Proposed Amendments"** has the meaning given to it under Item 6 – "Summary of Income Tax Consequences and Eligibility";

**"Redemption"** means a redemption of Units by a Unitholder;

**“Redemption Date”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Redemption – Effect of Redemption Notice”;

**“Redemption Notice”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Redemption – Exercise of Redemption Right”;

**“Redemption Price”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Redemption – Redemption Price”;

**“Refinancing”** means any renewal, extension, increase or refinancing of all or any part of any financing permitted in respect of the Properties, but excluding any ordinary course borrowing for operating purposes;

**“Regulations”** has the meaning given to it under Item 6 – “Summary of Income Tax Consequences and Eligibility”;

**“Reimbursable Costs”** has the meaning given to it under Item 2.7 – “Material Agreements – Cost Sharing and Recovery Agreement”;

**“Residential Portfolio”** has the meaning given to it under Item 2.3 – “Development of the Business – The Market Opportunity”;

**“Retraction Notice”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Retraction – Exercise of Right”;

**“Retraction Price”** has the meaning given to it under Item 2.7 – “Material Agreements – Trust Declaration – Retraction – Retraction Price”;

**“Sale”** means the sale by the Limited Partnership of all or part of its interest in a Property or the Properties, the receipt by the Limited Partnership of compensation for the expropriation of, condemnation of or injurious affection to a Property or the Properties or any part thereof or interest therein, or the recovery by the Limited Partnership of damage awards or insurance proceeds (other than business or rental interruption insurance proceeds) in respect thereof;

**“Settlor”** means Mr. Patrick Dennis Sullivan;

**“SIFT”** has the meaning given to it under Item 6 – “Summary of Income Tax Consequences and Eligibility – Tax Status of the Trust – The SIFT Measures”;

**“SIFT Measures”** has the meaning given to it under Item 6 – “Summary of Income Tax Consequences and Eligibility – Tax Status of the Trust – The SIFT Measures”;

**“Special Resolution”** means a resolution approved by not less than 75% of the votes cast by those Unitholders who vote in person or by proxy at a duly convened meeting of Unitholders, or a written resolution signed by Unitholders entitled, in the aggregate, to not less than 75% of the aggregate number of votes of the Unitholders;

**“Subscriber”** means a subscriber for Units;

**“Subscription Agreement”** means the subscription agreement executed by a Subscriber to subscribe for Units;

**“Subscription Price”** means the amount paid by a Subscriber for a Unit, as determined by the Trustee from time to time, and set forth in the Subscription Agreement;

**“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended from time to time;

**“Trust”** means All Island Equity REIT;

**“Trust Declaration”** means the Declaration of Trust dated March 1, 2017, as amended on May 29, 2018, as may be amended, restated and or supplemented from time to time;

**“Trust Income”** means, for any taxation year of the Trust, the income for such year computed in accordance with the provisions of the Tax Act, other than paragraph 82(l)(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; 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;

“**Trust Liabilities**” means:

- (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or the exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom;
- (ii) the obligations, liabilities, activities or affairs of the Trust;
- (iii) any actual or alleged act or omission of the Trustee or any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to the Trust Declaration);
- (iv) any actual or alleged act or omission of the Trustee or any other person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Trustee or such other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to the Trust Declaration);
- (v) any transaction entered into by the Trustee or by any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to the Trust Declaration); or
- (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Trustee or by any other person (except the Unitholder to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust;

“**Trust Notes**” means promissory notes 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 pre-payable 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;

“**Trust Property**” means the properties and assets held from time to time by the Trust or by the Trustee on behalf of the Trust, including:

- (i) the Initial Contribution;
- (ii) all funds or property derived from the issuance or sale of Units and Trust Notes or other funds or property received by the Trust;
- (iii) any LP Units or other securities of the Limited Partnership or of any other person held from time to time by or on behalf of the Trust;
- (iv) any Permitted Investments held from time to time by or on behalf of the Trust;
- (v) any proceeds of disposition of any of the foregoing property or in respect of the investment or substitution of the properties and assets of the Trust; and
- (vi) all proceeds, income, dividends, interest, profit, return of capital, gains and accretions and all substituted assets, rights and benefits of any kind or nature whatsoever arising directly or indirectly from or in connection with or accruing to such foregoing property or such proceeds of disposition;

“**Trust Region**” means any part of the Province of British Columbia;

“**Trustee**” means AIE Services Inc., or any successor trustee appointed pursuant to the Trust Declaration;

“**Unitholders**” means, 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;

“**Units**” means units of the Trust, including Class A Units and Class F Units, issuable in one or more of such classes of Units, called “**Classes**”;

**“Valuation Date”** means any date in a fiscal year on which the Trustee determines Net Asset Value per Unit;

**“Valuation Time”** means 4:00 p.m. (PST) on such days on which the Trust may, or is required to, under applicable securities laws or the Trust Declaration, calculate Net Asset Value or Net Asset Value Per Unit;

**“VanCity Line of Credit”** means the secured line of credit bearing a floating interest rate of Vancity Prime + 1.50%, currently at 3.95% per annum, as described under Item 2.3 – “Development of the Business – Guarantee of VanCity Line of Credit”. For purposes of this definition, Vancity Prime means the floating rate of interest established and announced by Vancouver City Savings Credit Union from time to time as a reference rate for purposes of determining rates of interest it will charge on loans; and

**“Vendor”** means Glenelle Properties Limited Partnership and R.H. Ash Ltd., the former owners of the Portfolios prior to the Acquisition.

**ITEM 1 - USE OF AVAILABLE FUNDS**

**1.1 Funds**

<b>Available Funds of the Trust</b>		
<b>Sources of Funds</b>	<b>Assuming Minimum Offering<sup>(1)</sup></b>	<b>Assuming Maximum Offering<sup>(1)</sup></b>
A. Amount to be Raised by this Offering	N/A	N/A
B. Selling Commissions and Fees <sup>(2)</sup>	N/A	N/A
C. Costs of the Offering (e.g., legal, accounting, audit) <sup>(3)</sup>	N/A	N/A
D. <b>Available Funds: D = A – (B + C)</b>	N/A	N/A
E. Additional Sources of Funding Required <sup>(4)</sup>	N/A	N/A
F. Working Capital Deficiency	N/A	N/A
G. <b>Total: G = D + E + F</b>	N/A	N/A
H. Reimbursement of Costs by the Limited Partnership <sup>(5)</sup>	N/A	N/A
<b>Use of Net Funds by Trust</b>		
I. Investment by Trust in LP Units <sup>(6)</sup>	N/A	N/A
J. <b>Total</b>	N/A	N/A

**Notes:**

- <sup>(1)</sup> There is no minimum or maximum offering.
- <sup>(2)</sup> The Units will be sold by the Agent, the selling agent in connection with the Offering, on a commercially reasonable efforts basis. See Item 2.7 – “Material Agreements – The Agent Engagement Letter” and Item 7 - “Compensation Paid to Sellers and Finders”. Pursuant to the Cost Sharing and Recovery Agreement, the Limited Partnership will reimburse the Trust for the costs and expenses, including selling commissions and fees and other related costs of the Offering, incurred by the Trust in offering the Units and obtaining subscriptions for Units. See Item 1.2 – “Use of Available Funds” and Item 2.7 – “Material Agreements – Cost Sharing and Recovery Agreement.”
- <sup>(3)</sup> The estimated costs of the Offering are \$50,000 and include expenses 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 Agent in connection with such issue, sale and delivery.
- <sup>(4)</sup> The Trust expects the Limited Partnership 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.
- <sup>(5)</sup> Pursuant to the Cost Sharing and Recovery Agreement, the Limited Partnership will reimburse the Trust for the costs and expenses, including selling commissions and fees and other related costs of the Offering, 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 LP Units. See Item 1.2 – “Use of Available Funds”.
- <sup>(6)</sup> The net proceeds raised by the Trust from the issuance of the Units, together with Reimbursable Costs, will be invested in LP Units.

**1.2 Use of Available Funds**

The Trust primarily intends to use the subscription proceeds to acquire LP Units. The Units are redeemable in accordance with the provisions of the Trust Declaration. In the event that the Trust is required to redeem Units, a portion of the available funds may be used to satisfy any such redemptions. To the extent that subscription proceeds are not immediately used to acquire LP Units or for the purpose of making distributions to Unitholders, the Trustee may, where prudent to do so, invest such amounts in Permitted Investments.

<b>Description of Intended Use of Available Funds Listed in Order of Priority</b>	<b>Assuming Minimum Offering<sup>(1)</sup></b>	<b>Assuming Maximum Offering<sup>(1)</sup></b>
Investment by the Trust in LP Units. Pending investment in LP Units, the Trust may invest in Permitted Investments. In limited circumstances, the Trust may use available funds to satisfy redemptions of Units.	N/A	N/A

**Notes:**

- <sup>(1)</sup> There is no minimum or maximum to this Offering.

The Limited Partnership will use the proceeds from the issuance of LP Units to the Trust to purchase additional properties. A portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may also be used to pay: (i) down mortgage financing on a specific property or properties; (ii) capital expenditure on a specific property or properties; (iii) infill development projects; and (iv) due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to such



acquisitions or properties. The specific additional properties in which the Trust may indirectly invest have not yet been determined.

A portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may be used to pay the Manager the Asset Management Fee.

### **1.3 Reallocation**

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

## **ITEM 2 - BUSINESS OF THE TRUST**

### **2.1 Structure**

**The Trust** – The Trust is limited purpose, unincorporated, open-ended investment created under the laws of the Province of British Columbia, pursuant to the Trust Declaration. The records office of the Trust is located at 1900-885 West Georgia Street, Vancouver, British Columbia V6C 3H4 and the head office of the Trust is located at 450A Wentworth Street, Nanaimo, British Columbia V9R 3E1.

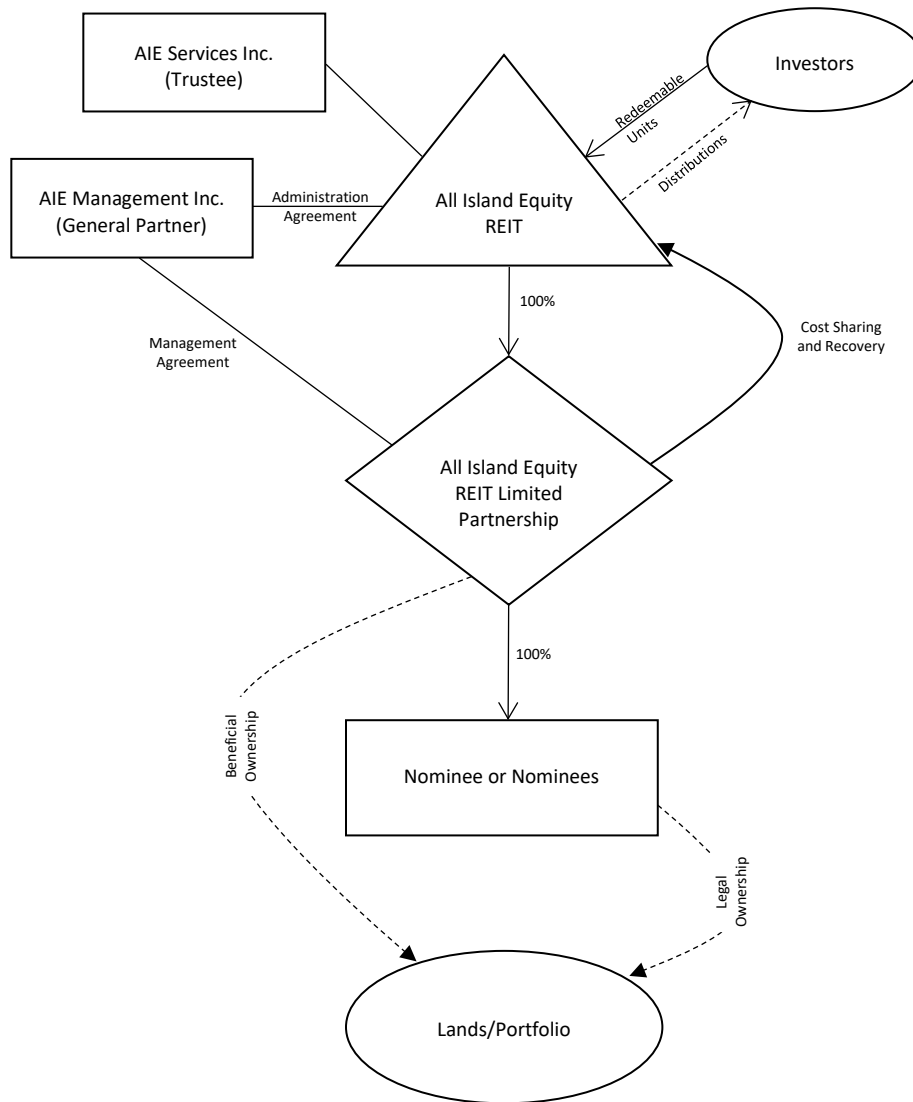
**The Trustee** – The Trustee was incorporated pursuant to the *Business Corporations Act* (British Columbia) on February 28, 2017 under Incorporation No. BC1109052. The registered and records office of the Trustee is located at 1900-885 West Georgia Street, Vancouver, British Columbia V6C 3H4 and the head office of the Trustee is located at 450A Wentworth Street, Nanaimo, British Columbia V9R 3E1. The directors of the Trustee are Patrick Dennis Sullivan, Garth Lyle Busch, David Stewart Hammond and Bernard Adrian Vanderhorst.

**The Limited Partnership** – the Limited Partnership was formed by the Trust and the General Partner under the name “All Island Equity REIT Limited Partnership” by a Limited Partnership Agreement dated March 1, 2017 and pursuant to a Certificate of Limited Partnership filed pursuant to the *Partnership Act* (British Columbia) on March 29, 2017 under registration number LP714550. The records office of the Limited Partnership is located at 1900 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H4 and the head office of the Limited Partnership is located at 450A Wentworth Street, Nanaimo, BC V9R 3E1. The Trust is the sole limited partner of the Limited Partnership.

**The Manager** – The Manager was incorporated pursuant to the *Business Corporations Act* (British Columbia) on February 28, 2017 under incorporation number BC1109051. The registered and records office of the Manager is located at 1900-885 West Georgia Street, Vancouver, British Columbia V6C 3H4 and the head office of the Manager is located at 450A Wentworth Street, Nanaimo, British Columbia V9R 3E1. The directors of the Manager are Patrick Dennis Sullivan, Garth Lyle Busch, David Stewart Hammond and Bernard Adrian Vanderhorst. The Manager acts as the “administrator” of the Trust pursuant to the Administration Agreement. The Manager is the manager of the Limited Partnership pursuant to the Management Agreement. See Item 2.7 – “Material Agreements – Administration Agreement” and Item 2.7 – “Material Agreements – Management Agreement”.

**The General Partner** – the General Partner was incorporated pursuant to the *Business Corporations Act* (British Columbia) on February 28, 2017 under Incorporation No. BC1109052. The General Partner also acts as the Manager. See Item 2.1 – “Structure – The Trustee”.

### ALL ISLAND EQUITY REIT – INVESTMENT STRUCTURE



## 2.2 The Trust's Business

**The Trust** – The Trust has been established to issue Units and acquire LP Units for the purpose of indirectly owning and operating a portfolio of income-producing commercial and residential real estate Properties in the Trust Region.

The Trustee may also, on behalf of the Trust, temporarily hold cash in interest bearing accounts, short term government debt or short-term investment grade corporate debt or money market mutual funds for the purposes of paying the expenses and liabilities of the Trust, pay amounts payable in connection with the redemption of any Units, and make distributions to Unitholders. The principal business of the Trust will be to issue Units and to acquire LP Units. The Trust's long-term objective is to earn income from its investment in LP Units, which will be an indirect investment in the Limited Partnership's portfolio of Properties in the Trust Region. An investment in Units is intended to provide investors with the opportunity to receive cash distributions originating from the ongoing operation of the Properties.

**The Limited Partnership** – The principal business of the Limited Partnership will be to issue LP Units, to invest the proceeds from such issuance, along with any Mortgage Loans required and obtained, in the Properties, and to own and operate the Properties. The Limited Partnership intends to concentrate on identifying additional properties for possible acquisition, and to manage the Properties with the view to preserving capital and providing quarterly cash returns to Limited Partners. The Limited Partnership may also develop or re-develop, either on its own, through a third-party development company or by way of joint venture agreement, a building or buildings on any of the Properties. It is intended that the Trust will be the sole limited partner of the Limited Partnership.

**Investment Objectives** – The Limited Partnership's primary investment objectives are as follows:

- (a) to invest in a portfolio of quality residential and commercial revenue-producing, cash-flow positive, Properties in the Trust Region;
- (b) to provide quarterly cash flow distributions to the Trust, as the holder of the LP Units, as cash flow permits;
- (c) to enhance the Limited Partnership's return on capital and the Unitholders' yield through limited development of capital properties as income-producing real estate for long-term investment; and
- (d) to enhance the potential for long-term growth of capital through value-added enhancements to the Properties and organic growth in rental rates.

**Guidelines for Property Acquisitions** – The General Partner, which has the authority to carry on the business of the Limited Partnership with full power and authority to administer, manage, control, and operate the business of the Limited Partnership, intends to comply with the following general guidelines in acquiring properties:

- (a) to seek out quality residential and commercial revenue-producing, cash-flow positive, properties in the Trust Region;
- (b) when appropriate, make value-added enhancements to the Properties; and
- (c) when appropriate, to develop capital properties as income-producing real estate for long-term investment. Any such development is expected to be limited to 20% of Gross Asset Value.

**Title to the Properties** – The Limited Partnership intends to have title to each of the Properties registered in the name of a nominee company, which will own such property as nominee, bare trustee and agent for the Limited Partnership.

**Management of Properties** – The Limited Partnership directly employs certain site level employees. This includes staff members that were employed by the Vendor prior to the Acquisition and staff members subsequently hired by the Limited Partnership. The current make-up of the staff has a direct impact on the quality and the occupancy of the Portfolio.

To supplement the directly employed site management team, the Limited Partnership has engaged Devon Properties Ltd., a third party property manager, to maintain the accounting records for the Trust and related entities, prepare property level financial reporting, and to provide support to the Manager in the operation of the Properties. The fee payable to Devon Properties Ltd. for property management is commensurate with current market rates for such property

management services. The property management fee for residential properties is 4% of the gross revenue, which includes rent, parking charges, laundry and other revenues of an income nature but shall specifically exclude capital receipts. The property management fee for commercial properties is 5% of the gross revenue, which includes rent, storage, parking charges, operating cost recoveries, and other revenues of an income nature but shall specifically exclude capital receipts. If for any reason the Limited Partnership were to terminate the services of Devon Properties Ltd., then the Manager may undertake the day-to-day management and the operation of one or more of the Properties.

**Improvements to Properties** – To the extent that improvements to the Properties are required, the Limited Partnership intends to engage third party contractors to undertake and oversee the completion of such improvements. The Limited Partnership expects that the fee payable to such third party contractors for such work will be commercially reasonable and commensurate with the then-current market rates for such services. If for any reason the Limited Partnership is unable to secure the services of third party contractors on commercially reasonable terms satisfactory to the Manager, in its sole discretion, then the Manager may undertake and oversee the completion of any necessary improvements to the Properties. In such event, the Limited Partnership will pay the Manager a commercially reasonable fee for such services commensurate with the then-current market rates for such services.

**Distribution Reinvestment Plan** – The Trust has implemented an optional Distribution Reinvestment Plan for all classes of Units, pursuant to which Unitholders are entitled to elect to have all cash distributions from the Trust automatically reinvested in additional Units of the same class. In order to be eligible to participate in the DRIP, the Unitholder must reside in Canada. The DRIP is administered by the Trust. The Trust, or any agent on behalf of the Trust, may from time to time adopt rules and regulations to facilitate the administration of the DRIP.

Full reinvestment of distributions is possible under the DRIP as the Trust will credit to the account of each Unitholder, on each reinvestment made under the DRIP, a fractional interest in a whole Unit (to four decimal places) for any amount that cannot be reinvested in whole Units. If any Units of the Trust are held by a non-resident of Canada, such Unitholder shall not be eligible to participate in the DRIP. Upon ceasing to be a resident of Canada, a Unitholder must forthwith notify the Trust and terminate participation in the DRIP. Other than trailer fees, no brokerage commissions or service charges are payable in connection with the purchase of Units under the DRIP. Units issued under the DRIP are issued by the Trust from its treasury. Participation in the DRIP does not relieve Unitholders of any liability for any income or other taxes that may be payable on or in respect of the distributions that are reinvested for their account under the DRIP. Unitholders who do not enrol in the DRIP will receive regular cash distributions from the Trust, subject to the provisions of the Trust Declaration, as more particularly described in this Offering Memorandum.

All investors have the option to request enrolment in the DRIP, and enrolment will continue until the investor gives notice to the Trust that the investor no longer wishes to participate in the DRIP. Such notice of termination of enrolment may be given at any time. There are no restrictions on termination of enrolment. The right to participate in the DRIP may not be transferred by a Unitholder without the approval of the Trust.

The Trust reserves the right to amend, suspend or terminate the DRIP at any time, but such action shall have no retroactive effect that would prejudice the interest of a participating Unitholder except as otherwise required by law. Unitholders will be sent written notice of any such amendment, suspension or termination. The Trust reserves the right to terminate the right of a Unitholder to continue in the DRIP where such Unitholder has failed to comply with the terms of the DRIP.

A Unitholder may terminate participation in the DRIP at any time by notice to the Trust. All notices required to be given to Unitholders under the DRIP will be mailed to Unitholders at the address shown on the records of the Trust. The DRIP is governed and construed in accordance with the laws in force of the Province of British Columbia, Canada and the federal laws of Canada applicable therein.

