



EQUITON REAL ESTATE INCOME AND DEVELOPMENT FUND TRUST

OFFERING MEMORANDUM

April 28, 2023

This Confidential Offering Memorandum constitutes an offering of the securities described herein only in Canada and to those persons to whom they may be lawfully offered for sale and only by persons permitted to sell these securities. This Confidential Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of securities. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Confidential Offering Memorandum or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Confidential Offering Memorandum will not have the benefit of the review of this material by a securities commission or similar authority.

This Confidential Offering Memorandum is intended for use by investors solely in connection with the consideration of the purchase of these securities. No person is authorized to give any information or to make any representation not contained in this Confidential Offering Memorandum in connection with the offering of these securities and, if given or made, no such information or representation may be relied upon. This Confidential Offering Memorandum is confidential. By their acceptance hereof prospective investors agree that they will not transmit, reproduce or make available to anyone this Confidential Offering Memorandum or any information contained herein.

EQUITON REAL ESTATE INCOME AND DEVELOPMENT FUND TRUST

OFFERING MEMORANDUM

Date: April 28, 2023

The Trust: **EQUITON REAL ESTATE INCOME AND DEVELOPMENT FUND TRUST**
(the “Trust”)

Head office: 1111 International Blvd, Suite 500, Burlington, ON, L7L 6W1
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 Website: equiton.com

Currently listed or quoted? **No. These securities do not and are not expected to 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:	An unlimited number of Class A, Class B, Class C, Class F, and Class I units of the Trust (collectively, the “Trust Units”).
Price Per Security:	\$10.00 per Trust Unit
Minimum/Maximum Offering:	There is no minimum or maximum amount for the Offering (as defined herein). The Trust will offer an unlimited number of Trust Units on a continuous basis. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish the Trust’s proposed objectives.

Minimum Subscription Amount:	\$5,000 or such lower amount as determined by the Trust in its sole discretion. See “ <i>Subscription Procedures</i> ”.
Payment Terms:	Payment in full by certified cheque, bank draft or direct deposit of the subscription price is to be made with the delivery of a duly executed and completed subscription agreement to the Trust. See “ <i>Subscription Procedures</i> ”.
Proposed Closing Date(s):	Closings will take place periodically as agreed upon by the Trust, the Equiton Agent (as defined herein) and the Subscriber.
Income Tax Consequences:	There are important tax consequences to acquiring, holding and disposing of these securities. See “ <i>Certain Canadian Federal Income Tax Considerations</i> ”.
Selling Agent:	<p>Equiton Capital Inc. (the “Equiton Agent”) acts as lead selling agent in connection with the Offering. The Equiton Agent may, at its discretion, engage one or more sub-agents as selling agents. In addition, from time to time, the Trust may separately engage additional selling agents in connection with the Offering (collectively, the “Selling Agents”).</p> <p>In connection with the Offering, the Trust is a “connected” or “related” issuer of the Equiton Agent under applicable Canadian securities legislation. Jason Roque, a Trustee of the Trust, indirectly, through wholly owned subsidiaries, controls the Equiton Agent and is a director and the President of the Equiton Agent. In addition, Helen Hurlbut, a Trustee of the Trust, is the Chief Financial Officer of the Equiton Agent. In addition, the Equiton Agent acts exclusively for certain companies that are either directly or indirectly controlled and/or beneficially owned by Jason Roque, or which hold securities in companies that are either directly or indirectly controlled and/or beneficially owned by Jason Roque.</p> <p>The decision to distribute the Trust Units and the determination of the terms of the distribution were not negotiated at arm’s length between the Equiton Agent and the Trust. The determination by the Trust to proceed with the Offering was not made at the request or suggestion of the Equiton Agent. The Equiton Agent will not receive any benefit in connection with the Offering other than its portion of the Equiton Agent’s Fees payable by the Trust to the Equiton Agent described under “<i>Compensation Paid to Sellers and Finders</i>”. The proceeds of the Offering will not be applied for the benefit of the Equiton Agent. However, the proceeds of the Offering will be used by the Trust to invest in the Partnership, the General Partner of which is an Affiliate of the Equiton Agent. The General Partner and the Equiton Agent are Related Parties (defined herein) to the Trust.</p> <p>See “<i>Compensation Paid to Sellers and Finders</i>”, “<i>Relationship Between the Trust, the Equiton Agent and other Related Parties</i>” and “<i>Purchase Options</i>”.</p>
Resale Restrictions:	You will be restricted from selling your Trust Units for an indefinite period. See “ <i>Resale Restrictions</i> ”.
Redemption Rights:	The Trust Units are redeemable upon demand of the Trust Unitholder. However, these redemption rights are subject to limitations, including a monthly cash limitation of \$50,000 in respect of all Trust Units tendered for redemption in a calendar month. If the redemptions tendered in a calendar month exceed the

	<p>foregoing limit, then the Trust may satisfy the payment of the Redemption Amount, in part, by the issuance of Redemption Notes, which are promissory notes. Any Redemption Notes which may be received as a result of a redemption of Trust Units will not be qualified investments for a Registered Plan and may have adverse tax consequences to such Registered Plan or the holder, annuitant, subscriber or beneficiary in respect of that Registered Plan. See “<i>Material Agreements – Declaration of Trust – Redemption of Trust Units</i>” and “<i>Certain Canadian Federal Income Tax Considerations - Eligibility for Investment</i>”.</p>
<p>Subscriber’s Rights:</p>	<p>You have two (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 “<i>Subscriber’s Rights of Action</i>”.</p>

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

Any OM Marketing Materials (as defined herein) prepared by the Trust are deemed to be incorporated by reference into this Offering Memorandum.

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FORWARD LOOKING INFORMATION

This Offering Memorandum and any OM Marketing Materials may contain forward-looking statements. These statements relate to future events or the Trust's future performance. All statements other than statements of historical fact are forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the management of the Trust as of the date on which the statements are made in this Offering Memorandum or any OM Marketing Materials, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition, this Offering Memorandum and any OM Marketing Materials may contain forward-looking statements attributed to third-party industry sources. Neither the Trust nor the Trustees have independently verified the accuracy or completeness of such information. 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.

Forward-looking information contained in this Offering Memorandum includes, but is not limited to, statements with respect to: price of the Trust Units; size of the Offering; use of proceeds of the Offering; the structure of the Trust; the business to be conducted by the Trust, the Partnership and its investees; the issuance of Trust Units pursuant to the DRIP; the expected return on investment for Subscribers; the long term and short term objectives; the ability of the Partnership to obtain financing, including the availability of Equiton Loans or issuance of Redeemable LP Units; availability of funds for distributions; timing and payment of distributions; the Trust's investment objectives and strategy; treatment under government regulatory regimes and tax laws; the qualification of the Trust as a mutual fund trust; the methods of funding, and the Trust's expectations regarding its development projects, including timeline for completion and estimated costs.

Although the forward-looking statements contained in the Offering Memorandum and any OM Marketing Materials are based upon assumptions that management of the Trust believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. 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. These risks and uncertainties include, among other things: risks related to the Offering, risks related to the Trust and its business, general economic conditions, governmental regulations and tax. See "*Risk Factors*".

The forward-looking statements contained in this Offering Memorandum or in any OM Marketing Materials are expressly qualified by this cautionary statement. These forward-looking statements speak only as of the date of this Offering Memorandum. The Trust is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum or in any OM Marketing Materials, to conform such statements to actual results or to changes in the Trust's expectations except as otherwise required by applicable legislation. The risks and uncertainties

attributable to these forward-looking statements may adversely affect the distributions to be made on the Trust Units. Some of these are discussed in the section “*Risk Factors*”. You should carefully consider the risk factors in addition to the other information provided herein or in any OM Marketing Materials.

This Offering Memorandum also contains future-oriented financial information (“**FOFI**”), as defined by applicable Canadian securities legislation, and information which could be considered to be in the nature of a “financial outlook”. Such FOFI or financial outlook was approved by management of the Trust for the purpose of providing the Trust’s reasonable financial estimates based on current expectations of management and management’s assumptions relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Readers are also cautioned that such FOFI or financial outlooks reflect management’s current beliefs and are based on information currently available to management and on assumptions and estimates management believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the FOFI or financial outlook as they are subject to a number of significant risks and uncertainties. Certain of these risks and uncertainties are beyond the Trust’s control. Consequently, all of the FOFI or financial outlook are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments expected by management will be realized or, even if substantially realized, that they will have the expected consequences to, or effect on, the Trust. FOFI or statements of financial outlook about the Trust and its underlying entities’ expected expenditures and the components thereof, are subject to the same assumptions, risk factors, limitations and qualifications as set forth in this Offering Memorandum. FOFI and statements of financial outlooks contained herein are made as of the date of this Offering Memorandum and the Trust assumes no obligation to update or revise any FOFI or statements of financial outlook, whether as a result of new information, future events or otherwise. All FOFI and statements of financial outlook contained in this Offering Memorandum are qualified by these cautionary statements.

OM MARKETING MATERIALS

Any OM Marketing Materials prepared and distributed to investors in connection with the Offering, including any OM Marketing Materials that are effective after the date of this Offering Memorandum and before the termination of the Offering, are deemed to be incorporated by reference in this Offering Memorandum.

Copies of any of the OM Marketing Materials incorporated by reference herein may be obtained on request without charge from the Trust at investors.equiton.com or are publicly available on SEDAR.

Any statement contained in this Offering Memorandum or in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, 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 to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or

superseded is not deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

Information contained or otherwise accessed through the Trust's website or any third-party website does not form part of this Offering Memorandum or the Offering.

MARKET AND INDUSTRY DATA

This Offering Memorandum includes market and industry data that were obtained from third-party sources, industry publications and publicly available information. Management believes that the industry data is accurate but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Trust has not independently verified any of the data or third-party sources referred to in this Offering Memorandum, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

GLOSSARY

“Accretion Distribution” has the meaning set out in *“Material Agreements – The Commercial LP Agreement, Financial LP Agreement and Development LP Agreement – The Development LP Agreement”*.

“Additional Committee” means any additional committee of the Trustees, other than the Finance Committee, which may be established pursuant to the Declaration of Trust.

“Affiliate” means a Person considered to be an affiliated entity of another Person within the meaning of NI 45-106.

“Applicable Laws” means in respect of any Person, property, transaction or event, all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event.

“Asset Management Agreement” means an agreement between the Trust, the Partnership and Equiton Partners pursuant to which Equiton Partners provides certain asset management services to the Trust and the Partnership.

“Asset Management Fee” has the meaning set out in *“Material Agreements – The Asset Management Agreement”*.

“Associate” has the meaning given thereto in the *Securities Act* (Ontario), as amended or supplemented from time to time.

“Auditors” means the firm of chartered accountants appointed as the auditors of the Trust from time to time and, currently, means Grant Thornton LLP.

“Business Day” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“Class A LP Unit” means a voting Class A limited partnership unit of the Partnership.

“Class A Purchase Options” means the three different purchase options by which Subscribers may subscribe for Class A Trust Units, as described in *“Purchase Options”*.

“Class A Trust Unit” means a voting Class A trust unit of the Trust.

“Class B LP Unit” means a voting Class B limited partnership unit of the Partnership.

“Class B Trust Unit” means a voting Class B trust unit of the Trust.

“Class C LP Unit” means a voting Class C limited partnership unit of the Partnership.

“Class C Trust Unit” means a voting Class C trust unit of the Trust.

“Class F LP Unit” means a voting Class F limited partnership unit of the Partnership.

“Class F Trust Unit” means a voting Class F trust unit of the Trust.

“Class I LP Unit” means a voting Class I limited partnership unit of the Partnership.

“Class I Trust Unit” means a voting Class I trust unit of the Trust.

“Commercial Asset Management Agreement” means an agreement between the Commercial Partnership and Equiton Partners pursuant to which Equiton Partners provides certain asset management services to the Commercial Partnership.

“Commercial General Partner” means Equiton Commercial Real Estate Fund GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of the Commercial Partnership or any successor general partner of the Commercial Partnership.

“Commercial LP Agreement” means the limited partnership agreement entered into between the Commercial General Partner and any Person who is from time to time admitted to the Commercial Partnership as a limited partner of the Commercial Partnership in accordance with the provisions of the Commercial LP Agreement, as it may be amended, supplemented or restated from time to time.

“Commercial Partnership” means Equiton Commercial Real Estate Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“Declaration of Trust” means the declaration of trust of the Trust made as of April 30, 2018, as it may be amended from time to time.

“Deferred Sales Charge” means the charge (if any) that is applied against the redemption proceeds payable to a Trust Unitholder for an early redemption of Class A Trust Units, which charge is set out in the subscription agreement entered into between the Subscriber and the Trust in respect of the Class A Trust Units. See *“Purchase Option”*.

“Development Asset Management Agreement” means an agreement between the Development Partnership and Equiton Partners pursuant to which Equiton Partners provides certain asset management services to the Development Partnership.

“Development General Partner” means Equiton Real Estate Development Fund GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of the Development Partnership or any successor general partner of the Development Partnership.

“Development LP Agreement” means the limited partnership agreement entered into between the Development General Partner and any Person who is from time to time admitted to the Development Partnership as a limited partner of the Development Partnership in accordance with the provisions of the Development LP Agreement, as it may be amended, supplemented or restated from time to time.

“Development Partnership” means Equiton Real Estate Development Fund LP, a limited partnership governed by the laws of the Province of Ontario.

“Distribution Date” means, in respect of each Distribution Period, a Business Day on or about the 15th day following such Distribution Period.

“Distribution Period” means each calendar month in each fiscal year of the Trust or the Partnership, as applicable, or such other distribution period as may be determined by the Trustees or the General Partner, as applicable, in their or its sole discretion.

“Distribution Record Date” means, unless otherwise determined by the Trustees, the last Business Day of each Distribution Period, except for the final Distribution Period in the fiscal year of the Trust, where the Distribution Record Date shall be December 31.

“DRIP” means the distribution reinvestment plan of the Trust, as may be amended from time to time.

“Early Redemption Fee” means the fee (if any) that is applied against the redemption proceeds payable to a Trust Unitholder for an early redemption of Trust Units, which fee is set out in the subscription agreement entered into between the Subscriber and the Trust in respect of the Trust Units.

“Equiton Agent” means Equiton Capital Inc., a corporation governed by the laws of the province of Ontario, and registered as an exempt market dealer, investment fund manager and portfolio manager in certain jurisdictions.

“Equiton Loans” means loans (if any) made to the Partnership by Equiton Partners.

“Equiton Partners” means Equiton Partners Inc., a corporation governed by the laws of the Province of Ontario.

“Fee Based Account” means an account in which the Subscriber would hold Class F Trust Units and which already has fees attached to the assets in such account and/or where the advisor or portfolio manager is already being paid fees for service such that if commissions or trailers would be paid to the advisor or portfolio manager, such fees would in effect be a duplicate fee.

“Finance Committee” means the finance committee of the Trustees which may be established pursuant to the Declaration of Trust.

“Financial Asset Management Agreement” means an agreement between the Financial Partnership and Equiton Partners pursuant to which Equiton Partners provides certain asset management services to the Financial Partnership.

“Financial General Partner” means Equiton Real Estate Financial GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of the Commercial Partnership or any successor general partner of the Commercial Partnership.

“Financial LP Agreement” means the limited partnership agreement entered into between the Financial General Partner and any Person who is from time to time admitted to the Financial Partnership as a limited partner of the Financial Partnership in accordance with the provisions of the Financial LP Agreement, as it may be amended, supplemented or restated from time to time.

“Financial Partnership” means Equiton Real Estate Financial Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“General Partner” means Equiton Real Estate Income and Development Fund GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of the Partnership or any successor general partner of the Partnership.

“Governmental Authority” means any:

- (a) multinational, federal, provincial, state, regional, municipal, local, or foreign government, governmental or public department, central bank, court, tribunal, arbitral body, arbitrator, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (b) subdivision, agent, commission, board or authority of any of the foregoing;
- (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above; or
- (d) arbitrator exercising jurisdiction over the affairs of the applicable Person, asset, obligation or other matter.

“Gross Book Value” means, at any time, the fair value of the Trust Property, as shown on its most recent balance sheet which is in accordance with IFRS.

“GST/HST” means taxes eligible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

“IFRS” means international financial reporting standards.

“Independent Trustee” means a Trustee who is independent within the meaning of NI 81-107 – *Independent Review Committee for Investment Funds*.

“Limited Partner” means any Person who is from time to time admitted to the Partnership as a limited partner of the Partnership in accordance with the provisions of the LP Agreement.

“LP Agreement” means the limited partnership agreement made as of April 10, 2018 as amended on April 1, 2020, between the General Partner and the Limited Partners as it may be amended, supplemented or restated from time to time.

“LP Units” means outstanding limited partnership units of the Partnership including Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units, Class I LP Units and Redeemable LP Units.

“Market Value” has the meaning set out in *“Declaration of Trust – Redemption of Trust Units”*.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended from time to time (including any successor rule or policy thereto).

“minimum distribution requirements” has the meaning set out in *“Certain Canadian Federal Income Tax Considerations – Status of the Trust – Qualification as a Mutual Fund Trust”*.

“Monthly Limit” has the meaning set out in *“Declaration of Trust – Redemption of Trust Units”*.

“Mortgage Insurance Fees” means fees charged by Canada Mortgage and Housing Corporation or a similar mortgage insurer.

“Net Asset Value” means the net asset value per Trust Unit for each class of Trust Units determined by the board of Trustees based on such information as the board of Trustees deems appropriate, including, but not limited to, appraisals, valuations, market comparables and other data available to the Trustees.

“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 taxation year, calculated in accordance with the provisions of the Tax Act (but without reference to subsection 104(6) thereof), exceeds the aggregate of (i) the aggregate of the capital losses of the Trust realized for such taxation year, calculated in accordance with the provisions of the Tax Act; and (ii) each amount determined by the Trustees in respect of any net capital loss of the Trust 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 taxation year.

“NI 45-106” means National Instrument 45-106 – *Prospectus Exemptions*, as amended from time to time (including any successor rule or policy thereto).

“Non-Resident” has the meaning set out in *“Declaration of Trust – Limitation on Non-Resident Ownership”*.

“OBCA” means the *Business Corporations Act* (Ontario) and the regulations thereunder, as amended or supplemented from time to time.

“Offering” means the offering of Trust Units pursuant to this Offering Memorandum.

“Offering Memorandum” means this confidential offering memorandum, as it may be amended, supplemented and/or amended and restated from time to time.

“OM Marketing Materials” means any marketing materials or other written communication, other than an OM standard term sheet (as such term is defined in NI 45-106), intended for prospective investors regarding the Offering that contains material facts relating to the Trust, Trust Units or the Offering.

“Ordinary Resolution” means a resolution of the Voting Unitholders, approved by not less than 50% of the votes cast by those persons who vote in person or by proxy at a duly convened meeting of the Trust or by way of a written resolution.

“Partners” means, collectively, the General Partner and the Limited Partners, and **“Partner”** means any of them.

“Partnership” means Equiton Real Estate Income and Development Fund Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“Partnership Distributable Cash Flow” for a Distribution Period means the net income of the Partnership for such Distribution Period determined in accordance with IFRS, subject to such adjustments as may be determined by the General Partner in its discretion.

“Person” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“Prime Rate” means at any time the rate of interest expressed as a rate per annum which the Bank of Montreal establishes from time to time at its head office in Toronto, Ontario as the reference rate of interest in order to determine the interest rate it will charge for loans in Canadian dollars to its Canadian customers and which it refers to as its prime rate.

“Project” has the meaning set out in *“Material Agreements – The Development Asset Management Agreement”*.

“Realization Event” means (a) a sale or other disposition of a property of the Development Partnership, (b) a financing or refinancing of a property of the Development Partnership, or (c) an issuance of additional limited partnership units by the Development Partnership.

“Realization Value” means the value of the Development Partnership's properties as at the effective time of a Realization Event, as determined by the Development General Partner;

“Redeemable LP Unit” means a voting limited partnership unit of the Partnership redeemable at the option of the Partnership, which limited partnership units may only be held by Equiton Partners and its affiliates. Holders of Redeemable LP Units will receive Special Voting Units that will entitle the holder thereof to one vote at meetings of Voting Unitholders.

“Redemption Amount” has the meaning set out in *“Declaration of Trust – Redemption of Trust Units”*.

“Redemption Date” has the meaning set out in *“Declaration of Trust – Redemption of Trust Units”*.

“Redemption Notes” means Notes issued by the Trust to redeeming Trust Unitholders in principal amounts equal to all or a portion of the Market Value of the Trust Units to be redeemed, and having the following terms and conditions;

- (a) unsecured and shall bear annual interest at a market rate of interest as determined by the Trustees at the time of issuance, having regard for debt obligations of a comparable term issued by comparable issuers; and
- (b) a term to maturity of five (5) years, provided that the Trustees shall have the discretion to issue Redemption Notes having a term to maturity other than five (5) years;

all as more particularly described in *“Declaration of Trust – Redemption of Trust Units”*.

“Redemption Notice” has the meaning set out in *“Declaration of Trust – Redemption of Trust Units”*.

“Redemption Price” means the most recent Market Value of any Trust Units to be redeemed. See *“Declaration of Trust – Redemption of Trust Units”* and *“Purchase Options”*.

“Reduced Subscription Price” has the meaning set out in *“Declaration of Trust – Issuance of Trust Units”*.

“Registered Plan” has the meaning set out in *“Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”*.

“Related Party” means, with respect to any Person, a Person who is a “related party” as that term is defined in MI 61-101; and, in respect of the Trust, shall include all Subsidiaries and all nominee corporations of the Trust.

“Special Resolution” means a resolution of the Voting Unitholders, approved by not less than 66⅔% of the votes cast by those persons who vote in person or by proxy at a duly convened meeting of the Trust or by way of a written resolution.

“Special Voting Unit” means a special voting unit of the Trust.

“Subscriber” means a subscriber for Trust Units pursuant to the Offering.

“Subscription Agreement” has the meaning set out in *“Subscription Procedures”*.

“Subsidiary” has the meaning ascribed thereto in NI 45-106.

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

“Trust” means Equiton Real Estate Income and Development Fund Trust.

“Trust Distributable Income” means the Trust Income plus the Net Realized Capital Gains, subject to any other adjustments as determined by the Trustees.

“Trust Income” means, for any taxation year of the Trust, the amount by which the income of the Trust for such taxation year, computed in accordance with the provisions of the Tax Act (but without reference to 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 Trustees regarding the calculation of income for the purposes of determining the “taxable income” of the Trust, exceeds each amount determined by the Trustees in respect of any non-capital loss for a prior taxation year that the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for such year; provided, however, that capital gains and capital losses will be excluded from the computation of the Trust Income.

“Trust Property” or **“Trust Properties”** means, at any particular time, any and all assets of the Trust, including, without limitation, all proceeds therefrom.

“Trust Unit” means a unit of beneficial interest in the Trust and includes a Class A Trust Unit, Class B Trust Unit, Class C Trust Unit, Class F Trust Unit or a Class I Trust Unit and a fraction of a unit and such other classes of units of the Trust authorized by the Trustees from time to time, but for greater certainty does not include a Special Voting Unit.

“Trust Unitholder” means a holder of one or more Trust Units.

“Trustees” means the trustees of the Trust as appointed from time to time in accordance with the Declaration of Trust.

“Voting Unitholder” means a holder of one or more Voting Units.

“Voting Units” means the Trust Units and the Special Voting Units.

SUMMARY

The following is a summary only and is qualified by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. Certain terms used in this Offering Memorandum are defined in the Glossary. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.

Description of Trust

Equiton Real Estate Income and Development Fund Trust (previously known as Equiton Balanced Real Estate Fund Trust) (the “Trust”) is an unincorporated open-ended real estate investment trust created by a declaration of trust dated April 30, 2018, as amended on June 30, 2022, and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See “*Declaration of Trust*” and “*Terms of Trust Units*”. The Trust was established with the objective of investing indirectly in the business of the Partnership through its acquisition of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. All or substantially all of the net proceeds of the Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units in equal proportion to the number of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units and Class I Trust Units sold pursuant to the Offering.

The Offering

Issuer:	Equiton Real Estate Income and Development Fund Trust
Issue:	An unlimited number of Class A, Class B, Class C, Class F and Class I trust units of the Trust (collectively, the “Trust Units”).
Price:	\$10.00 per Trust Unit
Eligible Subscribers for Trust Units:	Investors who are eligible to purchase Trust Units on an exempt basis under, and subject to compliance with, applicable securities laws.
Closings:	Closings will take place periodically as agreed upon by the Trust, the Equiton Agent and the Subscriber.
Attributes of Trust Units:	The Trust Units represent the beneficial ownership interest of the holders thereof in the Trust. Each Trust Unit carries one vote at meetings of Trust Unitholders and a holder thereof is entitled to distributions as described herein. See “ <i>Material Agreements – Declaration of Trust – Trust Units</i> ”.
Use of Proceeds:	Net proceeds of the Offering are to be used to purchase Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units of the Partnership, as applicable. See “ <i>Use of Available Funds</i> ”.
Any OM Marketing Materials prepared by the Trust and made available to a prospective investor are deemed to be incorporated by reference into the Offering Memorandum.	