### **2.3 Development of the Business**

#### *Establishment of the Trust and Limited Partnership*

The Trust was established on March 1, 2017 to issue Units and acquire LP Units. The Limited Partnership will invest the proceeds from the issuance of LP Units, along with any Mortgage Loans, to acquire, own and operate a portfolio of income-producing commercial and residential real estate Properties in the Trust Region.

*The Market Opportunity*

The Trust has been established to provide investors with consistent returns via the Trust’s investment in LP Units, which is an indirect investment in the acquisition, repositioning and holding of commercial and residential real estate properties located in the Trust Region. To date, the Trust, through the Limited Partnership, has acquired a rental apartment portfolio (the “**Residential Portfolio**”) and a commercial portfolio (the “**Commercial Portfolio**”), and together with the Residential Portfolio, (the “**Portfolios**”) in the Mid-Island Area.

*Mid-Vancouver Island*

The economic effects of the pandemic have been felt on Vancouver Island and in BC. The shutdown of most economic activity affected all sectors of the economy with significant declines in employment until re-opening began in mid-May leading to a partial recovery. Since then, some sectors such as manufacturing, resources, and health, have seen a sharp rebound while others, especially tourism, hospitality, and entertainment, have continued to struggle.<sup>1</sup>

There are some indications that Vancouver Island has fared better than other regions of the province. As of August 2020, employment levels were down approximately 4% year-over-year compared with between 5% and 12% in other regions, and housing prices are up year-over-year. Vancouver Island’s continued path to recovery is expected to be influenced by migration patterns and the resumption of cross-border visitation.<sup>1</sup>

Despite the economic impacts of COVID-19, the Trust believes that Vancouver’s historically strong real estate market will continue to have ripple effects in the Vancouver Island / Coast Development Region or VICDR, as Lower Mainland home owners cash out and relocate to the Vancouver Island region.

*Mid-Island Area Rental Apartment Market and the Residential Portfolio*

The Canada Mortgage and Housing Corporation (CMHC) survey in October 2020, stated the following regarding the private rental apartment market:

<b>Canada Mortgage and Housing Corporation - October 2020 Rental Housing Survey<sup>2</sup></b>		
	Comox Valley	Campbell River
Number of Private Apartment Units	1,536	1,500
Private Apartment Vacancy Rates	1.1%	0.7%

Comparative information for the Residential Portfolio in which the Limited Partnership has invested the proceeds received from its issuance of LP Units to the Trust:

<b>All Island Equity REIT Limited Partnership - Portfolio as of March 2021</b>		
	Comox Valley	Campbell River
Number of AIE REIT LP Apartment Units	351	112
Percentage of the Total Market Owned by AIE REIT LP	22.9%	7.5%
AIE REIT LP Vacancy Rates	<1%	<1%

The Properties Comprising the Portfolios

<sup>1</sup> “State of the Island Economic Report 2020”, Vancouver Island Economic Alliance, October 2020 <https://viea.ca/economic-resources/state-of-the-island-report-download/>.

<sup>2</sup> CMHC, Rental Market Survey Reliability Tables – Provincial Highlights, <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/rental-market-report-data-tables>

The initial properties purchased in May 2017 were acquired from a well-established real estate family who had been one of the largest real estate owners and investors in the Comox Valley for over 50 years. The initial commercial and residential properties are all located in the Comox Valley. The high demand for commercial and residential premises leads to the selection of quality tenants for all of the Properties comprising the Portfolios.

Since the initial purchase in May 2017, the Trust has indirectly acquired seven additional residential properties and two additional commercial properties. As with the initial purchase, the Trust focused on acquiring well maintained properties with strong potential for rental growth.

Properties Acquired to Date

The Portfolios are comprised of a total of 35 Properties, as follows: (i) 28 residential properties consisting of a total of 463 rental apartment units; and (ii) seven commercial properties totaling 66,953 square feet of rental area. A summary of certain financial characteristics of each of the Properties currently comprising the Portfolios is set out below.

Property Summary:

Property Name	Address	Date of Construction	Purchase Price	Value as of December 31, 2020 <sup>(1)(2)</sup>	Total Units	Average Rent
<b>Residential</b>						
Tradewinds	1600/1610 Comox Ave.	1981 / 82	\$10,761,619	\$15,271,773	68	\$1,157
Glenshee	1800 Comox Ave.	1973	\$3,734,246	\$5,341,376	25	\$1,201
Greenbrier	750 Eighth St.	1993	\$2,638,084	\$3,332,352	16	\$1,236
Villa Montecito	1331 England Ave.	1995	\$2,005,399	\$2,762,424	12	\$1,273
Berkshire Manor	825 Harmston Ave.	1984	\$1,406,221	\$1,705,355	9	\$1,105
Fairmont	432 11th St.	1983	\$939,213	\$1,236,065	6	\$1,238
Cedar Manor	463 12th St.	1965 (5 suites) 1977 (2 suites)	\$902,514	\$1,173,204	7	\$1,095
Westwater	60 Anderton Ave.	1982	\$6,607,791	\$7,777,692	42	\$1,141
Hycroft	1835 Cliffe Ave.	1976	\$3,968,581	\$5,304,568	33	\$979
Edgewater	355 Anderton Ave.	1976	\$2,871,916	\$3,578,695	23	\$970
Sandpiper South	1650 Comox Ave.	1965 (12 suites) 1991 (3 suites)	\$2,322,268	\$2,864,731	15	\$1,085
Sandpiper North	1650A Comox Ave.	1981	\$2,277,158	\$2,801,161	15	\$1,105
Brandywine	675 Cumberland Rd.	1994	\$1,257,290	\$1,588,554	8	\$1,149

Property Name	Address	Date of Construction	Purchase Price	Value as of December 31, 2020 <sup>(1)(2)</sup>	Total Units	Average Rent
Carriage House	1155 England Ave.	1982	\$1,501,605	\$1,650,667	10	\$1,013
Oakcrest	1155 Stewart Ave.	1981	\$1,419,517	\$1,793,116	10	\$1,106
Capri	1081 Stewart Ave.	1968	\$1,281,769	\$1,475,441	10	\$939
Sonoma	1049 Stewart Ave.	1968	\$1,232,148	\$1,441,097	10	\$947
Briarwood	720 Eighth St.	1994	\$729,941	\$884,264	4	\$1,292
Belvedere	1170 Fitzgerald Ave.	1965	\$310,737	\$392,120	3	\$818
Belle Aire	575 14th St.	1956	\$563,072	\$714,474	4	\$1,250
Belle Villa	560 15th St.	1959	\$382,911	\$583,023	4	\$1,069
Blue Jay Apartments	450 19th St.	1966	\$2,125,000	\$2,420,430	17	\$897
Creekside	535 Rockland Road	1995	\$3,120,000	\$3,612,776	28	\$874
635 8th Avenue	635 8th Avenue	2018	\$3,553,487	\$3,904,122	16	\$1,550
667 8th Avenue	667 8th Avenue	2016	\$873,581	\$950,438	4	\$1,556
790/794 Dogwood	790/794 Dogwood Street	2019	\$1,372,932	\$1,497,996	6	\$1,633
Scenic View Manor	710 Dogwood Street	1974	\$7,730,000	\$7,730,000	47	\$864
534 Cedar Street	534 Cedar Street	1977	\$1,825,000	\$1,825,000	11	\$911
<b>Total Residential</b>			<b>\$69,714,000</b>	<b>\$85,612,913</b>	<b>463</b>	
<b>Commercial</b>						
Northgate Plaza	470 Punteldge Rd.	1995	\$4,160,000	\$4,400,000	6	
Arbour Court	467/491 Cumberland Rd. & 480 Sixth St.	1995	\$3,200,000	\$3,900,000	2	
1761 Comox	1761 Comox Ave.	1991	\$1,950,000	\$2,200,000	5	
777 Fitzgerald	777 Fitzgerald Ave.	1986	\$1,600,000	\$2,340,000	1	
Fitzgerald Centre	635 Fitzgerald Ave.	1996	\$1,610,000	\$1,850,000	3	

Property Name	Address	Date of Construction	Purchase Price	Value as of December 31, 2020 <sup>(1)(2)</sup>	Total Units	Average Rent
355 11th St	355 11th St.	1989	\$806,000	\$1,110,000	1	
780 Grant Ave.	780 Grant Ave.	1976	\$1,640,000	\$1,640,000	2	
<b>Total Commercial</b>			<b>\$14,966,000</b>	<b>\$17,440,000</b>	<b>20</b>	
<b>TOTAL</b>			<b>\$84,680,000</b>	<b>\$103,052,913</b>		

**Notes:**

<sup>(1)</sup> Derived from the valuation process of the Portfolios discussed under "Item 2.3 - "Development of the Business – Valuation of Portfolios". Management of the Trust has determined that, as of the date of the Offering Memorandum, there were no significant changes to the assumptions made relating to the valuation of the Portfolios discussed under "Item 2.3 - "Development of the Business – Valuation of Portfolios".

<sup>(2)</sup> Properties acquired in December 2020 and year to date 2021 shown at purchase price excluding property acquisition costs.

**Property Debt Summary:**

Property Name	Lender	Amount Outstanding As At Mar. 1, 2021	Maturity	Interest Rate
<b>Residential</b>				
Tradewinds	Peoples Trust	\$11,526,476	1-Mar-28	3.22%
Glenshee				
Greenbrier				
Villa Montecito				
Berkshire Manor				
Fairmont				
Cedar Manor				
Westwater	CMLS Financial	\$3,720,042	1-Jun-22	3.26%
Hycroft	IA	\$2,139,035	1-Dec-21	3.40%
Edgewater	IA	\$1,513,667	1-Apr-22	3.45%
Sandpiper South	RBC	\$4,528,021	1-Jul-30	1.80%
Sandpiper North				
Brandywine				
Carriage House	Coast Capital Savings Credit Union	\$965,332	1-Jun-22	3.39%
Oakcrest	Coast Capital Savings Credit Union	\$884,514	1-Jun-22	3.39%
Capri	Coast Capital Savings Credit Union	\$808,185	1-Jun-22	3.39%
Sonoma	Coast Capital Savings Credit Union	\$763,286	1-Jun-22	3.39%
Briarwood	Coast Capital Savings Credit Union	\$448,992	1-Jun-22	3.39%
Belvedere	Coast Capital Savings Credit Union	\$195,760	1-Jun-22	3.39%
Belle Aire	Vancouver City Savings Credit Union	\$264,315	25-Apr-21	3.99%
Belle Villa	Vancouver City Savings Credit Union	\$222,562	25-Apr-21	3.99%
Blue Jay	Peoples Trust	\$1,229,249	1-Jun-30	2.17%
Creekside Terrace	Peoples Trust	\$1,856,226	1-Jun-30	2.17%
635 8th Avenue	Peoples Trust	\$4,439,143	1-Mar-31	1.69%
667 8th Avenue				
790-794 Dogwood				
Scenic View Manor	National Bank	\$4,319,738	1-Mar-31	1.95%



Property Name	Lender	Amount Outstanding As At Mar. 1, 2021	Maturity	Interest Rate
534 Cedar Street	No Mortgage	N/A	N/A	N/A
<b>Commercial</b>				
Northgate Plaza	Coast Capital Savings Credit Union	\$2,182,101	1-Jun-22	3.39%
Arbour Court	Coast Capital Savings Credit Union	\$2,013,452	1-Jun-22	3.15%
1761 Comox	Coast Capital Savings Credit Union	\$773,865	1-Jun-22	3.39%
777 Fitzgerald	Coast Capital Savings Credit Union	\$966,390	1-Jun-22	3.47%
Fitzgerald Centre	Coast Capital Savings Credit Union	\$987,782	1-Jun-22	3.39%
355 11th St	No Mortgage	N/A	N/A	N/A
780 Grant	No Mortgage	N/A	N/A	N/A

The Manager and the Limited Partnership act as a corporate guarantor for many of the above mortgages.

The table below sets out all of the secured lines of credit related to the Portfolio and broken down by lender:

Secured Line of Credit			
Lender	Interest Rate	Repayment Terms	Amount Outstanding as at March 5, 2021
Vancouver City Savings Credit Union	3.95%	On Demand	\$1,788,709.83

#### *Guarantee of VanCity Line of Credit*

In April 2018, the Manager and the Limited Partnership acted as a corporate guarantor to the VanCity Line of Credit obtained by AIE (Residential) Holdings Inc. ("**AIE Residential**"). AIE Residential owns title to the Properties comprising the Residential Portfolio as nominee. The Manager and the Limited Partnership acted as corporate guarantor to allow AIE Residential to obtain the VanCity Line of Credit from the lender, with certain properties as security. All amounts outstanding under the VanCity Line of Credit are repayable on demand. The facility was reviewed in February 2021 and was increased to \$8,000,000. See Item 2.1 – "Structure" and Item 2.2 – "The Trust's Business – Title to the Properties".

#### Valuation of Portfolios

In December 2020, Cunningham + Rivard completed appraisals for all the properties in the Residential and Commercial Portfolios purchased prior to December 1, 2020. In February 2021, the Trust's independent accounting firm, MNP LLP, reviewed the Trust's valuation process as part of their financial audit with input from the Manager. Given the foregoing, the Trust believes that independent work and valuations performed by Cunningham + Rivard and MNP LLP represent a fair value of the Portfolios. Properties acquired after December 1, 2020, have not been independently appraised. These properties are currently valued at their purchase price plus capitalized acquisition cost and will be revalued at the next financial year end.

Commercial Portfolio

The Commercial Portfolio includes the following commercial properties: 470 Puntledge Road, 467 & 491 Cumberland Road & 480 Sixth Street, 1761 Comox Avenue, 777 Fitzgerald Avenue, 635 Fitzgerald Avenue, 355 11<sup>th</sup> Street, and 780 Grant Avenue. The properties in the Commercial Portfolio were built between 1976 and 1996.



Commercial Property Summary:

Property Name	Address	Date of Construction	Size of Site (square feet)	Gross Building Area (square feet)	Leasable Area (square feet)	Weighted Average Lease Expiry (Years)
<b>Commercial</b>						
Northgate Plaza	470 Puntledge Rd.	1995	52,265.00	16,084.00	16,084.00	1.47
Arbour Court	467/491 Cumberland Rd. & 480 Sixth St.	1995	21,475.00	17,581.00	16,746.00	3.34
1761 Comox	1761 Comox Ave.	1991	10,890.00	14,526.00	8,918.00	2.06
777 Fitzgerald	777 Fitzgerald Ave.	1986	10,204.00	6,543.00	5,977.00	4.25
Fitzgerald Centre	635 Fitzgerald Ave.	1996	10,742.00	8,109.00	7,444.00	2.13
355 11th St	355 11th St.	1989	10,018.00	2,316.67	4,304.00	4.58
780 Grant Ave.	780 Grant Ave.	1976	13,200	8,384	7,480	8.04
<b>Total Commercial</b>			<b>128,794</b>	<b>73,544</b>	<b>66,953</b>	

Residential Portfolio

The Residential Portfolio includes the following residential properties: 1155 Stewart Avenue, 1155 England Ave, 432 11<sup>th</sup> Street, 825 Harmston Avenue, 1049 Stewart Avenue, 1600-1610 Comox Avenue, 1650 Comox Avenue, 1650A Comox Avenue, 60 Anderton Avenue, 355 Anderton Avenue, 1835 Cliffe Avenue, 750 Eighth Street, 720 Eighth Street, 675 Cumberland Road, 1331 England Avenue, 1800 Comox Avenue, 575 14<sup>th</sup> Street, 560 15<sup>th</sup> Street, 463 12<sup>th</sup> Street, 1081 Stewart Avenue, 1170 Fitzgerald Avenue, 450 19th Street, 535 Rockland Road, 635 8th Avenue, 667 8th Avenue, 790/794 Dogwood Street, 710 Dogwood Street, and 534 Cedar Street.



Twenty-two of the properties are located in the Comox Valley and six are located in Campbell River, where rental apartments are in high demand. The Residential Portfolio's properties were built between 1956 and 2019. A majority of the buildings are older but have been well maintained with upgrades and renovations. This attracts quality tenants and allows the Residential Portfolio to tap into the mid-range market.

The Residential Portfolio properties vary in size as they range from having 3 units to 68 units with a total of 463 units. 307 units (66%) are 2-bedroom units, 146 units (32%) are one-bedroom units, and the other 10 units (2%) are bachelor suites or three-bedroom units. The unit rent per month in respect of the Residential Portfolio properties varies from \$587 to \$1,750 with an overall average rent per month of \$1,087.

The Residential Portfolio properties are maintained to a very high standard. Not only have the buildings been well maintained but the exterior aesthetics and foliage are also extensively upheld. Many of the Residential Portfolio properties are situated close to each other, including six separate clusters composed of multiple properties that are physically connected. The physical clustering of the smaller properties introduces management efficiencies, effectively allowing three to four smaller properties to be managed as though they were a single, bigger property.

Major renovations have been completed to keep the Residential Portfolio properties attractive and at a high standard. Some renovations completed on a substantial percentage of the buildings include exterior and interior repainting and staining, installing continuous curbs in the parking lots, installing new carpet and tile throughout the building, installing new light fixtures, replacing windows, updating sprinkler systems, and adding new earphone systems. The roofs have also been replaced or redone relatively recently, which is usually a large expenditure that can now be dated well into the future.

Above and beyond its normal course repairs and maintenance budget, the Trust maintains an active budget for replacement of major capital items and periodic base building upgrades ("**Capital Expenditures**") of the Properties in the Residential Portfolio. The Trust budgets 5% - 9% of gross income for maintenance Capital Expenditures for major items such as roof replacements, HVAC replacements, and common area upgrades. The Trust addresses these replacement requirements on a scheduled, priority basis. An additional component of the total budget for Capital Expenditures is capital required to fund interior suite renovations on suites that are turning over in the residential properties. Given the low vacancy rate in the Trust's core market, these expenditures generate value added in the form of rental increases. As such, Capital Expenditures related to renovations generate an immediate return on capital for the Trust, which maintenance Capital Expenditures do not.

#### Other Asset Classes and Geographic areas

The Trust's primary focus is investing in income producing residential and commercial properties in the Mid-Island Area but will consider acquisitions in other locations and real estate asset classes as investment opportunities arise, as long as these investments are within the Trust's mandate.

#### Acquisition and Development Opportunities – General

Consistent with past practices and in the normal course of business, the Limited Partnership is engaged in discussions, and has various non-binding and/or binding conditional agreements, with respect to possible acquisitions of additional properties. However, there can be no assurance that these discussions or agreements will result in unconditional

acquisition agreements, or if they do, what the final terms or timing of such acquisitions would be. The Limited Partnership expects to continue current discussions and actively pursue additional acquisition and investment opportunities consistent with the Trust's investment guidelines and policies.

In addition, the Limited Partnership may enter into development management agreements and construction management agreements from time to time in respect of the development and construction of additional properties which will form part of the property portfolio. In the event that the Limited Partnership obtains the necessary municipal approvals, and determines to proceed with such development and construction projects, additional information will be made available to Unitholders and investors.

### **Coronavirus Effects and Response**

Early in March 2020, the World Health Organization designated the outbreak of the novel coronavirus disease, otherwise known as COVID-19, as a global pandemic. In the following weeks and months, this unforeseen global event has grown into a significant health crisis, one that is already disrupting business operations and affecting trade and profits across multiple sectors. The impact of COVID-19 and measures to prevent its spread are affecting businesses locally, regionally, nationally and internationally, in a number of ways, including, without limitation, temporary business closures, surging unemployment, supply chain disruptions and currency and commodity volatility.

The Trust continues to actively monitor the COVID-19 situation and its impact on the Trust's business operations and affairs. The Trust expects the ultimate significance of the impact on its financial and operational results will be dictated by the length of time that such circumstances continue, which will depend on the extent and duration of the COVID-19 pandemic and the governmental and public actions taken in response. COVID-19 also makes it more challenging for management to estimate future performance of the Trust's business.

Management continues to monitor federal, provincial and city initiatives to help residents meet their obligations during this difficult time. In the meantime, the Trust continues to take appropriate measures to ensure that the spread of COVID-19 within its organization is limited. The first priority is to maintain a safe environment for tenants, employees, and visitors. Management has implemented appropriate contingency plans to ensure the strictest cleanliness standards at the properties and to maintain building supplies and necessary manpower for operations. See Item 8 "Risk Factors – Risks Related to the Coronavirus".

### **Restructuring and other Corporate Changes**

Commensurate with certain corporate changes in respect of the General Partner as proposed in Q4 of 2019, the General Partner considered amendments to the Limited Partnership Agreement to better reflect the current and future business opportunities of the Limited Partnership and, indirectly, the Trust. The General Partner discussed the proposed amendments to the agreement, and the impact thereof on the Trust, with the Trustee. After careful consideration of various relevant factors, the Trustee was of the view that the proposed changes to the Limited Partnership Agreement would positively impact the Trust and Unitholders over the long term. The Trustee based its decision, in part, on the Trust's level of maturity and the stabilization of assets, which gave management and the board of directors of the Trustee a greater sense of confidence to continue the Trust as a going concern over the longer term, and to grow its business and the portfolio. With more robust attention to continue to operate into the longer term and grow the business, the General Partner amended the provisions of the Limited Partnership Agreement to remove the General Partner's Allocation and to make other incidental changes thereto. In connection with the foregoing, the General Partner and the Trustee, as applicable, agreed to the following:

- (a) the Trust and the General Partner agreed that the General Partner would repurchase the outstanding shares of the General Partner held by the Trust at the same price that the Trust paid for such shares;
- (b) the Trust and the General Partner agreed that the Trust would make a one-time payment of \$183,750 to the General Partner as consideration for: (i) the removal of the General Partner's 20% allocation of: (A) the net income and distributions of the Limited Partnership, and (B) the distributions on dissolution (collectively, the "**General Partner's Allocation**"); and (ii) the General Partner's efforts relating to the formation and operation of the Trust to date in its capacity as the promoter of the Trust;

- (c) the General Partner, in its capacity as Manager, would charge the Limited Partnership an Asset Management Fee of five (5) basis points (the Management Agreement permits an Asset Management Fee of up to 50 basis points);
- (d) the General Partner would consent to the sale of the shares of the General Partner. to Brendan Sutton, the Chief Executive Officer of the General Partner, and Zen Dedekind, the Chief Financial Officer of the General Partner; and
- (e) certain amendments to the Management Agreement and the Administration Agreement.