Management of the Trust

The Declaration of Trust provides for a minimum of two (2) and a maximum of nine (9) Trustees. The board of Trustees was initially appointed by Equiton Partners, with a majority of the Trustees being Independent Trustees. The term of office applicable to each Trustee shall expire at the termination of the Trust. Any Trustee may resign upon written notice to the Trust. A Trustee may be removed at any time with or without cause by Equiton Partners. A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees, as long as they constitute a quorum and a majority of the Trustees constituting quorum are resident in Canada for purposes of the Tax Act (or if they are not, then a new Trustee may be appointed by Equiton Partners). In the event that an independent Trustee ceases to be a Trustee, such vacancy shall be filled by a person that would qualify as an independent Trustee. The board of Trustees is currently comprised of Jason Roque and Helen Hurlbut and three Independent Trustees, William Woods, Bill Zigomanis and Robert Mongeau. Neither of Jason Roque and Helen Hurlbut are Independent Trustees. The Declaration of Trust provides that the Trustees may appoint a Finance Committee and any Additional Committees. No committees of the board of Trustees have been formed at this time.

See "*Material Agreements – Declaration of Trust*".

The Asset Manager

Equiton Partners has been appointed as the sole and exclusive manager of the affairs of the Trust and Partnership. Equiton Partners provides the Partnership with, among other things, the strategic, advisory, asset management, administrative, property management, leasing, construction management, lending and financial management and administrative services necessary to manage the day-to-day operations of the Partnership and its assets. In carrying out its obligations under the Asset Management Agreement, Equiton Partners is required to exercise its powers and discharge its duties diligently, honestly, in good faith and in the best interests of the Partnership, including exercising the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The services provided by Equiton Partners under the terms of the Asset Management Agreement include, without limitation: (a) the structuring of the Offering, the Trust and the Partnership, (b) liaising with legal and tax counsel, (c) identifying and sourcing investment opportunities for the Partnership, (d) conducting due diligence on investment opportunities; (e) conducting continuous analysis of market conditions to monitor the Partnership's investment, (f) advising the Partnership with respect to the disposition of its investments, (g) providing investor communication and reporting services to the Trust and the Partnership, and (g) doing all such other acts or things and entering into agreements or documents on behalf of the Trust and/or Partnership to seek to achieve the investment objectives of the Trust.

The term of the Asset Management Agreement will continue, subject to earlier termination in certain circumstances, until the winding-up or dissolution of the Partnership and the Trust. The Asset Management Agreement can be terminated early in certain circumstances, including (i) upon the dissolution, liquidation, bankruptcy, insolvency or winding-up of Equiton Partners; and (ii) breach of Equiton Partners' standard of care, which breach may be disputed by Equiton Partners acting in good faith by referring the matter to arbitration, the decision resulting from such arbitration to be final. The Asset Management Agreement shall not terminate until the arbitrator renders a decision.

See “*Material Agreements – The Asset Management Agreement*”.

The Trust’s Business

The Trust is a “mutual fund trust” for purposes of the Tax Act and has been established to carry on activities in order to produce income for the exclusive benefit of the Trust Unitholders. The objective of the Trust is to invest indirectly in the business of the Partnership through its acquisition of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. All or substantially all of the net proceeds of the Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units.

The Trust currently obtains exposure to the loans listed in Schedule “L” and the Projects listed in Schedule “P” through the Partnership.

The Partnership’s Business

The Partnership seeks to invest in various limited partnerships that invest in a diversified pool of North American based real estate assets, including: (i) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (ii) real estate development and construction; and (iii) real estate financing and lending. The Partnership’s initial focus is in Canada and will eventually be supplemented with U.S. based real estate assets as the opportunity presents itself and when such opportunities are deemed appropriate by Equiton Partners.

Investment Objectives and Strategy

The objectives of the Partnership are (i) to provide LP Unit holders, including the Trust, with regular and growing cash distributions, payable monthly from investments in (a) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (b) real estate development and construction; and (c) real estate financing and lending; and (ii) to maximize LP Unit value through the ongoing management of the Partnership’s investments and through future investments in North American real estate assets.

Investment Guidelines and Operating Policies

The Declaration of Trust contains investment guidelines and operating policies. The investment guidelines set out generally the parameters under which any Subsidiary of the Trust or the Partnership will be permitted to invest and includes, among other things, limitations and restrictions on certain investment activities and target portfolio allocations. The operating policies address, among other things, the level of the Trust’s debt and the requirements for insurance coverage and environmental audits.

The investment guidelines and operating policies may be amended by an Ordinary Resolution at a meeting of the Voting Unitholders called for the purpose of amending the investment guidelines or by written resolution unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements by applicable regulatory authorities from time to time, to maintain the status of the Trust as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof.

See “*Material Agreements – Declaration of Trust – Amendments to Investment Guidelines and Operating Policies*”.

Equiton Loans and Redeemable LP Units

Equiton Partners may provide the Partnership with Equiton Loans to (a) form part of the payment of existing and future investments; (b) repay debt; (c) redeem the Redeemable LP Units; or (d) pay start-up expenses of the Trust.

The terms and conditions of such Equiton Loans will be determined at the time of making such loans. However, the Trust anticipates such Equiton Loans will be interest only payable loans, with no fixed term, and will bear interest at a fixed annual rate of the Prime Rate plus 2% payable monthly. Additionally, the Trust anticipates the Equiton Loans will be repayable to Equiton Partners in cash or Redeemable LP Units (at the discretion of Equiton Partners) and will be assignable by Equiton Partners.

The Redeemable LP Units will have a subscription price based on the market price of the Trust Units and will be redeemable, in whole or in part, at any time at the option of the Partnership at a price equal to the market value of such Redeemable LP Units, as determined by the General Partner from time to time. A holder of Redeemable LP Units will have the right to one vote for each Redeemable LP Unit held in respect of all matters to be decided by the Limited Partners. Holders of Redeemable LP Units shall be entitled to receive distributions per Redeemable LP Unit equal to the distributions per Class A LP Unit, Class B LP Unit, Class C LP Unit, Class F LP Unit and Class I LP Unit. The Redeemable LP Units will rank equal with the Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units in the event of liquidation of the Partnership.

Distribution Policy

The Declaration of Trust provides that the Trust may distribute to the Trust Unitholders on or about each Distribution Date such percentage of the Trust Distributable Income (other than capital gains, the tax on which may be recoverable by the Trust) for the Distribution Period then ended as the Trustees may determine in their discretion.

In addition to the foregoing, the total amount of Trust Income and Net Realized Capital Gains due and payable by the Trust on or before December 31 of any calendar year or the end of any other taxation year calculated in accordance with the provisions of the Tax Act, shall not be less than the amount necessary to ensure that the Trust will not be liable to pay non-refundable income tax under Part I of the Tax Act for such year (determined without reference to any bonus distributions in the year automatically reinvested in Trust Units in accordance with the DRIP). See "*Material Agreements – Declaration of Trust – Distribution Policy*".

Distribution Reinvestment Plan

The Trust has implemented a DRIP whereby Trust Unitholders of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units or Class I Trust Units who are not Non-Residents are entitled to elect to have all or some of the cash distributions of the Trust automatically reinvested in additional Trust Units. Participants in the DRIP will receive additional bonus Trust Units in an amount equal in value to 2% of the distributions reinvested. See "*Material Agreements – Declaration of Trust – Distribution Policy – Distribution Reinvestment Plan*".

Risk Factors

There are certain risk factors inherent in an investment in the Trust Units and in the activities of the Trust, including but not limited to, risks related to a blind pool offering, availability of distributable income, liquidity of Trust Units, redemption risk, tax related risks, litigation risks, risks of real estate investment and ownership, lending and financing risk, credit risk, interest rate risk, construction and development risk and competitions risks. See “*Risk Factors*”.

Subscription Procedures

Subscribers wishing to subscribe for Trust Units will be required to enter into a Subscription Agreement with the Trust which will contain, among other things, representations, warranties and covenants by the Subscriber in favour of the Trust. See “*Subscription Procedure*”.

Purchase Options

Class A Trust Units:

Subscribers may subscribe for Class A Trust Units through the Equiton Agent or through a registered dealer acting as a sub-agent using one of three purchase options (the “**Purchase Options**”):

Option 1 – Deferred Sales Charge Option – the Equiton Agent or sub-agent or other Selling Agents will receive an upfront commission of 8% of the subscription price. A Deferred Sales Charge will be applied to the redemption of a Class A Trust Unit prior to the fifth anniversary of a Subscriber’s subscription.

Option 2 – Low Load Option – the Equiton Agent or sub-agent or other Selling Agents will receive an upfront commission of 4% and an ongoing trailing commission of 0.75% per annum for so long as the Subscriber remains a holder of such Class A Trust Units. There will be an Early Redemption Fee applicable to the redemption of any such Class A Trust Units prior to the third anniversary of a Subscriber’s subscription.

Option 3 – Front Load Option – the Equiton Agent or sub-agent or other Selling Agents will negotiate a commission (if any) which the Subscriber shall pay directly and the Equiton Agent or sub-agent will receive an ongoing trailing commission of 1% per annum for as long as the Subscriber remains a holder of such Class A Trust Units. There will be an Early Redemption Fee applicable to the redemption of any Class A Trust Unit within the first 6 months of a Subscriber’s subscription.

Class B Trust Units:

Subscribers may subscribe for Class B Trust Units through the Equiton Agent or through a registered dealer acting as a sub-agent. The Equiton Agent or sub-agent receives an upfront commission of 3% of the subscription price and an ongoing trailing commission of 0.25% per annum for as long as the Subscriber remains a holder of such Class B Trust Units. Subscribers purchasing Class B Trust Units must hold upon Closing, unless waived by the Trust, Class B Trust Units with an aggregate initial purchase cost not less than an amount determined by the Trust (the “**Class B Minimum Investment Amount**”). The Class B Minimum Investment Amount may be changed by the Trust from time to time. There will be an Early Redemption Fee applicable to

the redemption of any such Class B Trust Units prior to the third anniversary of a Subscriber's subscription.

Class C Trust Units:

Subscribers may subscribe for Class C Trust Units through the Equiton Agent or through a registered dealer acting as a sub-agent. The Equiton Agent or sub-agent receives an upfront commission of 1.0% of the subscription price. Subscribers purchasing Class C Trust Units must hold upon Closing, unless waived by the Trust, Class C Trust Units with an aggregate initial purchase cost not less than an amount determined by the Trust (the "**Class C Minimum Investment Amount**"). The Class C Minimum Investment Amount may be changed by the Trust from time to time. There will be an Early Redemption Fee applicable to the redemption of any such Class C Trust Units prior to the third anniversary of a Subscriber's subscription.

Class F Trust Units:

Class F Trust Units may only be subscribed for by Fee Based Accounts where the Subscriber pays an annual fee to a dealer pursuant to a fee based program. No upfront commission and no trailing commissions are paid on Class F Trust Units. There will be an Early Redemption Fee applicable to the redemption of any Class F Trust Units within the first 6 months of subscription.

Investment advisors and/or Subscribers that purchase or purchased Class F Trust Units in an aggregate amount equal to \$5,000,000 or such other amount as may be determined by the Trustees, will have the option, subject to the consent of the Trustees, to re-designate such Class F Trust Units as Class I Trust Units at a ratio of one Class F Trust Unit to one Class I Trust Unit.

Class I Trust Units:

Class I Trust Units are designed for institutional investors. The fees payable on Class I Trust Units will be determined based on negotiation and agreement between a Subscriber and the Trust.

See "*Purchase Options*".

Resale Restrictions

The Trust Units are not listed on an exchange. There is currently no secondary market through which the Trust Units may be sold, there can be no assurance that any such market will develop and the Trust has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in Trust Units is by way of a redemption of the Trust Units. Aggregate redemptions are limited to \$50,000 per month in cash unless otherwise approved by the Trustees, with the remainder of any redemptions in excess of \$50,000 being satisfied by the issuance of Redemption Notes. See "*Material Agreements – Declaration of Trust – Redemption of Trust Units*".

Subscribers of Trust Units are advised to seek legal advice prior to any resale of the Trust Units. Pursuant to the Declaration of Trust, Trust Unitholders may transfer Trust Units only with the approval of the Trustees. The Trustees shall have the power to restrict the transfer of Trust Units on the books of the Trust without liability to Trust Unitholders or others who will thereby be restricted from accepting a transfer of Trust Units. See "*Resale Restrictions*".

Subscribers' Rights of Action

Each Subscriber has two Business Days to cancel its subscription to purchase the Trust Units. Subscribers of Trust Units pursuant to this Offering Memorandum have a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the Offering Memorandum and any amendment to it contains 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 to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed by applicable securities legislation. See "*Subscribers' Rights of Action*".

USE OF AVAILABLE FUNDS

Funds

The following table discloses the net proceeds of the Offering:

		Assuming Minimum Offering ⁽¹⁾	Assuming Maximum Offering ⁽¹⁾
A	Amount to be raised pursuant to the Offering	N/A	N/A
B	Selling commissions and fees ⁽²⁾	N/A	N/A
C	Estimated offering costs (e.g. printing, legal, accounting, audit) ⁽³⁾	N/A	N/A
D	Available funds: $D = A - (B+C)$	N/A	N/A
E	Additional sources of funding required ⁽⁴⁾	N/A	N/A
F	Working capital deficiency ⁽⁵⁾	N/A	N/A
G	Total: $G = (D+E) - F$	N/A	N/A

Notes:

- (1) There is no minimum or maximum offering. The Trust will offer an unlimited number of Trust Units on a continuous basis. The minimum subscription amount per subscription is \$5,000 or such lower amount as the Trust may determine from time to time and set forth in the subscription agreement entered into between the Subscriber and the Trust.
- (2) Trust Units are sold through the Equiton Agent and sub-agents or other Selling Agents (the “**securities dealers**”). It is expected that the Trust will pay compensation to the Equiton Agents and/or other securities dealers, up to a maximum of 8% of the subscription proceeds. The Trust may also pay trailing commissions to the Equiton Agent and/or other securities dealers in respect of Trust Units sold by them or held in the client accounts of such securities dealers. The trailing commission varies based on the Class A Purchase Option through which the Trust Units are purchased. In addition, the Trust will pay: wholesale costs to the Equiton Agent of 1.25% of the gross proceeds of the Offering; a dealer fee of 1.5% of the gross proceeds of the Offering to the selling agent dealer based on sales made by that dealer, and a lead agent fee up to 1.0% of the gross proceeds of the Offering to the Equiton Agent and any lead agent appointed by the Equiton Agent. To the extent that the Trust is responsible for the payment of compensation to the Equiton Agent and/or other securities dealers, the funds available to the Trust will be reduced. See “*Compensation Paid to Sellers and Finders*” and “*Purchase Option*”. The Trust is considered a “connected” or “related” issuer to the Equiton Agent. See “*Relationship between the Trust and the Equiton Agent*”.
- (3) The estimated costs include legal, consulting, accounting and printing costs associated with this Offering and are estimated at approximately \$150,000.
- (4) If additional funding is required by the Partnership, the Partnership may arrange for access to the Equiton Loans and issuance of Redeemable LP Units. See “*Additional Financing*”. Equiton Partners is a Related Party of the Trust. See “*Relationship between the Trust, the Equiton Agent and other Related Parties*”.
- (5) The Partnership will have a working capital deficiency relating to start-up expenses which will be expensed over future financings or funds from operations.

Use of Available Funds

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

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming Minimum Offering ⁽¹⁾	Assuming Maximum Offering ⁽¹⁾
Investment by the Trust in Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units ⁽²⁾	N/A	N/A

Notes:

- (1) There is no minimum or maximum offering. The Trust is offering an unlimited number of Trust Units on a continuous basis.
- (2) The Partnership proposes to use the net proceeds of the sale of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units it receives from the investment by the Trust to invest in (i) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (ii) real estate development and construction; and (iii) real estate financing and lending. The Trust's initial focus is on Canada and will eventually be augmented with U.S. based real estate assets. The General Partner, Commercial General Partner, Financial General Partner and Equiton Partners are considered Related Parties to the Trust as a result of Jason Roque and Helen Hurlbut, being two of the Trustees of the Trust, acting as director and President and Chief Financial Officer, respectively, of each of the General Partner, Commercial General Partner, Financial General Partner, Development General Partner and Equiton Partners. Additionally, the General Partner, Commercial General Partner, Financial General Partner, Development General Partner and Equiton Partners are controlled by Jason Roque. See "*Relationship between the Trust, the Equiton Agent and Other Related Parties*".

All of the net proceeds raised by the Trust from the sale of Trust Units pursuant to this Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units in equal proportion to the number of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units and Class I Trust Units sold pursuant to the Offering. The proceeds of such sale of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units and Class I Trust Units will be utilized by the Partnership to carry out its investment objectives and strategy. See "*The Partnership's Business*".

Reallocation

The Trust intends to spend the available funds as stated. The Trust will reallocate the funds only for sound business reasons in accordance with the investment objectives and restrictions of the Trust. Reallocation of funds or use of the funds raised by this Offering for any purpose not contemplated in this Offering Memorandum or any proposed use of the funds raised by this Offering which could reasonably be considered to be materially different than the articulated use of proceeds set out herein will require the prior unanimous approval of the Independent Trustees, subject to the approvals set out in the Declaration of Trust. See "*Material Agreements – Declaration of Trust – Conflict of Interest Restrictions and Provisions*".

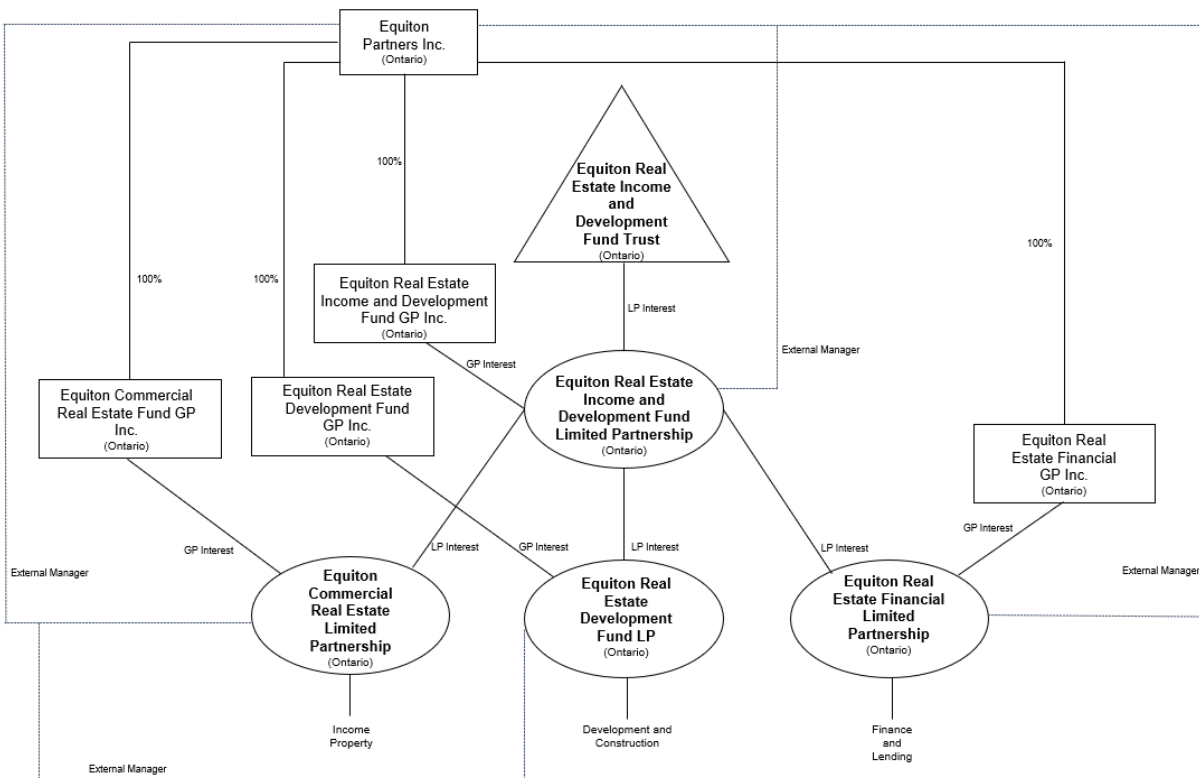
THE BUSINESS OF THE TRUST

Structure

Equiton Real Estate Income and Development Fund Trust (previously known as Equiton Balanced Real Estate Fund Trust) (the "**Trust**") is an unincorporated open-ended real estate investment trust created by a declaration of trust dated April 30, 2018, as amended on June 30, 2022, and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

See “Declaration of Trust” and “Terms of Trust Units”. The Trust was established with the objective of investing indirectly in the business of the Partnership through its acquisition of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. All or substantially all of the net proceeds of the Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units.

The following diagram sets out the principal operating structure of the Trust:



The Trustees are responsible for the general control and direction of the Trust. The only business of the Trust will be to own Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units of the Partnership, which in turn will indirectly invest in limited partnerships which are intended to own the Trust Properties.

Trustees

The Declaration of Trust provides for a minimum of two (2) and a maximum of nine (9) Trustees. The board of Trustees was initially appointed by Equiton Partners, with a majority of the Trustees being Independent Trustees. The term of office applicable to each Trustee shall expire at the termination of the Trust. Any Trustee may resign upon written notice to the Trust. A Trustee may be removed at any time with or without cause by Equiton Partners. A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees, as long as they constitute a quorum and a majority of the Trustees constituting quorum are resident in Canada for purposes of the Tax Act (or if they are not, then a new Trustee may be appointed by Equiton Partners). In

the event that an independent Trustee ceases to be a Trustee, such vacancy shall be filled by a person that would qualify as an independent Trustee. The board of Trustees is currently comprised of Jason Roque and Helen Hurlbut and three Independent Trustees, William Woods, Bill Zigomanis and Robert Mongeau. Neither Jason Roque nor Helen Hurlbut are Independent Trustees.

The Declaration of Trust provides that the Trustees may appoint a Finance Committee and any Additional Committees. No committees of the board of Trustees have been formed at this time.

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and duties of his or her office honestly, in good faith with a view to the best interests of the Trust and the Trust Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Trust's Business

The Trust is a "mutual fund trust" for purposes of the Tax Act and has been established to carry on activities in order to produce income for the exclusive benefit of the Trust Unitholders. The objective of the Trust is to invest indirectly in the business of the Partnership through its acquisition of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. All or substantially all of the net proceeds of the Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units in equal proportion to the number of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units and Class I Trust Units sold pursuant to the Offering.

The Trust's objective is to seek to provide regular monthly distributions and capital appreciation over time. The total return of the Trust is expected to be generated from an annual distribution (paid monthly), special distributions (which may come from financing and lending activities/investments, development projects, property sales and various other sources), as well as capital appreciation over time. The Trust is targeting annual distributions (paid monthly) of \$0.60 per Class A Trust Unit, \$0.65 per Class B Trust Unit, \$0.70 per Class C Trust Unit and \$0.70 per Class F Trust Unit, for a target initial yield of 6% per Class A Trust Unit, 6.5% per Class B Trust Unit, 7% per Class C Trust Unit and 7% per Class F Trust Unit based on a \$10.00 subscription price. The targeted annual distributions for Class I Trust Units will be determined through negotiations with prospective purchasers of Class I Trust Units.

The Partnership's Business

The Partnership seeks to invest in limited partnerships that invest in a diversified pool of North American based real estate assets, including: (i) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (ii) real estate development and construction; and (iii) real estate financing and lending. The Partnership's initial focus is in Canada and will eventually be supplemented with U.S. based real estate assets as the opportunity presents itself and when such opportunities are deemed appropriate by Equiton Partners.

Investment Objectives and Strategy

The objectives of the Partnership are (i) to provide LP Unit holders, including the Trust, with regular and growing cash distributions, payable monthly from investments in (a) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (b)

real estate development and construction; and (c) real estate financing and lending; and (ii) to maximize LP Unit value through the ongoing management of the Partnership's investments and through future investments in North American real estate assets.

Income-Producing Property

The Partnership, through the Commercial Partnership, may indirectly invest in income-producing properties, including multi-residential apartments, student housing, retirement residences, retail and commercial space, offices, industrial space and mixed-use properties, as well as hybrid-type properties (like flex-space) and specialty properties (like self-storage).

In addition to different categories of income-producing properties, investments can be further subdivided into those that currently generate positive cash flow and value-add opportunities. The Partnership may, through its investment in the Commercial Partnership, invest in cash flow and value-add investments. Value-add investments typically require significant capital, and may also require operational improvements. They are acquired at a discount to replacement value and can generate greater returns than most regular cash-flowing properties, but may not make distributions for a period of three or more years.

The Partnership currently obtains exposure to the commercial properties listed in Schedule "P-1" through its investment in the Commercial Partnership.

Development and Construction

The Partnership, through the Development Partnership, may invest in residential, commercial, industrial or other real estate development projects. Initially, the focus of the Partnership is on residential development projects, like low-rise subdivisions, townhomes and condos. Such projects may include ancillary commercial or mixed-use components to the developments, such as high-rise residential condo projects where the zoning requires retail commercial space on the ground floor.