**2.4 Long-Term Objectives**

The long-term objectives of the Trust are:

- (a) to issue sufficient Units to permit the Trust to in turn acquire sufficient LP Units to allow the Limited Partnership to operate, maintain and finance the Properties comprising the Portfolios, and to acquire additional income producing properties in the Trust Region on a commercially reasonable basis;
- (b) to provide Unitholders with profits derived from the Trust’s investment in LP Units (generated indirectly from the Limited Partnership’s operation of the Portfolios and any additional properties); and
- (c) to distribute such profits among the Unitholders.

Subject to future events which may have an impact on the timing of such decisions, it is the current intention of the Trust to continue its business for an indefinite period of time.

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

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 indirectly additional properties that are accretive to unitholder value. A portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may also be used to pay: (i) down mortgage financing on a specific property or properties; (ii) capital expenditure on a specific property or properties; (iii) infill development projects; and (iv) due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to such acquisitions or properties. The specific additional properties in which the Trust may indirectly invest have not yet been determined.

What the issuer must do and how it will do it	Target completion date or if not known, number of months to complete	Cost to complete
Purchase additional properties	Ongoing – The specific additional properties in which the Trust may indirectly invest have not yet been determined.	unknown

**2.6 Insufficient Funds**

The funds available as a result of the Offering may not be sufficient to accomplish all of the Trust’s proposed objectives and there is no assurance that alternative financing will be available.

**2.7 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:

- (a) Trust Declaration – The Trust Declaration is described under Item 2.7 – “Material Agreements – Trust Declaration”.
- (b) Limited Partnership Agreement – The Limited Partnership Agreement is described under Item 2.1 - “Structure” and under Item 2.7 – “Material Agreements – Limited Partnership Agreement”.

- (c) Management Agreement – The Management Agreement is described under Item 2.7 – “Material Agreements – Management Agreement”.
- (d) Cost Sharing and Recovery Agreement – The Cost Sharing Agreement is described under Item 2.7 – “Material Agreements – Cost Sharing and Recovery Agreement”.
- (e) Administration Agreement – The Administration Agreement is described under Item 2.7 – “Material Agreements – Administration Agreement”.
- (f) Property Management Agreement – The Property Management Agreement is described under Item 2.7 – “Material Agreements – Property Management Agreement”.
- (g) Subscription Agreements – The Subscription Agreement is described under Item 5.2 – “Subscription Procedure”.
- (h) Agent Engagement Letter – The Agent Engagement Letter is described under Item 2.7 – “Material Agreements – Agent Engagement Letter”.

**Copies of all of the contracts referred to above may be inspected during normal business hours at the principal office of the Manager, located at 450A Wentworth Street, Nanaimo, British Columbia V9R 3E1.**

**A. Trust Declaration**

The rights and obligations of the Trust and the Unitholders are governed by the Trust Declaration. The following is a summary of the 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 and/or the Manager. Capitalized terms in this summary which are not defined in this Offering Memorandum are defined in the Trust Declaration.**

**Units**

The Trust is authorized to issue an unlimited number of Units. Except as provided in the Trust Declaration 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, each Unit represents an equal undivided beneficial interest or share in any distribution from the Trust (whether of Distributable Cash Flow, 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 rateably 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 of a particular Class of Units may be re-designated by the Trustee as a Unit of another Class of Units, upon request of a holder 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.

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. As of the date of this Offering Memorandum, the only Classes of Units authorized by the Trust are Class A Units and Class F Units.

### ***Fractional Units***

Except for a fraction of a Unit which is created as a result of a partial redemption of a Unit or the payment of distributions by the issuance of Units, no fractional Units will be permitted.

### ***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 for the Distribution Period. Any such distribution will be payable to each Unitholder of record on such Distribution Record Date *pro rata* in proportion to the number of Units held as of record by such Unitholder on such Distribution Record Date. Subject to the terms of the Trust Declaration, any Distributable Cash Flow 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 Cash Flow of the Trust***

The cash flow of the Trust for any Distribution Period (the "**Cash Flow**") 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 LP Units in the Limited Partnership and all other income, interest, distributions, dividends, proceeds from the disposition (other than by way of security interest) of LP Units, 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; 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; and less
- (d) any interest expense incurred by the Trust between distributions,

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.

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

Trust Income for any taxation year of the Trust will be the income 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; 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 as the amount, if any, by which the aggregate of the capital gains of the Trust realized in such year exceeds the sum of (i) the aggregate of the capital losses of the Trust realized in such year; (ii) any capital gains that are realized by the Trust as a result of a redemption of Units pursuant to the Trust Declaration and that are payable to redeeming Unitholders under the Trust Declaration; and (iii) 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.

#### *Other Distributions*

In addition to distributions of Distributable Cash Flow, the Trustee may 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, in any year, in such amount or amounts, and on such dates and to Unitholders of record on such dates, as the Trustee may determine.

The following amounts will be due and payable to Unitholders of record at the close of business on December 31 in each year:

- (a) the amount of Trust Income for such year not previously paid or made payable to Unitholders in such year; and
- (b) the amount of Net Realized Capital Gains for such year not previously paid or made payable to Unitholders in such year.

#### *Allocation*

Trust Income and Net Realized Capital Gains shall be allocated to the Unitholders for the purposes of the Tax Act in the same proportion as the total distributions received by Unitholders in the taxation year, subject to: (a) the discretion of the Trustee to adopt an allocation method that the Trustee considers to be more reasonable in the circumstances, and (b) the Trustee's ability pursuant to the Trust Declaration to designate as payable to redeeming Unitholders any capital gain and/or income realized by the Trust as a result of an in specie distribution.



### *Reclassification of Units*

Subject to the consent of the Manager, in its role as administrator of the Trust, and any criteria established by the Manager, in its role as administrator of the Trust, Class A Unitholders may request to reclassify or switch their Class A Units into Class F Units. This is called a reclassification. The Trust will not charge any fees for the administration of reclassifications, but Unitholders should check with their dealers to confirm whether any fees will be charged by such dealers. Upon a reclassification from Class A Units to Class F Units, the number of Units held by the Unitholder will not change since both classes of Units have the same Net Asset Value per Unit.

Generally, reclassification or switches between classes of Units is not considered a disposition for tax purposes, which means that Unitholders will not realize a capital gain or loss. However, Unitholders should consult with their own tax advisors regarding any tax implications of reclassifying or switching between classes of Units. See Item 6 - "Summary of Income Tax Consequences and Eligibility."

### *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 pursuant to Article 6 of the Trust Declaration 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. 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.

### *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.

In the event that a Unitholder has held his Unit for less than the entire Distribution Period for which a distribution is payable, the Unitholder shall only be entitled to a proportionate share of the distributions based on the proportion that the number of days between the date of first issue of his Units and the last day of the Distribution Period bears to the aggregate total number of days in such Distribution Period.

The Trustee shall 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.

### *Enforceability of Right to Receive Distributions*

Notwithstanding any provision of the Trust Declaration, each Unitholder will have the legal right to enforce payment on the Distribution Payment Date or December 31, as the case may be, of any amount payable to such Unitholder as a result of any distribution declared or otherwise made payable pursuant to the Trust Declaration on the applicable Distribution Record Date or the applicable December 31, as the case may be, to, and not yet received by, such Unitholder pursuant to the Trust Declaration.

### *Method of Payment of Distributions*

Where the Trustee determines that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution that has been declared payable, or otherwise made payable, pursuant to the Trust Declaration on the due date for such payment or for any other reason cannot pay the distribution in cash, the payment may, at the option of the Trustee, include the issuance 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 pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The value of each Unit that is issued as in the above paragraph will be equal to the Subscription Price for such Unit, unless the Trustee determines that the value of a Unit is materially different than the Subscription Price, in which case the Unit will be issued at such different value.

#### *Withholding Taxes*

The Trustee may deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distributions. In the event of a distribution in the form of additional Units, the Trustee may sell Units of such Unitholder to pay such withholding taxes and to pay all of the Trustee's reasonable expenses with regard thereto and the Trustee shall have the power of attorney of such Unitholder to do so. Upon such sale, the affected Unitholder shall cease to be the holder of such Units.

#### ***Calculation of Net Asset Value***

The Trustee will determine, or cause to be determined, the Net Asset Value and Net Asset Value Per Unit of the Trust as of each Valuation Time.

#### ***Method of Determining Value***

The Net Asset Value, on a Valuation Date, will be equal to the aggregate value of the Trust Property on the Valuation Date, less the aggregate value of the Trust's liabilities on the Valuation Date and will be subject to valuation rules set by the Trust from time to time. The Net Asset Value as thus determined will be divided by the number of outstanding Units of the Trust (determined before giving effect to any reinvestment of net income, Net Realized Capital Gains or other distributions then payable to Unitholders and before giving effect to any redemptions or issuances of Units to be implemented as of the Valuation Date) to ascertain the Net Asset Value Per Unit as of the Valuation Date.

#### ***Redemption***

##### *Redemption - Generally*

Redemption of Units by Unitholders is restricted under the terms of the Trust Declaration. In accordance with the process described below (which is qualified by the provisions of the Trust Declaration), a Unitholder is entitled to make demand on the Trust to redeem such Unitholder's Units. The Trust Declaration describes the salient terms regarding Unitholders' redemption, including: the steps required by a Unitholder to redeem Units, the effect that providing notice to exercise redemption rights has on a Unitholder, the Redemption Price (as hereinafter defined) payable to the Unitholder, and how the Trust will pay the Redemption Price to a Unitholder.

##### *Right of Redemption by Unitholders*

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 who desires to exercise its redemption rights must do so by delivering a written notice (the "**Redemption Notice**") to the Trust setting out the Unitholder's intention to redeem Units. By delivering a Redemption Notice to the Trust, the Unitholder will be deemed to have irrevocably surrendered the Units described in the Redemption Notice for redemption.

##### *Effect of Redemption Notice*

Upon receipt by the Trust of the Redemption Notice, the Unitholder will 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 that are declared payable to the Unitholders of record on a date that follows the date of receipt by the Trustee of the Redemption Notice. Units will 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 (such date referred to herein as, the “**Redemption Date**”).

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 Unitholders, since the payment of redemptions will take priority over the payment of cash distributions. See Item 8 - “Risk Factors”.

#### *Redemption Price*

Unitholders whose Units are redeemed will be entitled to receive a redemption price (the “**Redemption Price**”) per Unit 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, the Net Asset Value Per Unit as determined on the Valuation Date which immediately precedes the Redemption Date, subject to any administration and processing fees that may be determined and applied by the Trustee, in its sole discretion, from time to time.

#### *Payment of Redemption Price in Cash*

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 Redemption Date occurs, subject to the following limitations:

- (a) the total amount payable by the Trust by cash payment in respect of the redemption of Units for the calendar quarter in which the Redemption Date occurs will not exceed \$50,000; and
- (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 the calendar quarter in which the Redemption Date occurs will not exceed 1/4 of 1% of the aggregate Subscription Price of all Units that were issued and outstanding at the start of such twelve month period.

#### *Payment of Redemption Price in Specie*

If any of the limits in the Trust Declaration 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 any 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;
- (b) a distribution *in specie* to the Unitholder of a number of LP Units having an aggregate value determined on the redemption date based on the redemption price of the LP Units under the terms and conditions of the Limited Partnership Agreement, 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 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.

Notwithstanding the foregoing, the Trustee, in its sole discretion, may but will in no way be obligated to make cash payments on account of the Redemption Price in excess of the limits set out in the Trust Declaration.

#### *Capital Gains and Income on In Specie Distribution*

Where the Trust makes a distribution *in specie* of a *pro rata* number of LP Units on a redemption of Units, rather than by way of cash payment, pursuant to the Trust Declaration, the Trustee may designate as payable to the particular redeeming Unitholders receiving LP Units portions of the amount of the value of such LP Units: (i) not exceeding the amount of any capital gain of the Trust as a result of the distribution of such property as an amount payable out of the Net Realized Capital Gains of the Trust, and (ii) not exceeding an allocable share of income in respect of the LP Units so distributed determined in accordance with the terms of the Limited Partnership Agreement together with any other income realized by the Trust as a result of a distribution of LP Units, as an amount payable out of Trust Income.

#### *Order of Redemptions*

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

#### **Retraction**

##### *Trust's Right of Retraction*

The Trust may retract the Units either in whole at any time or in part from time to time.

##### *Partial Retraction*

If the Trust elects to retract less than all of the outstanding Units, the Units to be retracted shall be retracted either:

- (a) on a *pro rata* basis;
- (b) be drawn by lot; or
- (c) be selected in such other manner as the Trustee, in its sole discretion, may determine, including the retraction of Units from one or more specified Unitholder.

For this purpose, the Trust may make, and from time to time amend, regulations with regard to the manner in which such Units will be selected for retraction and such regulations shall be binding upon all Unitholders.

##### *Exercise of Right*

The Trustee shall exercise the retraction right provided for in the Trust Declaration by causing notice to be given to a Unitholder or Unitholders (a "**Retraction Notice**"). Such notice will be irrevocable except with respect to any Units called for retraction in respect of which the retraction proceeds are not paid by the Trust on or before the date on which such payment is due and except as otherwise provided herein.

##### *Retraction Price*

Unitholders whose Units are retracted pursuant to the Trust Declaration will be entitled to receive payment (the "**Retraction Price**") per Unit equal to the Net Asset Value Per Unit as at the most recent Valuation Date.

#### **Meetings of Unitholders**

Annual meetings of Unitholders are not required. However, meetings of Unitholders may be called at any time by the Trustee and must be called by the Trustee upon a written request of Unitholders holding in the aggregate not less than 15% of the Units then outstanding, such request specifying the purpose or purposes for which such meeting is to be called. Meetings of Unitholders will be held in the City of Nanaimo. The Chair of any meeting will be a person designated by the Trustee for the purpose of such meeting except that in lieu of the person so designated or if no person has been so

designated, on the motion of any Unitholder, any person may be elected as Chair by a majority of the votes cast at the meeting.

**Quorum**

A quorum for any meeting of Unitholders 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 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**

Only Unitholders of record will be entitled to vote and each Unit will entitle the holder or holders thereof to one vote on a poll. At any meeting of Unitholders, any Unitholder entitled to vote thereat may vote by proxy and a proxy holder need not be a Unitholder. The Trustee may solicit proxies from Unitholders in any matter requiring or permitting the Unitholders' approval or consent. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them is present at such meeting in person or by proxy, and such joint owners so present disagree as to any vote to be cast, such vote will not be received in respect of such Unit. Fractional Units are not entitled to vote.

**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 is required by policies of the securities regulatory 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 required to be consented to or approved by the Unitholders; and
- (c) any matter which the Trustee considers appropriate to present to the Unitholders for their confirmation or approval.

**Powers Exercisable Special Resolution**

The following powers shall only be exercisable by Special Resolution passed by the Unitholders:

- (a) consenting to the amendment of the Trust Declaration except as provided therein;
- (b) changes to the investment objectives of the Trust;
- (c) the removal of the Trustee;
- (d) the appointment of a new trustee;
- (e) the termination of the Trust;
- (f) a reduction in the amount payable on any outstanding Units upon liquidation of the Trust; 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.

### ***Unitholder Meeting Information***

Prior to each meeting of Unitholders, the Trust will provide to each Unitholder, together with the notice of the meeting:

- (a) a form of proxy which can 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," 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;
- (b) any change in the investment policy of the Trust; or
- (c) any change to the Trust Declaration, if such change is material or is otherwise required by the Trust Declaration.

### ***Information and Reports***

After the end of each calendar quarter, the Trustee will distribute or make available in accordance with applicable securities legislation to each Unitholder the Trust's accountant prepared and reviewed financial statements. On or before March 31 in each year, the Trustee will:

- (a) deliver or make available to each Unitholder the Trust's audited financial statements for the previous fiscal year and such other reports as are from time to time required by applicable securities or other laws; and
- (b) deliver 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 their annual Canadian income tax return.

Such financial statements will be prepared in accordance with GAAP; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

### ***Liability of Unitholders***

No Unitholder, in its capacity as Unitholder, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any person in connection with any Trust Liabilities. No Unitholder, in its capacity as such, will be liable to indemnify the Trustee or any other person with respect to any Trust Liabilities.

To the extent that, notwithstanding the provisions of the Trust Declaration, any Unitholder, in its capacity as such, may be determined by a judgement of a court of competent jurisdiction to be subject to or liable in respect of any Trust Liabilities,

such judgement and any writ of execution or similar process in respect thereof will be enforceable only against, and will be satisfied only out of, the Units held by such Unitholder.

To the extent that, contrary to the provisions of the Trust Declaration, any Unitholder is held personally liable as such to any other person in respect of any Trust Liabilities, such Unitholder will be entitled to indemnity and reimbursement out of the Trust Property to the full extent of such liability and for all costs of any litigation or other proceedings in which such liability has been determined, including, without limitation, all fees and disbursements of counsel. The rights accruing to a Unitholder under the Trust Declaration do not exclude any other rights to which such Unitholder may be lawfully entitled, nor does anything herein contained restrict the right of the Trustee to indemnify or reimburse a Unitholder out of the Trust Property in any appropriate situation not specially provided herein but, for greater certainty, the Trustee has no liability to reimburse a Unitholder for taxes assessed against them by reason of or arising out of their ownership of Units.

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

The Trustee is vested with and will have continuing, full, absolute and exclusive power, control, and authority and discretion over the Trust Property and over, and management of, the affairs and undertaking of the Trust, to the same extent as would the sole and absolute legal and beneficial owner of the Trust Property, and may, in respect of the Trust Property, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof without the necessity of applying to any court for leave to do so. Without restricting or limiting the generality of the foregoing, such powers of the Trustee will include the powers enumerated in the ensuing section and elsewhere in the Trust Declaration.

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

Subject only to the express limitations contained in the Trust Declaration, and in addition to any other powers and authorities conferred by the Trust Declaration or which the Trustee may have by virtue of any present or future statute or rule of law, the Trustee, without any action or consent by the Unitholders, will have and may exercise at any time and from time to time the following powers and authorities, which may be exercised by the Trustee in such manner and upon such terms and conditions as they may from time to time determine proper:

- (a) to supervise the activities and manage the investments and affairs of the Trust;
- (b) to hold the Trust Property in safekeeping, retaining moneys, securities, property, assets or investments, and investing moneys from time to time forming part of the Trust Property;
- (c) to ensure that the Subscription Proceeds are invested in LP Units;
- (d) to borrow money as necessary to pay distributions to Unitholders, and encumbering Trust Property in respect thereof;
- (e) to pay properly incurred expenses out of Trust Property;
- (f) to open, operate and close bank accounts and other similar credit, deposit and banking arrangements, to negotiate and sign banking and financing contracts and agreements and deposit monies from time to time forming part of the Trust Property in such accounts;
- (g) to possess and exercise rights, powers and privileges appertaining to ownership of or interests in Trust Property;
- (h) to hold legal title to the Trust Property;
- (i) to appoint the accountants of the Trust;
- (j) to ensure compliance with applicable securities legislation;
- (k) to prepare and file or cause to be prepared and filed all requisite returns, reports and filings;
- (l) to provide all requisite office accommodation and associated facilities;

- (m) to provide or cause to be provided to the Trust all other administrative and other services and facilities required by the Trust;
- (n) to maintain or cause to be maintained complete records of all transactions in respect of the investment portfolio of the Trust;
- (o) to prescribe any instrument provided for or contemplated by the Trust Declaration;
- (p) to effect payment of distributions to the Unitholders;
- (q) to collect, sue for and receive all sums of money or other property or items that are believed due to the Trust and obtain security, including encumbrances on assets, to secure the full payment of monies owed to the Trust and the performance of all obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- (r) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any part of the Trust Property, including the LP Units, to the same extent that any person might, unless as otherwise limited;
- (s) where reasonably required, to engage, employ, contract with or retain on behalf of the Trust any persons as agents, representatives, employees or independent contractors in one or more capacities;
- (t) except as prohibited by law, to delegate from time to time to the Trust's employees, consultants, agents and other persons the doing of such things and the exercise of such powers hereunder as the Trustee may from time to time deem expedient, so long as any such delegation is not inconsistent with any of the provisions of this Declaration and subject at all times to the general control and supervision of the Trustee as provided for in the Trust Declaration;
- (u) to issue and redeem Units pursuant to the terms and conditions of the Trust Declaration;
- (v) where desirable to make or cause to be made application for the listing or quotation on any stock exchange or market of Units, and to do all things which in the opinion of the Trustee may be necessary or desirable to effect or maintain such listing or quotation;
- (w) to use best efforts to do all such acts and things as are necessary to ensure that the Trust qualifies at Closing and at all times thereafter as a "mutual fund trust" pursuant to subsection 132(6) of the Tax Act, including *inter alia* those things set out in the Trust Declaration;
- (x) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustee in connection with the Trust Property, undertaking or income of the Trust, or imposed upon or against the Trust Property in connection with the undertaking or income of the Trust, or any part thereof, and to settle or compromise disputed tax liabilities, and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections, allocations and determinations in respect of Trust Income, Net Realized Capital Gains or any other amounts distributed, allocated and made payable to Unitholders in a year and any other matter as shall be permitted under the Tax Act and analogous provisions of any provincial income tax legislation, and to do all such other acts and things as may be deemed by the Trustee in its sole discretion to be necessary, desirable or convenient;
- (y) to do all such acts and things, and to execute, deliver and perform the obligations of the Trust under all such agreements and instruments as are necessary to complete the Offering or as are contemplated by the offering documents; and
- (z) to do all such other acts and things and execute all such agreements and other instruments as are incidental to the foregoing, and to exercise all powers that are necessary or useful to carry on the purpose and activities of the Trust, to promote or advance any of the purposes or objectives for which the Trust is formed and to carry out the provisions of the Trust Declaration whether or not specifically mentioned in the Trust Declaration.



### ***Resignation and Removal of Trustee***

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 may forthwith be appointed by the Unitholders by Special Resolution to fill such vacancy.

Following the appointment of a successor trustee, the former Trustee will account to the new trustee for all Trust Property which the former Trustee holds as trustee and will execute and deliver such documents as the new trustee may require for the conveyance of any Trust Property held in the Trustee's name.

### ***Indemnification of 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.

### ***Fees and Expenses***

As part of the expenses of the Trust, the Trustee may pay or cause to be paid out of the Trust Property, reasonable fees, costs and expenses incurred in connection with the administration and management of the Trust, including (without limitation) fees of auditors, accountants, lawyers, appraisers and other agents, consultants and professional advisors employed by or on behalf of the Trust, the cost of reporting or giving notices to Unitholders, and sales fees in connection with the sale of Units, including trailer fees. All costs, charges and expenses properly incurred by the Trustee on behalf of the Trust will be payable out of the Trust Property.

### ***Standard of Care***

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.

### ***Rights of Unitholders***

A Unitholder has similar protections, rights and remedies as a shareholder would have under the *Canada Business Corporations Act* (the "CBCA"), although there are many important differences, 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.

### ***Constraint on Non-Resident Unitholders***

At no time may Non-residents be the beneficial owners of more than 49% of the Units then outstanding. Additionally, at no time shall Non-residents hold or beneficially own, directly or indirectly, Units or any other rights or options, including convertible debentures ("**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 Trustee may require declarations as to the jurisdictions in which beneficial owners of Units and/or Options are resident. If the Trustee becomes aware that the beneficial owners of 40% of the Units and/or Options then outstanding are or may be Non-residents, or that such a situation is imminent, the Trustee shall not accept a subscription for Units or Options from or issue or register a transfer of Units or Options to a person unless the person provides a declaration that the person is not a Non-resident. If the Trustee determines that 45% or more of the Units and/or Options then outstanding are beneficially held by Non-residents, the Trustee shall send a notice to such Non-resident Unitholders, chosen in inverse order to the order of acquisition or in such other manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Units and/or Options or a portion thereof within a specified period of not less than 10 Business Days to residents of Canada or partnerships which are "Canadian partnerships" for the purposes of the Tax Act.

If the Unitholders receiving such notice have not disposed of the specified number of Units and/or Options or provided the Trustee with satisfactory evidence that they are not Non-Residents within such period, the Trustee may, on behalf of such Unitholders, dispose of such Units and/or Options without further notice and, in the interim, shall suspend the

voting and distribution rights attached to such Units and/or Options. For all purposes of such disposition, the Trustee shall be deemed to be the agents and lawful attorneys of such Non-Resident. Upon such disposition the affected holders shall cease to be holders of Units and/or Options and their rights shall be limited to receiving the net proceeds of disposition upon surrender of the Unit certificates representing such Units, subject to the right to receive payment of any distribution declared by the Trustee which is unpaid and owing to such Unitholders. The Trustee shall have no liability for the amount received provided that it acts in good faith.

The Trustee shall have the sole right and authority to make any determination required or contemplated. If the Trustee considers that there are reasonable grounds for believing that a contravention of the non-resident ownership restriction has occurred or will occur, the Trustee shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the Trustee.

The Trustee may determine not to take any of the actions described above if the Trustee has been advised by counsel to the Trust that the failure to take any such actions would not adversely impact the status of the Trust as a "mutual fund trust" for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Trust as a "mutual fund trust" for purposes of the Tax Act.

**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 and/or Manager.**

***B. Limited Partnership Agreement***

The rights and obligations of the General Partner and the Limited Partners are governed by the Limited Partnership Agreement. The following is a summary of all of the material provisions of the Limited Partnership Agreement. **This summary does not purport to be complete and reference should be to the Limited Partnership Agreement itself, a copy of which is available from the General Partner.**

**Capitalized terms in this summary which are not defined in this Offering Memorandum, are defined in the Limited Partnership Agreement.**

***Capital in the Limited Partnership***

The capital of the Limited Partnership consists of an unlimited number of LP Units, plus the interest held by the General Partner.

The General Partner has made a capital contribution of \$10.00 to the Limited Partnership, and has no further obligation to contribute capital. Patrick Sullivan, as the Founding Limited Partner, has also made a capital contribution of \$10.00 to the Limited Partnership, which capital contribution will be returned to him upon the completion of the initial subscription for LP Units. Limited Partners will contribute to the Limited Partnership \$10.00, or such other amount as the General Partner may determine, per Unit subscribed for.

***Allocation of Net Income and Net Loss***

The Net Income (LP) shall be allocated among the partners on the following basis:

- (a) firstly, the General Partner shall be allocated .01% of the Net Income (LP) to a maximum of \$100 per annum;
- (b) secondly, the balance of Net Income (LP) shall be allocated to the Limited Partners.

The Net Loss (LP) shall be allocated among the Partners on the following basis:

- (a) firstly, the General Partner shall be allocated .01% of the Net Loss (LP) to a maximum of \$100 per annum; and
- (b) secondly, the balance of Net Loss (LP) shall be allocated to the Limited Partners.

Notwithstanding the foregoing, if any Limited Partner has a negative balance in his, her or its capital account, the General Partner shall have the right to allocate Net Income (LP) to that Limited Partner in priority to other Limited Partners to the extent of the negative balance. The General Partner shall not allocate Net Loss (LP) to a Limited Partner if after the allocation, the Limited Partner would have a negative balance in his, her or its capital account.

The taxable income, taxable loss, capital gain and capital loss of the Limited Partnership, determined in accordance with the Limited Partnership Agreement, shall be allocated among the partners on the same basis on which Net Income (LP) and Net Loss (LP) are allocated to the General Partner and Limited Partners.

### ***Distributions***

Subject to distributions on dissolution of the Limited Partnership:

- (a) distributable cash shall be distributed quarterly, as cash flow permits, as follows:
  - (i) firstly, to the General Partner 0.01% of the Distributable Cash to a maximum of \$100 per annum;
  - (ii) secondly, the balance of the Distributable Cash to the Limited Partners; and
- (b) extraordinary net cash receipts, being the net proceeds from a Sale or Refinancing calculated in accordance with the Limited Partnership Agreement, will be distributed as and when funds are received and are available for distribution, as follows:
  - (i) firstly, in the event of a Sale of a Property, to pay any costs involved in the Sale, and to pay all amounts required to discharge any mortgages or encumbrances registered against the assets;
  - (ii) secondly, to pay to the Limited Partners that amount which is estimated by the General Partner to be required by the Limited Partners to pay any income or other taxes arising as a result of the Sale;
  - (iii) thirdly, to pay all current obligations of the Limited Partnership, including without limitation, mortgage loans and any loans advanced by the General Partner or the Limited Partners, plus accrued interest, and the Asset Management Fee payable under the Management Agreement;
  - (iv) fourthly, the balance of extraordinary net cash receipts will be distributed to the Limited Partners, *pro rata* in accordance with their respective Income Shares.

### ***Additional Capital Contributions***

No Limited Partner is required to make additional capital contributions to the Limited Partnership over and above the purchase price paid for such Limited Partner's LP Units.

### ***Partner Loans***

If the Limited Partnership requires additional funding, the General Partner may request that one or more Limited Partners voluntarily loan funds to the Limited Partnership. If a Limited Partner elects to make a loan to the Limited Partnership, the Limited Partnership will be required to repay such loan, together with interest thereon, in priority to any distributions of amounts in respect of cash flow from the operations of the Properties, and in priority to any distributions of net proceeds received by the Limited Partnership from any capital transaction in respect of the Properties.

### ***Distributions upon Wind-up, etc.***

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

- (a) in the event that dissolution occurs upon the sale of the last of the Properties, to pay any costs involved in the sale, and to pay all amounts required to discharge any Mortgage Loans or encumbrances registered against the Properties;
- (b) to pay all expenses incurred in the winding-up of the Limited Partnership;
- (c) to pay all of the liabilities of the Limited Partnership, including any loans or advances made by Limited Partners, any amounts owing to the General Partner in respect of costs and expenses owing to it pursuant to the Limited Partnership Agreement, and to the extent then payable the Asset Management Fee payable under the Management Agreement, in the manner required by law;
- (d) to establish such reserves as the General Partner considers necessary;
- (e) to return to each Limited Partner the amount in such Limited Partner's capital account;
- (f) to return to the General Partner the balance in its capital account; and
- (g) to distribute any balance then remaining to the Limited Partners, *pro rata* in accordance with their respective Income Shares.

#### ***Management and Control of the Limited Partnership***

The General Partner is given full power and authority to manage, control, administer and operate the business of the Limited Partnership, except for certain matters being subject to votes of the Limited Partners. No Limited Partner is permitted to take part in the management of the business of the Limited Partnership. The General Partner has unlimited liability for the debts, liabilities and obligations of the Limited Partnership. A Limited Partner will not be liable for any debts, liabilities or obligations of the Limited Partnership 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 LP Units, provided such Limited Partner does not take part in the control or management of the business of the Limited Partnership.

#### ***Removal of the General Partner***

The Limited Partners may, by Special Resolution and upon 60 days' written notice to the General Partner, remove the General Partner without cause, and may remove the General Partner for cause, if such cause is not remedied after reasonable notice from the Limited Partners. 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 General Partner, and the removed General Partner will be released of its liabilities under the Limited Partnership Agreement and indemnified for any damages and expenses with respect to events which occur in relation to the Limited Partnership after the appointment of the new General Partner.

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

#### ***Financial Information***

The General Partner has agreed under the Limited Partnership Agreement to distribute a copy of audited annual financial statements to each Limited Partner within 90 days after the end of each fiscal year of the Limited Partnership, 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 Limited Partnership's income. All financial statements will be prepared in accordance with IFRS applied on a consistent basis, and will contain a breakdown of any

expenses for which Related Parties have been reimbursed. The General Partner will also provide interim financial and management reports regarding the affairs of the Limited Partnership on a semi-annual basis.

### ***Residency***

Under the terms of the Limited Partnership Agreement, 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 becomes a non-resident for Canadian income tax purposes, such non-resident Limited Partner may be required to sell such Limited Partner's LP Units to a resident of Canada.

**The foregoing is a summary only of all of the material provisions of the Limited Partnership Agreement. For a complete understanding of all of the provisions of the Limited Partnership Agreement, reference should be made to the Limited Partnership Agreement itself, a copy of which is available from the General Partner.**

### **C. *Management Agreement***

#### ***Powers and Responsibilities of the Manager***

Pursuant to the Management Agreement, the Manager has agreed to provide the following financing, asset management and supervision of property management services to the Limited Partnership, for which it will be paid the fees and reimbursed the expenses as set out below:

#### ***Acquisition and Financing Services***

The Manager will provide the following acquisition and financing services to the Partnership:

- (a) structuring the acquisition and ownership by the Limited Partnership of the Properties or interests in the Properties, including overseeing the preparation, execution and delivery of all agreements, transfers, documents and instruments required for such acquisitions;
- (b) negotiating and arranging for Mortgage Loans in respect of the Properties, including overseeing the preparation, execution, delivery and registration of all documents required in connection therewith;
- (c) engaging such counsel and other professional advisers or consultants as the Manager considers advisable in order to perform its duties hereunder; and
- (d) completing all such other services, tasks and matters as may be necessary in respect of the foregoing or as may be reasonably requested by the Limited Partnership from time to time.

#### ***Asset Management Services***

The Manager will provide the following asset management services to the Limited Partnership:

- (a) providing overall management, financial and business planning for the Limited Partnership, including overseeing the operations of the Properties;
- (b) establishing appropriate legal and accounting systems for the proper control of the Properties;
- (c) maintaining 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;
- (d) conducting ongoing analysis of market conditions to monitor the Limited Partnership's investment in the Properties; and
- (e) advising the Limited Partnership with respect to the disposition of the Properties, and negotiating and carrying out the disposition of the Properties on such terms and conditions and at such times as the Manager may determine.

#### ***Supervision of Property Management***

The Manager will take all steps necessary to monitor and supervise the management of the Properties by any property manager appointed by the Limited Partnership for that purpose, including:

- (a) conducting regular visits to the Properties;
- (b) verifying proper maintenance of the Properties through ongoing site inspections and meetings with the property managers;
- (c) assessing the local rental market on a periodic basis to ensure that rents are maintained at optimal levels;
- (d) ensuring that vacancies are minimized;
- (e) establishing procedures with respect to internal financial controls;
- (f) reviewing the annual budget and monthly financial performance with respect to that budget; and
- (g) reviewing the need for any capital repairs on an ongoing basis.

#### *Service Requirements*

In providing services under the Management Agreement, the Manager shall:

- (b) comply with all instructions and directions given to it by the Limited Partnership;
- (c) devote sufficient time and attention to carry out its duties as required hereunder;
- (d) well and faithfully serve the Limited Partnership; and
- (e) comply with all applicable rules, laws and regulations of any kind whatsoever.

#### *Fees*

In consideration of the provision of the services described above, the Limited Partnership will pay the following fees to the Manager during the term of this Agreement:

- (a) the Asset Management Fee; and
- (b) an acquisition fee (the "**Acquisition Fee**") equal to 1% of the gross purchase price of each Property (or interest in a Property), plus GST if applicable, payable to the Manager upon the completion of the purchase of each such Property (or interest in a Property).

In addition, the Manager will be entitled to be reimbursed for any deposits paid and for all out-of-pocket expenses incurred by the Manager in completing any of the above duties and services, including deposits paid in respect of the purchase price of a Property or Properties.

#### *Waiver of Asset Management Fee*

The Manager, from time to time, may waive the obligation of the Limited Partnership to pay all or any portion of the Asset Management Fee for any year of the Term, or any one or more months within any such year, provided that the waiver of the obligation of the Limited Partnership to pay all or any portion of the Asset Management Fee in any year or month shall not act as a waiver of such obligation in subsequent years. The waived Asset Management Fee, or portion thereof, is waived indefinitely and does not accrue. The Manager waived the obligation of the Limited Partnership to pay the Asset Management Fee in connection with the Acquisition of the Portfolios.

#### *Term and Termination*

The Management Agreement will continue in full force and effect until the earlier of the sale of the last of the Properties to be sold and December 31, 2022. The Management Agreement will be automatically renewed thereafter for terms of five years, unless otherwise terminated in accordance with its terms. Notwithstanding anything to the contrary contained in the Management Agreement, the Trust, its sole discretion, may terminate the Management Agreement in the event of any of the following: (i) the death of any key personnel (which, for purposes of the Management Agreement, means Brendan Sutton and Zen Dedekind); (ii) the disability of any key personnel; (iii) the termination of the employment agreement or consulting agreement between the Manager and any key personnel; and (iv) the retirement of any key personnel as an employee of the Manager.

***Payment on Termination***

Upon the termination of the Management Agreement, the Limited Partnership will continue to be responsible for the payment to the Manager of, and upon the Manager's demand therefor, will pay to the Manager any and all fees payable under the Management Agreement and all expenses incurred by the Manager for and on behalf of the Limited Partnership in connection with the performance of its duties and obligations under the Management Agreement.

***Indemnities***

The Limited Partnership will indemnify and save harmless the Manager, its directors, officers, employees and other representatives from and against any and all losses, suits, claims, demands, liabilities, penalties, assessments, fines, actions, causes of action, costs and expenses, including legal expenses and including amounts paid to settle an action or satisfy a judgement (for purposes of the Management Agreement, collectively, "damages") in any way arising from or attributable to the performance by the Manager, or its directors, officers, employees and other representatives acting within the scope of their duties, employment or engagement, as applicable, of the Manager's obligations under the Management Agreement, except as arise from or are attributable to the gross negligence or wilful misconduct of the person seeking indemnification.

No person will be indemnified in respect of damages that arise out of or as a result of or in the course of his, her or its failure to act honestly and in good faith, or out of or as a result of or in the course of his, her or its 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 person did not have reasonable grounds for believing that his, her or its conduct was lawful.

The Manager will indemnify and save harmless the Limited Partnership from and against any and all damages which arise from or are attributable to the gross negligence or wilful misconduct of the Manager, its directors, officers, employees or other representatives acting within the scope of their duties, employment or engagement, as applicable, in the performance of the Management Agreement.

***D. Cost Sharing and Recovery Agreement***

Pursuant to the Cost Sharing and Recovery Agreement, the Limited Partnership has agreed to reimburse the Trust for all costs and expenses incurred or paid for directly by the Trust arising in connection with: (a) the Offering of Units by the Trust, and (b) the qualification for distribution by the Limited Partnership to the Trust of the LP Units which are acquired by the Trust with all of the proceeds from the issuance of the Units, including, without limitation, sales fees and expenses and the costs of legal, accounting and audit services, tax advice, printing, travel and securities filings (the "**Reimbursable Costs**").

The Limited Partnership will pay Reimbursable Costs within two Business Days after receipt from the Trust of a statement setting out the amount of Reimbursable Costs incurred by the Trust.

The Limited Partnership acknowledges and agrees that the Trust may pay Reimbursable Costs in respect of each closing of subscriptions for Units and that the Trust may provide a statement of such costs and a request for payment by the Limited Partnership in respect of each such closing. Any portion of the Reimbursable Costs which is not paid when due will bear interest from the date due to the date paid at the rate of twelve (12%) percent per annum, calculated and compounded monthly.

***E. Administration Agreement***

Pursuant to the Administration Agreement, the Manager, as "administrator", has agreed to provide to the Trust general administrative services, including:

- (a) structuring the terms and conditions of the Units;
- (b) overseeing the sale of the Units, preparation of offering documents, and the completion of all matters related to the closing of subscriptions for Units and the investment by the Trust in LP Units;



- (c) preparing and filing all reports required in the jurisdictions in which Units have been sold in order to comply with applicable securities legislation;
- (d) establishing and maintaining bank accounts on behalf of the Trust;
- (e) receiving distributions from the Limited Partnership from the investment in LP Units and processing cash flow distributions to Unitholders;
- (f) establishing appropriate legal and accounting systems for the proper control of the Trust;
- (g) collecting and mailing financial and other reports and all other notices given by the Trust to Unitholders;
- (h) attending to all arrangements necessary for meetings of the Unitholders;
- (i) responding to inquiries by Unitholders and others;
- (j) providing Unitholders with detailed statements for income tax purposes;
- (k) distributing any excess funds;
- (l) ensuring that any regulatory or legislative matters affecting the Trust are dealt with in a timely manner;
- (m) preparing annual financial reports on the Properties and arranging for an audit of such annual financial reports;
- (n) engaging such counsel and other professional advisers or consultants as the Manager considers advisable in order to perform its duties hereunder; and
- (o) 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.

Pursuant to the Administration Agreement, the Manager will be paid a fee equal to \$10 per annum plus out-of-pocket expenses incurred by the Manager in completing any of the above duties.

The Administration Agreement will continue in full force and effect until the earlier of: (i) the termination of the Limited Partnership, the dissolution of the Trust and the distribution of all amounts due to Unitholders; and (ii) December 31, 2022. The Administration Agreement will be automatically renewed thereafter for terms of five years, unless otherwise terminated in accordance with its terms. Notwithstanding anything to the contrary contained in the Administration Agreement, the Trust, in its sole discretion, may terminate the Administration Agreement in the event of any of the following: (i) the death of any key personnel (which, for purposes of the Administration Agreement, means Brendan Sutton and Zen Dedekind); (ii) the disability of any key personnel; (iii) the termination of the employment agreement or consulting agreement between the Manager and any key personnel; and (iv) the retirement of any key personnel as an employee of the Manager.

#### **F. Property Management Agreement**

Pursuant to the Property Management Agreement, Devon Properties Ltd. provides certain financial administration services and limited property management services to the Limited Partnership, including, among other things:

- (a) bookkeeping and related activities;
- (b) maintenance of current rent roll;
- (c) rent collection, with the assistance of the on-site staff;
- (d) monthly cash flow reporting;
- (e) developing and tracking of operating and capital budgets;
- (f) management of suppliers and contractors;

- (g) tenancy agreement preparation and execution;
- (h) manage residential rentals, suite turnover capital expenditure, maintenance capital expenditure, property staff HR issues, and realty tax appeals;
- (i) ensure compliance with the Residential Tenancy Branch of British Columbia; and
- (j) manage commercial leasing;

Pursuant to the Property Management Agreement, Devon Properties Ltd. will be paid a fee equal to 4% of the gross revenue derived from the residential properties as described in the residential property management agreement and 5% of the gross revenue derived from the commercial properties as described in the commercial property management agreement. At any time after April 15, 2020, the Property Management Agreement can be terminated by either party following sixty (60) days' written notice to the other party.