The Partnership may invest by entering into joint ventures with reputable developers – providing equity in exchange for a share of a development's profits. Development partners (which could be Related Parties) would provide project oversight and management. The Partnership may also directly complete its own development projects (outsourcing the development and construction management) or enter into joint ventures with a third party or Related Parties.

Equiton Partners will waive the fees payable under the Development Asset Management Agreement with respect to transactions with entities managed by Equiton Partners in order to avoid duplicating fees.

The Partnership currently obtains exposure to the Projects listed in Schedule "P" through its investment in the Development Partnership.

Lending and Financing

The Partnership, through its investment in the Financial Partnership, invests in real estate lending. The primary focus is investing in pre-development, construction, and term financing mortgages. Types of lending could include: first and second mortgages, mezzanine financing, land loans and

construction financing. The average term-to-maturity for mortgage investments is expected to be 12 to 24 months depending on the specifics of the loan.

The Partnership currently obtains exposure to the loans listed in Schedule “L” through its investment in the Financial Partnership.

Development of Business

The Trust was formed on April 30, 2018 pursuant to the Declaration of Trust and has not carried on any activities since its inception other than the sale of Trust Units and purchase of Class A LP Units.

The Partnership was formed under the laws of the province of Ontario on April 30, 2018 pursuant to the filing of a limited partnership declaration, and has not carried on any active business since its inception other than entering into the material agreements set out under the heading “*Material Agreements*” and the purchase of limited partnership units of the Commercial Partnership, the Development Partnership and the Financial Partnership.

The Financial Partnership was formed under the laws of the province of Ontario on August 31, 2018 pursuant to the filing of a limited partnership declaration, and has not carried on any active business since its inception other than entering into the material agreements set out under the heading “*Material Agreements*” and the transactions described in this Offering Memorandum.

The Commercial Partnership was formed under the laws of the province of Ontario on December 3, 2019 pursuant to the filing of a limited partnership declaration, and has not carried on any active business since its inception other than entering into the material agreements set out under the heading “*Material Agreements*”.

The Development Partnership was formed under the laws of the province of Ontario on July 29, 2020 pursuant to the filing of a limited partnership declaration, and has not carried on any active business since its inception other than entering into the material agreements set out under the heading “*Material Agreements*” and the transactions described in this Offering Memorandum.

Market Information

As of the end of 2022, the professionally-managed global real estate investment market¹ had grown to US\$11.4 trillion with Canada and the U.S. accounting for approximately US\$421 billion and US\$4.12 trillion, respectively. On a global basis, Canada and the U.S. rank as the 7th and 1st largest professionally managed global real estate markets.

The Trust believes that both Canada and the U.S. real estate markets are supported by strong economies, stable monetary policies and demographic trends that are advantageous for commercial real estate.

The Trust believes that favourable long-term trends should continue to contribute to the attractiveness and performance of well-managed multi-residential and commercial income producing and development properties in both Canada and the U.S.:

¹ MSCI Inc. *Real Estate Market Size 2021/22*.

- Population growth, through natural means and immigration, will continue to increase demand for new places to live, shop and work, both in Canada and the U.S.
- Canada has the fastest growth rates of any G7 nation² and is growing faster than many other industrialized countries including Germany, the United States and the United Kingdom. Canada's population has surpassed 38 million. Its average growth rate has remained relatively stable over the last 30 years at just over 1.0% per year before coming to a virtual halt in 2020 mainly due to global border and travel restrictions implemented to slow the spread of COVID-19 which drastically reduced the number of permanent and temporary immigrant arriving in Canada.³ Immigration has accounted for most of Canada's population growth since the early 2000's, including almost all of the 2.7% increase in 2022 and the federal government has set higher targets for immigration over the next few years to address labour shortages in key sectors of the economy.
- The population of the U.S. has continued to grow, and similar to Canada, is driven by a high level of immigration. The latest data from the U.S. Census Bureau indicates that population growth has seen an average increase of 0.66% per year in the U.S. since 2010.⁴ The population growth rate fell to a historical low in 2021 with decreased net international migration, decreased fertility and increased mortality due in part to the COVID-19 pandemic but an uptick was seen in 2022 due to a rise in immigration.
- As Millennials, who account for 20%⁵ and 22%⁶ of the Canadian and U.S. populations, respectively, come of age and "leave the nest", their preference to live in urban centres combined with high single-family home prices has contributed to an increase in demand for rental apartments. This trend which has driven Canadian vacancy rates down to 3.1%⁷ while simultaneously increases average rents by 3.5% in Ontario as of October 2021. In the U.S., the national apartment vacancy rate was 4.7% as at the end of 2021.⁸
- The rapid growth of e-commerce in Canada and the U.S. has sparked tremendous expansion in both countries' logistic and distribution sectors which Equiton Partners expects will significantly increase demand for industrial space.

Income-Producing Properties

Typically, income-producing properties are either actively producing regular income or new builds that are completed and significantly leased-up. There are various types of income-producing properties: multi-residential; retail; offices; and, industrial making up the bulk of the properties with hotels, mini-storage, parking lots, seniors care housing and other specialty properties rounding out the asset class.

² Statistics Canada Database. Canada's population estimates: Age and sex, December 21, 2022.

³ Statistics Canada Database. *Annual Average Growth Rate, Natural Increase and Migratory Increases per Intercensal Period, Canada, 1851 to 2056.*

⁴ United States Census Bureau. *Last Census Population Estimates of the Decade Preview 2020 Census Count.*

⁵ Statistics Canada, Table 051-0001, *Estimates of Population, by Age Group and Sex for July 1, Canada, Provinces and Territories.*

⁶ Statista – Population distribution in the United States in 2021, by generation.

⁷ Canada Mortgage and Housing Corporation Rental Market Report. (February 2022).

⁸ Moody's Analytics (December 20, 2022). *Q4 2022 Preliminary Trend Announcement – Apartment.*

Multi-Family Residential Properties

As an asset class, multi-family residential properties span a wide spectrum that technically includes all buildings containing at least two housing units, which are adjacent vertically or horizontally. Multi-family residential property types include townhouses, condominiums and apartments, which share physical systems such as walls, roofs, heating and cooling, utilities or amenities. The real estate industry “grades” multi-family properties as Class A, B or C based on criteria such as age, quality, amenities, rent and location, among other factors.

Multi-family residential properties generally deliver regular returns because people always need a place to live irrespective of the stage of the economic cycle. Therefore, in normal markets, residential occupancy tends to stay reasonably high. Another factor contributing to the stability of residential property is that the loss of a single tenant has a minimal impact on a multi-residential portfolio’s bottom line, whereas losing a tenant in other types of property can have detrimental effects. The diminishing supply of developable land in many major North American cities continues to put pressure on affordable home ownership, thereby increasing demand for rental housing. In many cities across Canada and the U.S., demographic trends also suggest a long-term increase in renting versus ownership. In addition, in many North American markets, there are significant barriers to building new developments, as among other factors, and in the opinion of Equiton Partners, certain buildings can be purchased far below their replacement cost.

Retail Properties

Retail properties consist of many property types, which include large regional malls, outlet centres, grocery-anchored shopping centers, power centers that feature big box retailers, strip centers and single tenant free-standing retail boxes. Retail properties can be located in metropolitan city centres and suburban neighbourhoods and are often part of an integrated project consisting of not only retail outlets but other amenities such as bowling alleys, cinemas and skating rinks.

Retail properties located in high traffic flow areas are highly regarded investments and enjoy several advantages over other property types. Firstly, larger retail properties often enjoy a high barrier of entry. This is especially true in urban centres where the supply of land is limited and the release of land for retail purposes is highly regulated by the government. Furthermore, the cost of building a mall is prohibitively expensive, and banks typically only fund the construction of a mall or shopping centre project if the developer has a well-established track record in this sector. For this reason, retail properties are unlikely to face oversupply or any serious competition from new market entrants.

Another advantage of retail properties is that established properties are an essential consumer service and despite the emergence of on-line shopping, many consumer staples – fresh groceries, haircuts, dining out, shopping and entertainment – are purchased in person. As such, retailers still need brick and mortar structures to deliver these services. Also, regardless of how poorly the economy may be doing, spending on these weekly staples is unlikely to deteriorate as much, compared to sub-sectors with non-essential services such as hotel occupancy levels.

Retail properties often have more favourable lease agreements (triple net leases, rent bumps and agreement to retain portions of profits from the tenants when sales reach target levels) with their tenants as compared to other property types. When retail properties enter into favourable

lease agreements with their tenants, the owner of the property has effectively absolved itself of the major expenditures of running the property while ensuring sustained income growth. Costs of insurance, building repairs and property taxes are all passed onto the tenants, allowing the property owners to retain as much of the property yield as possible. Lease agreements like these are rarely the case for other property types.

Office Properties

Office properties can range from skyscrapers in central business districts to office parks and stand-alone buildings, which are typically found in adjacent suburban areas. The various types of office properties cater to a diverse tenant group ranging from multinational corporations to entrepreneurial start-ups.

One of the key advantages of office properties is that their tenants, especially anchor tenants, usually take on relatively long leases as compared to tenants occupying industrial or retail properties. Therefore, office properties have relatively longer weighted average lease expiry (“**WALE**”) compared to other commercial property types. These leases provide a more secure income stream which makes up a large part of the investment return for commercial property, so the length of those leases help underpin the value. For example, a long WALE of five years or more indicates that future income streams from the asset are relatively secure.

Industrial Properties

Industrial properties come in all shapes and sizes and provide for a wide range of business types. Industrial properties can generally be broken down into specialty properties and flex-space properties.

Specialty properties typically meet the needs of a specific tenant or type of tenant. There is a limited ability, however, to be able to significantly repurpose specialty properties if the need arises. Examples of specialty properties include large warehouse/distribution buildings, manufacturing buildings (also known as heavy industrial buildings), refrigeration/cold storage buildings, and telecom/data housing centres (also known as switching centres, cyber centres, web hosting facilities, and telecom centres).

Flex-space properties may be more easily repurposed, often capable of housing a wide range of users and typically consist of more than a single facility. Light manufacturing buildings with office space, research and development buildings (i.e. campus-like business parks), showroom buildings, which combine retail display space with extensive onsite storage and distribution, and small warehouse and distribution centres, are typical flex-space properties.

Unlike many other forms of commercial real estate such as hotels or shopping malls, industrial properties take a shorter time to build and will rarely exceed a year of construction time. As such, developments of industrial buildings are considered more responsive to current economic conditions and are not as susceptible to excessive overbuilding.

Another advantage of industrial properties is that they are relatively more configurable and can be adapted to meet specific space demands throughout the economic cycle. As the economy slows down and floor inventory piles up, space that was previously used for manufacturing activity can be quickly converted into a warehousing facility or even office space.

Lastly but perhaps most importantly, industrial properties often require relatively more modest capital expenditures, or CAPEX, in comparison to other property types. Again, unlike hotels and shopping malls, industrial properties have little need for periodic aesthetic makeovers or asset enhancement initiatives. Modest CAPEX would usually translate into higher per property income.

Real Estate Construction and Development

Real estate construction and development can encompass a wide variety of activities for the purpose of adding value in some way to an existing property. Project processes and activities can be numerous and oftentimes complicated. It can involve property acquisition, various types of financing, municipal planning and approvals, engineering, environmental work, sales and marketing, land development and construction. It can also involve the coordination of numerous consultants, suppliers and contractors.

Development and construction projects vary and can be for the purpose of renovating or repurposing an existing building for re-lease or sale. They can also include the purchase of raw land (or existing structures for demolition) for the purposes of building a new structure such as a residential subdivision, commercial centre or high-rise building. Typically, projects are then kept to create an income stream or sold.

Opportunities in real estate development are numerous and can be located in metropolitan centers and suburban markets. They can encompass multiple types of development project types including retail, office, industrial, mixed-use, mid and high-rise condominiums, subdivided lots and residential subdivisions. Development can also be completed directly or in partnership with other firms.

Real Estate Lending and Financing

In North America's most populated cities, major institutions, banks and trust companies compete for the tier-one, high volume, secured or insurable loan opportunities with an oversupply of capital to opportunities. In all other markets, there exists a near constant imbalance of capital to demand for commercial mortgage funds for mid-tier real estate properties, development and construction projects. In these markets, private lenders compete for lower volume, development and construction loan opportunities with a usual oversupply of opportunities to appropriately priced capital.

Land and Pre-Development Mortgages

Land acquisition, pre-development and infrastructure mortgages occur at an early stage in a project's development and are often characterized as pre-development mortgages because of the use of funds to finance the acquisition of land, and the funding of pre-development costs during the approval process.

Development and Construction Mortgages

Development and construction mortgages follow pre-development mortgages as projects move through the development cycle. Development and construction mortgages finance the installation and construction of roads, drainage, sewage, utilities, and similar improvements on a property and the construction of residential or commercial structures. Mortgage terms in all segments average 12 to 24 months in duration.

Term Financing Mortgages

Term financing mortgages enable an owner of a completed or substantially completed income producing property to defer arranging longer-term financing until conditions warrant more favourable financing terms. Mortgage rates vary depending on the borrower, property location, property type and loan-to-value ratio. These mortgages are usually short to mid-term as the borrower's need for funding is driven by a specific opportunity for use of the funds on an interim basis or as a method of bridging financing until the property qualifies for long-term, low cost institutional lender programs. Loans in this segment typically average six to 24 months, however, changes in market conditions or institutional lender criteria will create the opportunity for longer-term mortgages.

In real estate capital structures, just like corporate capital structures, debt investments maintain a higher priority, meaning commercial real estate debt investors maintain a lower-risk position than their equity counterparts, which offer better protection against changes in market valuations. Debt holders have a priority claim and are normally directly secured by the underlying property and the improvements put in place.

The Partnership may invest in sectors that are not described herein but are considered appropriate subject to the Investment Guidelines. See “*Material Agreements – Declaration of Trust – Investment Guidelines*”.

Long-Term Objective

The long-term objective of the Trust is to maximize Trust Unitholders' value with regular and growing cash distributions, payable monthly from investments in Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. The Partnership seeks to invest in (a) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (b) real estate development and construction; and (c) real estate financing and lending. The total return of the Trust is expected to be generated from an annual distribution (paid monthly), special distributions (which may come from loans, development projects, property sales and various other sources), as well as capital appreciation over time. The Trust is targeting annual distributions (paid monthly) of \$0.60 per Class A Trust Unit, \$0.65 per Class B Trust Unit, \$0.70 per Class C Trust Unit and \$0.70 per Class F Trust Unit, for a target initial yield of 6% per Class A Trust Unit, 6.5% per Class B Trust Unit, 7% per Class C Trust Unit and 7% per Class F Trust Unit based on a \$10.00 subscription price.⁹ The targeted annual distributions for Class I Trust Units will be determined through negotiations with prospective purchasers of Class I Trust Units. Although each of the different classes of Trust Units may pay distributions in varying amounts, the portion of such distribution as between income and capital will be the same for each class of Trust Units. See “*Business of the Trust – The Trust's Business*”. In order to achieve its objectives, the Trust must successfully raise capital through the Offering and future offerings.

Short-Term Objectives

The primary objective of the Trust in the ensuing 12 months is to seek out Subscribers, close the Offering and complete additional offerings. The Trust will invest funds raised by such

⁹ The target initial yield per Class A Trust Unit and Class F Trust Unit will be greater for Unitholders purchasing Trust Units at a reduced subscription price. For example, at a subscription price of \$9.00, the target initial yield is 6.67% per Class A Trust Unit and 7.78% per Class F Trust unit.

offerings in the Partnership by way of purchase of Class A LP Units which will in turn initially invest in income producing investments in Canada.

The following table discloses how the Trust intends to meet these objectives:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
1. Complete additional offerings and acquire additional Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units.	Periodically throughout the next 12 months	See Use of Available Funds

Insufficient Funds

The majority of the available funds raised pursuant to the Offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. If the available funds invested in the Partnership are not sufficient to complete acquisitions or other activities of the Partnership including its expenses, the Partnership may arrange for Equiton Loans to the Partnership from Equiton Partners and/or the issuance of Redeemable LP Units to Equiton Partners.

The terms and conditions of such Equiton Loans will be determined at the time of making such loans. However, the Trust anticipates such Equiton Loans will be interest only payable loans, with no fixed term, and will bear interest at a fixed annual rate of the Prime Rate plus 2% payable monthly. Additionally, the Trust anticipates the Equiton Loans will be repayable to Equiton Partners in cash or Redeemable LP Units (at the discretion of Equiton Partners) and will be assignable by Equiton Partners.

MATERIAL AGREEMENTS

Declaration of Trust

The following is a summary of the material attributes and characteristics of the Declaration of Trust and the Trust Units. This summary is qualified in its entirety by reference to the provisions of the Declaration of Trust which contains a complete statement of those attributes and characteristics. Capitalized terms used in this section but not defined have the meanings given to them in the Declaration of Trust.

General

The Trust is a limited purpose unincorporated, open-ended investment trust. The Trust is governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

- (a) Applicable Laws; and
- (b) the terms and conditions set forth in the Declaration of Trust.

The Trust is intended to qualify as a “mutual fund trust” for purposes of the Tax Act and has been established to carry on activities in order to produce income for the exclusive benefit of the Trust Unitholders and upon termination of the Trust, the net assets of the Trust shall be liquidated and the proceeds distributed to the Trust Unitholders in accordance with their entitlements as provided in the Declaration of Trust.

The Trustees have caused the Trust to validly elect, in its return of income for the first taxation year of the Trust, pursuant to 132(6.1) of the Tax Act, that the Trust be deemed to be a “mutual fund trust” for the purposes of the Tax Act from the date it was established.

Trustees

The Declaration of Trust provides for a minimum of two (2) and a maximum of nine (9) Trustees. The board of Trustees was initially appointed by Equiton Partners, with a majority of the Trustees being Independent Trustees. The term of office applicable to each Trustee shall expire at the termination of the Trust. Any Trustee may resign upon written notice to the Trust. A Trustee may be removed at any time with or without cause by Equiton Partners. A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees, as long as they constitute a quorum and a majority of the Trustees constituting quorum are resident in Canada for purposes of the Tax Act (or if they are not, then a new Trustee may be appointed by Equiton Partners). In the event that an independent Trustee ceases to be a Trustee, such vacancy shall be filled by a person that would qualify as an independent Trustee. The majority of Trustees will, at all times, be residents of Canada for purposes of the Tax Act.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “**conflict of interest**” provisions. Given that the Trustees and senior officers of the Trust are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions for a Trustee or officer of the Trust or any of their respective affiliates or associates that state:

A “**Conflict of Interest Matter**” shall mean a situation where a reasonable person would consider a Trustee or an officer of the Trust, or an entity related to a Trustee or an officer of the Trust, to have an interest that may conflict with such Trustee’s or officer’s ability to act in good faith and in the best interest of the Trust (or as the term “Conflict of Interest Matter” may be amended in Section 1.2(a) of NI 81-107 from time to time) and shall include, but not be limited to, situations where such Trustee or officer: (i) is a party to a material contract or transaction (as determined by the Trustees acting reasonably), whether made or proposed, with the Trust or any of its Subsidiaries or Affiliates (a “**Material Transaction**”); or (ii) is a director, trustee or officer of, or otherwise has a material interest in, any Person or in any Affiliate, Related Party or Subsidiary of any Person who is a party to a Material Transaction. In connection with any Conflict of Interest Matter, the conflicted officer or Trustee shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees, the nature and extent of the conflict as follows:

- (a) the disclosure required in the case of a Trustee shall be made:
 - (i) at the meeting of Trustees or the applicable committee thereof, as the case may be, at which a Conflict of Interest Matter is first considered;

- (ii) if such Trustee was not then interested in a Conflict of Interest Matter, at the first such meeting after he or she becomes so interested;
 - (iii) if such Trustee becomes interested after an agreement pertaining to the Conflict of Interest Matter is entered into, at the first such meeting after he or she becomes so interested; or
 - (iv) if an individual who is interested in a Material Transaction later becomes a Trustee, at the first such meeting after he or she becomes a Trustee;
- (b) the disclosure required in the case of an officer of the Trust, who is not a Trustee, shall be made:
- (i) forthwith after such officer becomes aware that the Conflict of Interest Matter is to be considered or has been considered at a meeting of the Trustees, or the applicable committee thereof, as the case may be;
 - (ii) if such officer becomes interested after an agreement pertaining to the Conflict of Interest Matter is entered into, forthwith after such officer becomes aware that he has become so interested; or
 - (iii) if an individual who is interested in a Conflict of Interest Matter later becomes an officer of the Trust, forthwith after such individual becomes an officer of the Trust;
- (c) notwithstanding Sections 4.7(a) and 4.7(b) of the Declaration of Trust, (i) the holding of Trust Units or LP Units by Equiton Partners or any of its Affiliates shall not be deemed to be a Conflict of Interest Matter, and (ii) if a matter is one that, in the ordinary course of the affairs of the Trust, would not require approval by the Trustees or the Unitholders, if such matter is a "Conflict of Interest Matter", the conflicted Trustee or officer of the Trust shall disclose, in writing to the Trustees or applicable committee thereof, as the case may be, the nature and extent of his interest immediately after he becomes aware of the Conflict of Interest Matter and such matter shall be put before the Independent Trustees for approval in accordance with unanimous approval requirements, as described in "*Independent Trustee Matters*" below.
- (d) a Trustee referred to in Section 4.7 of the Declaration of Trust shall not vote on any resolution to approve the Conflict of Interest Matter unless the Conflict of Interest Matter is:
- (i) one relating primarily to his remuneration as a Trustee, officer, employee or agent of the Trust; or
 - (ii) one for indemnity under Section 14.1 of the Declaration of Trust or the purchase of liability insurance;
- (e) for the purposes hereof, a general notice to the Trustees by a Trustee or an officer of the Trust disclosing the basis of a conflict, such as that he is a director, trustee or officer of or has a material interest in a Person or in any Affiliate, Related Party or Subsidiary of any Person and is to be regarded as interested in any Conflict of

Interest Matter entered into or which may be entered into, is a sufficient disclosure of interest in relation to any Conflict of Interest Matter so made or entered into or which may be made or entered into, provided that such general notice is delivered to the principal office and centre of administration of the Trust and to each Trustee personally. In the event that a meeting of the Unitholders is called to confirm or approve a Conflict of Interest Matter which is the subject of a general notice to the Trustees, the nature and extent of the interest in the Conflict of Interest Matter of such Trustee or officer giving such general notice shall be disclosed in reasonable detail in the notice calling the said meeting of the Unitholders or in any information circular to be provided by this Declaration of Trust or by Applicable Law;

(f) where a Conflict of Interest Matter is entered into between the Trust and a Trustee or an officer of the Trust, or between the Trust and another Person or any Affiliate, Related Party or Subsidiary of such other Person in which a Trustee or an officer of the Trust has a material interest:

(i) such Trustee or officer of the Trust is not accountable to the Trust or to the Unitholders for any profit or gain realized from the Conflict of Interest Matter; and

(ii) the Conflict of Interest Matter is neither void nor voidable,

by reason only of that relationship or by reason only that such Trustee or officer is present at or is counted to determine the presence of a quorum at the meeting of the Trustees or a committee that authorized the Conflict of Interest Matter, if such Trustee or officer of the Trust disclosed his interest in accordance with Section 4.7 of the Declaration of Trust, and the Conflict of Interest Matter was reasonable and fair to the Trust at the time it was approved;

(g) notwithstanding anything in this Section, but without limiting the effect of Section 4.7(f) of the Declaration of Trust, a Trustee or an officer of the Trust, acting honestly and in good faith, is not accountable to the Trust or to the Unitholders for any profit or gain realized from any such Conflict of Interest Matter by reason only of the disclosed relationship, and the Conflict of Interest Matter, if it was reasonable and fair to the Trust at the time it was approved, is not by reason only of such Trustee's or officer's interest therein void or voidable, where:

(i) the Conflict of Interest Matter is confirmed or approved at a meeting of the Unitholders duly called for that purpose; and

(ii) the nature and extent of such Trustee's or officer's interest in the Conflict of Interest Matter are disclosed in reasonable detail in the notice calling the meeting or in any information circular to be provided by this Declaration of Trust or by Applicable Law; and

(h) subject to Sections 4.7(f) and 4.7(g) of the Declaration of Trust, where a Trustee or an officer of the Trust fails to disclose his interest in a Conflict of Interest Matter in accordance with this Declaration of Trust or otherwise fails to comply with Section 4.7 of the Declaration of Trust, the Trustees 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 Conflict of Interest Matter and directing that such Trustee or officer account to the Trust for any profit or gain realized.

The Partnership has similar conflict of interest provisions to those described above.

Independent Trustee Matters

Notwithstanding anything herein to the contrary, in addition to requiring the approval of a majority of the Trustees, the unanimous approval of the Independent Trustees holding office at such time who have no interest in the matter (given by vote at a meeting of Trustees or by written consent) shall be required with respect to any decision to approve a Conflict of Interest Matter, including, but not limited to:

- (a) entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;
- (b) relating to a claim by or against any Related Party;
- (c) relating to a claim in which the interests of a Related Party differ from the interests of the Trust;
- (d) to permit the Partnership to invest in any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- (e) to approve or enforce any agreement entered into by the Trust or its Subsidiaries or Related Parties with a Trustee who is not an Independent Trustee or an Associate thereof, with another Subsidiary or Related Party;
- (f) recommending to the Voting Unitholders to increase the number of Trustees serving on the board of Trustees or authorizing the Trustees to change the number of Trustees from time to time; and
- (g) determining the compensation of any officer or employee of the Trust.