**G. Agent Engagement Letter**

Pursuant to the Agent Engagement Letter, the Agent has the exclusive right to act as agent to the Trust in respect of the Offering. The Agent's ability to sell the Units is contingent upon several factors including, without limitation, general market conditions at the time of the Offering, completion of satisfactory due diligence, the prospects of the Trust, the Trust and Trustee's compliance with applicable laws, and the success of the Agent's marketing efforts on a commercially reasonable efforts basis.

The Agent is registered under NI 31-103 as an "exempt market dealer", "portfolio manager" and/or "registered dealer" in all jurisdictions in Canada where so required, and will at all times during the term of the Agent Engagement Letter requirements of NI 31-103 and any other applicable securities laws and in particular, will not sell the Units except as permitted by applicable securities laws. The Agent agrees that it will not make any representation to any prospective subscriber regarding the Units other than as is set out in this Offering Memorandum and will not deliver any material regarding the Units to any prospective subscriber except: (i) as may be approved by the Trustee in writing; (ii) as set out in this Offering Memorandum; or (iii) with respect to the Subscription Agreement and any risk acknowledgement form or other instruments required by applicable securities laws whether or not referred to in this Offering Memorandum.

Pursuant to the Agent Engagement Letter, the Trust has agreed to pay the Agent: (i) a fee equal to 3.0% of the aggregate gross proceeds from the Offering at each closing thereof; (ii) an annual trailer fee of up to 1.0% of the Net Asset Value of the Class A Units, in aggregate, on each Distribution Record Date, payable in any manner determined by the Trustee, in its discretion, including by way of a reduction in the distributions otherwise payable to the affected Class A Unitholders; and (iii) the Agent's reasonable expenses related to the Offering, and the Agent's legal counsel fees (including all fees, disbursements and any applicable taxes and levies), provided that the Agent's legal counsel fees for which the Trust would be responsible for shall not exceed \$15,000, plus disbursements and any applicable taxes and levies. No commission, consulting fee or any other amount, including any trailer fee in consideration of the sale of the Units will be payable to any person or company other than the Agent unless the Agent provides prior consent in writing.

In addition, the Trust agreed to protect, indemnify and save harmless the Agent, its directors, officers, employees, agents and shareholders from and against all losses, claims, damages, liabilities, costs or expenses (other than loss of profits), in any way caused, sustained or incurred by reason of or resulting directly from any breach of the representations, warranties and covenants of the Trust and Trustee in the Agent Engagement Letter, provided that such indemnity shall not apply to any losses, claims, damages, liabilities, costs or expenses that are in any way caused, sustained or incurred by reason of or resulting from the gross negligence, fraud or willful misconduct of the party claiming such indemnity or such party being in breach of or default of any material representation, warranty or covenant in the Agent Engagement Letter.

Unless terminated earlier in accordance with the provisions of the Agent Engagement Letter, the engagement of the Agent pursuant to the Agent Engagement Letter Agreement will terminate on the earlier of: (a) the date on which the Trust and the Agent enter into a formal agency agreement; and (b) the date that is 12 months after the date of the Agent Engagement Letter, whether or not the Offering is completed except as may otherwise be agreed between the parties.

The Agent is entitled to terminate the engagement if: (a) it is not satisfied, in its sole discretion, with its due diligence review and investigation of the Trust and its business and affairs; (b) there is a material event or material change in Trust's business affairs, condition (financial or otherwise) or prospects that occurs during the term of the Agent

Engagement Letter; or (c) upon any breach of or default of any representation, warranty or covenant of the Trust or Trustee which would or is likely to result in a material change in the capital, assets, liabilities or obligations of the Trust.

### ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

AIE Services Inc. is the trustee of the Trust. The Trustee has no material assets or liabilities. It carries on no business activities other than acting as trustee of the Trust. The issued shares of the Trustee are owned directly by Patrick Dennis Sullivan.

AIE Management Inc. is the “administrator” of the Trust pursuant to the Administration Agreement, the Manager of the Limited Partnership pursuant to the Management Agreement and the General Partner of the Limited Partnership pursuant to the Limited Partnership Agreement. The issued shares of the Manager are owned indirectly by Brendan Sutton and Zen Dedekind.

#### 3.1 Compensation and Securities Held

##### 1. *The Trustee*

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”).

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 Trust 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 <sup>(1)(2)</sup>
Patrick Dennis Sullivan Nanaimo, BC	Director since February 28, 2017	2020: \$9,333 2021: \$12,000	123,150 (3.06% of voting securities) Class F
Garth Lyle Busch Nanaimo, BC	Director since February 28, 2017	2020: \$13,333 2021: \$24,000	10,978 (0.27% of voting securities) Class F
David Stewart Hammond Nanaimo, BC	Director since February 28, 2017	2020: \$11,333 2021: \$18,000	14,271 (0.35% of voting securities) Class F
Bernard Adrian Vanderhorst Courtenay, BC	Director since September 4, 2018	2020: \$11,333 2021: \$18,000	0 (0% of voting securities)
Brendan James Bennett Sutton Victoria, BC	Officer since May 5, 2020	Nil <sup>(3)</sup>	5,318 (0.13% of voting securities) Class F
Zenhardt Siegfried Dedekind Victoria, BC	Officer since May 5, 2020	Nil <sup>(3)</sup>	840 (0.02% of voting securities) Class F

**Notes:**

<sup>(1)</sup> There is no minimum or maximum to this offering.

<sup>(2)</sup> Percentages are based on 1,294,024.971 Class A Units and 2,735,726.787 Class F Units issued and outstanding as of the date of this Offering Memorandum.

<sup>(3)</sup> No compensation is paid by the Trust to the named officer. See Item 3.1 – “Compensation and Securities Held – The Manager”.

## 2. *The Manager*

The following table sets out information about each director, officer and promoter of the Manager 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”).

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 Manager 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 <sup>(1)(2)</sup>
Patrick Dennis Sullivan Nanaimo, BC	Director since February 28, 2017	2020: \$12,432 <sup>(3)</sup> 2021: Nil	123,150 (3.06% of voting securities) Class F
Garth Lyle Busch Nanaimo, BC	Director since February 28, 2017	Nil	10,978 (0.27% of voting securities) Class F
David Stewart Hammond Nanaimo, BC	Director since February 28, 2017	Nil	14,271 (0.35% of voting securities) Class F
Bernard Adrian Vanderhorst Courtenay, BC	Director since May 1, 2019	Nil	0 (0% of voting securities)
Brendan James Bennett Sutton Victoria, BC	Officer since June 6, 2018	2020: \$106,577 2021: \$117,500 <sup>(4)</sup>	5,318 (0.13% of voting securities) Class F
Zenhardt Siegfried Dedekind Victoria, BC	Officer since May 5, 2020	2020: \$104,077 2021: \$115,000 <sup>(4)</sup>	840 (0.02% of voting securities) Class F

**Notes:**

- <sup>(1)</sup> There is no minimum or maximum to this offering.
- <sup>(2)</sup> Percentages are based on 1,294,024.971 Class A Units and 2,735,726.787 Class F Units issued and outstanding as of the date of this Offering Memorandum.
- <sup>(3)</sup> The Manager agreed to pay to Patrick Sullivan, a director of the Trustee and the General Partner, a guarantee fee of 50 basis points per annum in respect of a \$5 million guarantee to Coast Capital Savings Credit Union matching the period of time that the guarantee was in effect. The guarantee fee was paid out of the Asset Management Fee paid to the Manager. The guarantee fee ceased when the guarantee was removed in June 2020.
- <sup>(4)</sup> Includes anticipated bonus compensation from the Asset Management Fee paid to the Manager.

Under the Management Agreement, the Asset Management Fee is payable by the Limited Partnership to the Manager. The amount paid under the Asset Management Fee for the fiscal year ended December 31, 2020 was \$45,585. The amount expected to be paid under the Asset Management Fee for the fiscal year ended December 31, 2021 is \$55,000. The Manager pays compensation to officers and employees from fees earned pursuant to the Management Agreement as well as expenses reimbursed by the Limited Partnership. The Limited Partnership reimburses the Manager for the base salaries of its officers and employees. Any such compensation is determined by the board of directors of the Manager.

### 3.2 Management Experience

The following table discloses the principal occupations of the directors and senior officers of the Trustee and Manager over the past five years.

Name	Principal occupations and related experience
<p><b>Patrick Dennis Sullivan</b>  <b>Director of Trustee and Manager</b></p>	<p>Mr. Sullivan is the founder of Sullivan Wealth Management Group Ltd. (formerly Patrick Sullivan &amp; Associates Insurance and Investment Services Ltd.), of which he was the President from its incorporation in 1978 until 2013. In 1997, Mr. Sullivan and William Walker founded All Island Equity MIC. Mr. Sullivan’s primary business focus is advancing the interests of the Trust and All Island Equity MIC.</p>
<p><b>Garth Lyle Busch</b>  <b>Director of Trustee and Manager</b></p>	<p>Mr. Busch recently retired as MNP LLP’s Regional Managing Partner for Vancouver Island and Northern BC. Mr. Busch has spent more than 40 years delivering accounting, tax, and consulting solutions for a wide variety of clients in diverse industries including private enterprise, public companies, construction and real estate, First Nations, educational institutions and government funded organizations. Mr. Busch has also been active as a principal in commercial and residential real estate construction and leasing since 1990.</p> <p>Mr. Busch has been active in many community organizations including being past President or Treasurer of Tourism Prince Albert Inc., the High Noon Optimist Club of Prince Albert, Club Bingo Inc. and North Saskatchewan Summer Games. He has been a member of rotary clubs, Prince Albert Elks Lodge, Junior Achievement, Vancouver Island Economic Alliance (“VIEA”), as well as serving on many community boards and committees. He is currently on the Board of the Nanaimo Deep Discovery Association. Mr. Busch has also served on Committees of the Institute of Chartered Accountants of Saskatchewan. Mr. Busch has also coached minor softball and acted as a certified fastball umpire. He has volunteered for many other community organizations through the years.</p> <p>Mr. Busch graduated from the University of Saskatchewan with a Bachelor of Commerce degree with Distinction in 1976 and received his Chartered Accountant designation in 1978.</p>
<p><b>David Stewart Hammond</b>  <b>Director of Trustee and Manager</b></p>	<p>Mr. Hammond is a partner in the HB Real Estate Group at RE/MAX of Nanaimo. His practice is a combination of residential and commercial business. The commercial side of his practice includes multi-family, retail, office and industrial land. He has been active in real estate development on Vancouver Island both as an agent and as a principal.</p> <p>Mr. Hammond is a past director of the Vancouver Island Real Estate Board (“VIREB”) and the commercial division of VIREB. His community service includes past Chair of the Nanaimo Hospital Foundation, past chair of the Nanaimo Schools Foundation, past Chair of the Nanaimo Hospice renovation project and many others. He is a long-time member of the Rotary Club of Nanaimo.</p> <p>He was awarded the Lifetime Achievement Award for Community Service from the Nanaimo Chamber of commerce.</p> <p>Mr. Hammond is a graduate of the University of British Columbia with a Bachelor of Commerce (Real Estate). Mr. Hammond has been a licensed realtor since 1978 and a realtor in Nanaimo since 1980.</p>
<p><b>Bernard Adrian Vanderhorst</b>  <b>Director of Trustee and Manager</b></p>	<p>Mr. Vanderhorst served as Partner at Huxham &amp; Co. Chartered Accountants in Courtenay from 1997 until the merger with MNP in 2004. Mr. Vanderhorst served as Partner of MNP LLP from 2004 until his retirement in 2012.</p> <p>Mr. Vanderhorst served as a board member of the Practice Review and Licensing Committee (ICABC) from 2000 to 2008, as Director of BC Assessment from 2011 to 2017, as Chair of the HR committee and CEO search committee, and as a member of the Audit and Risk Management Committee.</p> <p>Mr. Vanderhorst is a graduate of Simon Fraser University with a Bachelor of Arts and received his Chartered Accountant designation in 1996.</p>

Name	Principal occupations and related experience
<p><b>Brendan James Bennett Sutton</b>  <b>Officer of the Trustee and Manager</b></p>	<p>Mr. Sutton has been involved with running the Trust since September 2017. Prior to joining the Trust, Mr. Sutton spent eight years working for Devon Properties Limited, the top multi-family property management company in Victoria, British Columbia. While at Devon Properties, Mr. Sutton was tasked with responsibilities in the areas of accounting, business development, and corporate development.</p> <p>Past work also includes consulting for the Halifax Municipality regarding the creation of affordable work and/or residential space for artists and for the Shoal Lake and Cowessess First Nations communities in Saskatchewan regarding the creation of Comprehensive Community-Based Plans.</p> <p>Mr. Sutton holds a Master of Urban Planning from Dalhousie University, has completed the Certified Management Accountant Accelerated Program, and is currently completing University of British Columbia 's Urban Land Economics Diploma.</p>
<p><b>Zenhardt Siegfried Dedekind</b>  <b>Officer of Trustee and Manager</b></p>	<p>Mr. Dedekind joined the Trust full-time as Chief Financial Officer of the Trustee in November 2019 after working with the Manager as a consultant since April 2018. He has over ten years of banking and finance experience, including most recently, as an Investment Banking Associate with Integral Wealth Services Limited.</p> <p>Mr. Dedekind completed his Master of Business Administration at Duke University in 2017. During this time, he worked with various early stage businesses and investment funds. Prior to his MBA and moving to North America, Mr. Dedekind worked on the trading floor of a major bank in South Africa, where he was responsible for foreign currency liquidity management.</p> <p>Mr. Dedekind also holds a Bachelor of Commerce degree from the University of Pretoria specializing in Accounting and received his South African Chartered Accountant designation in 2012.</p>

### 3.3 Penalties, Sanctions and Bankruptcy

To the knowledge of the Trust, 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 10 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 sub-paragraph (a) above was a director, executive 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 their initiative in forming and establishing the Trust and taking steps necessary for the public distribution of the Units, the Trustee and the Manager are the promoters of this Offering. The directors of the Trustee and the Manager are Patrick Dennis Sullivan, Garth Lyle Busch, David Stewart Hammond and Bernard Adrian Vanderhorst. Neither the Trustee nor the Manager will receive any benefits, directly or indirectly from the issuance of the Units other than as described in this Offering Memorandum.

**ITEM 4 - CAPITAL STRUCTURE**

**4.1 Capital**

A. The following are the details of the outstanding securities of the Trust as of the date of this Offering Memorandum:

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as of the date of this Offering Memorandum	Number outstanding after min. offering <sup>(1)</sup>	Number outstanding after max. offering <sup>(1)</sup>
Class A Unit	Unlimited	.(2)	1,294,024.971	N/A	N/A
Class F Unit	Unlimited	.(2)	2,735,726.787	N/A	N/A

**Notes:**

<sup>(1)</sup> There is no minimum or maximum to this offering.

<sup>(2)</sup> The price per security is determined by the Trustee from time to time and will be set forth in the subscription agreement(s) entered into between the Subscribers and the Trust.

**4.2 Long Term Debt**

The Trust has an indirect interest in the mortgages in respect of the Properties. The amounts and terms of these loans are outlined under Item 2.3 – “Development of the Business – Properties Acquired to Date – Property Debt Summary”.

**4.3 Prior Sales**

Within the last 12 months, the Trust issued Units as follows:

Date of Issuance	Type of Security	Number of securities issued	Price per security	Total funds received
15-Apr-20	Class A Units	6,757	\$13.30 <sup>(1)</sup>	\$89,865
15-Apr-20	Class F Units	14,533	\$13.30 <sup>(1)</sup>	\$193,289
10-Jun-20	Class A Units	86,533	\$13.30	\$1,150,889
10-Jun-20	Class F Units	227,225	\$13.30	\$1,871,204
15-Jul-20	Class A Units	5,759	\$13.30 <sup>(1)</sup>	\$76,596
15-Jul-20	Class F Units	15,629	\$13.30 <sup>(1)</sup>	\$207,869
15-Oct-20	Class A Units	5,624	\$13.30 <sup>(1)</sup>	\$74,801
15-Oct-20	Class F Units	15,796	\$13.30 <sup>(1)</sup>	\$210,092
29-Dec-20	Class A Units	5,602	\$13.30 <sup>(1)</sup>	\$74,511
29-Dec-20	Class F Units	15,394	\$13.30 <sup>(1)</sup>	\$204,743

**Note:**

<sup>(1)</sup> Issued pursuant to the Trust’s DRIP at a deemed price of \$13.30 per Unit.

#### 4.4 Redemption History

The Trust's historical redemptions are set out below for the periods indicated.

	Number and Class of Units	Value (\$)
<b>2019</b>		
Unpaid redemption requests, beginning of year	-	\$ -
Redemption requests	16,616 Class A Units	\$201,529
	31,535 Class F Units	\$389,185
Redemptions paid out	16,616 Class A Units	\$201,529
	31,535 Class F Units	\$389,185
Unpaid redemption requests end of year	-	-
<b>2020</b>		
Unpaid redemption requests, beginning of year	-	\$ -
Redemption requests	28,707 Class A Units	\$376,736
	12,612 Class F Units	\$167,743
Redemptions paid out	28,707 Class A Units	\$376,736
	12,612 Class F Units	\$167,743
Unpaid redemption requests end of year	-	-
<b>2021 (up to February 28, 2021)</b>		
Unpaid redemption requests, beginning of year	-	\$ -
Redemption requests	1,625 Class A Units	\$21,613
	3,008 Class F Units	\$40,006
Redemptions paid out	1,625 Class A Units	\$21,613
	3,008 Class F Units	\$40,006
Unpaid redemption requests end of period	-	-

#### 4.5 Net Asset Value Per Unit and Distributions History

The Trust's historical Net Asset Value Per Unit and Distributions are set out below for the periods indicated.

Year	Net Asset Value Per Unit*	Distributions (per unit)* <sup>(1)</sup>	Extraordinary Distributions (per unit)*
2017	\$10.00	N/A	N/A
2018	\$11.36	\$0.3408 <sup>(2)</sup>	\$0.0417 <sup>(3)</sup>
2019	\$12.36	\$0.3708 <sup>(2)</sup>	N/A
2020	\$13.30	\$0.3990 <sup>(2)</sup>	N/A

**Notes:**

\* Historical results may not be indicative of future performance. There is no guarantee of performance. See Item 8 "Risk Factors".

<sup>(1)</sup> Total annual distributions declared for all units that were outstanding for each Distribution Record Date in the calendar year.

<sup>(2)</sup> Distributions calculated on a 3% annual return basis, declared quarterly.

<sup>(3)</sup> Distribution declared as a result of capital gain consequences from the disposal of certain properties.



## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Units

#### Trust 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. The price per Unit is determined by the Trustee from time to time and will be set forth in the Subscription Agreement(s) entered into between the Subscribers and the Trust.

The Units have those rights, privileges, restrictions and conditions ascribed thereto as set forth in the Trust Declaration, including the following:

##### ***Voting Rights***

Only Unitholders of record will be entitled to vote and each Unit will entitle the holder or holders thereof to one vote on a poll. At any meeting of Unitholders, any Unitholder entitled to vote thereat may vote by proxy and a proxy holder need not be a Unitholder. Fractional Units are not entitled to vote. See Item 2.7 – “Material Agreements – Trust Declaration – Voting Rights”.

##### ***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. See Item 2.7 – “Material Agreements – Trust Declaration – Redemption”.

##### ***Distributions***

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 for the Distribution Period. Any such distribution will be payable to each Unitholder of record on such Distribution Record Date *pro rata* in proportion to the number of Units held as of record by such Unitholder on such Distribution Record Date. In addition to distributions of Distributable Cash Flow, the Trustee may 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, in any year, in such amount or amounts, and on such dates and to Unitholders of record on such dates, as the Trustee may determine. See Item 2.7 – “Material Agreements – Trust Declaration – Distributions”.

##### ***Retraction***

The Trust may retract the Units either in whole at any time or in part from time to time in accordance with the provisions of the Trust Declaration. See Item 2.7 – “Material Agreements – Trust Declaration – Retraction”.

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

Upon termination of the Trust, 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. See Item 2.7 – “Material Agreements – Trust Declaration – Termination of the Trust”.