Notwithstanding the foregoing, no Conflict of Interest Matter may be approved unless there are at least two Independent Trustees permitted to vote on such matter, and no Conflict of Interest Matter may be approved without unanimous consent of all Independent Trustees permitted to vote on such matter.

Finance Committee

The Declaration of Trust provides that the Trustees may appoint a Finance Committee, consisting of at least three (3) Trustees, the majority of whom shall be Independent Trustees and resident Canadians.

The Finance Committee shall:

- (i) review the Trust's procedures for internal control with the Auditors and Chief Financial Officer of the Trust;

- (ii) review the engagement of the Auditors;
- (iii) review and recommend to the Trustees for their approval annual and quarterly financial statements and management's discussion and analysis of financial condition and results of operation;
- (iv) assess the Trust's financial and accounting personnel; and
- (v) review any significant transactions outside the Trust's ordinary activities and all pending litigation involving the Trust.

The Auditors are entitled to receive notice of every meeting of the Finance Committee and to attend and be heard thereat and, if so requested by a member of the Finance Committee, shall attend any meeting of the Finance Committee held during the term of office of the Auditors. Questions arising at any meeting of the Finance Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Finance Committee. The Auditors or a member of the Finance Committee may call a meeting of the Finance Committee on not less than 48 hours' notice.

Additional Committees

The Declaration of Trust provides that the Trustees may create such Additional Committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the Trust; provided that the majority of the members of any Additional Committee must be resident Canadians. Further, the Trustees may not delegate to any such Additional Committees any powers or authority in respect of which a board of directors of a corporation governed by the *OBCA* may not delegate.

Remuneration of Trustees and Senior Officers

The Trustees are paid such compensation for their services as the Trustees may from time to time unanimously determine. Trustees who are employed by and receive a salary from the Trust will not receive any remuneration from the Trust for serving as a Trustee other than reimbursement of expenses. See "Interests of Trustees, Management, Promoters and Principal Holders – Compensation and Securities Held".

Trust Units

The beneficial interests in the Trust, other than the initial trust unit, are divided into interests of different classes, described as "Class A Trust Units", "Class B Trust Units", "Class C Trust Units", "Class F Trust Units", "Class I Trust Units", "Special Voting Units" and such other classes of trust units of the Trust which may be created by the Trustees (collectively described as "**Trust Units**"). The number of Trust Units, which the Trust may issue, is unlimited. Trust Units shall be issued only as fully paid and non-assessable. Each Trust Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Trust Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Trust Unitholders, or as otherwise provided in Section 6.5 of the Declaration of Trust but no approval will be required with respect to consolidation of Trust Units following a distribution of Trust Units. The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. The Trust Units shall not be listed on any stock exchange or other public market.

As of the date hereof, there were 2,329,101.37 Class A Trust Units, 107,083.61 Class B Trust Units, 41,543.11 Class C Trust Units, 495,810.37 Class F Trust Units and nil Class I Trust Units issued and outstanding.

Special Voting Units

The Special Voting Units are non-participating special voting units of the Trust that have no economic entitlement in the Trust or in distributions or assets of the Trust but entitle the holders thereof to one vote per unit. Special Voting Units may only be issued in connection with or in relation to Redeemable LP Units, for the purpose of providing such voting rights with respect to the Trust to the holders of such securities. Special Voting Units will be issued in conjunction with the Redeemable LP Units to which they are related, and will be evidenced only by the certificates representing such Redeemable LP Units. Special Voting Units will not be transferable separately from the Redeemable LP Units to which they are attached and will be automatically transferred upon the transfer of such Redeemable LP Units. Upon redemption of a Redeemable LP Unit by the Partnership, the Special Voting Unit attached to such Redeemable LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. Special Voting Units will not be entitled to the redemption rights available to Trust Units.

As of the date hereof, no Special Voting Units were issued and outstanding.

Purchase of Trust Units

The Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Trust Units, at a price per Trust Unit and on a basis determined by the Trustees in compliance with all Applicable Laws.

Redemption of Trust Units

Pursuant to the Declaration of Trust, each Trust Unitholder is entitled to require the Trust to redeem at any time or from time to time at the demand of the Trust Unitholder all or any part of the Trust Units registered in the name of the Trust Unitholder at the prices determined and payable in accordance with the following conditions:

- (a) The monthly redemption date (the “**Redemption Date**”) is the 15th day of each and every month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day. To exercise a Trust Unitholder’s right to require redemption, a duly completed and properly executed notice (the “**Redemption Notice**”) requiring the Trust to redeem said Trust Units, in a form approved by the Trustees, specifying the class of Trust Units and the number of Trust Units to be so redeemed, shall be sent to the Trust at its head office. The Redemption Notice must be received no later than 30 days before the Redemption Date to be considered for that particular Redemption Date. If a minimum of 30 days’ notice is not given, the Trustees will not be required to consider redeeming the Trust Units until the next subsequent Redemption Date. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the Person giving the Redemption Notice.

- (b) As of the Redemption Date, upon the payment of the Redemption Amount (defined below), plus the pro rata share of any unpaid distributions declared on the Trust Units to be redeemed and payable prior to the Redemption Date, the Trust Unitholder shall thereafter cease to have any rights with respect to the Trust Units tendered for redemption (other than to receive the Redemption Amount therefor) including ceasing to have the right to receive any distributions thereon which are payable to the Trust Unitholders of record on a date which is subsequent to the Redemption Date. Trust Units shall be considered to be tendered for redemption on the Redemption Date, provided that the Trust has, to the satisfaction of the Trustees, received the Redemption Notice and other required documents or evidence as aforesaid.
- (c) Upon receipt by the Trust of the Redemption Notice in accordance with this Section, the holder of the Trust Units tendered for redemption shall be entitled to receive a redemption amount (the "**Redemption Amount**") equal to the Market Value on the day of the Redemption Notice times the number of Trust Units that a Trust Unitholder tenders for redemption, less the costs of implementing the redemption (the "**Redemption Cost**"), provided that the Trust shall be entitled to set-off the Redemption Amount otherwise payable against any applicable Deferred Sales Charge or Early Redemption Fee. The Board of Trustees has adopted a policy determining that the Redemption Cost shall be the lesser of (i) 2% of the Market Value of the Trust Units being redeemed and (ii) \$150. For example, a redemption of Trust Units with a Market Value of \$5,000 shall have a Redemption Cost of \$100.
- (d) Subject to Paragraph (e) below, the Redemption Amount payable in respect of the Trust Units tendered for redemption during any month shall be paid on the Redemption Date by wire or cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Trust Unitholder who exercised the right of redemption. Payment of the Redemption Amount is conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the Person who redeemed the Trust Units, unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the Person who redeemed the Trust Units in respect of the Trust Units so redeemed.
- (e) Paragraph (d) above shall not be applicable to Trust Units tendered for redemption by a Trust Unitholder, if the total amount payable by the Trust pursuant to Paragraph (c) above in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month exceeds \$50,000 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, increase such Monthly Limit in respect of all Trust Units tendered for redemption in any calendar month.
- (f) If, pursuant to Paragraph (e) above, Paragraph (d) is not applicable to the Trust Units tendered for redemption by a Trust Unitholder, the Redemption Amount to which the Trust Unitholder would otherwise be entitled shall be paid and satisfied as follows:

- (i) a portion of the Redemption Amount equal to the Monthly Limit divided by the total number of Trust Units tendered by all Trust Unitholders for redemption in the month times the number of Trust Units tendered for redemption by a Trust Unitholder shall be paid and satisfied in cash, in accordance with Paragraph (d) applied *mutatis mutandis*; and
- (ii) the remainder of the Redemption Amount shall be paid and satisfied by way of the issuance to the Trust Unitholder of one or more Redemption Notes, in accordance with Paragraph (g).

Upon such payment or satisfaction of the Redemption Amount in accordance with Paragraph (f)(i) and (f)(ii) above, the Trust shall be discharged from all liability to the Trust Unitholder or former Trust Unitholder in respect of the Trust Units so redeemed.

- (g) If Paragraph (f) above is applicable to some or all of the Trust Units tendered for redemption by a Trust Unitholder, the Trust shall, subject to receipt of all necessary regulatory approvals, issue to the Trust Unitholder one or more Redemption Notes having an aggregate principal amount equal to the Redemption Amount minus the cash paid or payable to the Trust Unitholder pursuant to Paragraph (f)(i) above. Subject to Applicable Laws, the Redemption Notes shall be issued to or to the order of the Trust Unitholder on the Redemption Date. A Redemption Note may be tendered for payment in accordance with its terms.
- (h) All Trust Units which are redeemed in accordance with the foregoing paragraphs shall be cancelled and such Trust Units shall no longer be outstanding and shall not be reissued.
- (i) For the purposes hereof, "**Market Value**" means the market value of the Trust Units at the time the applicable redemption request is received by the Trust, as determined by the Trustees in their sole discretion, divided by the number of Trust Units outstanding at such time.

Meetings of Voting Unitholders

The board of Trustees may, at any time, convene a meeting of Voting Unitholders and will be required to convene a meeting on receipt of a request in writing of Voting Unitholders holding, in aggregate, 25% or more of the Voting Units outstanding. A meeting of holders of a class of Trust Units may be called by the board of Trustees if the nature of the business to be transacted at the meeting is only relevant to the Trust Unitholders of the class of Trust Units. A meeting of holders of a class of Trust Units shall be called by the board of Trustees upon written request of the Trust Unitholders of the class holding in the aggregate not less than 25% of the Trust Units of the class then outstanding, which requisition must specify the purpose or purposes for which such meeting is to be called.

Any matter to be considered at a meeting of Voting Unitholders, other than certain matters requiring the approval of Voting Unitholders by Special Resolution, will require the approval of Voting Unitholders by an Ordinary Resolution. A quorum for a meeting convened to consider such a matter will consist of two or more Voting Unitholders or any class of Trust Unitholders present in person or by proxy and representing not less than 25% of the Voting Units or class of Trust

Units, as the case may be. 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 Voting Unitholders, will be cancelled, but otherwise the meeting will be adjourned to another day, not less than 10 days later, selected by the Trustees and notice will be given to the Voting Unitholders of such adjourned meeting. The Voting Unitholders present at any adjourned meeting will constitute a quorum.

Each Voting Unitholder is entitled to one vote per Voting Unit held and votes of Voting Unitholders will be conducted with holders of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units, Class I Trust Units and Special Voting Units voting together as a single class. Notwithstanding the foregoing, if the Trustees determine that the nature of the business to be transacted at a meeting affects Trust Unitholders of one class of Trust Units in a manner materially different from its effect on Trust Unitholders of another class of Trust Units, the Trust Units of such affected class will be voted separately as a class. For greater certainty, where a separate class vote is held, holders of Special Voting Units shall not be entitled to vote.

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) subject to the requirements for a Special Resolution, any matter or thing stated in the Declaration of Trust to be required to be consented to or approved by the Voting Unitholders; and
- (b) any matter which the board of Trustees considers appropriate to present to the Voting Unitholders for their confirmation or approval.

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

- (a) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in an increase in charges to the Trust, other than a fee charged by a person or company that is arm's length to the Trust;
- (b) a reduction in the amount payable on any outstanding Trust Units upon liquidation of the Trust;
- (c) an amendment, modification or variation in the provisions or rights attaching to the Voting Units; or
- (d) the alteration or elimination of any voting rights pertaining to any outstanding Voting Units.

Notwithstanding the above or any other provision herein, no confirmation, consent or approval shall be sought or have any effect and no Voting 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 Trustees, except with the prior written consent of the Trustees. No meeting of Voting Unitholders has been convened by the Trust.

Issuance of Trust Units

The Trustees may allot and issue Trust Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Trust Unitholders of distributions of the Trust in Trust Units) and to such Person, Persons or class of Persons as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which Trust Units may be issued and the terms and conditions of issuance of the Trust Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Trust Units. In the event that Trust Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Trust Units shall express the fair equivalent in money of the other consideration received.

Limitation on Non-Resident Ownership

The Trust was not established and is not maintained primarily for the benefit of one or more non-resident persons within the meaning in the Tax Act. At no time may more than 49% of the Trust Units (on a number of Trust Units or on a fair market value basis) then outstanding be held by or for the benefit of Persons who are non-residents of Canada and partnerships other than “Canadian Partnerships” for purposes of the Tax Act (“**Non-Residents**”). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Trust Units are resident (including, in the case of a partnership, whether it is a Canadian Partnership) or declarations from Trust Unitholders as to whether such Trust Units are held for the benefit of Non-Residents. If the Trustees become aware that more than 49% of the Trust Units then outstanding are, or may be, held by or for the benefit of Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such Trust Units from or issue or register a transfer of such Trust Units to a Person unless the Person provides a declaration that the Person is not a Non-Resident and does not hold his Trust Units on behalf of a Non-Resident beneficial owner. If the Trustees determine that more than 49% of the Trust Units then outstanding are held by or for the benefit of Non-Residents, the Trustees may send a notice to such Non-Resident Trust Unitholders and holders of Trust Units held on behalf of Non-Residents chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Trust Units or a portion thereof within a specified period of not more than 30 days. If the Trust Unitholders receiving such notice have not sold or redeemed the specified number of Trust Units or provided the Trustees with satisfactory evidence that they are not Non-Residents and do not hold their Trust Units for the benefit of Non-Residents within such period, the Trustees may sell or redeem such Trust Units on behalf of such Trust Unitholders (and the Trustees shall have the power of attorney of such Trust Unitholders to do so) and, in the interim, the voting and distribution rights, if any, attached to such Trust Units shall be suspended. Upon such sale the affected Trust Unitholders shall cease to be Trust Unitholders and their rights shall be limited to receiving the net proceeds of sale upon surrender of such Trust Units. In any situation where it is unclear whether Trust Units are held for the benefit of Non-Residents, the Trustees may exercise their discretion in determining whether such Trust Units are or are not so held, and any such exercise by them of their discretion shall be binding on the relevant Trust Unitholders.

Information and Reports

The Trustees shall provide the Voting Unitholders with annual audited financial statements for the Trust within 120 days of the Trust’s financial year end.

Amendments to Declaration of Trust

A majority of all Trustees including a majority of the Independent Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) for the purpose of ensuring continuing compliance with Applicable Laws (including the Tax Act), regulations, requirements or policies of any Governmental Authority having jurisdiction over: (1) the Trustees or over the Trust; (2) the status of the Trust as a “unit trust” and “mutual fund trust” under the Tax Act; or (3) the distribution of Trust Units;
- (b) which, in the opinion of the Trustees, acting reasonably, are necessary to maintain the rights of the Trust Unitholders set out in the Declaration of Trust;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Trust Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws or the administration or enforcement thereof;
- (e) for any purpose (except one in respect of which a Trust Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, are not prejudicial to the Trust Unitholders and are necessary or desirable;
- (f) deemed necessary or advisable to ensure that the Trust has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; and
- (g) to implement any distribution reinvestment plan or any amendments thereto.

In no event may the Trustees amend the Declaration of Trust without Voting Unitholders consent if such amendment would (i) amend the Trust Unitholders’ voting rights; or (ii) cause the Trust to fail or cease to qualify as a “unit trust” and “mutual fund trust” under the Tax Act.

Term of Trust

Unless the Trust is terminated pursuant to the terms of the Declaration of Trust, the Trust shall continue in full force and effect so long as any Trust Property is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by Applicable Law or by the Declaration of Trust.

Upon the termination of the Trust, the liabilities of the Trust shall be discharged with due speed, the net assets of the Trust shall be liquidated and the proceeds distributed to the Trust Unitholders in accordance with their entitlements as provided in the Declaration of Trust.

Distribution Policy

The Declaration of Trust provides that the Trust may distribute to the Trust Unitholders on or about each Distribution Date such percentage of the Trust Distributable Income (other than capital gains,

the tax on which may be recoverable by the Trust) for the Distribution Period then ended as the Trustees may determine in their discretion.

In addition to the foregoing, the total amount of distributions made payable by the Trust on or before December 31 of any calendar year or the end of any other taxation year calculated in accordance with the provisions of the Tax Act, shall not be less than the amount necessary to ensure that the Trust will not be liable to pay non-refundable income tax under Part I of the Tax Act for such year (determined without reference to any bonus distributions in the year automatically reinvested in Trust Units in accordance with the DRIP). The amount, if any, which is required to be distributed to comply with the preceding sentence for a particular year shall be deemed to be declared by the Trustees as a distribution, and shall be due and payable on the earlier of the last Distribution Date in respect of such year, December 31 of such year, or the end of such other taxation year, to persons who are Trust Unitholders of record on that date, such amount to be payable in cash unless the Trustees determine in their absolute discretion to pay such amount in Trust Units in any particular year, in which case such amount shall be payable in Trust Units. For greater certainty, a Trust Unitholder shall have the legal right to enforce payment at the time a distribution is made payable (which shall not be later than the end of the relevant taxation year of the Trust in the case of distributions described in this paragraph).

The Trustees, in their discretion, may allocate distributions among the classes of Trust Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Trust Units, provided that the proportion of Trust Income, Net Realized Capital Gains allocated or capital of the Trust distributed to Trust Unitholders of each class of Trust Units shall be equal to the proportion of the aggregate distribution received by such class of Trust Units. Distributions on Class A Trust Units will be identical among each Class A Trust Unit, notwithstanding the Class A Purchase Option selected by the applicable Subscriber.

Distributions may be adjusted for amounts paid in prior Distribution Periods if the actual Trust Distributable Income for the prior Distribution Periods is greater than or less than the Trustees' estimates for such prior Distribution Periods. At the option of each Trust Unitholder, but subject to the Declaration of Trust, distributions payable in cash shall be paid in cash or reinvested in similar Trust Units pursuant to any distribution reinvestment plan or unit purchase plan adopted by the Trustees. Any distribution shall be made proportionately to Persons who are the Trust Unitholders as at the applicable Distribution Record Date.

Each year, the Trustees shall make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Trust Unitholders for such amounts that the Trustees consider to be reasonable in all the circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, the taxable portion of the Net Realized Capital Gains in the year, and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any, other than capital gains, the tax on which may be recoverable by the Trust. To the extent that such amounts do not result in taxable income or taxable capital gains in the Trust, the Trustees shall make designations under the Tax Act so that the amount allocated to a Trust Unitholder but not deducted by the Trust would not be included in the Trust Unitholder's income for the purposes of the Tax Act. Any distributions of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

The Trustees may designate any Trust Income or Net Realized Capital Gains realized by the Trust in connection with a redemption of Trust Units as having been paid or made payable to the applicable redeeming unitholder.

The Trustees may deduct or withhold from distributions payable to any Trust Unitholder all amounts required by law to be withheld from such distributions, whether such distributions are in the form of cash, additional Trust Units or otherwise. In the event of a distribution in the form of additional Trust Units, the Trustees may sell Trust Units of a Trust Unitholder on behalf of such Trust Unitholder to pay such withholding taxes and to pay all the Trustees' reasonable expenses with regard thereto and the Trustees shall have the power of attorney of such Trust Unitholder to do so, following which the remaining Trust Units of such Trust Unitholder may be consolidated as described herein. Upon such sale, the affected Trust Unitholder shall cease to be the holder of such Trust Units.

Where the Trust determines that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to the Declaration of Trust on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional Trust Units or fractions of such Trust Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of Trust Units. The Trustees will consolidate the number of outstanding Trust Units after a distribution of additional Trust Units, so that each Trust Unitholder holds the same number of Trust Units held before the distribution of additional Trust Units (subject to reductions to account for applicable withholding taxes).

Distribution Reinvestment Plan

The Trust has implemented a DRIP whereby Trust Unitholders of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units or Class I Trust Units who are not Non-Residents are entitled to elect to have all or some of the cash distributions of the Trust automatically reinvested in additional Trust Units. Participants in the DRIP will receive additional bonus Trust Units in an amount equal in value to 2% of distributions reinvested.

Investment Guidelines and Operating Policies

Investment Guidelines

The Declaration of Trust provides for certain guidelines on investments which may be made by the Trust. Additionally, the guidelines below are intended to set out generally the parameters under which any Subsidiary of the Trust or the Partnership will be permitted to invest. References to the Trust below shall include each such Subsidiary or the Partnership. The guidelines are as follows:

- (a) the Trust shall focus its investment activities primarily on the following:
 - (i) the acquisition, holding, maintaining, improving, leasing or managing of income producing properties, including multi-residential apartments, student housing, retirement residences, commercial, retail, office and industrial space, mixed-use properties, hybrid properties and specialty

properties (in each case, as determined by the Trustees) (collectively, **“Income Producing Properties”**);

- (ii) residential, commercial, industrial or other real estate development projects or re-development and value-add projects (collectively, **“Construction and Development or Re-Development and Value-Add Activities”**); and
- (iii) general real estate financing and lending (**“Financing and Lending Activities”**);

(collectively, the **“Trust Investment Activities”** and each a **“Trust Investment Activity”**);

- (b) notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust shall not, or permit a Subsidiary to, make or hold any investment, take any action or omit to take any action which would, at any time, result in:
 - (i) the Trust failing or ceasing to qualify as a “unit trust” and “mutual fund trust” for purposes of the Tax Act; or
 - (ii) the Trust or any Subsidiary being liable to the tax payable by a SIFT Trust pursuant to section 122 of the Tax Act or by a SIFT partnership pursuant to section 197 of the Tax Act;
- (c) from and after the date on which the Trust has a Gross Book Value of at least one hundred and fifty million dollars (\$150,000,000), the Trust shall seek to target the following portfolio allocations:
 - (i) Income Producing Properties – 25% to 80% of the Trust’s portfolio;
 - (ii) Construction and Development or Re-Development and Value-Add Activities – up to 50% of the Trust’s portfolio;
 - (iii) Financing and Lending Activities – up to 50% of the Trust’s portfolio; and
 - (iv) Cash and cash equivalents – up to 100%;
- (d) the Trust may make its investments and conduct its activities, directly or indirectly, through an investment in one or more Persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), unlimited liability companies and limited liability companies, or through any other means the Trust deems appropriate;
- (e) except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or Trust company registered under the laws of a province of Canada, short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the Trust, the Trust directly or indirectly, may not hold securities of a Person other than to the extent such securities would

constitute a Trust Investment Activity (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to (a) and (b) above, the Trust may hold securities of a Person acquired in connection with the carrying on, directly or indirectly, of the Trust Investment Activities;

- (f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:
 - (i) where revenue will be derived, directly or indirectly, principally from a Trust Investment Activity;
 - (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property held for investment purposes;
 - (iii) which may invest in real estate lending, such as first and second mortgages, mezzanine financing, land loans and construction financing; or
 - (iv) which may invest in construction and development relating to residential, commercial, industrial or other real estate development projects;
- (g) notwithstanding any other provisions of this section, the securities of a reporting issuer in Canada may be acquired provided that:
 - (i) the activities of the issuer are focused on a Trust Investment Activity; and
 - (ii) in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to the Trust as determined by the Trustees in their discretion;
- (h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (i) notwithstanding any other provisions hereof, investments may be made which do not comply with the provisions of this section (other than paragraph (b)) provided:
 - (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Gross Book Value; and
 - (ii) the making of such investment would not contravene the Declaration of Trust.

The Trust has complied with the guidelines set out above since its formation.

Operating Policies

The operations and affairs of the Trust shall be conducted in accordance with the following operating policies:

- (a) title to each real property shall be held by and registered in the name of (i) a corporation or other entity wholly-owned or jointly-owned, directly or indirectly, by the Partnership or on its behalf, (ii) the General Partner, or (iii) a corporation or other entity wholly-owned indirectly by the Trust or jointly owned indirectly by the Trust with joint venturers or partners or on its behalf;
- (b) no indebtedness shall be incurred or assumed if,
 - (i) for real property income, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness including amounts drawn under an acquisition and operating facility but not including Mortgage Insurance Fees incurred in connection with the incurrence or assumption of such indebtedness as a percentage of Gross Book Value, would be more than 75%; or
 - (ii) for Construction and Development or Re-Development and Value-Add Activities, the total indebtedness incurred in connection with the incurrence or assumption of such indebtedness shall not exceed typical industry standards relating to loans for similar business purposes;
- (c) the Trust will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless (i) such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the Declaration of Trust, and (ii) the guarantee would not result in the Trust ceasing to qualify as a mutual fund trust for purposes of the Tax Act;
- (d) the Trust will not engage in any Financing and Lending Activities unless,
 - (i) acceptable security for the loan (as determined by the Trustees) is provided; and
 - (ii) the total indebtedness incurred in connection with the incurrence or assumption of such indebtedness is within typical industry standards relating to loans for similar business purposes;
- (e) the Trust will not engage in any Construction and Development or Re-Development and Value-Add Activities unless it is an acceptable project (as determined by the Trustees);
- (f) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of any of the Trust Property from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of holders of comparable assets and, for clarity, the Trust is not required to title insure;

- (g) a Phase I environmental audit shall be conducted or obtained in circumstances in which the Trustees deem it appropriate or necessary; and
- (h) the Trust will not invest in any Trust Investment Activity until and unless it has conducted the appropriate due diligence (as determined by the Trustees) for such Trust Investment Activity.

For the purpose of the foregoing operating policies, the assets, indebtedness, liabilities and transactions of a corporation, trust, partnership or other entity in which the Trust has an interest, directly or indirectly, will be deemed to be those of the Trust on a proportionate consolidated basis, except to the extent that such treatment would be inconsistent with the applicable requirements under the Tax Act or the Trustees consider such treatment to be inappropriate under the circumstances. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

The term “**indebtedness**” means (without duplication):

- (a) any obligation, directly or indirectly, of the Trust for borrowed money;
- (b) any obligation, directly or indirectly, of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- (c) any obligation, directly or indirectly, of the Trust issued or assumed as the deferred purchase price of property;
- (d) any capital lease obligation, directly or indirectly, of the Trust;
- (e) any obligation, directly or indirectly, of the type referred to in clauses (a) through (d) of another Person, the payment of which the Trust has, directly or indirectly, guaranteed or for which the Trust is responsible for or liable; and
- (f) any amounts secured by any of the assets of the Trust;

provided that (i) for the purposes of (a) through (d), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with IFRS in Canada, (ii) obligations referred to in clauses (a) through (d) exclude trade accounts payable, distributions payable and accrued liabilities arising in the ordinary course of business; (iii) convertible debentures will constitute indebtedness to the extent of the principal amount outstanding; and (iv) the issuance of redeemable units will not constitute indebtedness; and (v) obligations referenced in clauses (a) through (d) may be excluded by the Trustees if the Trustees consider such treatment to be inappropriate under the circumstances.

The Trust has complied with the operating policies set out above since its formation.

Amendments to Investment Guidelines and Operating Policies

Subject to the Declaration of Trust, any of the investment guidelines and operating policies of the Trust set forth in this section may be amended by an Ordinary Resolution at a meeting of the Voting Unitholders called for the purpose of amending the investment guidelines or by written

resolution unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements by applicable regulatory authorities from time to time, to maintain the status of the Trust as a “unit trust” and “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof.

The LP Agreement

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

Limited Liability of Limited Partners

Under the terms of the LP Agreement, the liability of the Limited Partners is limited to such Limited Partner’s Capital Contribution plus such Limited Partner’s pro rata share of the undistributed income of the Partnership. Limited Partners generally will not be liable for any debt, obligation or default of the Partnership beyond their investment in the Partnership.

LP Units

The Partnership is authorized to issue various classes of partnership interests, including an unlimited number of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units, an unlimited number of Redeemable LP Units and general partnership interests as described in the LP Agreement. A partnership interest is personal property. A Partner has no interest in specific Partnership Property (as defined in the LP Agreement) by way of its LP Units.

Except as otherwise provided in the LP Agreement, no Class A LP Unit, Class B LP Unit, Class C LP Unit, Class F LP Unit or Class I LP Unit shall have any preference or right in any circumstances over any other Class A LP Unit, Class B LP Unit, Class C LP Unit, Class F LP Unit or Class I LP Unit. The holders of the Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units have the right to one vote for each Class A LP Unit, Class B LP Unit, Class C LP Unit, Class F LP Unit and Class I LP Unit held in respect of all matters to be decided by the Limited Partners. The Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units have the right to participate in the distributions of the Partnership as provided for in the LP Agreement.

The Redeemable LP Units have a subscription price based on the market price of the Trust Units and are redeemable, in whole or in part, at any time at the option of the Partnership at a price equal to the market value of such Redeemable LP Units, as determined by the General Partner from time to time. A holder of Redeemable LP Units has the right to one vote for each Redeemable LP Unit held in respect of all matters to be decided by the Limited Partners. Holders of Redeemable LP Units are entitled to receive distributions per Redeemable LP Unit equal to the distributions per Class A LP Unit, Class B LP Unit, Class C LP Unit, Class F LP Unit and Class I LP Unit. The Redeemable LP Units rank equal with the Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units in the event of liquidation of the Partnership.

The General Partner, in its capacity as a general partner of the Partnership, holds a 0.001% undivided interest in the Partnership. The General Partner has the right to receive distributions in respect of its interest by way of cash or the issuance of LP Units.

Restrictions on Transfers of LP Units

The LP Agreement provides that LP Units may be sold only in accordance with the terms of the LP Agreement and may not be sold, assigned, or otherwise, transferred, without the agreement of the General Partner.

Any permitted transfer of LP Units must be made in accordance with the applicable requirements of Canadian securities laws.

Power of Attorney

The LP Agreement contains an irrevocable power of attorney in respect of various enumerated matters, authorizing the General Partner, on behalf of the Limited Partners, among other things, to execute any amendments to the LP Agreement (subject to any approvals required under the LP Agreement) and all instruments necessary to effect the dissolution of the Partnership (pursuant to the terms of the LP Agreement) as well as any registration, election, determination, designation, information return, objection, notice of objection or similar document or instrument, whether jointly with third parties or otherwise under the Tax Act or the taxation legislation of any province or territory with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership.

The LP Agreement provides that a permitted transferee of an LP Unit shall, upon becoming the holder thereof, be conclusively deemed to have acknowledged and agreed to be bound by the provisions of the LP Agreement as a Limited Partner and shall be conclusively deemed to have provided the General Partner with the irrevocable power of attorney described above.

Allocation of Net Income or Loss

The income for tax purposes or loss for tax purposes for a given taxation year is allocated among the General Partner and the Limited Partners as follows:

- (a) 0.001% of the income for tax purposes or loss for tax purposes from each source for that taxation year is allocated to the General Partner; and
- (b) the income for tax purposes or loss for tax purposes for that taxation year that is not allocated to the General Partner is allocated to the Limited Partners who hold LP Units at the end of the fiscal year.

The income or loss of the Partnership for accounting purposes for a given fiscal year is allocated among the Partners in the same proportion as income for tax purposes or loss for tax purposes is allocated for such taxation year, in accordance with the terms of the LP Agreement.

Distributions

The Partnership will distribute on a proportional basis to the General Partner and holders of LP Units whose names appear on the Partnership's records on the last day of each calendar month, (i) 0.001% of Partnership Distributable Cash Flow to the General Partner and (ii) 99.999% of Partnership Distributable Cash Flow to holders of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units, Class I LP Units, Redeemable LP Units and any other LP Units as determined by the General Partner. Distributions will be made within 15 days of the end of each month. The Partnership may, in addition, make a distribution at any other time.

Reporting to Limited Partners

The Partnership maintains financial statements separate from the Partners and the Partnership shall provide to each of the Partners copies of its audited annual financial statements no later than 120 days following each fiscal year end, in each case prepared in accordance with IFRS. The General Partner prepares, or causes to be prepared, any federal, provincial and municipal tax or information returns required to be filed by the Partnership and all financial statements required by each Partner to enable the filing of any tax or information return which is required to be filed by such Partner.

Meetings of Limited Partners

The General Partner may at any time and shall, upon receipt of a written request from Limited Partners holding not less than 50.1% of all LP Units specifying the purpose or purposes of the meeting, call a meeting of Partners. If the General Partner fails to call a meeting of Partners within 21 days after receipt of such written request from the Limited Partners in the case of a special meeting any Limited Partner may call such meeting in accordance with the terms of the LP Agreement. Meetings shall be held at the time and in the place set out in the notice calling the meeting, provided that the meeting may be held by telephone conference call. The expenses of calling and holding all meetings shall be borne by the Partnership. At any such meeting, each Limited Partner (other than a defaulting Limited Partner) will be entitled to one vote for each whole LP Unit registered in the Limited Partner's name.

Pursuant to the LP Agreement, the following matters require the approval of Limited Partners by special resolution, which means a resolution approved by a vote cast in person or by proxy, by holders of more than 75% of the aggregate number of issued and outstanding LP Units at a duly constituted meeting of Limited Partners, or a written resolution signed by Limited Partners holding in the aggregate more than 75% of the aggregate number of issued and outstanding LP Units:

- (a) removing the General Partner where the General Partner has committed a material breach of the LP Agreement, which breach has continued for 30 days after notice and, if such removal would result in the Partnership having no general partner, electing a new general partner as provided in the LP Agreement;
- (b) waiving any default, other than in respect of any insolvency, receivership or bankruptcy of the Partnership, on the part of the General Partner on those terms as the Limited Partners may determine and releasing the General Partner from any claims in respect thereof;
- (c) amending, modifying, altering or repealing any Special Resolution previously passed by holders of LP Units;
- (d) amending the LP Agreement in accordance with the provisions of the LP Agreement;
- (e) a merger or consolidation involving the Partnership, except for a merger or consolidation involving only the Partnership and one or more of its affiliates;

- (f) a consolidation, subdivision or reclassification of the LP Units or of any class of LP Units;
- (g) continuing the Partnership if the Partnership is terminated by operation of law; and
- (h) adding to, changing or removing any right, privilege, restriction or condition attaching to the LP Units which may reasonably be considered materially adverse to the holders of the LP Units.

Indemnification of General Partner

The General Partner and each of its directors, officers, employees and agents, among others, are indemnified by the Partnership to the fullest extent permitted by law out of the assets of the Partnership for all liabilities, claims, losses, costs and expenses incurred by them in the manner and to the extent provided by the LP Agreement.

Books and Records

The Partnership keeps, at its principal office, appropriate books of proper and complete accounts, records, and registers of the operations and affairs of the Partnership, including the record of the names and addresses of all of the Partners.

The books of the Partnership are maintained for financial reporting purposes on an accrual basis in accordance with IFRS.

Right to Inspect Books and Records

The LP Agreement provides that a Limited Partner can, for a purpose reasonably related to such Limited Partner's interest as a Limited Partner, upon reasonable demand and at its own expense, have access to: copies of the LP Agreement, the Limited Partnership Declaration, the record of Partners and amendments to those documents; copies of all documents filed by the Partnership with a securities regulatory authority in Canada; copies of minutes of meetings of the Partners; and any other information regarding the affairs of the Partnership as is just and reasonable or to which a Limited Partner is entitled pursuant to the *Partnerships Act* (Ontario).

Trust Unitholders are not Limited Partners and accordingly do not have the aforesaid rights afforded to Limited Partners. However, Trust Unitholders may, upon reasonable demand and at their own expense, review certain books and records of the Partnership available at the head office of the Trust during regular business hours.

The General Partner may keep confidential from the Limited Partners any information (other than the books and records noted above) which in the reasonable opinion of the General Partner, should be kept confidential in the best interests of the Partnership or which the Partnership is required by law or agreements with third parties to keep confidential.

Termination

Subject to following the procedures set out in the LP Agreement, the Partnership will terminate upon the earliest to occur of: (i) the removal or deemed removal of a sole general partner unless such general partner is replaced as provided for in the LP Agreement; (ii) the sale, exchange or

other disposition of all or substantially all of the assets of the Partnership, if approved by a Special Resolution in accordance with the LP Agreement, (iii) the passage of a Special Resolution approving the dissolution of the Partnership, and (iv) the date of dissolution caused by operation of law.

The General Partner

The General Partner is incorporated under the *Business Corporations Act* (Ontario). The General Partner is indirectly owned and controlled by Jason Roque, who is also a director and President of the General Partner. Helen Hurlbut is a director and Chief Financial Officer of the General Partner. See “Management Experience” and “Relationship between the Trust, the Equiton Agent and Other Related Parties”.

Functions and Powers of the General Partner

The LP Agreement incorporates by reference the Investment Guidelines and Operating Policies set out in the Declaration of Trust and the General Partner is bound by such Investment Guidelines and Operating Policies and is to conduct the business of the Partnership in a manner consistent therewith.

The General Partner is authorized to carry on the business of the Partnership and, subject to the terms of the LP Agreement, has full power and exclusive authority to administer, manage, control and operate the business of the Partnership. The General Partner’s duties include: negotiating, executing and performing all agreements on behalf of the Partnership; opening and managing bank accounts in the name of the Partnership; borrowing funds or incurring indebtedness or liabilities in the name of the Partnership; issuing Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units, Class I LP Units and/or Redeemable LP Units to Limited Partners; making distributions of distributable income; issuing debt and/or debt instruments of the Partnership; mortgaging, charging, assigning, hypothecating, pledging or otherwise creating a security interest in all or any property of the Partnership or any affiliate of the Partnership; managing, controlling and developing all the activities of the Partnership; incurring and paying all costs and expenses in connection with the Partnership; employing, retaining, engaging or dismissing from employment, personnel, agents, representatives or professionals or other investment participants within its discretion; engaging agents, including any affiliate or associates to assist it to carry out its management obligations to the Partnership; investing cash assets in any investment approved in its sole discretion; acquiring, holding, transferring, voting or otherwise dealing with securities of entities engaged primarily in the business of the Partnership which are permitted businesses for the Partnership as provided in the LP Agreement; maintaining, improving or changing any assets from time to time of the Partnership; seeing to the sound management of the Partnership, and to manage, control and develop all the activities of the Partnership; acting as attorney-in-fact or agent of the Partnership in disbursing and collecting moneys for the Partnership; paying debts and fulfilling the obligations of the Partnership and handling and settling any claims of the Partnership; commencing or defending any action or proceeding by, against or in connection with the Partnership; filing returns or other documents (including tax returns) required by any Governmental Authority or like authority; retaining legal counsel, experts, advisors or consultants as it considers appropriate; acquiring or, subject to Section 8.16 of the LP Agreement, disposing of assets of the Partnership; entering into hedge contracts or similar arrangements to permit the Partnership to mitigate or eliminate the Partnership’s exposure to interest rate, foreign exchange or other risks associated with the business of the Partnership;

doing anything that is in furtherance of or incidental to the business of the Partnership or that is provided for in the LP Agreement; executing, acknowledging and delivering the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the business of the Partnership; filing any tax elections, forms, objections or notices of objection or similar documents on behalf of the Partnership and (to the extent necessary) on behalf of the Partners under the Tax Act or any other tax legislation; obtaining any insurance coverage; and carrying out the objects, purposes and business of the Partnership.

The General Partner may from time to time delegate its power and authority or procure assistance from other parties pursuant to the terms of the LP Agreement.

Reimbursement of the General Partner

The General Partner is entitled to recover from the Partnership all reasonable direct costs and expenses incurred by the General Partner in the performance of its duties under the LP Agreement on behalf of the Partnership.

Conflict of Interest Policy of the General Partner

The directors of the General Partner have adopted a conflict of interest policy on substantially the same terms as those set out in the section titled *Conflict of Interest Restrictions and Provisions* of this Offering Memorandum, with such revisions as are necessary for such policy to be applicable to directors of the General Partner, *mutatis mutandis*.

The Asset Management Agreement

Pursuant to the terms of the Asset Management Agreement, Equiton Partners has been appointed as the sole and exclusive manager of the affairs of the Trust and the Partnership. Equiton Partners provides the Partnership with, among other things, the strategic, advisory, asset management, administrative, property management, leasing, construction management, lending and financial management and administrative services necessary to manage the day-to-day operations of the Partnership and its assets. In carrying out its obligations under the Asset Management Agreement, Equiton Partners is required to exercise its powers and discharge its duties diligently, honestly, in good faith and in the best interests of the Partnership, including exercising the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The services to be provided by the Equiton Partners under the terms of the Asset Management Agreement include, without limitation: (a) the structuring of the Offering, the Trust and the Partnership, (b) liaising with legal and tax counsel, (c) identifying and sourcing investment opportunities for the Partnership, (d) conducting due diligence on investment opportunities; (e) conducting continuous analysis of market conditions to monitor the Partnership's investment, (f) advising the Partnership with respect to the disposition of its investments, (g) providing investor communication and reporting services to the Trust and the Partnership, and (h) doing all such other acts or things and entering into agreements or documents on behalf of the Trust and/or Partnership to seek to achieve the investment objectives of the Trust.

Notwithstanding the above, it may at times be prudent for Equiton Partners to delegate certain of its responsibilities under the Asset Management Agreement to third party providers. In the event that Equiton Partners was to outsource any of its obligations under the Asset Management

Agreement, such delegation will be done at the expense of the Equiton Partners and will not relieve Equiton Partners of its obligations under the Asset Management Agreement.

Equiton Partners provides such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees and will therefore be responsible for all employment matters with respect to such employees. Pursuant to the terms of the Asset Management Agreement, Equiton Partners bears all costs and expenses incurred by Equiton Partners in connection with all salaries, employee expenses, office rent and equipment, and other expenses customarily considered to be overhead expenses of Equiton Partners. The Trust or the Partnership, as applicable, pays for all ordinary expenses incurred in connection with its operation and administration including, without limitation, transaction costs, fees payable to Equiton Partners as manager and other third party service providers, debt service, legal, accounting, audit and valuation fees and services, premiums for directors' and officers' insurance coverage for the directors and officers of Equiton Partners and the Trustees, costs of reporting to Trust Unitholders, costs incurred in connection with investor relations, taxes, and other extraordinary expenses the Trust or the Partnership may incur.

The term of the Asset Management Agreement will continue, subject to earlier termination in certain circumstances, until the winding-up or dissolution of the Partnership and the Trust. The Asset Management Agreement can be terminated early in certain circumstances, including (i) upon the dissolution, liquidation, bankruptcy, insolvency or winding-up of Equiton Partners; and (ii) breach of Equiton Partners' standard of care, which breach may be disputed by Equiton Partners acting in good faith by referring the matter to arbitration, the decision resulting from such arbitration to be final. The Asset Management Agreement shall not terminate until the arbitrator renders a decision.

The Asset Management Agreement contains indemnification provisions whereby the Trust indemnifies Equiton Partners against any loss, expense, damage or injury suffered in the scope of its authority under the Asset Management Agreement, provided the same does not result from wilful misconduct, bad faith, fraud, gross negligence or breach of its standard of care owed under the Asset Management Agreement. In addition, under the Asset Management Agreement, Equiton Partners indemnifies the Trust against any loss, expense, damage or injury suffered as a result of the Equiton Partners' wilful misconduct, bad faith, fraud, gross negligence or breach of its standard of care owed under the Asset Management Agreement.

In consideration for providing management services, the Trust and the Partnership collectively pay Equiton Partners an asset management fee (the "**Asset Management Fee**"), in an annual amount, equal to 1.0% of the Net Asset Value of the Trust. The Asset Management Fee is payable on the last day of each calendar month during the term of the Asset Management Agreement in an amount equal to 1/12th of the annual Asset Management Fee.

Additional services may be provided by Equiton Partners, its affiliates or other Related Parties to the Partnership and its Subsidiaries which may result in additional fees, including but not limited to agency fees, property management fees, project management fees, construction management fees, lending and financing fees, acquisition fees, disposition fees and guarantee fees. Any additional services to be provided by Equiton Partners or its affiliates to the Partnership and its Subsidiaries will be on terms that are no less favourable to the Partnership or its Subsidiaries than what would be available from arm's length Persons offering comparable services.

Equiton Partners is a Related Party to the Partnership and the Asset Management Agreement was not negotiated at arm's length between the parties. See "*Relationship Between the Trust, the Equiton Agent and other Related Parties*" and "*Risk Factors – Significant Influence by Jason Roque, Equiton Partners and other Related Parties – Potential Conflicts of Interest*".

The Commercial LP Agreement, Financial LP Agreement and Development LP Agreement

The Commercial LP Agreement and Financial LP Agreement

The provisions of the Commercial LP Agreement and Financial LP Agreement are substantially similar to the provisions of the LP Agreement. For a complete understanding of all of the provisions of the Commercial LP Agreement and Financial LP Agreement, reference should be made to the Commercial LP Agreement and Financial LP Agreement themselves, copies of which are available from the Trust.

The Development LP Agreement

The provisions of the Development LP Agreement are substantially similar to the provisions of the LP Agreement except for the allocation of net income or loss and distribution provisions, summaries of which are set out below:

Allocation of Net Income or Loss

The income for tax purposes or loss for tax purposes for a given taxation year is allocated among the Development General Partner and the limited partners of the Development Partnership as follows:

- 1) To the Development General Partner, 20% of the "adjusted income for tax purposes" or "adjusted loss for tax purposes" (each as defined in the Development LP Agreement) from each source for that taxation year; provided that the Development Partnership's loss for tax purposes allocated to the Development General Partner shall not exceed an amount equal to the amount of the Development Partnership's income for tax purposes allocated to the Development General Partner in all prior taxation years less the amount of any Development Partnership loss for tax purposes allocated to the Development General Partner in all prior taxation years; and
- 2) To the limited partners of the Development Partnership, the balance of all the Development Partnership's income for tax purposes or loss for tax purposes for that taxation year that is not allocated to the Development General Partner, and all other items of income, gain, loss, deduction, recapture and credit of the Development Partnership that are allocable for purposes of the Tax Act and other relevant taxing statutes.

Notwithstanding the foregoing, the Development General Partner may adjust the allocation of income for tax purposes and losses for tax purposes in a manner determined by the Development General Partner to be fair and reasonable to the partners of the Development Partnership.

Distributions

For each distribution period for the Development Partnership, the Development Partnership will distribute:

- (i) to the Development General Partner an amount equal to 20% of Development Partnership's distributable income less any portion of such amount that was distributed to the Development General Partner in a prior period or distributable to the Development General Partner in the current period pursuant to (ii) below;
- (ii) to the Development General Partner an amount equal to 20% of any increase in the value of the Development Partnership's properties recognized in connection with a Realization Event from the value of such properties on the date of the LP Agreement or the time of acquisition, whichever is later (an "**Accretion Distribution**"), provided that the Development General Partner shall only be entitled to an Accretion Distribution to the extent that the Realization Value in respect of a particular Realization Event was not taken into account in the calculation of a prior Accretion Distribution; and
- (iii) to the limited partners of the Development Partnership, any distributable income of the Development Partnership not distributed to the Development General Partner.

The Development General Partner may, in its discretion, elect to defer payment of any distribution to which it is entitled pursuant to (i) or (ii) above, provided that the amount distributed to the Development General Partner for any distribution period of the Development Partnership shall not be less than 0.001% of Development Partnership's distributable income for such period. Any distribution so deferred shall be added to the distributions payable to the Development General Partner in subsequent distribution periods until such deferred distributions have been paid in full.

The Development Partnership may, in addition, make a distribution at any other time.

The Development General Partner may elect to receive any distribution payable to it in the form of limited partnership units of the Development LP having a fair market value equal to the amount of such distribution.

For a complete understanding of all of the provisions of the Development LP Agreement, reference should be made to the Development LP Agreement itself, a copy of which is available from the Trust.

The Commercial Asset Management Agreement

The following is only a summary of certain of the material provisions of the Commercial Asset Management Agreement. This summary is qualified in its entirety by reference to the provisions of the Commercial Asset Management Agreement, a copy of which can be obtained by contacting investors@equiton.com. Equiton Partners is a Related Party to the Trust and the Commercial Asset Management Agreement was not negotiated at arm's length between the parties.

Duties

Pursuant to the terms of the Commercial Asset Management Agreement, Equiton Partners has been appointed as the asset manager and is responsible for managing the Commercial Partnership and providing advice with respect to the Commercial Partnership's properties. Equiton Partners provides strategic, advisory, asset management, lending and financial management and administrative services necessary to manage the day-to-day operations of the Commercial Partnership and its properties. In carrying out its obligations under the Commercial Asset Management Agreement, Equiton Partners is required to exercise its powers and discharge its duties diligently, honestly and in good faith.

Among other duties, Equiton Partners is responsible for: providing acquisition, disposition and asset management advice to the Commercial Partnership; performing due diligence on any properties being considered for acquisition by the Commercial Partnership; hiring and managing specialists, consultants, advisors or other like persons reasonably required from time to time in furtherance and support of the services set out in the Commercial Asset Management Agreement provided that the fees and out-of-pocket costs of each such specialist, consultant and advisor will be for the account of the Commercial Partnership and not to the account of Equiton Partners; preparing and distributing annual estimate on a property-by-property basis of the amount to be reserved from the revenues of the Commercial Partnership's properties for any necessary capital repairs; establishing and maintaining commercial bank overdraft line of credit to protect the Commercial Partnership and any Subsidiary against overdraft charges; using cash reserves from the Commercial Partnership's properties to manage the cash flow requirements of the Commercial Partnership and any Subsidiaries, including the invoice and collection of interest on any short term loans made to individual Subsidiaries from such cash reserves; considering, and implementing, in its discretion, as aforesaid, interest rate, currency, commodity and other financial hedges and other policies to manage (increasing, maintaining or decreasing) risk exposure for the Commercial Partnership and its Subsidiaries on a consolidated basis; opening and managing any investment, banking, trading or brokerage account required for it to manage the aforementioned financial hedges; and using commercially reasonable efforts to arrange with third party lenders short and long term financing or refinancing for one or more of the Commercial Partnership's properties or for the Commercial Partnership provided the foregoing shall in no circumstances constitute an undertaking by Equiton Partners to make any loan to any of the Commercial Partnership or any Subsidiary at any time in any amount.