### 5.2 Subscription Procedure

The Units are being offered for sale in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. 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 Trust reserves the right 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, in certain cases, to utilize a registered securities dealer to sell the Units. As such, Subscribers: (a) may not receive the benefits associated with the involvement of such registrants; and (b) will not receive 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, Subscribers must agree to provide the Agent (on behalf of the Trust) with such information and to execute and deliver to the Agent (on behalf of the Trust) the form of Subscription Agreement (including the certificates, acknowledgements, questionnaires and other documents as the Trust may request) in order to enable it to determine the availability of an exemption, including the following:

- (a) if the Subscriber is relying on “offering memorandum” exemption to the prospectus requirement in section 2.9 of NI 45-106 (the “**Offering Memorandum Exemption**”) and the Subscriber is resident in or otherwise subject to the securities laws of British Columbia, two copies of a Risk Acknowledgement Form (Form 45-106F4);
- (b) if the Subscriber is relying on the Offering Memorandum Exemption and the Subscriber is resident in or otherwise subject to the securities laws of Manitoba:
  - (i) two copies of a Risk Acknowledgement Form (Form 45-106F4), and
  - (ii) if the Subscriber is investing more than \$10,000 pursuant to the Offering Memorandum Exemption, the Subscriber must meet the definition of “eligible investor” (as defined in NI 45-106) and an “Eligible Investor Questionnaire”;
- (c) if the Subscriber is relying on the Offering Memorandum Exemption and the Subscriber is resident in or otherwise subject to the securities laws of Alberta, Ontario or Saskatchewan:
  - (i) two copies of a Risk Acknowledgement Form (Form 45-106F4), and
  - (ii) if the Subscriber is an individual, two copies of Schedule 1 and Schedule 2 attached to the Risk Acknowledgement Form (Form 45-106F4). Subscriber investing more than \$10,000 in a 12-month period must meet the definition of “eligible investor”. Subscriber investing more than \$30,000 (but not more than \$100,000) in a 12 month period must meet the definition of “eligible investor” and have received suitability advice with respect to the investment from a portfolio manager, investment dealer or exempt market dealer. These limits do not apply to “accredited investors” (as defined in NI 45-106 or the *Securities Act* (Ontario)) or persons described in section 2.5 of NI 45-106 (however, such Subscriber must complete Schedule 1 and Schedule 2 attached to the Risk Acknowledgement Form (Form 45-106F4);
- (d) if the Subscriber is relying on the “accredited investor” exemption to the prospectus requirement in section 2.3 of NI 45-106 and the Subscriber is resident in or otherwise subject to the securities laws of British Columbia, Alberta, Manitoba, Ontario or Saskatchewan:
  - (i) the Subscriber must be an “accredited investor” as defined in NI 45-106 or section 73.3 (2) of the *Securities Act* (Ontario), and
  - (ii) if applicable, two copies of a Risk Acknowledgment Form for Individual Accredited Investors (Form 45-106F9);

- (e) if the Subscriber is relying on the “minimum investment” exemption (\$150,000) to the prospectus requirement in section 2.10 of NI 45-106 and the Subscriber is resident in or otherwise subject to the securities laws of British Columbia, Alberta, Manitoba, Ontario or Saskatchewan:
  - (i) the Subscriber is not an individual (as defined in applicable securities laws), and
  - (ii) the conditions of section 2.10 of NI 45-106 are satisfied;
- (f) if the Subscriber is relying on the “family, friends and business associates” exemption to the prospectus requirement in section 2.5 of NI 45-106 (subject to section 2.6 of NI 45-106 for Saskatchewan residents and 2.6.1 of NI 45-106 for Ontario residents) and the Subscriber is resident in or otherwise subject to the securities laws of British Columbia, Alberta, Manitoba, Ontario or Saskatchewan:
  - (i) such supporting documentation that the Trust or its legal counsel may request to establish the Subscriber’s qualification to rely on such exemption, and
  - (ii) if applicable, two copies of:
    - A. a Risk Acknowledgment Form (Form 45-106F12) (Ontario residents); or
    - B. a Risk Acknowledgement Form (Form 45-106F5) (Saskatchewan residents), as applicable.

In addition to 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.

Subscribers may subscribe for Units by returning to the Agent at 181 University Avenue, Suite 1600, Toronto, Ontario, M5H 3V5 the following:

- (a) a completed Subscription Agreement (including all applicable schedules, appendices, acknowledgements, certificates and other documents requested by the Trust); and
- (b) a certified cheque or wire transfer (instructions to be provided) payable to the Agent.

In accordance with the requirements of NI 45-106, the Agent will hold the subscription monies advanced by each Subscriber in trust for the Subscriber until midnight on the second business day after the Subscription Agreement is signed by the Subscriber.

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 INCOME TAX CONSEQUENCES AND ELIGIBILITY

### 6.1 Summary of Income Tax Consequences

#### **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 Trust 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, a "specified financial institution", a Unitholder an interest in which is a "tax shelter investment", a Unitholder that is a partnership, a Unitholder that has entered or will enter into, with respect to their Units, a "derivative forward agreement", or a Unitholder that reports its "Canadian tax results" in a currency other than Canadian dollars (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 made 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 Unitholders who are not resident in Canada for the purposes of the Tax Act. 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, the Trust must satisfy certain requirements including: (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 \$500 each. For the Trust to qualify as a unit 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.

Neither the Trust nor the Limited Partnership have any immediate plans to list the Units or LP Units on any stock exchange or other public market.

Consequently the Trust expects, and this summary assumes, that the Trust and the Limited Partnership will not be liable to SIFT tax under the SIFT Measures. If the Units, the LP Units, or any other securities or investments in the Trust or the Limited Partnership become listed or traded on a stock exchange or public market, and if the Trust or the Limited Partnership do not qualify for certain other exceptions set out in the Tax Act they could become subject to the SIFT provision and the income tax considerations could be materially different from those described in this summary.

## **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 purposes of the Tax Act for the year, 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 Limited Partnership for the fiscal period of the Limited Partnership ending on or before the year-end of the Trust. Any dividend received by the Limited Partnership 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 Limited Partnership 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 LP Units (including from any distribution *in specie* of LP Units), from the disposition of foreign currency or upon the allocation of a capital gain or loss from the Limited Partnership, as described below under “Taxation of the Limited Partnership”. Also, as described under “Taxation of the Limited Partnership” below, cash flow distributed by the Limited Partnership to the Trust will be generally received free from tax, except to the extent that such distributions reduce the adjusted cost base of LP Units held by the Trust to a negative amount at the end of a fiscal year of the Limited Partnership.

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-ration for short taxation years), to the extent such costs are not reimbursed.

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:

- (i) 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;
- (ii) 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
- (iii) 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 Limited Partnership**

The Limited Partnership is not subject to tax under the Tax Act. Each partner of the Limited Partnership (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 Limited Partnership for its 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 Limited Partnership must be computed for each fiscal year as if each partnership was a separate person resident in Canada, and will be required to be allocated to partners on the basis of their respective shares of that income or loss as provided for in the Limited Partnership Agreement, subject to certain provisions of the Tax Act in that regard.

If the Limited Partnership incurs losses for purposes of the Tax Act, a limited partner, including the Trust, 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 that limited partner’s “at-risk amount” in respect of the Limited Partnership. In general, the “at-risk amount”

of a limited partner in respect of the 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, 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 it 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.

On the sale or other disposition of all or some of the Properties, the Limited Partnership, as applicable, must allocate the net proceeds of disposition (gross proceeds less costs of disposition) on a reasonable basis among each separate asset which comprises the property sold. On dispositions of Properties that are capital properties for purposes of the Tax Act, a capital gain will be realized on the amount by which the net proceeds of disposition allocated to a particular depreciable property exceed the capital cost of that property (no capital loss can be realized on depreciable property). A capital gain (or capital loss) will be realized on the amount by which the net proceeds of disposition allocated to a non-depreciable capital property exceed (or are less than) its adjusted cost base.

## **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.

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 on certain investment income, including taxable capital gains.

### *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 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 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 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 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 Limited Partnership 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 Limited Partnership for all years during which the Unitholder holds the LP Units), in accordance with the provisions of the Limited Partnership 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 Limited Partnership 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 Limited Partnership". The cost of any LP Units distributed by the Trust to a Unitholder upon a redemption of Units will be equal to the fair market value of those 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.

#### *Reclassifications of Units*

Generally, the reclassification of one class of Units as another class of Units of the Trust will not be considered to be a disposition for tax purposes and accordingly, the Unitholder will realize neither a gain nor a loss as a result of a reclassification. However, Unitholders should consult with their own tax advisors regarding any tax implications of reclassifying between classes of Units.

#### *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 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.



### *Alternative Minimum Tax*

The Tax Act provides for an “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.

### **6.2 Eligibility For Deferred Plans**

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 “qualified investments” (as defined in the Tax Act and the Regulations) 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, Units or Trust Notes that may be issued by the Trust to holders of Units, on or in connection with redemption of Units, will generally not be qualified investments for Deferred Plans. Where a Unit, a Debt Security or Trust Note held by a Deferred Plan is not a qualified 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, an annuitant or holder of a Deferred Plan will be subject to a penalty tax if the Units held in the Deferred Plan are a “prohibited investment”, as defined in the Tax Act, for the Deferred Plan. The Units will generally be a “prohibited investment” for a particular Deferred Plan if the annuitant or holder of the Deferred 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, an annuitant or holder will have a significant interest in the Trust if the Deferred Plan, the annuitant or holder (as applicable), and other persons not at arm’s length with the annuitant or holder together, directly or indirectly, hold more than 10% of the outstanding Units of the Trust.

**In light of the foregoing, Subscribers should consult their own tax advisors before acquiring Units in Deferred Plans and again before deciding to exercise the redemption rights attached to such Units held in Deferred Plans.**

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

Pursuant to the Agent Engagement Letter, the Agent has the exclusive right to act as agent to the Trust in respect of the Offering.

Pursuant to the Agent Engagement Letter, the Trust has agreed to pay the Agent: (a) a fee equal to 3.0% of the aggregate gross proceeds from the Offering at each closing thereof; (b) an annual trailer fee of up to 1.0% of the Net Asset Value of the Class A Units, in aggregate, on each Distribution Record Date, payable in any manner determined by the Trustee, in its discretion, including by way of a reduction in the distributions otherwise payable to the affected Class A Unitholders; and (c) the Agent’s reasonable expenses related to the Offering, and the Agent’s legal counsel fees (including all fees, disbursements and any applicable taxes and levies), provided that the Agent’s legal counsel fees for which the Trust would be responsible for shall not exceed \$15,000, plus disbursements and any applicable taxes and levies. No commission, consulting fee or any other amount, including any trailer fee in consideration of the sale of the Units will be payable to any person or company other than the Agent unless the Agent provides prior consent in writing. See Item 2.7 – “Material Agreements – The Agent Engagement Letter”.

The Trust is unable to determine the amount that will be payable on account of the trailer fee at this time because it cannot estimate how many investors will subscribe for Class A Units.

## ITEM 8 - RISK FACTORS

The purchase of Units involves a number of risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective Subscribers should consider the following factors.

### **Risks Related to the Coronavirus**

The Trust's business and financial results, including the price per Unit as calculated under the Trust Declaration, may be negatively impacted by health epidemics, pandemics and similar outbreaks. The novel coronavirus (COVID-19) pandemic may have negative impacts on the Trust's business, including increased tenant credit risk, decreased occupancy and decreased property values. The Trust continues to work with its stakeholders (including tenants, employees, creditors and local communities) to address responsibly the impact of the global pandemic on its business and affairs. The Trust will continue to monitor the situation, to assess further possible implications to its business, tenants and creditors, and to take actions in an effort to mitigate adverse consequences. Despite the Trust's efforts to manage these impacts, their ultimate impact also depends on factors beyond the Trust's knowledge or control, including the duration and severity of any outbreak and actions taken to contain its spread and mitigate its public health effects. The Trust cannot at this time predict the impact of the COVID-19 pandemic, but it could have a material adverse effect on the Trust's business, financial position, results of operations and/or cash flows, including the price per Unit payable in respect of Unit redemptions.

### **Investment Risk**

#### **1. *This is a Blind Pool Offering***

This is primarily a "blind pool" Offering. The Trust expects that the available net proceeds of the Offering will be applied by the Trust to indirectly purchase additional properties, however, the specific additional properties in which the Trust may indirectly invest have not yet been determined. In addition, the Trust may use a portion of the available net proceeds of the Offering to pay the Redemption Price of Units tendered for redemption. Further, a portion of the proceeds received by the Limited Partnership from the issuance of LP Units to the Trust may also be used to pay: (a) down mortgage financing on a specific property or group of properties; (b) capital expenditure on a specific property or properties; (c) infill development projects; and (d) due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to acquisitions.

#### **2. *No Market for Units***

There currently is no market whatsoever for the Units and it is not anticipated that any market will develop. 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. Subscribers 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.

#### **3. *Highly Speculative***

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

#### **4. *No Guaranteed Return***

There is no representation made by the Trustee that an investment in the Trust will have a guaranteed return to Unitholders, nor that losses will not be incurred by the Trust. The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. This Offering is not suitable for Subscribers who cannot afford to assume significant risks in connection with their investments.

#### **5. *Risks Associated with Redemptions***

##### *Use of Available Cash*

The payment by the Trust of the redemption price of Units in cash (as opposed to payment of the redemption price through the issuance of promissory notes or in kind) will reduce the amount of cash available to the Trust for the payment

of distributions to Unitholders, as cash payments of the amount due in respect of redemptions will take priority over the payment of cash distributions.

#### *Redemption Price*

Any amount received on a redemption of Units will be equal to the redemption price of a Unit (calculated in accordance with the Declaration of Trust) multiplied by the number of Units that a Unitholder tenders for redemption, less administration and processing fees that may be determined and applied by the Trustee, in its sole discretion, from time to time.

#### *Determination of Redemption Price*

The redemption price per Unit is calculated based on the Net Asset Value per Unit as determined by the Trustee as of each Valuation Date, and is subject to valuation rules set by the Trust from time to time. There is a risk that the redemption price calculated by the Trustee, subject to the valuation rules set by the Trust, may not accurately reflect the true value of the Units. Unitholders will have no recourse against the Trust or the Trustee in this respect.

#### *Payment of Redemption Price by Promissory Note or in Kind*

The Trustee may determine that funds are not currently available for the payment of the redemption price of any Units in respect of which a Unitholder has requested a redemption, in which case the Trustee may elect to delay payment or pay the redemption price for such Units by way of promissory note or in kind. Therefore, there can be no assurance that Unitholders will be able to redeem any or all of their Units for cash payment when they wish to do so. Further, any such promissory notes issued by the Trust will be unsecured debt obligations and may be subordinated to other financing obtained by the Trust and/or its subsidiaries.

Debt Securities, Units or Trust Notes that may be issued by the Trust to holders of Units, on or in connection with redemption of Units, will generally not be qualified investments for Deferred Plans. Where a Unit, a Debt Security or Trust Note held by a Deferred Plan is not a qualified 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.

#### *Priority of Promissory Notes over Units*

Promissory notes, if issued by the Trust, will likely have priority over Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time promissory notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists.

### **6. *Marketability of Units***

There is currently no market for the Units and it is not anticipated that any market will develop. Securities legislation, rules, policies and other requirements may prohibit or restrict transferability of Units. Consequently, holders of Units will not be able to resell their Units. See Item 10 - "Resale Restrictions".

#### **Issuer Risk**

##### **1. *Reliance on Key Personnel***

The success of the Trust is highly dependent on the services of certain management personnel of the Manager. The loss of the services of such personnel could have an adverse effect on the Trust.

##### **2. *Uninsured Losses***

The Manager arranges for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to the Properties and endeavours 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 one or more of

the Properties, the Trust could suffer a loss of capital invested and not realize any profits which might be anticipated from the ownership of the Properties.

### **3. *Tax Matters***

The return on the Unitholders' investment in the Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Unitholders of acquiring, holding or disposing of Units.

Unitholders may be required to include amounts in their taxable income even where they have not received a cash distribution in respect of such amounts. The Trust Declaration generally provides that a sufficient amount of the Trust's Trust Income and Net Realized Capital Gains will be distributed or otherwise made payable each year to Trust Unitholders in order to ensure that the Trust is not liable for non-refundable income tax under Part I of the Tax Act. Where the amount of Trust Income and Net Realized Capital Gains of the Trust for a particular taxation year exceeds the cash available for distribution in the year, such excess may be distributed to Trust Unitholders in the form of additional Trust Units.

There can be no assurances that the CRA will agree with the tax treatment adopted by the Trust in filing its tax return and the CRA could reassess the Trust on a basis that results in tax being payable by the Trust, thereby reducing the after tax returns to Unitholders.

Pursuant to rules in the Tax Act, if the Trust experiences a "loss restriction event" it will be deemed to have a year-end for tax purposes (which could result in an unscheduled distribution of Trust Income and Net Realized Capital Gains, if any, at such time to Unitholders so that the Trust is not liable for non-refundable income tax on such amounts under Part I of the Tax Act); and it will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Trust will be subject to a loss restriction event if a Unitholder becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of the Trust is a beneficiary in the income or capital, as the case may be, of the Trust whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Trust.

### **4. *Major Assets; Geographic Concentration***

Properties indirectly acquired by the Trust in the Trust Region represent the major asset of the Trust and therefore the Trust's financial performance is directly tied to the performance of these particular assets. The Trust, through the Limited Partnership, does not expect to have a large portfolio of diverse real estate assets; therefore, its success is dependent on the success of the Properties to be acquired by Limited Partnership.

### **5. *Net Worth of the Trustee; Limited Recourse.***

The Trustee and the Manager are companies without material assets. Should a claim be made against any of them, it will likely be difficult to realize upon any judgment which might be obtained against it.

### **6. *Vacancy Rates of Properties***

The Trust's Properties, including the Properties which comprise the Commercial Portfolio, are, from time to time, susceptible to high vacancy rates. 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.

**7. *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 Limited Partnership may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Limited Partnership's cost of borrowing.

**8. *Minimal Operating History***

The Trust has minimal operating history. As such, prospective Subscribers are not able to evaluate the likely performance of the Trust on the basis of an established operating history.

**9. *Revenue Shortfalls***

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.

**10. *Cybersecurity***

In the ordinary course of the Trust's business, the Trust collects, stores, processes and/or transmits sensitive data belonging to subscribers, Unitholders, partners, vendors, employees and contractors, as well as, proprietary business information and intellectual property of the Trust. The secure processing, maintenance and transmission of this information is critical to the business of the Trust. The Trust has implemented a secure operating framework which includes policies and governance, prevention and detection technologies, backup and recovery processes and other procedures and technology in the protection of its data, software and infrastructure assets from loss, theft, unauthorized access, vandalism, cyber-attacks, or events such as power outages or surges, floods, fires or other natural disasters. Despite such security measures, data, systems and infrastructure may be vulnerable to cyber-attacks or breached due to employee error, malfeasance or other disruptions. These security breaches could materially compromise information, disrupt business operations or cause the Trust to breach obligations, thereby exposing the Trust to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of information whether by third parties or as a result of employee malfeasance could result in significant remediation and other costs, fines, litigation or regulatory actions against the Trust, as well as, cause reputational harm, negatively impact the Trust's competitive position and affect financial results.

**11. *Limitations on Non-Resident Ownership***

The Trust Declaration provides that at no time may Non-residents be the beneficial owners of more than 49% of the Units then outstanding. The limitation on ownership of the Units by Non-residents may have an adverse impact on the liquidity of the Units.

**Industry Risk**

**1. *Risks of Real Estate Investment***

Investment in real estate is subject to numerous risks, including the highly competitive nature of the real estate industry, changes in general or local conditions, failure of tenants to pay rent, changes in neighbourhood property values, interest rates, availability of mortgage funds, increases in real estate tax rates and other operating expenses, the possibility of competitive overbuilding and of the inability to obtain full occupancy of the properties, governmental rules and fiscal policies, including rent control legislation, which limit potential rent increases, and other events and factors which are beyond the control of the Trust.

There is no assurance that the Trust will be able to obtain sufficient mortgage financing to finance the acquisition of real estate investments, or on commercially acceptable terms, or that any such mortgage financing will be renewed upon maturity or, if renewed, renewed on the same terms and conditions (including the rate of interest). The real estate properties may not generate sufficient funds to service the mortgage financing taken out in respect of them. If a default

occurs, a property could be foreclosed upon. Indebtedness with variable interest rates will result in fluctuations in the Trust's cost of borrowing.

## **2. *Illiquidity of Real Estate***

Investments in real estate properties are relatively illiquid. Such illiquidity will tend to limit the Trust's ability to change its portfolio promptly in response to changing economic or investment conditions.

## **3. *Market & Regulatory Risks***

The economic performance and value of the Partnership's interest in properties acquired by it will be subject to all of the risks associated with investing in real estate, including, but not limited to:

- changes in the national, regional and local economic climate;
- local conditions, including a reduction in demand for properties like the properties acquired by the Trust;
- the attractiveness of the properties acquired by the Trust to purchasers and renters;
- competition from other available similar projects; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

## **4. *Competition***

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

## **5. *Potential Liability under Environmental Protection Legislation***

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the owner of real estate properties or its related entities 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. The failure to remove or remediate such substances, if any, may adversely affect the Trust's ability to sell such a property or to borrow using a property as collateral.

**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/its 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**

As the Trust is not a "reporting issuer" as defined in the applicable securities legislation, the continuous reporting requirements of those acts 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 for the financial year ended December 31 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, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you 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.

For trades in Manitoba, 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.

**The Trust has no current intention of becoming a reporting issuer in any jurisdiction and therefore the foregoing restriction on trading will continue indefinitely (subject to the availability of certain limited exemptions which may not apply in the circumstances).**

## ITEM 11 - PURCHASERS' RIGHTS

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

### 11.1 Two Day Cancellation Right for a Subscriber

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

### 11.2 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

If you are a resident in British Columbia 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.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (b) three years after the transaction that gave rise to the cause of action.

#### **Investors in Alberta**

If you are a resident in Alberta 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.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (b) three years after the transaction that gave rise to the cause of action.

#### **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 the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (b) three years after the date of the transaction that gave rise to the cause of action.

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 Trust or the Trustee, 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 the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of: (a) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (b) six years after the date of the transaction that gave rise to the cause of the action.

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 Manitoba**

If you are a resident in 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.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had

knowledge of the facts giving rise to the cause of action, or (b) two years after the day of the transaction that gave rise to the cause of action.

*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.*

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

THE RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO, AND WITHOUT DEROGATION FROM, ANY OTHER RIGHTS OR REMEDIES WHICH THE SUBSCRIBERS MAY HAVE AT LAW. SUBSCRIBERS SHOULD CONSULT THEIR OWN LEGAL ADVISORS WITH RESPECT TO THEIR RIGHTS AND THE REMEDIES AVAILABLE TO THEM.

**ITEM 12 - FINANCIAL STATEMENTS**

See attached.