Term of the Commercial Asset Management Agreement

Equiton Partners will perform the services set out in the Commercial Asset Management Agreement for an initial term of five (5) years expiring on December 3, 2024. The Commercial Asset Management Agreement will automatically continue for further terms of five (5) years unless terminated by either party. The Commercial Asset Management Agreement shall terminate at the earliest of the following: (a) upon the expiry of the initial term or a renewal term, as set out in the Commercial Asset Management Agreement; (b) if Equiton Partners or the Commercial Partnership is in material breach of the Commercial Asset Management Agreement which has not been cured within 30 days' notice thereof; (c) anytime, upon 180 days prior written notice by Equiton Partners; or (d) if either Equiton Partners or the Commercial Partnership becomes bankrupt or insolvent.

Fees

During the term of the Commercial Asset Management Agreement, the Commercial Partnership will pay Equiton Partners the following:

- (a) a transaction fee equal to 1.0% of the purchase price of each of the Commercial Partnership's properties acquired or sold by the Commercial Partnership (calculated without duplication), plus any applicable taxes;
- (b) a management fee equal to 1.0% of the Gross Asset Value (as defined in the Commercial Asset Management Agreement) of the Commercial Partnership; and
- (c) a financing fee in respect of any financing transaction involving any of the Commercial Partnership's properties, equal to: (a) 1% of the loan amount for each

senior or first ranking financing transaction (ii) 0.5% of the loan amount for each refinancing transaction with an existing lender, and (iii) up to 1.5% of the loan amount for each mezzanine or non-first ranking financing transaction.

In addition, the Commercial Partnership will pay directly, or reimburse Equiton Partners for all out-of-pocket expenses incurred by it in respect of the management services rendered by Equiton Partners pursuant to the Commercial Asset Management Agreement. For greater clarity, the Commercial Partnership shall reimburse Equiton Partners for costs and expenses incurred by Equiton Partners in respect of software, payroll, human resources, training and development and other similar operational costs and expenses.

Performance Incentive

Equiton Partners will be entitled to (i) a 20% interest in cash distributions of the Commercial Partnership (with 80% of such cash distributions going to the investors), and (ii) a 20% interest in any increase in the equity value of the Commercial Partnership's properties (with 80% of any such increase going to the investors), calculated and payable at the time such increase in equity value is realized by way of a sale or other disposition, financing or refinancing or the issuance of additional limited partner units by the Commercial Partnership, in each case, with no requirement for Equiton Partners to contribute equity to or purchase units of the Commercial Partnership.

The Financial Asset Management Agreement

The following is only a summary of certain of the material provisions of the Financial Asset Management Agreement. This summary is qualified in its entirety by reference to the provisions of the Financial Asset Management Agreement, a copy of which can be obtained by contacting investors@equiton.com. Equiton Partners is a Related Party to the Trust and the Financial Asset Management Agreement was not negotiated at arm's length between the parties.

Duties

Pursuant to the terms of the Financial Asset Management Agreement, Equiton Partners has been appointed as the asset manager and is responsible for managing the Financial Partnership and providing advice with respect to the Financial Partnership's lending and investment activities. Equiton Partners provides strategic, advisory, asset management, lending and financial management and administrative services necessary to manage the day-to-day operations of the Financial Partnership and its investments. In carrying out its obligations under the Financial Asset Management Agreement, Equiton Partners is required to exercise its powers and discharge its duties diligently, honestly and in good faith.

Among other duties, Equiton Partners is responsible for: providing ongoing analysis of the market in Canada and elsewhere for lending activities in real estate and related businesses; providing, lending, consulting and asset management advice to the Financial Partnership; performing due diligence on any assets or loans being considered for acquisition by the Financial Partnership; hiring and managing specialists, consultants, advisors or other like persons reasonably required from time to time in furtherance and support of the services set out in the Financial Asset Management Agreement provided that the fees and out-of-pocket costs of each such specialist, consultant and advisor will be for the account of the Financial Partnership and not to the account of Equiton Partners; preparing and distributing annual estimates based on each asset or loan to be reserved from the revenues of the Commercial Partnership's loans for loan losses or impairments incurred; establishing and maintaining commercial bank overdraft line of credit to

protect the Financial Partnership and any Subsidiary against overdraft charges; using cash reserves from the Financial Partnership's loans to manage the cash flow requirements of the Financial Partnership and any Subsidiaries, including the invoice and collection of interest on any short term loans made to individual Subsidiaries from such cash reserves; considering, and implementing, in its discretion, as aforesaid, interest rate, currency, commodity and other financial hedges and other policies to manage (increasing, maintaining or decreasing) risk exposure for the Financial Partnership and its Subsidiaries on a consolidated basis; opening and managing any investment, banking, trading or brokerage account required for it to manage the aforementioned financial hedges; and using commercially reasonable efforts to arrange with third party lenders short and long term financing or refinancing for one or more of the Financial Partnership's loans or for the Financial Partnership provided the foregoing shall in no circumstances constitute an undertaking by Equiton Partners to make any loan to any of the Financial Partnership or any Subsidiary at any time in any amount.

Term of the Financial Asset Management Agreement

Equiton Partners will perform the services set out in the Financial Asset Management Agreement subject to earlier termination in certain circumstances, until the winding-up or dissolution of the Financial Partnership or Equiton Partners. The Financial Asset Management Agreement shall terminate at the earliest of the following: (a) if Equiton Partners or the Financial Partnership is in material breach of the Financial Asset Management Agreement which has not been cured within 30 days' notice thereof; (b) anytime, upon 180 days prior written notice by Equiton Partners; or (c) if either Equiton Partners or the Financial Partnership becomes bankrupt or insolvent.

Fees

During the term of the Financial Asset Management Agreement, the Financial Partnership will pay Equiton Partners a management fee equal to 1.0% of the Gross Asset Value (as defined in the Financial Asset Management Agreement) of the Financial Partnership.

In addition, the Financial Partnership will pay directly, or reimburse Equiton Partners for all out-of-pocket expenses incurred by it in respect of the management services rendered by Equiton Partners pursuant to the Financial Asset Management Agreement. For greater clarity, the Financial Partnership shall reimburse Equiton Partners for costs and expenses incurred by Equiton Partners in respect of software and human resource costs and expenses. The Financial Partnership shall also reimburse Equiton Partners for all other standards costs that Equiton Partners may incur directly or indirectly associated with a brokerage or lending business.

Performance Incentive

During the term of the Financial Asset Management Agreement, Equiton Partners will be entitled to a performance fee based on 20% of the net income earned by the Financial Partnership.

The Development Asset Management Agreement

The following is only a summary of certain of the material provisions of the Development Asset Management Agreement. This summary is qualified in its entirety by reference to the provisions of the Development Asset Management Agreement, a copy of which can be obtained by contacting investors@equiton.com. Equiton Partners is a Related Party to the Trust and the Development Asset Management Agreement was not negotiated at arm's length between the parties.

Duties

Pursuant to the terms of the Development Asset Management Agreement, Equiton Partners has been appointed as the asset manager and is responsible for managing the Development Partnership and providing advice with respect to the Development Partnership's acquisition, development and disposition activities. Equiton Partners provides strategic, advisory, asset management, lending and financial management and administrative services necessary to manage the day-to-day operations of the Development Partnership and its investments. In carrying out its obligations under the Development Asset Management Agreement, Equiton Partners is required to exercise its powers and discharge its duties diligently, honestly and in good faith.

Among other duties, Equiton Partners is responsible for: identifying and sourcing investment and real estate development opportunities for the Development Partnership; providing acquisition, development, disposition and asset management advice to the Development Partnership; conducting due diligence on investment and real estate development opportunities; establishing appropriate legal and accounting systems for the proper control of the Development Partnership's investments; providing overall management, financial and business planning for the Development Partnership; maintaining ongoing relationships with joint venture partners, real estate brokers, lenders and development managers; conducting continuous analysis of market conditions to monitor the Development Partnership's investments; advising the Development Partnership with respect to the disposition of its investments; and negotiating and carrying out the disposition of its investments on such terms and conditions and at such times as Equiton Partners may determine.

Term of the Development Asset Management Agreement

Equiton Partners will perform the services set out in the Development Asset Management Agreement subject to earlier termination in certain circumstances, until the winding-up or dissolution of the Development Partnership. The Development Asset Management Agreement shall terminate at the earliest of the following: (a) if Equiton Partners or the Development Partnership is in material breach of the Development Asset Management Agreement which has not been cured within 30 days' notice thereof; (b) anytime, upon 180 days prior written notice by Equiton Partners; or (c) if either Equiton Partners or the Development Partnership becomes bankrupt or insolvent.

Fees

During the term of the Development Asset Management Agreement, the Development Partnership will pay Equiton Partners the following:

- (a) a structuring fee equal to 3.0% of capital contributions by limited partners to the Development Partnership, calculated and payable on the last day of each month in respect of capital contributions received by the Development Partnership each month; and
- (b) a management fee equal to 3.0% of the Development Partnership's equity in respect of each development project being developed by the Development Partnership (each, a "**Project**"), calculated and payable on the last day of each month in equal amounts pro-rated over the planned duration of each Project commencing on the date of the initial expenditure by the Development Manager in respect of a Project and ending on the completion date of the Project, as set out in

the budget for each Project approved by the Development Partnership, as may be adjusted from time to time. In the event that the Development Partnership sells a Project or a Project property without completing the Project, any part of such management fee that was not due and payable prior to the time of sale will become due and payable on closing of the sale.

The foregoing fees are payable in cash or limited partnership units of the Development Partnership, at the sole discretion of Equiton Partners. Equiton Partners will waive the fees payable under the Development Asset Management Agreement with respect to transactions with entities managed by Equiton Partners in order to avoid duplicating fees.

In addition, the Development Partnership will pay directly, or reimburse Equiton Partners for all out-of-pocket expenses incurred by it in respect of the management services rendered by Equiton Partners pursuant to the Development Asset Management Agreement. For greater clarity, the Development Partnership shall reimburse Equiton Partners for costs and expenses incurred by Equiton Partners in respect of software, payroll, human resources, training and development and other similar operational costs and expenses.

INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation and Securities Held

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by the issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering ⁽⁵⁾	Number, type and percentage of securities of the issuer held after completion of max. offering ⁽⁵⁾
Jason Roque <i>Hamilton, Ontario</i>	Trustee, Chief Executive Officer, since April 30, 2018	\$0 ⁽¹⁾	3,581.99 Class A Trust Units	N/A
Helen Hurlbut <i>Mississauga, Ontario</i>	Trustee, Chief Financial Officer, since April 30, 2018	\$0 ⁽¹⁾	1,381.57 Class A Trust Units	N/A

William Woods ⁽²⁾ <i>Toronto, Ontario</i>	Trustee, since April 30, 2018	\$14,000 ⁽³⁾ \$14,000 (anticipated 2023)	3,453.93 Class A Trust Units	N/A
Bill Zigomanis ⁽²⁾ <i>Toronto, Ontario</i>	Trustee, since April 30, 2018	\$14,000 ⁽³⁾ \$14,000 (anticipated 2023)	N/A	N/A
Robert Mongeau ⁽²⁾ <i>Whistler, British Columbia</i>	Trustee, since April 30, 2018	\$14,000 ⁽³⁾ \$14,000 (anticipated 2023)	N/A	N/A
Equiton Partners Inc.	Promoter, since April 30, 2018	\$0 ⁽⁴⁾	6,784.00 Class F Units	N/A

Notes:

- (1) Mr. Roque and Ms. Hurlbut will not receive any compensation from the Trust. Mr. Roque receives compensation from Equiton Partners as President of Equiton Partners. Ms. Hurlbut receives compensation from Equiton Partners as Chief Financial Officer of Equiton Partners.
- (2) Independent Trustee.
- (3) Each Independent Trustee is paid \$3,500 plus applicable taxes per quarter.
- (4) Equiton Partners will not receive any compensation from the Trust. Equiton Partners will receive fees from the Partnership as manager of the Trust and the Partnership. See "*The Asset Management Agreement*" and "*Relationship between the Trust, the Equiton Agent, and Other Related Parties*".
- (5) There is no maximum or minimum offering. The Trust will offer an unlimited number of Trust Units on a continuous basis. The class of Trust Units outstanding will depend on which Trust Units are subscribed for.

Management Experience

The following table discloses the principal occupations of each trustee, officer, promoter and principal holder over the past five years:

Name	Principal occupation and related experience
Jason Roque	<p>Jason Roque is the President of Equiton Partners, which he founded in 2014 with a focus on real estate investment. Prior to this role, Mr. Roque was the Chief Executive Officer of a private real estate development company from 2006 to 2014.</p> <p>Mr. Roque has more than 20 years of real estate and development experience. Previously, as Chief Executive Officer of LIV Communities (formerly Landmart Homes), he transformed the regionally-based home builder into a full scale real estate development company. While there, he oversaw all aspects of the development and construction business, carefully selecting properties and overseeing operations with a dedicated team to ensure profitability. Mr. Roque received his B.A. in Economics from the University of Toronto.</p>

<p>Helen Hurlbut</p>	<p>Helen Hurlbut is the Chief Financial Officer of Equiton Partners. Ms. Hurlbut is responsible for Equiton Partners’ overall financial management growth, development and security. Prior to this role, Ms. Hurlbut was Chief Financial Officer with Cherishome Living (formerly McArthur Properties) from 2011 to 2014, Chief Financial Officer of Empire Communities from 2007 to 2010 and Vice President and Treasurer of Mattamy Homes from 1998 to 2007.</p> <p>In her 30 years of experience in the commercial, industrial and residential real estate industries, she has held executive leadership roles at some leading real estate investment and development companies. She is a Certified Management Accountant and Chartered Professional Accountant, and holds an Honours B.A. in Economics and Business from York University. She regularly volunteers her time and expertise on local boards and charities.</p>
<p>William Woods</p>	<p>William Woods has a wealth of international securities market experience and specific corporate government expertise. He is a known governance expert for investment funds and public companies. He has advised governments and supra-national aid agencies, like the World Bank and the International Finance Corporation, on securities laws and financial services.</p> <p>Mr. Woods also has 20 years’ experience in the business development and strategic planning for stock exchanges, including over six years as the CEO of the Bermuda Stock Exchange. He has helped design capital markets and the marketing and business development for exchanges in Hong Kong, China, India and Canada. He co-founded and was the President and CEO of Independent Review Inc. for 15 years.</p> <p>Mr. Woods currently serves as an independent director on the boards of several hedge funds and as an Independent Review Committee member for several Canadian investment fund groups. He is the President and CEO of WWWoods & Co. Limited, a company that provides independent director services and specialist consulting expertise in the financial services, capital markets and B2B e-commerce space.</p> <p>Mr. Woods was educated in the UK and obtained an LL.B from the University of Manchester. He is admitted to practice in Bermuda, England and Wales, and Hong Kong. He obtained the Institute of Corporate Directors diploma (ICD.D) in June 2017.</p>
<p>Bill Zigomanis</p>	<p>Bill Zigomanis is a senior executive with experience in investment banking, corporate lending, risk management and the rental housing real estate development and management industries.</p> <p>Mr. Zigomanis is the Executive Vice President at CanMar Contracting Ltd., an innovative restoration company utilizing new technologies and construction materials. He is responsible for raising their corporate profile by establishing a strong presence with various industry associations, real estate owners and managers directly.</p> <p>As Vice President of Investments for Boardwalk Real Estate Investment Trust (“Boardwalk”) from 2009 to 2017, Mr. Zigomanis promoted</p>

	<p>Boardwalk as the landlord and stock of choice in the investment banking community.</p> <p>Prior to his position with Boardwalk, Mr. Zigomanis worked for TD Bank Financial Group as the Associate Vice President, Multi-Unit Residential Mortgages, where he was responsible for the unit's performance. While there, he built the largest multi-family mortgage portfolio in Canada and increased new business originations and related profitability. He also has over 25 years of experience with the Canada Mortgage and Housing Insurance Program.</p> <p>For 14 years, Mr. Zigomanis was chairman and a board member for the Federation of Rental Providers of Ontario, the largest apartment association in Ontario, representing more than 2,200 members who own and manage over 350,000 rental units.</p> <p>Mr. Zigomanis has a Business Administration Diploma (Marketing) from Centennial College. He is a Fellow of the Institute of Canadian Bankers (University of Toronto) and a graduate of the TD Leadership Academy, at the Ivey School of Business, at the University of Western Ontario.</p>
Robert Mongeau	<p>Robert Mongeau is President of Axeum Inc., a consulting firm providing strategic advisory services to real estate and retail organizations. Axeum most recently helped Canada's largest value retailer develop its 10-year network strategy as well as advising on the people, systems and processes to execute the strategy. Prior to founding Axeum, Mr. Mongeau was President of Canadian Tire Real Estate Limited and Senior Vice President of Real Estate at Canadian Tire Corporation. There he oversaw the acquisition, development, construction and management of the company's extensive network of owned and leased office, industrial and distribution properties as well over 1700 retail locations. Mr. Mongeau was part of the senior leadership team and played an instrumental role in a number of strategic initiatives including the acquisition of the Forzani Group, the initial public offering of CT REIT and the acquisition of Helly Hansen.</p> <p>Prior to joining Canadian Tire, Mr. Mongeau was responsible for the real estate development of the "Maxi" and "Maxi & Co." supermarkets at Loblaw Companies Limited. Before this, Mr. Mongeau practised real estate and commercial law for eight years, notably as Senior Counsel, Real Estate at Provigo Inc.; Mr. Mongeau holds a Bachelor of Laws from Sherbrooke University and was called to the Quebec Bar in 1989.</p>

Penalties, Sanctions and Bankruptcy

To the Trust's knowledge, no trustee, officer, or control person of the Trust (an "Insider") has, or any issuer of which an Insider was a trustee, director, officer or control person, has:

- (a) during the last 10 years, been subject to any penalty or sanction, or any cease trade order that has been in effect for a period of more than 30 consecutive days;
- (b) made a declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or

compromise with creditors, or appointed a receiver, receiver-manager or trustee to hold assets;

- (c) ever pled guilty to, or been found guilty of (i) a summary conviction or indictable offence under the Criminal Code (Canada); (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (iv) an offence under the criminal legislation of any other foreign jurisdiction.

Loans

As at the date of this Offering Memorandum, there are no debentures or loans due to or from the trustees, management, promoters and principal holders of the Trust. However, Equiton Partners, may provide the Partnership with Equiton Loans to (a) form part of the payment of existing and future investments; (b) repay debt; or (c) redeem the Redeemable LP Units; or (d) pay start-up expenses of the Trust. The Trust anticipates the Equiton Loans will be interest only payable loans, with no fixed term, and will bear interest at a fixed annual rate of the Prime Rate plus 2% payable monthly. Additionally, the Trust anticipates the Equiton Loans will be repayable to Equiton Partners in cash or Redeemable LP Units (at the discretion of Equiton Partners) and will be assignable by Equiton Partners.

CAPITAL STRUCTURE

Trust Unit Capital

Description of security ⁽¹⁾	Number authorized to be issued	Initial price per security ⁽²⁾	Number outstanding as at [April 1], 2022	Number outstanding after minimum offering ⁽³⁾	Number outstanding after maximum offering ⁽³⁾
Class A Trust Units	Unlimited	\$10.00	2,329,101.37	N/A	N/A
Class B Trust Units	Unlimited	\$10.00	107,083.61	N/A	N/A
Class C Trust Units	Unlimited	\$10.00	41,543.11	N/A	N/A
Class F Trust Units	Unlimited	\$10.00	495,810.37	N/A	N/A
Class I Trust Units	Unlimited	\$10.00	Nil	N/A	N/A

Notes:

- (1) See "Declaration of Trust and Description of Trust Units – Trust Units", for the terms of the Trust Units.
- (2) Trust Units were initially issued at a reduced subscription price of \$9.00 per Trust Unit until the Trust raised approximately \$5,000,000. Thereafter, the subscription price per Trust Unit was increased incrementally over time until the subscription price per Trust Unit reached \$10.00.

- (3) There is no maximum or minimum offering. The Trust will offer an unlimited number of Trust Units on a continuous basis. The class of Trust Units outstanding will depend on which Trust Units are subscribed for.

Long Term Debt

As at the date hereof, the Trust has no long-term debt. The long-term debt of certain of the Trust's subsidiaries is set out in Schedule "A" – Summary Information about Mortgages.

Prior Sales

The following table discloses the issuance of Trust Units, or securities exchangeable for Trust Units within the 12 months prior to the date hereof:

Date of Issuance	Type of securities Issued	Number of Securities Issued	Price per security	Total Funds Received
Apr 25, 2022	Class A	6,125.000000	\$10.00	\$61,250
May 02, 2022	Class A	8,333.265000	\$10.00	\$83,333
May 09, 2022	Class A	3,204.166000	\$10.00	\$32,042
May 16, 2022	Class A	5,931.556000	\$10.00	\$59,316
May 24, 2022	Class A	1,200.000000	\$10.00	\$12,000
May 30, 2022	Class A	14,524.031000	\$10.00	\$145,240
Jun 06, 2022	Class A	21,650.124000	\$10.00	\$216,501
Jun 13, 2022	Class A	22,786.336000	\$10.00	\$227,863
Jun 20, 2022	Class A	12,505.864000	\$10.00	\$125,059
Jun 27, 2022	Class A	21,859.117000	\$10.00	\$218,591
Jul 04, 2022	Class A	14,163.052000	\$10.00	\$141,631
Jul 12, 2022	Class A	11,100.000000	\$10.00	\$111,000
Jul 25, 2022	Class A	1,665.111000	\$10.00	\$16,651
Aug 02, 2022	Class A	16,650.487000	\$10.00	\$166,505
Aug 08, 2022	Class A	11,095.872000	\$10.00	\$110,959
Aug 16, 2022	Class A	15,377.122000	\$10.00	\$153,771
Aug 22, 2022	Class A	17,139.361000	\$10.00	\$171,394
Aug 30, 2022	Class A	19,000.000000	\$10.00	\$190,000
Sep 06, 2022	Class A	1,850.000000	\$10.00	\$18,500
Sep 12, 2022	Class A	6,427.100000	\$10.00	\$64,271
Sep 21, 2022	Class A	16,000.000000	\$10.00	\$160,000
Sep 26, 2022	Class A	15,890.786000	\$10.00	\$158,908
Oct 04, 2022	Class A	5,034.950000	\$10.00	\$50,350
Oct 24, 2022	Class A	4,000.000000	\$10.00	\$40,000
Oct 28, 2022	Class A	12,500.000000	\$10.00	\$125,000
Nov 07, 2022	Class A	15,900.000000	\$10.00	\$159,000
Nov 14, 2022	Class A	27,930.000000	\$10.00	\$279,300
Nov 21, 2022	Class A	4,076.500000	\$10.00	\$40,765
Nov 28, 2022	Class A	14,000.000000	\$10.00	\$140,000
Dec 06, 2022	Class A	8,900.000000	\$10.00	\$89,000
Dec 12, 2022	Class A	15,329.400000	\$10.00	\$153,294
Dec 19, 2022	Class A	27,929.800000	\$10.00	\$279,298
Jan 04, 2023	Class A	7,190.191000	\$10.00	\$71,902

Jan 09, 2023	Class A	500.000000	\$10.00	\$5,000
Jan 16, 2023	Class A	3,221.458000	\$10.00	\$32,215
Jan 24, 2023	Class A	6,116.743000	\$10.00	\$61,167
Jan 30, 2023	Class A	7,034.895000	\$10.00	\$70,349
Feb 06, 2023	Class A	17,810.103000	\$10.00	\$178,101
Feb 13, 2023	Class A	8,424.917000	\$10.00	\$84,249
Feb 21, 2023	Class A	10,918.448000	\$10.00	\$109,184
Feb 27, 2023	Class A	20,669.010000	\$10.00	\$206,690
Mar 06, 2023	Class A	21,046.505000	\$10.00	\$210,465
Mar 13, 2023	Class A	15,843.772000	\$10.00	\$158,438
Mar 20, 2023	Class A	12,484.745000	\$10.00	\$124,847
Mar 27, 2023	Class A	117,004.444000	\$10.00	\$1,170,044
Apr 03, 2023	Class A	10,651.055000	\$10.00	\$106,511
Apr 10, 2023	Class A	14,054.409000	\$10.00	\$140,544
Jul 12, 2022	Class B	11,002.600000	\$10.00	\$110,026
Aug 16, 2022	Class B	9,300.000000	\$10.00	\$93,000
Nov 28, 2022	Class B	20,352.315000	\$10.00	\$203,523
Jan 16, 2023	Class B	10,000.000000	\$10.00	\$100,000
Feb 06, 2023	Class B	1,300.000000	\$10.00	\$13,000
Feb 13, 2023	Class B	20,039.112000	\$10.00	\$200,391
Feb 27, 2023	Class B	21,912.349000	\$10.00	\$219,123
Mar 13, 2023	Class B	2,100.000000	\$10.00	\$21,000
Apr 03, 2023	Class B	10,000.000000	\$10.00	\$100,000
Aug 30, 2022	Class C	1,330.000000	\$10.00	\$13,300
Nov 28, 2022	Class C	15,000.000000	\$10.00	\$150,000
Jan 09, 2023	Class C	16,500.000000	\$10.00	\$165,000
Feb 21, 2023	Class C	2,500.000000	\$10.00	\$25,000
Mar 27, 2023	Class C	6,000.000000	\$10.00	\$60,000
May 02, 2022	Class F	22,500.000000	\$10.00	\$225,000
May 09, 2022	Class F	30,000.000000	\$10.00	\$300,000
Jun 13, 2022	Class F	45,000.000000	\$10.00	\$450,000
Jul 12, 2022	Class F	51,348.900000	\$10.00	\$513,489
Aug 08, 2022	Class F	34,700.844000	\$10.00	\$347,008
Aug 16, 2022	Class F	38,339.808000	\$10.00	\$383,398
Aug 22, 2022	Class F	3,000.000000	\$10.00	\$30,000
Sep 12, 2022	Class F	6,557.319000	\$10.00	\$65,573
Sep 21, 2022	Class F	2,500.000000	\$10.00	\$25,000
Oct 24, 2022	Class F	9,279.991000	\$10.00	\$92,800
Dec 12, 2022	Class F	1,000.000000	\$10.00	\$10,000
Jan 09, 2023	Class F	1,000.000000	\$10.00	\$10,000

Notes:

- (1) For the 12 months prior to the date hereof, the Trust issued 95,095.751830 Class A Trust Units, 989.216009 Class B Trust Units, 205.228462 Class C Trust Units and 14,161.873852 Class F Units pursuant to the DRIP. Trust Unitholders enrolled in the DRIP program receive additional bonus Trust Units in an amount equal in value to 2% of the distributions reinvested.

TERMS OF TRUST UNITS

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

Voting Rights

Holders of Trust Units may attend and vote at all meetings of the Trust Unitholders where all classes of Trust Units are entitled to vote and each Trust Unit shall entitle the holder thereof to one vote at such meeting. Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of all classes of Trust Units. Holders of a class of Trust Units may attend and vote at all meetings of that class of Trust Unitholders and each Trust Unit shall entitle the holder thereof to one vote at such meeting. Holders of Special Voting Units will not have any rights to be notified of, attend or participate in meetings of a class of Trust Units.

Redemption of Trust Units

Each Trust Unitholder is entitled to require the Trust to redeem at any time or from time to time at the demand of the Trust Unitholder all or any part of the Trust Units registered in the name of the Trust Unitholder at the prices determined and payable in accordance with the conditions set out in the Declaration of Trust. See “*Material Agreements – Declaration of Trust – Redemption of Trust Units*” and “*Class Fee and Redemption Features*”.

Distribution Policy

The Declaration of Trust provides that the Trust may distribute to the Trust Unitholders on or about each Distribution Date such percentage of the Trust Distributable Income (other than capital gains, the tax on which may be recoverable by the Trust) for the Distribution Period then ended as the Trustees determine in their discretion.

In addition to the foregoing, the total amount of Trust Income and Net Realized Capital Gains due and payable by the Trust on or before December 31 of any calendar year or the end of any other taxation year calculated in accordance with the provisions of the Tax Act, shall not be less than the amount necessary to ensure that the Trust will not be liable to pay non-refundable income tax under Part I of the Tax Act for such year (determined without reference to any bonus distributions in the year automatically reinvested in Trust Units in accordance with the DRIP).

See “*Material Agreements – Declaration of Trust – Distribution Policy*”.

SUBSCRIPTION PROCEDURE

Subscribers wishing to subscribe for Trust Units will be required to enter into a subscription agreement (the “**Subscription Agreement**”) with the Trust which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Trust Units, that it is purchasing the Trust Units as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Trust Units and that the Trust is relying on an exemption from the requirements to provide the Subscriber with a prospectus and as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

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

The minimum subscription amount is \$5,000 per Subscriber, provided that the Trust may, in its sole discretion, accept subscriptions in lesser amounts at the discretion of the Trustees.

In order to subscribe for Trust Units, a purchaser must complete, execute and deliver the following documentation to the Equiton Agent, at Equiton Capital Inc., 1111 International Boulevard, Suite 600, Burlington, Ontario L7L 6W1:

- (a) one (1) signed copy of the Subscription Agreement (including all applicable schedules thereto) accompanying this Offering Memorandum;
- (b) a certified cheque, bank draft or direct deposit in an amount equal to the aggregate subscription price, payable to: "**Equiton Real Estate Income and Development Fund Trust**" or as otherwise directed by the Trust; and
- (c) any other documents deemed necessary by the Trust or the Equiton Agent to comply with applicable Canadian securities laws.

Subject to applicable securities laws and the Subscriber's two-day cancellation right, a subscription for Trust Units, evidenced by a duly completed Subscription Agreement delivered to the Trust shall be irrevocable by the Subscriber. See "*Subscriber's Rights of Action*".

Subscribers will not receive physical certificates representing the Trust Units. Unless expressly requested by a Subscriber and approved by the Trust at its sole discretion, the registration of interests in Trust Units takes place electronically through a book-based system. A purchaser of Trust Units (subject to certain exceptions) receives only a customer confirmation from the account service through which the Trust Units are purchased.

You should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of you and the Trust. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. You should consult with your own professional advisors. See "*Risk Factors*".

The consideration tendered by each Subscriber will be held in trust for a period of two days during which period the Subscriber may request a return of the tendered consideration by delivering a notice to the Trust not later than midnight on the second Business Day after the subscriber signs the Subscription Agreement.

Subscriptions for Trust Units are received, subject to rejection and allotment, in whole or in part, and subject to the right of the Trust and the Equiton Agent to close the subscription books at any time, without notice. The Trust has the right, in its sole discretion, to refuse to accept a subscription. If a subscription for Trust Units is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

Closings of the Offering may take place periodically, as agreed upon by the Trust and the Equiton Agent.

PURCHASE OPTIONS

Class A Trust Units

The Trust has three different purchase options for Subscribers to purchase Class A Trust Units: (i) Deferred Sales Charge; (ii) low load; and (iii) trailer fee.

Option 1 – Deferred Sales Charge Option

The Equiton Agent or sub-agent will receive an upfront commission of 8% of the subscription price. If the Subscriber redeems its Class A Trust Units prior to the fifth anniversary of their purchase, the following Deferred Sales Charge will be applied to the calculation of the Redemption Amount:

If Redeemed in 1st Year – 9.0%

If Redeemed in 2nd Year – 8.5%

If Redeemed in 3rd Year – 7.0%

If Redeemed in 4th Year – 6.0%

If Redeemed in 5th Year – 5.0%

Afterwards 0.0%

Option 2 – Low Load Option

The Equiton Agent or sub-agent will receive an upfront commission of 4% and an ongoing trailer of 0.75% per annum, starting in year one for as long as the Subscriber remains a holder of such Class A Trust Units. If the Subscriber redeems its Class A Trust Units prior to the third anniversary of their subscription, the following Early Redemption Fee will be applied to the calculation of the Redemption Amount:

If Redeemed in first 18 months – 5.0%

If Redeemed in second 18 Months – 4.0%

Option 3 – Front Load Option

The Equiton Agent or sub-agent will negotiate a commission (if any) which the Subscriber shall pay directly and the Equiton Agent or sub-agent will receive an ongoing trailer of 1% per annum starting in year one for as long as the Subscriber remains a holder of such Class A Trust Units. If the Subscriber redeems its Class A Trust Units within the first 6 months from the date of subscription, an Early Redemption Fee of 4.0% will be applied to the calculation of the Redemption Amount.

Class B Trust Units

Subscribers may subscribe for Class B Trust Units through the Equiton Agent or through a registered dealer acting as a sub-agent. The Equiton Agent or sub-agent receives an upfront commission of 4% of the subscription price and an ongoing trailing commission of 0.25% per annum for as long as the Subscriber remains a holder of such Class B Trust Units. Subscribers purchasing Class B Trust Units must hold upon Closing, unless waived by the Trust, Class B Trust Units with an aggregate initial purchase cost not less than an amount determined by the Trust (the “**Class B Minimum Investment Amount**”). The Class B Minimum Investment Amount may be changed by the Trust from time to time. If the Subscriber redeems its Class B Trust Units prior to the third anniversary of their subscription, the following Early Redemption Fee will be applied to the calculation of the Redemption Amount:

If Redeemed in 1st 18 months – 4.5%

If Redeemed in 2nd 18 months – 4.0%

Class C Trust Units

Subscribers may subscribe for Class C Trust Units through the Equiton Agent or through a registered dealer acting as a sub-agent. The Equiton Agent or sub-agent receives an upfront commission of 1.0% of the subscription price. Subscribers purchasing Class C Trust Units must hold upon Closing, unless waived by the Trust, Class C Trust Units with an aggregate initial purchase cost not less than an amount determined by the Trust (the “**Class C Minimum Investment Amount**”). The Class C Minimum Investment Amount may be changed by the Trust from time to time. If the Subscriber redeems its Class B Trust Units prior to the third anniversary of their subscription, the following Early Redemption Fee will be applied to the calculation of the Redemption Amount:

If Redeemed in 1st 12 months – 4.0%

If Redeemed in 2nd 12 months – 3.0%

Class F Trust Units

Fee Based Accounts Option

Class F Trust Units may only be subscribed for by Fee Based Accounts where the Subscriber pays an annual fee to a dealer pursuant to a fee based program. No commission and no trailers are paid on Class F Trust Units. If the Subscriber redeems its Class F Trust Units in the first 6 months from the date of subscription, an Early Redemption Fee of 4.0% will be applied to the calculation of the Redemption Amount.

Investment advisors and/or Subscribers that purchase or purchased Class F Trust Units in an aggregate amount equal to \$5,000,000 or such other amount as may be determined by the Trustees, will have the option, subject to the consent of the Trustees, to re-designate such Class F Trust Units as Class I Trust Units at a ratio of one Class F Trust Unit to one Class I Trust Unit

Class I Trust Units

Class I Trust Units are designed for institutional investors. The fees payable on Class I Trust Units are determined based on negotiation and agreement between a Subscriber and the Trust.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary has been provided by Blake, Cassels & Graydon LLP, counsel to the Trust, and describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Trust Units acquired under the Offering by a Trust Unitholder who, at all relevant times, for purposes of the Tax Act is (or is deemed to be) resident in Canada, deals at arm's length with the Trust and its affiliates, is not affiliated with the Trust or any of its affiliates, and who holds the Trust Units as capital property. Generally, Trust Units will be considered to be capital property to a Trust Unitholder provided that the Trust Unitholder does not hold the Trust Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Trust Unitholders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to make the irrevocable election under subsection 39(4) of the Tax Act to have their Trust Units, and every other "Canadian security" (as defined in the Tax Act) owned in the taxation year of the election and each subsequent taxation year, deemed to be capital property. Such Trust Unitholders should consult their own tax advisors regarding whether such election is available and advisable in their particular circumstances.

This summary is not applicable to a Trust Unitholder: (i) that is a "financial institution" for purposes of the "mark-to-market" rules in the Tax Act, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which is a "tax shelter investment" as defined in the Tax Act, (iv) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) in respect of Trust Units, (v) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars, or (vi) that holds or will hold more than one class of Trust Units at any particular time. Any such Trust Unitholder should consult its own tax advisor to determine the tax consequences of the acquisition, holding and disposition of Trust Units acquired pursuant to the Offering. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Trust Units under the Offering.

This summary is based upon the facts set out in this Offering Memorandum, certain representations as to factual matters made in a certificate signed by an officer of the Trust and provided to counsel (the "**Officer's Certificate**"), the provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force at the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") which have been made publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurances can be given that the Tax Proposals will be enacted in their current form, or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Offering Memorandum.

Modification or amendment of the Tax Act, the Regulations or the Tax Proposals could significantly alter the tax status of the Trust or the tax consequences of investing in Trust Units.

This summary does not discuss any specific tax considerations associated with the Trust's proposed investment in properties in the U.S., including the availability of foreign tax credits or foreign tax deductions to offset any U.S. taxes which may be payable by the Trust, its Subsidiaries or Trust Unitholders in respect of such investments. Such considerations will depend on a number of factors, including the specific structure through which the Trust invests in U.S. properties, which have not been determined as of the date of this Offering Memorandum. See "*Risk Factors – Tax Related Risks*".

This summary describes the principal Canadian federal income tax considerations generally applicable to an acquisition of Trust Units pursuant to the Offering and to the holding or disposition of Trust Units by a holder described herein. However, the income and other tax consequences of acquiring, holding or disposing of Trust Units will vary depending on the Trust Unitholder's particular circumstances, including the province or territory or provinces or territories in which the Trust Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective holder of Trust Units. Investors should consult their own tax advisors with respect to the tax consequences of the Offering and the acquisition, holding or disposition of Trust Units based on their particular circumstances.

Status of the Trust

Qualification as a Mutual Fund Trust

This summary is based on the assumption that the Trust qualifies and will continue to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. To qualify as a mutual fund trust, the Trust, among other things, must be a "unit trust" as defined in the Tax Act, must not be established or maintained primarily for the benefit of non-residents of Canada, and must restrict its undertaking to: (i) 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), (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Trust, or (iii) any combination of the activities described in (i) and (ii), and must have at least 150 Trust Unitholders each holding not less than 100 Trust Units of a particular class which are qualified for distribution to the public and which have an aggregate fair market value of not less than \$500 (the "**minimum distribution requirements**"). In this connection, an officer of the Trust has advised counsel that (i) the Trustees intend to cause the Trust to qualify as a mutual fund trust throughout the life of the Trust, (ii) the Trust's undertaking conforms and will continue to conform with the restrictions for mutual fund trusts, and (iii) there is no reason to believe that the Trust will not comply with the minimum distribution requirements at all relevant times.

In the event that the Trust were not to qualify as a mutual fund trust at any particular time, the Canadian federal income tax considerations described herein would, in some respects, be materially and adversely different.

The SIFT Rules

This summary is based on the assumption that the Trust will not be subject to the tax applicable to SIFT trusts as defined in the rules applicable to SIFT trusts and SIFT partnerships, each as defined in the Tax Act (the “**SIFT Rules**”) and that the Partnership and any other Subsidiary in which the Trust has a direct or indirect interest will also not be subject to the SIFT Rules.

The SIFT Rules effectively tax certain income of a publicly-traded or listed trust that is distributed to its investors and certain income of a publicly-traded or listed partnership on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders. These rules apply only to “SIFT trusts”, “SIFT partnerships” and their investors.

The SIFT Rules apply to a trust or partnership the interests in which are listed or traded on a stock exchange or other public market (as defined for purposes of the SIFT Rules) if the trust or partnership holds one or more “non-portfolio properties” unless, in the case of a trust, such trust qualifies as a “real estate investment trust” for purposes of the Tax Act. Non-portfolio properties generally include certain investments in real properties situated in Canada, in corporations and trusts resident in Canada, and in partnerships with specified connections to Canada. The Trust does not expect the Trust Units or any interest in the Trust, the Partnership or any other Subsidiary to be listed or traded on a stock exchange or other public market for purposes of the SIFT Rules. However, if investments in the Trust, the Partnership or any other Subsidiary were to become publicly listed or traded, there can be no assurance that the Trust, the Partnership or such other Subsidiary would not be subject to the SIFT Rules, in which case certain income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the Trust

The taxation year of the Trust is generally the calendar year. In each taxation year the Trust will generally be subject to tax under Part I of the Tax Act on its income for the year, including the taxable portion of its Net Realized Capital Gains for that year and its allocated share of income from each source of the Partnership for the Partnership’s fiscal periods ending in or coinciding with such taxation year, less the portion thereof that the Trust deducts in respect of the amounts paid or payable, or deemed to be paid or payable, in the year to Trust Unitholders. An amount will be considered to be payable to a Trust Unitholder in a taxation year if the Trust Unitholder is entitled in that year to enforce payment of the amount.

The Trust will generally not be subject to tax on any amounts received as distributions from the Partnership. Generally, distributions to the Trust from the Partnership will result in a reduction of the adjusted cost base of the Trust’s units of the Partnership by the amount of such distribution. Income allocated to the Trust from the Partnership for a fiscal period of the Partnership will generally increase the adjusted cost base of the Trust’s units of the Partnership, and losses allocated to the Trust from the Partnership which are not limited by the application of the “at-risk” rules in the Tax Act will generally reduce the adjusted cost base of the Trust’s units of the Partnership, at the beginning of the immediately following fiscal period. If, as a result of a distribution to the Trust, the adjusted cost base of the Trust’s units of the Partnership at the end of the fiscal period of the Partnership would otherwise be a negative amount, the Trust will be deemed to realize a capital gain in such amount for its taxation year in which such fiscal period ends and the adjusted cost base of the Trust’s units of the Partnership would be increased to nil.

In computing its income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income to the extent they are not capital in nature. The Trust may also deduct from its income for a year a portion of any reasonable expenses incurred by the Trust in the course of issuing Trust Units. The portion of the issue expenses deductible by the Trust in a taxation year is 20% of the total issue expenses, pro-rated where the Trust's taxation year is less than 365 days. Any losses incurred by the Trust (including losses allocated to the Trust by the Partnership and capable of being deducted by the Trust) may not be allocated to Trust Unitholders, but may generally be carried forward and deducted in computing the taxable income of the Trust in future years in accordance with the detailed rules and limitations in the Tax Act.

The Minister of Finance (Canada) has released Tax Proposals (the "**EIFEL Proposals**") that are intended, where applicable, to limit the deductibility of interest and financing expenses in certain circumstances, including the computation of income or loss by a trust for purposes of the Tax Act. If the EIFEL Proposals are enacted as proposed and apply to the Trust, effective for taxation years beginning on or after October 1, 2023, the amount of interest and financing expenses otherwise deductible by the Trust may be reduced and the taxable component of distributions by the Trust to Trust Unitholders may be increased accordingly. Based on the current provisions of the EIFEL Proposals, an officer of the Trust has advised counsel that the Trust does not expect the EIFEL Proposals to have an adverse impact on the Trust or its Trust Unitholders, but there can be no assurances in this regard.

The Declaration of Trust generally provides that the amount necessary to ensure that the Trust will not be liable to pay any non-refundable income tax under Part I of the Tax Act for any year (determined without reference to any bonus distributions in the year automatically reinvested in Trust Units in accordance with the DRIP) shall be declared by the Trustees as a distribution, and shall be due and payable, on the earlier of the last Distribution Date in respect of the year, December 31 of such year, or the end of such other taxation year of the Trust, to persons who are Trust Unitholders on that date. An officer of the Trust has advised counsel that the Trust intends to deduct for purposes of the Tax Act such amount as is paid or payable by way of cash or Trust Units to Trust Unitholders (other than bonus distributions paid under the DRIP) for each taxation year. Consequently, provided this is done, the Trust will generally not be subject to non-refundable income tax under Part I of the Tax Act in any year.

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 the taxable portion of its Net Realized Capital Gains by an amount determined under the Tax Act based on the redemption of Trust 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 redemption of Trust Units. The Declaration of Trust provides that all or a portion of any income or capital gains realized by the Trust as a result of such redemptions may, at the discretion of the Trustees, be treated as income paid or payable to the redeeming Trust Unitholder and, subject to the ATR Rule discussed below, will be deductible by the Trust in computing its income. Such income or the taxable portion of any capital gain so designated must be included in the income of a redeeming Trust Unitholder (as income or taxable capital gains). The Tax Act includes a specific anti-avoidance rule (referred to herein as the "**ATR Rule**") pursuant to which the Trust generally will not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming Trust Unitholders in respect of (i) taxable capital gains to the extent that the amount so allocated is greater than the taxable capital gain that would otherwise have been realized by

the redeeming Trust Unitholder on the redemption (as determined by the trustees of the Trust using reasonable efforts to obtain the information required to determine the Trust Unitholders' cost amount of their Trust Units) or (ii) income of the Trust (other than taxable capital gains). As a result, the taxable component of distributions by the Trust to non-redeeming Trust Unitholders may be adversely affected. The Trustees intend, to the extent possible, to administer the redemption of Trust Units in such a manner that no deduction by the Trust should be denied under the ATR Rule.

Taxation of the Trust's Subsidiary Partnerships

Each member of the Partnership, or other Subsidiary that is a partnership (including the Trust as a member of the Partnership) will be required to include (or will be entitled to deduct) in computing its income, its share of the income (or loss) from each source of such partnership for such partnership's fiscal period ending in, or coinciding with, the member's taxation year or fiscal period, as applicable, whether or not any such income is actually distributed to the member in the year. For this purpose, the income or loss of a partnership from each source will be computed for each fiscal period as if such partnership were a separate person resident in Canada.

In computing the income or loss of the Partnership or other Subsidiary that is a partnership, deductions may generally be claimed in respect of its administrative and other expenses incurred for the purpose of earning income from business or property to the extent they are not capital in nature and do not exceed a reasonable amount, reasonable interest in respect of debt of such partnership (subject to the following paragraph) and available capital cost allowances.

The EIFEL Proposals are intended, where applicable, to limit the deductibility of interest and financing expenses in certain circumstances, including with respect to such expenses of a partnership that are allocated to a partner that is a corporation or trust. If the EIFEL Proposals are enacted as proposed and apply to the Trust and its Subsidiaries (including the Partnership or other Subsidiary that is a partnership), effective for taxation years beginning on or after October 1, 2023, the Trust may be required to include an amount in computing its income in respect of its allocated share of interest and financing expenses deducted by the Partnership (or such other Subsidiary partnership), and the taxable component of distributions by the Trust to Trust Unitholders may be increased accordingly.

The income or loss of the Partnership or other Subsidiary that is a partnership from each source for a fiscal period will be allocated to the members of such partnership (including the Trust as a member of the Partnership) on the basis of their respective share of such income or loss as provided in the applicable partnership agreement, subject to the detailed rules in the Tax Act. Generally, distributions to a partner in excess of the partner's share of the income of a partnership for a fiscal period will result in a reduction of the adjusted cost base of the partner's units in the partnership by the amount of such excess. In certain circumstances, distributions to a partner that would otherwise cause the adjusted cost base of the partner's units to be negative may give rise to a deemed capital gain, as described in more detail above under "*Taxation of the Trust*".

If the Partnership (or any Subsidiary that is a partnership) were to incur losses for purposes of the Tax Act, the Trust's ability to deduct such losses may be limited by the "at risk" rules in the Tax Act.

Taxation of Trust Unitholders

Distributions

Subject to the application of the SIFT Rules discussed above, a Trust Unitholder will generally be required to include in income for a particular taxation year the portion of the Trust Income and the taxable portion of Net Realized Capital Gains of the Trust for the taxation year ending in or coinciding with the particular taxation year of the Trust Unitholder, that is paid or payable, or deemed to be paid or payable, to the Trust Unitholder in the particular taxation year, whether such portion is received in cash, additional Trust Units or otherwise. Any loss of the Trust for purposes of the Tax Act cannot be allocated by the Trust to, or be treated as a loss of, the Trust Unitholders.

The non-taxable portion of any Net Realized Capital Gains of the Trust, the taxable portion of which is designated by the Trust in respect of the Trust Unitholder, that is paid or payable, or deemed to be paid or payable, to a Trust Unitholder in a taxation year will not be included in computing the Trust Unitholder's income for the year. Any other amount in excess of the Trust Income and Net Realized Capital Gains of the Trust that is paid or payable, or deemed to be paid or payable, by the Trust to a Trust Unitholder in a taxation year, including any bonus distribution reinvested in Trust Units under the DRIP, generally will not be included in the Trust Unitholder's income for the year. A Trust Unitholder will be required to reduce the adjusted cost base of its Trust Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Trust Units and the non-taxable portion of Net Realized Capital Gains of the Trust for the year, the taxable portion of which was designated by the Trust in respect of the Trust Unitholder) paid or payable to such Trust Unitholder by the Trust that was not included in computing the Trust Unitholder's income. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Trust Unitholder from the disposition of the Trust Unit and will be added to the adjusted cost base of the Trust Unit so that the adjusted cost base will be reset to zero. The composition of distributions paid by the Trust, portions of which may be fully or partially taxable or non-taxable, may change over time, potentially affecting the after-tax return to Trust Unitholders.

Provided that appropriate designations are made by the Trust, the taxable portion of the Net Realized Capital Gains of the Trust, any taxable dividends received or deemed to be received by the Trust on shares of taxable Canadian corporations and any foreign source income of the Trust as is paid or becomes payable to a Trust Unitholder will effectively retain its character and be treated as such in the hands of the Trust Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and credit applicable to dividends designated as "eligible dividends", and the refundable tax under Part IV of the Tax Act may be payable by Trust Unitholders that are "private corporations" (as defined in the Tax Act) and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals. To the extent that any amounts are designated as foreign source income, the corresponding portion of the "business income tax" and "non-business income tax" (each as defined in the Tax Act) considered to have been paid by the Trust in respect of such foreign source income will be deemed to have been paid by the Trust Unitholder for purposes of the foreign tax credit provisions of the Tax Act.

Dispositions of Trust Units

On a disposition or deemed disposition of a Trust Unit (including a redemption), a Trust Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Trust Unitholder's "proceeds of disposition" (as defined in the Tax Act) exceed (or are less than) the aggregate of the adjusted cost base of the Trust 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 Trust Unitholder's income (such as any amount designated as payable by the Trust to a redeeming Trust Unitholder out of capital gains or income of the Trust, having regard to the discussion above concerning the ATR Rule).