**ALL ISLAND EQUITY REIT**  
**Consolidated Financial Statements**

**Year Ended December 31, 2020**  
**Expressed in Canadian Dollars**

To the Unitholders of All Island Equity REIT:

## Opinion

We have audited the consolidated financial statements of All Island Equity REIT and its subsidiaries (the "Investment Trust"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Investment Trust as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Investment Trust in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Investment Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Investment Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Investment Trust's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

- involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Investment Trust's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Investment Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Investment Trust to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Investment Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Vancouver, British Columbia

February 25, 2021

*MNP* LLP  
Chartered Professional Accountants

**Independent Auditor' Report**

**Consolidated Financial Statements**

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**All Island Equity REIT**  
**Consolidated Statements of Financial Position**  
**Expressed in Canadian Dollars**

As at December 31	2020	2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties (Note 5)	\$93,537,695	\$78,099,000
Properties under development for use	172,235	-
	93,709,930	78,099,000
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	5,934,611	6,720,606
Trade and other receivables	53,853	46,791
Prepaid expenses and deposits	867,799	128,934
	6,856,263	6,896,331
<b>Total assets</b>	<b>\$100,566,193</b>	<b>\$84,995,331</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Non-current liabilities</b>		
Long term portion of loans (Note 6)	38,087,034	30,215,715
	38,087,034	30,215,715
<b>Current liabilities</b>		
Trade payables and accruals	383,066	457,631
Security deposits	251,393	177,149
Deferred revenue	-	45,228
Current portion of long-term loans (Note 6)	3,889,089	4,059,147
	4,523,548	4,739,155
<b>Total liabilities</b>	<b>42,610,582</b>	<b>34,954,870</b>
Unitholders' equity (Note 7)	57,955,611	50,040,461
<b>Total liabilities &amp; unitholders' equity</b>	<b>\$100,566,193</b>	<b>\$84,995,331</b>

Nature of operations and basis of presentation (Note 1 and 2)

Approved on behalf of the Trustee of All Island Equity REIT

"Garth Busch" Director

"Ben Vanderhorst" Director

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



**All Island Equity REIT**  
**Consolidated Statements of Earnings**  
**Expressed in Canadian Dollars**

For the years ended December 31	2020	2019
<b>REVENUES</b>		
Rental income	6,388,322.56	5,524,527.16
<b>RENTAL EXPENSES</b>		
Insurance	447,807	213,876
Property taxes	597,342	513,845
Property operating expenses	588,212	438,202
Repairs and maintenance	355,837	416,260
	1,989,198	1,582,183
<b>NET RENTAL INCOME</b>	<b>4,399,124</b>	<b>3,942,344</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Bank charges	6,807	3,272
Consulting fees	1,050	55,931
Director's fees (Note 11)	47,088	33,468
Salaries and management fees (Note 11)	869,367	840,598
Professional fees	161,330	145,755
Other	41,554	14,132
	1,127,196	1,093,155
<b>NET INTEREST EXPENSES (INCOME)</b>		
Interest expense (Note 6)	1,190,421	1,178,211
Amortization of mortgage transaction cost (Note 6)	94,758	71,467
Interest income	(14,721)	(4,786)
	1,270,458	1,244,892
<b>NET OPERATING INCOME</b>		
Fair value adjustments to investment properties (Note 5)	2,001,470	1,604,297
	3,999,881	3,448,242
<b>NET EARNINGS FOR THE YEAR</b>	<b>\$6,001,351</b>	<b>\$5,052,539</b>
<b>Earnings per trust units</b>		
Basic and diluted	<b>\$1.57</b>	<b>\$1.60</b>
<b>Weighted average number of trust units</b>		
Basic and diluted	<b>3,830,123</b>	<b>3,149,910</b>

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

**All Island Equity REIT**  
**Consolidated Statements of Changes in Unitholders' Equity**  
**Expressed in Canadian Dollars**

	Number of Class A PAY units	Number of Class F PAY units	Number of Class A DRIP units	Number of Class F DRIP units	Total Units	Total
Balance as of January 1, 2019	81,064	410,184	908,281	1,604,057	3,003,586	\$37,115,604
Unit Issuance - Raised	77,885	86,324	264,257	303,276	731,742	9,044,331
Unit Issuance - Distribution	-	-	23,149	50,409	73,558	909,174
Distribution - Paid	-	-	-	-	-	(210,331)
Distribution - Trailer fees	-	-	-	-	-	(58,892)
Distribution - DRIP	-	-	-	-	-	(909,174)
Unit Redemptions	(4,393)	(2,771)	(12,223)	(28,764)	(48,151)	(590,714)
Class Switch	28,794	62,049	(87,781)	(3,063)	-	-
Employee Bonus Units	-	-	-	2,650	2,650	30,104
Unit Issuance Costs	-	-	-	-	-	(342,180)
Net earnings for the year	-	-	-	-	-	5,052,538
<b>Balance as of December 31, 2019</b>	<b>183,350</b>	<b>555,786</b>	<b>1,095,683</b>	<b>1,928,565</b>	<b>3,763,384</b>	<b>\$50,040,461</b>

	Number of Class A PAY units	Number of Class F PAY units	Number of Class A DRIP units	Number of Class F DRIP units	Total Units	Total
Balance as of January 1, 2020	183,350	555,786	1,095,683	1,928,565	3,763,384	\$50,040,461
Unit Issuance - Raised	684	30,008	85,849	110,684	227,225	3,022,093
Unit Issuance - Distribution	-	-	23,742	61,353	85,095	1,131,765
Distribution - Paid	-	-	-	-	-	(291,144)
Distribution - Trailer fees	-	-	-	-	-	(150,999)
Distribution - DRIP	-	-	-	-	-	(1,131,765)
Unit Redemptions	(8,647)	(6,117)	(20,060)	(6,495)	(41,319)	(544,479)
Class Switch	(5,809)	91,071	(59,143)	(26,119)	-	-
Employee Bonus Units	-	-	-	-	-	-
Unit Issuance Costs	-	-	-	-	-	(121,670)
Net earnings for the year	-	-	-	-	-	6,001,351
<b>Balance as of December 31, 2020</b>	<b>169,578</b>	<b>670,748</b>	<b>1,126,072</b>	<b>2,067,987</b>	<b>4,034,385</b>	<b>\$57,955,611</b>

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

**All Island Equity REIT**  
**Consolidated Statements of Cash Flows**  
**Expressed in Canadian Dollars**

Year ended December 31	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings	\$6,001,351	\$5,052,538
Items not affecting cash:		
Accretion of mortgage transaction costs	94,758	71,467
Fair value adjustment to investment properties	(3,999,881)	(3,448,242)
Issuance of staff units	-	30,104
Changes in non-cash working capital items:		
Increase in receivables	(7,062)	(7,780)
Increase in prepaid expenses	(738,865)	(41,364)
Increase in accounts payable and accruals	(74,564)	148,375
Increase in security deposits	74,244	(32,902)
Increase in deferred revenue	(45,228)	2,988
Net cash received from operating activities	1,304,752	1,775,184
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of new investment property	(10,717,681)	(2,931,001)
Properties under development for use	(172,235)	-
Capital additions to investment properties	(721,133)	(946,449)
Net cash used in investing activities	(11,611,049)	(3,877,450)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gross proceeds from issuance of units	3,022,093	9,044,331
Cash distribution	(442,143)	(269,222)
Unit redemption	(544,479)	(590,714)
Issuance costs and commissions	(121,670)	(342,180)
Mortgage proceeds received	12,279,604	-
Mortgage transaction costs	(480,261)	-
Repayment of mortgages	(4,192,840)	(997,111)
Net cash received from (used in) financing activities	9,520,302	6,845,104
<b>Net change in cash and cash equivalents</b>	<b>(785,995)</b>	<b>4,742,837</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,720,606</b>	<b>1,977,768</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$5,934,611</b>	<b>\$6,720,606</b>

Supplementary cash flow information in Note 12

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

## **1. NATURE OF OPERATIONS**

All Island Equity REIT (the "REIT") is a limited purpose, unincorporated open-ended investment trust, governed by the terms and conditions of a Declaration of Trust dated March 1, 2017, as amended on May 29, 2018, and by the general laws of trusts and the laws of British Columbia, Canada. The principal office of the REIT is in Nanaimo, BC.

The REIT commenced operations on May 14, 2017. The principal activities of the REIT are the ownership and management of a diversified portfolio of retail and commercial mixed-use properties.

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the REIT as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the REIT has put risk mitigation processes in place the extent of the impact of COVID-19 is unknown. We anticipate that this outbreak may cause changes in tenant demand, disruptions in procurement, affect staff, and increased government regulations, all of which may negatively impact the REIT's business and financial condition.

## **2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

### ***a. Statement of compliance***

These consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs") and effective for the year ended December 31, 2020.

These consolidated financial statements for the year ended December 31, 2020 were authorized for issue by the Board of Directors of the Trustee (the "Board") on February 25, 2021.

### ***b. Basis of measurement***

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

The preparation of these consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the REIT's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3(N).

### ***c. Functional and presentation currency***

These consolidated financial statements are presented in Canadian dollars, which is the REIT's functional currency. All amounts presented have been rounded to the nearest dollar.

Assets and liabilities related to properties held in a foreign entity with a functional currency other than the Canadian dollar are translated at the rate of exchange at the consolidated balance sheet dates. Revenues and expenses are translated at average rates for the period unless exchange rates fluctuate significantly during the period in which case the exchange rates at the dates of the transactions are used. The resulting unrealized foreign currency translation adjustments are recognized in other comprehensive income. The REIT has no properties held in foreign jurisdictions.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### **A. *Basis of consolidation***

The consolidated financial statements comprise the financial statements of the REIT and its subsidiary, over which the REIT has control. Control exists when the REIT has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with those used by other members of the group.

Intra-group transactions and balances are eliminated in preparing the consolidated financial statements. The consolidated financial statements reflect the financial position, results of operations and cash flows of the REIT and its 100% owned subsidiary, All Island Equity REIT Limited Partnership (the "REIT LP") (collectively, the "Limited Partnership").

The REIT has entered into an agreement with this party in the form of a limited partnership. After adopting IFRS 10, *Consolidated Financial Statements*, and IFRS 11, *Joint Arrangements*, the REIT determined that it has control over the Limited Partnership.

#### **B. *Property acquisitions and business combinations***

Where property is acquired, management considers the substance of the agreement in determining whether the acquisition represents an asset acquisition or a business combination. The basis of the judgment is set out in Note 3(N).

Where such acquisitions are not determined to be a business combination, they are treated as an asset acquisition. The cost to acquire the property is allocated between the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Otherwise, acquisitions are accounted for as a business combination.

All acquisitions to date have been determined to be asset acquisitions.

#### **C. *Investment properties***

Investment properties comprise of properties held to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost including acquisition costs. Acquisition costs include transfer taxes, professional fees for legal services, acquisition fees and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are measured using the fair value model. The REIT defines fair value to be the value a third party is willing to pay, in an arm's length transaction, for an investment property. Therefore, the fair value of recently acquired investment property would be the purchase price. 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. Gains or losses arising from changes in fair values are included in the consolidated statement of earnings in the year which they arise.

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

**C. *Investment properties (continued)***

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the statement of net income and other comprehensive income in the year of retirement or disposal.

Gains or 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.

**D. *Properties under development for use***

Properties under development for use are carried at cost and are not subject to depreciation. Cost includes initial acquisition costs, project costs, professional fees, management fees, and interest during the development period. The development period ends when the assets are available for use and construction is complete. Upon completion, properties under development for use are transferred to the appropriate asset classes.

**E. *Cash and cash equivalents***

Cash consists of cash on hand and cash held at banks. Cash equivalents include guaranteed investment certificates that are readily redeemable into cash with original maturities of three months or less from the purchase date.

**F. *Equity issuances and redemption***

Issuances of units are recorded as increases in equity equal to the gross proceeds received while redemption of units are recorded as decreases in equity equal to the amount paid, calculated in accordance with the Trust Declaration. Incremental costs directly attributable to the issuance of new units are recorded as reductions in equity as unit issuance costs.

**G. *Revenue recognition***

Rental revenue is recognized in income on a straight-line basis over the lease term subject to ultimate collection being reasonably assured. 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. Parking and other incidental income are recognized in the period when the services were performed. Contracts with customers for residential condominium units generally include one distinct performance obligation. Revenue is recognized at the transaction price agreed under the contracts and is recognized at the point in time in which control over the property has transferred to the tenant.

**H. *Net earnings per unit***

Basic net earnings per unit has been calculated based on the weighted average number of units outstanding.

**I. *Financial instruments***

All financial instruments must be recognised, initially, at fair value on the Statement of Financial Position. The REIT has classified each financial instrument at amortized cost. Subsequent measurement of the financial instrument is based on their respective classification. Financial instrument classified as amortized cost are measured at amortized cost using the effective interest method.

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

**I. Financial instruments (continued)**

<b>Financial asset/liability</b>	<b>Classification</b>
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade payables and accruals	Amortized cost
Security deposits	Amortized cost
Loans	Amortized cost

*Amortized cost*

Financial assets and liabilities are initially recognized at their fair value. Fair value is determined by recent arm's length market transactions for the same instrument/approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

The financial assets and liabilities are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the expected life of the financial asset or financial liability, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset or a financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method or any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowances. Net gains and losses from changes in fair value are recognized in profit (loss) upon derecognition or impairment.

*Impairment of financial assets*

Financial assets carried at amortized cost are assessed at each reporting date on whether they are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The REIT applies the expected credit loss ("ECL") approach in determining provisions for financial assets carried at amortized cost. The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. The approach that the REIT has taken for trade receivables is a provision matrix approach whereby lifetime expected credit losses are recognized based on aging characterization and credit worthiness of the tenants. Specific provisions may be used where there is information that a specific tenant's expected credit losses have increased. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the REIT considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the REIT's historical experience and informed credit assessment and including forward-looking information. The credit risk on a financial asset is considered to have increased significantly if it is more than 90 days past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the consolidated statement of earnings.

**J. Income taxes**

The REIT is taxed as a "mutual fund trust" under the Income Tax Act (Canada). Pursuant to the Declaration of Trust and subject to the specific investment flow through ("SIFT") rules, the Board intends to distribute or designate all taxable income to the unitholders of the REIT and to deduct such distributions and designations for Canadian Income Tax purposes. Accordingly, the REIT is not taxable on its income provided all of its taxable income is distributed to the unitholders.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *K. Fair value*

The 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 date under current market conditions. In certain circumstances, the initial fair value may be based on other observable current market transactions, without modification or on a valuation technique using market-based inputs.

Fair value measurements recognized in the consolidated statement of financial position are categorized in accordance with the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The REIT measures investment properties at fair value at the end of each reporting period. Management estimates the fair value of its investment properties using the direct capitalization income method. For the direct capitalization income method, the fair value is determined by applying a capitalization rate to stabilized net operating income. The result is further adjusted for potential leasing costs, capital expenditures, and costs to stabilize income. Since significant adjustments are made to key inputs, the REIT measures the fair value under level 3 of the fair value hierarchy.

#### *L. Significant accounting judgments and estimates*

Judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities are reviewed on an ongoing basis. Actual results may differ from these estimates.

##### *a. Judgments*

In the process of applying the REIT's accounting policies, management has made the following critical judgments, which have the most significant effects on the amounts recognized in the consolidated financial statements:

##### *(i) Asset acquisitions*

The REIT acquires individual investment properties. At the time of acquisition, the REIT considers whether or not the acquisition represents the acquisition of a business. The REIT 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 is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. All acquisitions to date have been determined to be asset acquisitions.



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

**L. Significant accounting judgments and estimates (continued)**

*(ii) Lease contracts*

The REIT has entered into property leases on its investment property portfolio. The REIT makes judgments in determining whether certain leases, in particular those leases with long contractual terms, are operating or finance leases. The REIT must assess each lease separately against land and building. The REIT has determined that all of its leases of land and buildings are operating leases.

**b. Estimates**

The significant areas of estimation include the following:

*Valuation of investment properties*

The fair value of the investment properties is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts.

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

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

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 rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

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.

Management reviews each appraisal obtained 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. Where an appraisal is not obtained at the reporting date, management reviews the approaches described above, for each investment property, and estimates the fair value.

The significant assumptions used by management in estimating the fair value of investment property are set out in Note 5.

**M. Provisions**

Provisions are recognized by the REIT when: i) the REIT 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 be reasonably 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 interest expenses.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### N. *Standards, Amendments and Interpretations Issued and Adopted*

##### *Adoption of IFRS 16- Leases*

In January 2016, the IASB issued IFRS 16, *Leases*. The new standard brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 – Leases (“IAS 17”), with the distinction between operating leases and finance leases being retained. The REIT did not have any impact to its consolidated financial statements on the adoption of this standard.

##### *Business Combinations*

IFRS 3, Business Combinations – issued by the IASB in January of 2008. IASB has issued the amendments to IFRS 3, which relate to the definition of a business. The amendments are as follows:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2020, and to asset acquisitions that occur on or after the beginning of that period. There was no impact upon adoption for the REIT.

#### O. *New and revised standards and interpretations*

##### *New accounting standards adopted*

The listing below includes issued standards, amendments, and interpretations that the REIT reasonably expects to be applicable at a future date and intends to adopt when they become effective.

##### *Interest Rate Benchmark Reform: Amendments to IFRS 9 and IFRS 7*

In September 2019, IASB issued Phase 1 of its amendments to IFRS 9 – Financial Instrument sand IFRS 7 – Financial Instruments: Disclosures, to amend certain requirements for hedge accounting and provide relief during the period of uncertainty arising from the phase out of interest rate benchmarks (e.g. interbank offered rates [“IBOR”s]). These amendments modify hedge accounting requirements, allowing entities to assume that the interest rate benchmark on which the cash flows of the hedged item and the hedging instrument are based are not altered as a result of IBOR reform, thereby allowing hedge accounting to continue. Mandatory application of the amendments ends at the earlier of when the uncertainty regarding the timing and amount of interest rate benchmark-based cash flows is no longer present and the discontinuation of the hedging relationship. Phase 2 of the IASB’s project on IBOR is underway and will address transition from IBOR. The Phase 1 amendments will be effective for annual periods beginning on or after January 1, 2020, with early adoption permitted. The REIT does not expect any potential impact of these amendments on hedge accounting relationships.

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

*O. New and revised standards and interpretations (continued)*

*Insurance Contracts*

In May 2017, the International Accounting Standards Board (“IASB”) issued IFRS 17 – Insurance Contracts (“IFRS 17”), that replaces IFRS 4 – Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021. In June 2019, the IASB proposed an amendment to IFRS 17 providing a deferral of one year of the effective date to January 1, 2022. Early adoption is permitted. The REIT does not except any potential impact of this standard.

**4. CASH AND CASH EQUIVALENTS**

The REIT’s cash and cash equivalents balances are as follows:

As at December 31,	2020	2019
Cash in bank	\$5,933,011	\$6,718,906
Petty Cash	1,600	1,700
	<b>\$5,934,611</b>	<b>\$6,720,606</b>

**5. INVESTMENT PROPERTIES**

The balance of the investment properties as at December 31, 2020 and December 31, 2019 is as follows:

As at December 31,	2020	2019
Balance, beginning of year	\$78,099,000	\$70,773,308
Purchase of new investment properties	10,717,681	293,100
Properties under development for use	172,235	-
Capital additions	721,133	946,449
Disposal of investment properties	-	-
Changes in fair value adjustments to investment properties	3,999,881	3,448,242
Balance, end of year	<b>\$93,537,695</b>	<b>\$78,099,000</b>

The fair value of recently acquired investment property would be the purchase price plus acquisition costs and capital additions since acquisition. In subsequent years, the fair value of the investment properties will be determined on a fair value basis.

In arriving at their estimates of market values, management and the independent appraisers will use their market knowledge and professional judgment and will not rely solely on historical transactional comparisons.

The appraisals will be performed by accredited independent appraisers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. Management will review each appraisal and ensure that the assumptions used are reasonable and the final fair value amount will reflect those assumptions, which are used in the determination of the fair values of the properties.

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**5. INVESTMENT PROPERTIES (continued)**

The significant assumptions made to the fair value of the investment properties as at December 31, 2020 and December 31, 2019 are set out below:

For December 31, 2020	Weighted average	Range
Capitalization rate (%)	4.91%	4.15% - 6.61%
Net operating income (\$)	\$4,596,000	\$15,175 - \$622,627

For December 31, 2019	Weighted average	Range
Capitalization rate (%)	4.95%	3.79% - 6.25%
Net operating income (\$)	\$3,865,076	\$15,175 - \$622,627

Valuations determined by the income method are most sensitive to changes in capitalization rates. The table below summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate as at December 31, 2020 and 2019.

For December 31, 2020:

Change in capitalization rate	Fair value	Change in fair value	Percentage change
-0.45%	\$102,967,897	\$9,430,202	10.08%
-0.30%	99,620,093	6,082,398	6.50%
-0.15%	96,483,129	2,945,434	3.15%
December 31, 2020	93,537,695	-	0%
0.15%	90,766,770	2,770,925	-2.96%
0.30%	88,155,291	5,382,404	-5.75%
0.45%	\$85,689,881	\$7,847,814	-8.39%

For December 31, 2019:

Change in capitalization rate	Fair value	Change in fair value	Percentage change
-0.45%	\$85,890,578	\$7,791,944	9.98%
-0.30%	83,119,914	5,021,280	6.43%
-0.15%	80,552,417	2,423,783	3.10%
December 31, 2019	78,099,000	-	0%
0.15%	78,098,634	2,312,830	-2.96%
0.30%	73,620,495	4,478,139	-5.73%
0.45%	\$71,575,481	\$6,523,153	-8.35%

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**6. LOANS**

Loans are recorded at amortized cost and are secured by first charges on the REIT's investment properties, with a carrying and fair value of \$41,976,123 and \$42,760,071 (2019 - \$34,274,862 and \$34,673,307), respectively. Included in loans are unamortized mortgage transaction costs, which are amortized over the term of each mortgage using the effective interest rate method.

As at December 31,	2020	2019
CMLS Financial Ltd. mortgage loan, bearing interest at 3.26%, payable in monthly blended installment payments of \$20,197, with a term expiring on June 1, 2022, secured by certain investment properties	<b>\$3,750,356</b>	\$3,865,552
Less: unamortized mortgage transaction costs	<b>(9,485)</b>	(16,199)
	<b>3,740,871</b>	3,849,353
Coast Capital Savings Credit Union term loans, bearing interest between 3.15% to 3.47%, payable in total monthly blended installment payments of \$63,474, with terms expiring on June 1, 2022, secured by certain investment properties	<b>11,089,292</b>	11,473,764
Less: unamortized mortgage transaction costs	<b>(10,340)</b>	(17,660)
	<b>11,078,952</b>	11,456,104
Industrial Alliance Financial Group term loans, bearing interest between 3.40% to 3.45%, payable in total monthly blended installment payments of \$21,854, with terms expiring between December 1, 2021 and April 1, 2022, secured by certain investment properties	<b>3,687,067</b>	6,977,162
Less: unamortized mortgage transaction costs	<b>(2,451)</b>	(4,419)
	<b>3,684,616</b>	6,972,743
Vancity loans, bearing interests at 3.99%, payable in a total monthly blended installment payment of \$2,760, with terms expiring April 25, 2021, secured by certain investment properties	<b>490,384</b>	503,807
Less: unamortized mortgage transaction costs	<b>(19,386)</b>	(34,945)
	<b>470,998</b>	468,862
People's Trust loans, bearing interest between 1.69% to 3.22%, payable in total monthly blended installment payments of \$84,965, with terms expiring ranging from March 1, 2028 to June 1, 2030, secured by certain investment properties	<b>19,177,921</b>	11,853,022
Less: unamortized mortgage transaction costs	<b>(569,288)</b>	(325,222)
	<b>18,608,633</b>	11,527,800
RBC loan, bearing interest at 1.80%, payable in a total monthly blended installment payment of \$19,147, with term expiring July 1, 2030, secured by certain investment properties	<b>4,565,051</b>	-
Less: unamortized mortgage transaction costs	<b>(172,998)</b>	-
	<b>4,392,053</b>	-
	<b>41,976,123</b>	34,274,862
Unamortized mortgage transaction costs	<b>(783,948)</b>	(398,445)
Current portion of long-term debt	<b>3,889,089</b>	4,059,147
Long-term portion of long-term debt	<b>38,870,982</b>	30,614,160
	<b>\$41,976,123</b>	\$34,274,862

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**6. LOANS (continued)**

During the year ended December 31, 2020, the REIT incurred interest expense of \$1,190,421 (2019 - \$1,178,211) and amortization expense of \$94,758 (2019 - \$71,467). Under the terms of the loan agreements, the REIT is required to comply with certain loan covenants. As at December 31, 2020 and 2019, all covenants were met.

Principal repayments based on scheduled repayments to be made on the long-term debt are as follows as of December 31, 2020:

2021	\$3,889,089
2022	16,466,728
2023	693,815
2024	710,691
Thereafter	<u>20,999,747</u>
	<u>\$42,760,071</u>

**7. UNITHOLDERS' EQUITY**

Under the Declaration of Trust, the REIT is authorized to issue unlimited number of redeemable REIT units without par value. The Trustee will have the power and authority, from time to time, for and on behalf of the REIT, to create one or more classes or series of units on such terms and conditions as may be determined by the Trustee. All the units in any class or series will have the same rights, benefits and other attributes and will rank equally with every other unit in such class or series.

The REIT currently has two classes of units being Class A and Class F Units. All units of each class are entitled to participate equally with respect to all distributions made by the REIT to the unitholders, including distributions of net income and net realized capital gains, if any. All Class A units allow for a trailer fee (an annual fee which may be paid by the REIT to registered securities dealers and exempt market dealers) of up to 1% of the Net Asset Value.

Unitholders can elect to either receive distribution in cash, or participate in the Distribution Reinvestment Plan ("DRIP"). The DRIP allows holders of REIT units to have all cash distributions from the REIT reinvested in additional units of the same classes of units held. Unitholders can switch between receiving distribution in cash or participating DRIP at their discretion. Cash undistributed by the REIT upon the issuance of additional units under the DRIP will be invested in the REIT to be used for future property acquisitions, capital improvements, reducing liabilities, and working capital.

As at December 31, 2020, total unitholders equity was \$57,955,611 (2019 - \$50,040,461) which consists of unitholder contributions, distributions declared, DRIP units issued, issuance costs and net earnings for the year ended December 31, 2020.

**a. Unit Issuance**

The REIT issued the following units:

for the year ended 31 December, 2020	Units Issued	Gross Proceeds	Price Per Unit
Class A PAY	684	\$9,097	\$13.30
Class F PAY	30,008	399,106	13.30
Class A DRIP	85,849	1,141,792	13.30
Class F DRIP	110,684	1,472,097	13.30
<b>Total</b>	<b>227,225</b>	<b>\$3,022,093</b>	<b>\$13.30</b>

for the year ended 31 December, 2019	Units Issued	Gross Proceeds	Price Per Unit
Class A PAY	77,885	\$962,659	\$12.36
Class F PAY	86,324	1,066,965	12.36
Class A DRIP	264,257	3,266,217	12.36
Class F DRIP	303,276	3,748,491	12.36
<b>Total</b>	<b>731,742</b>	<b>\$9,044,331</b>	<b>\$12.36</b>

**7. UNITHOLDERS' EQUITY (continued)**

***b. Unit Classification and redemption rights***

The REIT presents Units as equity, notwithstanding the fact that the Units meet the definition of a financial liability. Under IAS 32 "Financial instruments: presentation" ("IAS 32"), the Units are considered a puttable financial instrument because of the holder's option to redeem the Units, generally at any time, subject to certain restrictions, the redemption price per unit is equal to the Net Asset Value Per Unit as determined on the Valuation Date which immediately precedes the Redemption Date, subject to any administration and processing fees that may be determined and applied by the Trustee, in its sole discretion, from time to time.

The total amount payable by the REIT in any calendar month will not exceed amount payable by the Trust by cash payment in respect of the redemption of Units for the calendar quarter in which the Redemption Date occurs will not exceed \$50,000; and (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 the calendar quarter in which the Redemption Date occurs will not exceed 1/4 of 1% of the aggregate Subscription Price of all Units that were issued and outstanding at the start of such twelve month period.

The REIT has determined the Units can be presented as equity and not financial liabilities because the REIT Units have all of the following features, as defined in IAS 32 (hereinafter referred to as the "puttable exemption"):

- Units entitle the holder to a pro rata share of the REIT's net assets in the event of its liquidation. Net assets are those assets that remain after deducting all other claims on the assets;
- Units are the class of instruments that are subordinate to all other classes of instruments as they have no priority over other claims to the assets of the REIT on liquidation, and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the REIT to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the REIT, and it is not a contract that will or may be settled in the REIT's own instruments;
- The total expected cash flows attributable to the Units over their lives are based substantially on the profit or loss, and the change in the recognized net assets and unrecognized net assets of the REIT over the life of the Units; and
- Units are initially recognized at the fair value of the consideration received by the REIT. Any transaction costs arising on the issuance of Units are recognized directly in unitholders' equity as a reduction of the proceeds received.

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**7. UNITHOLDERS' EQUITY (continued)**

*b. Unit Classification and redemption rights (continued)*

The REIT redeemed the following units:

	2020		2019	
	Units Redeemed	Redemption Amount	Units Redeemed	Redemption Amount
Class A PAY	8,647	\$115,005	4,393	\$54,302
Class F PAY	6,117	81,357	2,771	34,248
Class A DRIP	20,060	261,731	12,223	147,227
Class F DRIP	6,495	86,386	28,764	354,937
<b>Total</b>	<b>41,319</b>	<b>\$544,479</b>	<b>48,151</b>	<b>\$590,714</b>

*c. Distributions*

The REIT's Declaration of Trust endeavours to maintain quarterly distribution payments to unitholders. The REIT determines the distribution rate by, among other considerations, its assessment of cash flows as determined using adjusted cash flows from operating activities of its Limited Partnerships. The distribution rate is determined by the Board, at their sole discretion, based on what they consider appropriate given the circumstances of the REIT. Distributions may be adjusted for amounts paid in prior periods if the actual adjusted cash flows from operating activities for those prior periods are greater or less than the estimates used for those prior periods. In addition, the Board may declare distributions out of the income, net realized capital gains, net recapture income and capital of the REIT to the extent such amounts have not already been paid, allocated or distributed.

The REIT distributed the following:

for the year ended 31 December, 2020	Distributions Declared	Distributions Reinvested	Units Issued through DRIP	Trailer Fee Paid
Class A PAY	\$69,385	\$0	-	\$20,080
Class F PAY	241,839	-	-	130,919
Class A DRIP	446,691	315,772	23,742.27	-
Class F DRIP	815,993	815,993	61,352.84	-
<b>Total</b>	<b>\$1,573,908</b>	<b>\$1,131,765</b>	<b>85,095</b>	<b>\$150,999</b>

for the year ended 31 December, 2019	Distributions Declared	Distributions Reinvested	Units Issued through DRIP	Trailer Fee Paid
Class A PAY	\$36,799	\$0	-	\$6,126
Class F PAY	338,886	-	-	52,766
Class A DRIP	179,657	286,120	23,149	-
Class F DRIP	623,055	623,054	50,409	-
<b>Total</b>	<b>\$1,178,397</b>	<b>\$909,174</b>	<b>73,558</b>	<b>\$58,892</b>



**All Island Equity REIT**  
**Notes to Consolidated Financial Statements**  
**Expressed in Canadian Dollars**  
**For the year ended December 31, 2020**

**8. OPERATING LEASES – REIT as a lessor**

The REIT has entered into leases with tenants on its investment property portfolio. The leases typically have initial lease terms ranging between one and five years with periodic upward revision of the rental charge according to the prevailing market conditions.

Future minimum lease payments for commercial tenants under non-cancellable operating leases in the aggregate and for each of the following periods are as follows:

	2020	2019
Within one year	<b>\$982,974</b>	\$840,987
Two to five years	<b>1,937,220</b>	1,651,997
Over five years	<b>504,563</b>	96,942
	<b>\$3,424,758</b>	\$2,589,926

As all residential tenants have signed lease agreement that are one year in duration and is extendable on a month to month basis after one year, the minimal lease payments associated with these residential tenants have been excluded from the table above.

**9. CAPITAL MANAGEMENT**

The REIT defines capital as the aggregate of unitholders' equity and long-term debt. The REIT's objectives in managing capital are to maintain a level of capital that complies with investment and debt restrictions pursuant to the offering memorandum, complies with existing debt covenants, funds its business strategies and builds long-term unitholders' value. The REIT's capital structure is approved by the Board through its periodic reviews. The REIT is not subject to externally imposed capital requirements.

**10. FINANCIAL INSTRUMENTS**

**Fair value of financial instruments**

For certain REIT financial instruments, including cash and cash equivalents, trade and other receivables, trade payable and accruals and security deposits, the carrying amounts approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The fair values of debt are determined by discounting the future contractual cash flow under current financing arrangements at discount rates that represent borrowing rates presently available to the REIT for loans with similar terms and maturity and measured under level 2 fair value hierarchy since the discount rates are either provided by the lenders or are observable on the open market.

The following table presents the carrying amounts and fair values of the REIT's financial instruments:

<b>As at December 31,</b>	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$5,934,611	\$5,934,611	\$6,720,606	\$6,720,606
Trade and other receivables	53,853	53,853	46,791	46,791
Trade payable and accruals	383,066	383,066	457,631	457,631
Security deposits	251,393	251,393	177,149	177,149
Loans	\$41,976,123	\$42,760,071	\$34,274,862	\$34,673,307

**10. FINANCIAL INSTRUMENTS (continued)**

**Financial risk management**

The Board of the REIT has the overall responsibility for the establishment and oversight of the REIT's risk management framework. The REIT's risk management policies are established to identify and analyze the risks faced by the REIT, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the REIT's activities.

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

*a. Credit risk*

Credit risk is the risk of financial loss to the REIT if a tenant or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the REIT's receivables from tenants.

The REIT's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The REIT minimizes the risk by checking tenants' credit histories, requesting security deposits and initiating a prompt collection process.

Trade and other receivables are comprised primarily of current balances owing and the REIT has not experienced any significant receivable write-offs. The REIT performs frequent reviews of its receivables and has determined there is no significant provision for doubtful accounts as at December 31, 2020 and 2019. The table below shows trade receivables due from tenants:

Aged trade receivables	December 31, 2020	December 31, 2019
Current	\$2,727	\$8,496
Past due 31 – 60 days	9,556	8,213
Past due 61 – 90 days	35,087	-
Past due 90+ days	6,484	30,082
	<b>\$53,853</b>	<b>\$46,791</b>

The REIT places its cash and cash equivalents (which includes GICs) with Canadian financial institutions with high credit ratings, credit ratings are actively monitored, and these financial institutions are expected to meet their obligations.

*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 REIT will be exposed to interest rate risk on the fixed rate debt it carries against the investment properties as at December 31, 2020 and December 31, 2019 at maturity.

*c. Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The REIT is not subject to foreign currency risk as the REIT's financial instruments are denominated in Canadian dollars.

**10. FINANCIAL INSTRUMENTS (continued)**

*d. Liquidity risk*

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they fall due. Real estate 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 REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT was required to liquidate a real estate property investment, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

The REIT's approach to managing liquidity is to ensure that it will have sufficient cash available to meet its liabilities when due. As at December 31, 2020, the REIT had sufficient cash to settle current liabilities.

The following are the contractual maturities of financial liabilities as at December 31, 2020.

	Amortized cost	Due in 1 year	Over 1 year
Trade payable and accrued liabilities	\$383,066	\$383,066	-
Long-term debt	\$41,976,123	\$3,889,089	\$38,087,034

*e. Environmental risk*

The REIT is subject to various federal, provincial/state and municipal laws relating to the environment. These laws could result in liability for the costs of removal and remediation of certain hazardous substances or waste released or deposited on or in investment properties or disposed of at other locations. Failure to remove or remediate such substances, if any, could adversely affect the ability to sell real estate, or to borrow using real estate as collateral, and could potentially result in claims or other proceedings. The REIT is not aware any material non-compliance with environmental laws at any properties. The REIT is also not aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with, or conditions at, the properties. The REIT has policies and procedures to review and monitor environmental exposure, and has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly, and the REIT may become subject to more stringent environmental laws and regulations that could have an adverse effect on the financial condition or results of operations.

*f. Redemption risk*

Redemptions will be paid by way of a cash payment no later than the last day of the calendar month following the calendar quarter in which the redemption date occurs, subject to the following limitations:

- a) the total amount payable by the REIT by cash payment in respect of the redemption of units for the calendar quarter in which the redemption date occurs will not exceed \$50,000; and
- b) the total amount payable by the REIT by cash payment in respect of the redemption of units in any twelve month period ending at the end of the calendar quarter in which the redemption date occurs will not exceed 1/4 of 1% of the aggregate subscription price of all units that were issued and outstanding at the start of such twelve month period.

If any of the conditions in (a) and (b) immediately above preclude the payment of the redemption price in cash, and the REIT does not, in its sole discretion, waive such limitation, payment will be made in specie.

## 10. FINANCIAL INSTRUMENTS (continued)

### *f. Redemption risk (continued)*

Payment of Redemption Price in Specie

If any of the conditions in (a) and (b) immediately 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 any 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;
- b. a distribution in specie to the Unitholder of a number of LP Units having an aggregate value determined on the redemption date based on the redemption price of the LP Units under the terms and conditions of the Limited Partnership Agreement, 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 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.

To date, all redemption requests have been paid by way of cash payment.

### *g. Lease rollover risk*

Lease rollover risk arises from the possibility that the REIT may have trouble renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. The REIT tries to sign long term leases with commercial tenants to minimize lease rollover risk. As at December 31, 2020, the occupancy rate across all of the commercial properties is 88.80% (2019 - 97.94%). For any vacant space, the REIT uses qualified third-party leasing agents to actively market the space.

## 11. RELATED PARTY TRANSACTIONS

The REIT's related parties consist of its subsidiaries and key members of management. These transactions were in the normal course of operations and were measured at fair value, which represented the amount of consideration established and agreed to by the related parties.

### **Transactions with All Island Equity Management Inc. (the "Manager")**

The Manager is related to the REIT by virtue of having officers and directors in common with the REIT. The Manager is also the General Partner of the Limited Partnership.

As of December 31, 2020, the Limited Partnership Agreement was amended so that net income or loss of the Limited Partnership from the ordinary course of operations of the properties will be allocated as follows:

- Firstly, 0.01% to each of the General Partner to a maximum of \$100 per annum; and
- Secondly, the balance of net income or loss shall be allocated to the REIT, as the sole Limited Partner.

From inception to date no net income or loss was allocated, nor any payments made or are due to the Manager under any provision contained within the Limited Partnership Agreement.

## **11. RELATED PARTY TRANSACTIONS (continued)**

In connection with the services provided by the Manager under the Management Agreement with the REIT LP, the following amounts will be payable to the Manager:

- a.* An acquisition fee equal to 1.00% of the gross purchase price of each property (or interest in a property), plus GST if applicable, payable to the Manager upon completion of the purchase of each such property (or interest in a property).

For the years ended December 31, 2020 and 2019, all acquisition fees were waived by the Manager.

- b.* An asset management fee up to 0.50% of the Gross Asset Value (2020 - \$91,157,043 and 2019 - \$77,048,910) (defined as the fair market value of all assets of the Trust, as measured on the financial statements of the Trust as at the end of each month) payable quarterly, no later than the last day of each quarter. The Manager may waive the obligation of the REIT LP to pay all or any portion of the asset management fee for any year or any one or more months within any such year, provided that the waiver of the obligation shall not act as a waiver of such obligation in subsequent years.

For the year ended December 31, 2020, the Manager was entitled to asset management fees totaling \$455,847 (2019 - \$385,245) plus GST, if applicable, of which \$45,585 (2019 - \$175,000) was paid to the Manager, and \$410,263 (2019 - \$210,245) was waived during the year.

The portion of the fee paid in 2019 of \$175,000 plus GST represents a one-time management fee related to the amendments made to the Limited Partnership Agreement. This management fee has been included in trade payables as at December 31, 2019.

### **Transactions with All Island Equity Services Inc. (the “Trustee”)**

The Trustee is related to the REIT by virtue of having officers and directors in common with the REIT. The Trustee has no business activities other than acting as Trustee of the Trust.

During the years December 31, 2020 and 2019, there were no transactions with the Trustee.

During the years December 31, 2020 and 2019, the REIT paid director fees of \$47,088 (2019 - \$33,468).

## **12. SUPPLEMENTARY CASH FLOW INFORMATION**

### **Non-cash transaction**

The REIT issued 85,095 Units (2019 - 73,558) as part of the DRIP program, of which 23,742 was issued as Class A DRIP (2019 - 23,149) and 61,353 was issued as a Class F DRIP (2019 - 50,409), for a total value of \$1,131,765 (2019- \$909,175) of distributions reinvested (Note 7).

## **13. SEGMENTED DISCLOSURE**

The REIT operates in one business segment, being the owning and operating of investment properties in Canada. As at December 31, 2020, the Realty Trust operates thirty-three investment properties located in British Columbia, Canada.

#### **14. SUBSEQUENT EVENTS**

Subsequent to December 31, 2020 the REIT redeemed 1,625 Class A DRIP and 3,008 Class F Pay units for a total payment of \$61,620 to unitholders.

On January 20, 2021 the REIT closed the purchase of an investment property located in Campbell River, British Columbia for \$7,730,000. The REIT obtained a CMHC insured mortgage from National Bank, with a principal amount of \$4,319,738, bearing interest at 1.95%, payable in a total monthly blended installment payment of \$18,188, maturing March 1, 2031, secured by this property.

On February 4, 2021 the REIT removed conditions on an offer to purchase of an investment property located in Campbell River, British Columbia for \$1,825,000. Closing for the property is expected March 7, 2021.

#### **15. COMPARATIVE FIGURES**

Comparative figures have been re-classified to conform to current presentation.

**ITEM 13 - DATE AND CERTIFICATE**

Dated March 15, 2021

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

***On behalf of the Trustee in its capacity as trustee of the Trust and as Promoter:***

**AIE SERVICES INC.**

**"Brendan James Bennett Sutton"**

Name: Brendan James Bennett Sutton  
Title: Chief Executive Officer

**"Zenhardt Siegfried Dedekind"**

Name: Zenhardt Siegfried Dedekind  
Title: Chief Financial Officer

**"Patrick Dennis Sullivan"**

Name: Patrick Dennis Sullivan  
Title: Director

**"Garth Lyle Busch"**

Name: Garth Lyle Busch  
Title: Director

***On behalf of the Manager and as Promoter:***

**AIE MANAGEMENT INC.**

**"Patrick Dennis Sullivan"**

Name: Patrick Dennis Sullivan  
Title: Director

**"Garth Lyle Busch"**

Name: Garth Lyle Busch  
Title: Director

**"David Stewart Hammond"**

Name: David Stewart Hammond  
Title: Director

**"Bernard Adrian Vanderhorst"**

Name: Bernard Adrian Vanderhorst  
Title: Director