The adjusted cost base of a Trust Unit to a Trust Unitholder will generally include all amounts paid by the Trust Unitholder for the Trust Unit, subject to certain adjustments, and may be reduced by distributions made by the Trust to a Trust Unitholder as described above. The cost to a Trust Unitholder of Trust Units received in lieu of a cash distribution of income of the Trust will be equal to the amount of such distribution that is satisfied by the issuance of such Trust Units. The cost of Trust Units acquired on the reinvestment of distributions under the DRIP will be the amount of such reinvestment. For the purpose of determining the adjusted cost base of a Trust Unit to a Trust Unitholder, when a Trust Unit is acquired the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the identical Trust Units owned by the Trust Unitholder as capital property immediately before such acquisition. There will generally be no net increase or decrease in the aggregate adjusted cost base of all of a Trust Unitholder's Trust Units as a result of the receipt of any bonus distribution automatically reinvested in Trust Units under the DRIP (except to the extent that such a bonus distribution results in a deemed capital gain as described above); however, the adjusted cost base per Trust Unit of such Trust Unitholder's Trust Units will generally be reduced.

A redemption of Trust Units in consideration for cash or a Redemption Note, as the case may be, will be a disposition of such Trust Units for proceeds of disposition equal to the amount of such cash or the fair market value of such Redemption Note, as the case may be, less any amount designated as payable by the Trust to the redeeming Trust Unitholder out of capital gains or income of the Trust as described above.

Trust Unitholders exercising the right of redemption will consequently realize a capital gain (or a capital loss) depending upon whether the proceeds of disposition received exceed (or are less than) the adjusted cost base of the Trust Units redeemed and any reasonable costs of disposition. The taxation of capital gains and capital losses is described below under "*Taxation of Capital Gains and Capital Losses*".

A consolidation of Trust Units following a distribution that is paid in Trust Units will not be considered to result in a disposition of Trust Units by Trust Unitholders. The aggregate adjusted cost base to a Trust Unitholder of all of the Trust Unitholder's Trust Units will not change as a result of a consolidation of Trust Units; however, the adjusted cost base per Trust Unit will increase.

Where a Trust Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Trust Unit, the Trust Unitholder's capital loss from the disposition generally will be reduced by the amount of any dividends received by the Trust and previously designated by the Trust to the Trust Unitholder, to the extent and under the circumstances prescribed in the Tax Act.

Analogous rules apply where a corporation or trust is a member of a partnership that disposes of Trust Units.

Re-designation of Trust Units

Trust Unitholders should consult their own tax advisors regarding the consequences of the re-designation of Class A Trust Units into Class B Trust Units or Class C Trust Units, Class B Trust Units into Class C Trust Units and Class F Trust Units into Class I Trust Units, including whether or not such a re-designation will constitute a taxable disposition of the applicable Trust Units for purposes of the Tax Act.

Alternative Minimum Tax

In general terms, net income of the Trust paid or payable, or deemed to be paid or payable, to a Trust Unitholder who is an individual or trust (other than certain types of trusts specified in the Tax Act), that is designated as taxable dividends or net taxable capital gains, and capital gains realized on the disposition of Trust Units by such a Trust Unitholder, may increase the Trust Unitholder's liability for alternative minimum tax under the Tax Act.

Refundable Tax

A Trust Unitholder that is throughout a taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) in respect of its "aggregate investment income" (as defined in the Tax Act) for the year, which is generally defined to include interest, all or substantially all of the income and taxable capital gains paid or payable, or deemed to be paid or payable, to the Trust Unitholder by the Trust, and taxable capital gains realized on the disposition of Trust Units by such a Trust Unitholder. Pursuant to certain Tax Proposals, such refundable tax may generally also apply to a Trust Unitholder that is a "substantive CCPC" (for purposes of the Tax Act and as defined in the Tax Proposals) at any time in a taxation year. Trust Unitholders are advised to consult their personal tax advisors.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units and the taxable portion of any Net Realized Capital Gains designated by the Trust in respect of a Trust Unitholder will be included in income as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units must generally be deducted from taxable capital gains realized by the Trust Unitholder in the year of disposition. Allowable capital losses realized in excess of taxable capital gains in a particular taxation year may generally be deducted against taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

Eligibility for Investment

Provided that the Trust qualifies as a "mutual fund trust" under the Tax Act, the Trust Units will be qualified investments for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered disability savings plans ("RDSPs"), deferred profit sharing plans, registered education savings plans ("RESPs"), tax-free savings

accounts (“**TFSA**s”) and first home savings accounts (“**FHSA**s”), each as defined in the Tax Act (each a “**Registered Plan**”).

Notwithstanding the foregoing, the holder of a TFSA, RDSP or FHSA, the annuitant of an RRSP or RRIF or the subscriber of an RESP, will be subject to a penalty tax if the Trust Units held in such TFSA, RDSP, FHSA, RRSP, RRIF or RESP are a “prohibited investment” as defined in the Tax Act for such Registered Plan. The Trust Units generally will not be a “prohibited investment” for trusts governed by such a Registered Plan provided that the holder of the TFSA, RDSP or FHSA, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) deals at arm’s length with the Trust for the purposes of the Tax Act and (ii) does not have a “significant interest”, as defined in the Tax Act, in the Trust. In addition, the Trust Units will generally not be a “prohibited investment” for a trust governed by a TFSA, RDSP, FHSA, RRSP, RRIF or RESP if the Trust Units are “excluded property” (as defined for purposes of the prohibited investment rules in the Tax Act) for such trust. Holders of a TFSA, RDSP or FHSA, annuitants of an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors as to whether the Trust Units will be a “prohibited investment” in their particular circumstances.

A Redemption Note will not be a qualified investment for Registered Plans, and the receipt of such property on the redemption of a Trust Unit may give rise to adverse consequences to such Registered Plan or the holder, annuitant, subscriber or beneficiary in respect of that Registered Plan. Accordingly, holders, annuitants and subscribers of Registered Plans that own Trust Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Trust Units.

INFORMATION EXCHANGE OBLIGATIONS

The Tax Act includes provisions which implement the OECD Common Reporting Standard (the “**CRS Provisions**”) and the Canada-United States Enhanced Tax Information Exchange Agreement (together with the CRS Provisions, the “**Tax Information Exchange Legislation**”). Pursuant to the Tax Information Exchange Legislation, certain “Canadian financial institutions” (as defined in the Tax Information Exchange Legislation) are required to have procedures in place, in general terms, to identify accounts held by residents of foreign countries or by certain entities organized in, or the “controlling persons” of which are resident in, a foreign country (or, in the case of the United States, of which the holder or any such controlling person is a citizen) and to report required information to the CRA. Such information will be exchanged by the CRA on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is resident (or of which such holder or person is a citizen, where applicable), where such countries have agreed to a bilateral information exchange with Canada to which the Tax Information Exchange Legislation applies. Under the Tax Information Exchange Legislation, Trust Unitholders may be required to provide certain information regarding their tax status for the purpose of such information exchange, unless the investment is held within a Registered Plan (other than an FHSA). As currently drafted, the Tax Act does not address whether FHSA would be treated in the same way as other Registered Plans for these purposes; however, the Department of Finance indicated in a “comfort letter” provided to the Investment Funds Institute of Canada in January 2023 that it is prepared to recommend that the Tax Act be amended to exempt FHSA from the CRS Provisions, although no assurances can be given that this recommendation will be accepted.

COMPENSATION PAID TO SELLERS AND FINDERS

Pursuant to the Agency Agreement, to assist with effecting sales of Trust Units, the Trust has retained the Equiton Agent to act as selling agent of the Trust Units and the Equiton Agent may retain sub-agents and the Trust may, from time to time, retain other Selling Agents in addition to the Equiton Agent. For details of the compensation paid to sellers and finders, including to the Equiton Agent, see “*Purchase Options*”. In addition to the sales commissions described in “*Purchase Options*”, the Trust shall:

- (a) pay to the Equiton Agent and the other Selling Agents wholesale costs of 1.25% of the gross proceeds of the Offering;
- (b) pay to the Equiton Agent and the other Selling Agents a dealer fee of 1.5% of the gross proceeds of the Offering;
- (c) pay to the Equiton Agent or any lead agent appointed by the Equiton Agent a lead agent fee up to 1.0% of the gross proceeds of the Offering; and
- (d) pay to the Equiton Agent and the other Selling Agents the costs and expenses incurred by the Equiton Agent and the selling agents in connection with the Offering.

The Trust has agreed, subject to certain exceptions, to indemnify the Equiton Agent and any other lead agent and may indemnify the other Selling Agents and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments the lead agents may be required to make in respect thereof.

RELATIONSHIP BETWEEN THE TRUST, THE EQUITON AGENT, AND OTHER RELATED PARTIES

The Equiton Agent, Equiton Partners, the General Partner, the Commercial General Partner, the Financial General Partner and the Development General Partner are all Affiliates of each other, as they are each controlled by Jason Roque and each entity is a Related Party to the Trust. These entities may have significant influence over the Partnership, the Commercial Partnership, the Financial Partnership, the Development Partnership and therefore, the financial results of the Trust. You should review this section carefully. See “*Risk Factors – Significant Influence by Jason Roque, Equiton Partners and other Related Parties – Potential Conflicts of Interest*”.

Furthermore, the Trust or its Subsidiaries may engage Related Parties to perform various services for the Trust and its Subsidiaries which may result in additional fees, including but not limited to property management fees, project management fees, construction management fees, lending and financing fees, acquisition fees, disposition fees and guarantee fees. The Trust expects that agreements entered into with such Related Parties will be subject to market terms and fees. See “*Risk Factors – Significant Influence by Jason Roque, Equiton Partners and other Related Parties – Potential Conflicts of Interest*.”

The Equiton Agent

Jason Roque, a Trustee and Chief Executive Officer of the Trust, indirectly, through wholly owned Subsidiaries, controls the Equiton Agent and is a director and President of the Equiton Agent. In addition, Helen Hurlbut, a Trustee and Chief Financial Officer of the Trust, is Chief Financial Officer of the Equiton Agent. As a result, the Equiton Agent is a Related Party to the Trust.

In addition, the Equiton Agent acts exclusively for certain companies that are either directly or indirectly controlled and/or beneficially owned by Jason Roque, or which hold securities in companies that are either directly or indirectly controlled and/or beneficially owned by Jason Roque.

In light of the foregoing, the Trust is a “connected issuer” and “related issuer” of the Equiton Agent under Canadian securities law. The decision to distribute the Trust Units and the determination of the terms of the distribution were not negotiated at arm’s length between the Equiton Agent and the Trust. The determination by the Trust to proceed with the Offering was not made at the request or suggestion of the Equiton Agent. The Equiton Agent will not receive any benefit in connection with the Offering other than the fees payable by the Trust to the Equiton Agent described above under “*Compensation Paid to Sellers and Finders*”. The proceeds of the Offering will not be applied for the benefit of the Equiton Agent. However, the proceeds of the Offering will be used by the Trust to invest in the Partnership, the General Partner of which is an Affiliate of the Equiton Agent, and Equiton Partners, an Affiliate of the Equiton Agent, will receive an Asset Management Fee from the Partnership for its engagement as manager of the Partnership.

Equiton Partners

Equiton Partners, manager of the Partnership, the Commercial Partnership, the Financial Limited Partnership and the Development Partnership, is a Related Party to the Trust because Jason Roque and Helen Hurlbut, both Trustees of the Trust, are the President and Chief Financial Officer, respectively, of Equiton Partners and Jason is the sole director of Equiton Partners. Also, Mr. Roque indirectly, through wholly owned subsidiaries, controls Equiton Partners. In addition, pursuant to the Declaration of Trust, Equiton Partners is entitled to appoint all of the Trustees.

The General Partner

The General Partner is indirectly, through wholly owned subsidiaries, owned and controlled by Jason Roque, who is also a director and President of the General Partner. Helen Hurlbut is Chief Financial Officer of the General Partner.

The Commercial General Partner

The Commercial General Partner is indirectly, through wholly owned subsidiaries, owned and controlled by Jason Roque, who is also a director and President of the Commercial General Partner. Helen Hurlbut is Chief Financial Officer of the Commercial General Partner.

The Financial General Partner

The Financial General Partner is indirectly, through wholly owned subsidiaries, owned and controlled by Jason Roque, who is also a director and President of the Financial General Partner. Helen Hurlbut is Chief Financial Officer of the Financial General Partner.

The Development General Partner

The Development General Partner is indirectly, through wholly-owned subsidiaries, owned and controlled by Jason Roque, who is also a director and President of the Development General Partner. Helen Hurlbut is Chief Financial Officer of the Development General Partner.

As a result of the relationships noted above, the Equiton Agent, Equiton Partners, the General Partner, the Commercial General Partner, the Financial General Partner and the Development General Partner are Related Parties of the Trust. Jason Roque may have a significant influence over each of these entities and each of the entities may have a significant influence over the Partnership and the Trust.

RISK FACTORS

There are certain risk factors inherent in an investment in the Trust Units. All or substantially all of the Trust's assets will consist of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. Therefore, the risks of the Trust will include the risks of the Partnership and its investees. Subscribers should carefully consider the following risks of the Trust, Trust Units and the Partnership before subscribing for the Trust Units.

Public Health Crises

Public health crises relating to any virus, flu, epidemic, pandemic or any other similar disease or illness (each a "Health Crisis") could materially adversely impact the Trust's ability to pay distributions to unitholders, the Trust's business and its tenants' income, and thereby the ability of tenants to meet their rent obligations, by disrupting businesses, interrupting capital markets, resulting in government regulations adverse to the Trust's business and otherwise negatively impacting local, national and global economies. A Health Crisis could further result in a general or acute decline in economic activity in the regions in which the Trust holds assets, increased unemployment, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the Trust's properties. Contagion in a property or market in which the Trust operates could negatively impact its occupancy, reputation or attractiveness. All of these occurrences may have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Trust Units.

Investment Risk

This is a Blind Pool Offering

This is a partly "blind pool" offering. The Trust currently holds limited investments and has not entered into any binding agreements related to investments it will make post-closing; therefore you will not be able to evaluate future investments before purchasing Trust Units. Although the Trust expects that the available net proceeds of the Offering will be applied to carry out its investment strategies in accordance with its operating policies, Equiton Partners has not identified any investment opportunities for potential investment by the Partnership with the net proceeds of the Offering.

As this is a "blind pool" offering, not all of the net proceeds from the Offering will be deployed immediately by the Trust. Accordingly, the net proceeds from the Offering are not expected to

have an immediate impact on Trust Distribution Income and until such funds are deployed by the Trust, the total returns per Trust Unit can be expected to be less than the Trust's targeted annual total returns.

Availability of Distributable Income

There are many factors that will affect the quantum and timing of distributions from the Partnership and the Trust, including working capital requirements of the portfolio of properties, any restrictive covenants in third-party debt financing and the impact of health crises such as the COVID-19 Pandemic. Subscribers should consider the risk factors set forth herein which can affect the stability of distributions and recovery of a Subscriber's initial investment.

Partnership Distributable Cash Flow is calculated before deducting items such as principal repayments, capital expenditures and payments on the redemption of Redeemable LP Units and, accordingly, may exceed actual cash available to the Partnership from time to time. The Partnership may be required to use part of its debt capacity or raise additional equity in order to accommodate such items, and there can be no assurance that funds from such sources will be available on favourable terms or at all. In such circumstances, distributions may be reduced, which may therefore also have an adverse impact on the distributions of the Trust and the market price of the Trust Units. In addition, the Trust may pay distributions in the form of additional Trust Units or fractions of Trust Units. Accordingly, cash distributions are not guaranteed and cannot be assured. See "*Material Agreements – The Declaration of Trust – Distribution Policy*" and "*Material Agreements – The LP Agreement – Distributions*".

Trust Distributable Income is calculated in accordance with the Declaration of Trust. Distributable income is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Trust Distributable Income is used because management of the Trust believes this non-IFRS measure is a relevant measure of the ability of Trust to earn and distribute cash returns to Trust Unitholders. Distributable income as computed by the Trust may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable income as reported by such organizations. Distributable income is calculated by reference to the net income of the Trust, as determined in accordance with IFRS, subject to certain adjustments as set out in the constating documents of the Trust.

Structural Subordination of Trust Units

In the event of a bankruptcy, liquidation or reorganization of the Trust or any of its Subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Trust and those Subsidiaries before any assets are made available for distribution to the Trust Unitholders. The Trust Units will be effectively subordinated to most of the indebtedness and other liabilities of the Trust and its Subsidiaries. See "*Operating Policies*".

Trust Unitholder Liability

The Declaration of Trust provides that no Trust Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Trust Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Trust Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the Trust to be remote in the

circumstances, that a holder of Trust Units could be held personally liable for the obligations of the Trust to the extent that claims are not satisfied out of the Trust Property. It is intended that the affairs of the Trust will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

A holder of a Trust Unit will not hold a share of a body corporate. Trust Unitholders do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of holders of Trust Units are based primarily on the Declaration of Trust. There is no statute governing the affairs of the Trust equivalent to the *OBCA* or the *Business Corporations Act* (Canada) which sets out the rights and entitlements of shareholders of corporations in various circumstances.

Dilution of Investment.

As described in this Offering Memorandum, there are different prices for the Trust Units being offered pursuant to the Offering, depending on the number of Trust Units issued at the time of purchase. Initial investors in the Trust have paid and/or will pay \$9.00 per Trust Unit, while investors who subscribe for Trust Units after 555,555 Trust Units are issued will pay between \$9.10 and \$10.00 per Trust Unit. Those purchasers who subscribe at prices greater than \$9.00 per Trust Unit will have an immediate dilution of their interest in the Trust, as they are paying a higher price per Trust Unit than prior purchasers of Trust Units. This dilutive effect will have a significant impact on the returns of those investors subscribing at a higher price.

Restrictions on Ownership of Trust Units

The Declaration of Trust imposes various restrictions on Trust Unitholders. At no time may more than 49% of the Trust Units (on a number of Trust Units or on a fair market value basis) then outstanding be held by or for the benefit of Persons who are Non-Residents.

Liquidity of Trust Units and Redemption Risk

There is currently no market through which the Trust Units may be sold. **Unless permitted under securities legislation, no Trust Unitholder can trade Trust Units 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 is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore all Trust Units will be subject to an indefinite hold period. Trust Units may only be transferred under limited exemptions under applicable securities laws. Consequently, Trust Unitholders may not be able to sell the Trust Units readily or at all, and they may not be accepted as collateral for a loan. Trust Unitholders should be prepared to hold the Trust Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency.

The Trust Units are redeemable upon demand of the Trust Unitholder. However, these redemption rights are subject to limitations, including a monthly limit of \$50,000 in respect of all Trust Units tendered for redemption. If the redemptions tendered in a calendar month exceed the foregoing limit, then the Trust may satisfy the payment of the Redemption Amount, in part, by the issuance of Redemption Notes, which are promissory notes. Accordingly, in the event that the Trust experiences a large number of redemptions, the Trust may not be able to satisfy all of the redemption requests in cash. Any Redemption Notes which may be received as a result of a

redemption of Trust Units will not be qualified investments for a Registered Plan and may have adverse tax consequences if held by a Registered Plan. See “*Material Agreements – Declaration of Trust – Redemption of Trust Units*”).

Risks Associated with Redemptions

Use of Available Cash

The payment by the Trust of the Redemption Price of Trust Units in cash (as opposed to payment of the Redemption Price through the issuance of Redemption Notes) will reduce the amount of cash available to the Trust for the payment of distributions to Trust 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 Trust Units will be equal to the Redemption Price of a Trust Unit times the number of Trust Units that a Trust Unitholder tenders for redemption, less the costs of implementing the redemption, any applicable Deferred Sales Charge, and any applicable Early Redemption Fee. See “*Purchase Options*”. See “*Redemption of Trust Units*”.

Redemption Price Determination

The amount received on a redemption of Trust Units shall be equal to the Redemption Price and based upon the Market Value of the Trust Units on the day of the Redemption Notice times the number of Trust Units that a Trust Unitholder tenders for redemption, less the costs of implementing the redemption, any applicable Deferred Sales Charge, and any applicable Early Redemption Fee. There is a risk that the estimate of the Market Value of the Trust Units determined by the Trustees may not accurately reflect the true fair market value of the Trust Units and the Trust Unitholders will have no recourse against the Trust or the Trustees in this respect.

Payment of Redemption Notes

In the event that the Trust is unable to pay the amount owing under a Redemption Note on maturity it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the aforesaid, circumstances may arise resulting in the Trust not having funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued.

Redemption Notes will be unsecured

Redemption Notes issued by the Trust will be unsecured debt obligations and may be subordinated to other financing obtained by the Trust.

Priority of Redemption Notes over Trust Units

Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Trust 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 Redemption 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.

Tax Related Risks

There can be no assurance that Canadian federal or provincial income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust or the Trust Unitholders.

It is anticipated that the Trust will qualify at all times as a “mutual fund trust” for purposes of the Tax Act. To qualify as a “mutual fund trust”, the Trust must be a “unit trust” as defined in the Tax Act and must restrict its undertaking to: (i) 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), (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or any immovable (or real right in immovables) that is capital property of the Trust or (iii) any combination of the activities described in (i) and (ii); and must comply with the minimum distribution requirements. The Trust must comply with these requirements on a continuous basis. If the Trust ceases to qualify as a “mutual fund trust” for the purposes of the Tax Act, the income tax consequences described under “Certain Canadian Federal Income Tax Considerations” would in some respects be materially and adversely different. For instance, in such a case, the Trust Units will cease to be qualified investments for Registered Plans at that time. Furthermore, the Trust may become subject to alternative minimum tax under section 127.5 of the Tax Act and to tax under Part XII.2 of the Tax Act. In addition, Trust Unitholders may become subject to provincial taxes, such as Ontario land transfer tax, in respect of their Trust Units.

A trust will be deemed not to be a mutual fund trust if it is established and maintained primarily for the benefit of Non-Residents. The Tax Act does not provide any means of rectifying a loss of mutual fund trust status if such deeming rule were to apply.

Increases in the rate of GST/HST, changes in the interpretation and administration of GST/HST or the application of additional GST/HST to costs or deemed costs presently not considered by the Trust to be subject to GST/HST may result in the Trust or its Subsidiaries being required to pay increased amounts of unrecoverable GST/HST to the extent that such costs are incurred (or deemed to be incurred) in the course of GST/HST exempt activities.

If Trust Units or other investments in the Trust become publicly listed or traded, there can be no assurances that the Trust will not be subject to the SIFT Rules, as described under “Certain Canadian Federal Income Tax Considerations – Status of the Trust – The SIFT Rules”. If this were to occur, the application of the SIFT Rules may reduce the amount of cash available for distribution to Trust Unitholders and may adversely affect the after-tax return to certain investors on their Trust Units.

The Tax Act imposes penalties on Registered Plans or holders, annuitants and subscribers of certain Registered Plans for the acquisition or holding of non-qualified investments. While the Trust Units currently qualify as, and are expected to continue to be, a qualified investment for a trust governed by a TFSA, RDSP, FHSA, RRSP, RRIF or RESP the holder, annuitant or subscriber thereof will be subject to a penalty tax in respect of Trust Units held in a trust governed by such a Registered Plan if such Trust Units are a “prohibited investment” for the purposes of the Tax Act. In addition, Redemption Notes of the Trust received as a result of a redemption of

Trust Units will not be qualified investments for Registered Plans, which may give rise to adverse consequences to a Registered Plan or the holder, annuitant, subscriber or beneficiary thereunder.

Trust 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 Declaration of Trust provides that a sufficient amount of the Trust's Trust Income and Net Realized Capital Gains will be distributed each year to Trust Unitholders or otherwise paid or made payable in order to eliminate the Trust's liability for non-refundable income tax under Part I of the Tax Act. Where such amount of Trust Income and Net Realized Capital Gains of the Trust in a 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.

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

The Trust or its Subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect the Trust and its Trust Unitholders.

If the Trust experiences a "loss restriction event" (as defined in the Tax Act) (i) 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 Trust Unitholders so that the Trust is not liable for non-refundable income tax on such amounts under Part I of the Tax Act), and (ii) 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 Trust 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. Please see "*Certain Canadian Federal Income Tax Considerations - Taxation of Trust Unitholders - Distributions*" for the tax consequences of an unscheduled or other distribution to Trust Unitholders.

The Partnership may invest in properties located outside of Canada, namely in the U.S. Many foreign countries, including the U.S., preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital ("**Tax Treaties**") to impose tax on

income paid or credited to persons who are not resident in such countries. While the Trust intends to make its investments in such a manner as to mitigate the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties to the extent possible, investments in foreign properties may subject the Trust to foreign taxes on income paid or credited to the Trust or any gains realized on the disposition of such properties (including in respect of income and gains arising in the Partnership). Any foreign taxes incurred by the Trust will generally reduce the value of the Trust. If appropriate designations are made by the Trust in respect of foreign source income of the Trust, such foreign source income that can reasonably be considered to be part of the Trust's Trust Income distributed to a Trust Unitholder and a portion of the foreign tax paid by the Trust in respect thereof may be regarded as foreign source income of, and foreign tax paid by, the Trust Unitholder for the purposes of the foreign tax credit provisions of the Tax Act, subject to the detailed rules and limitations therein. A Trust Unitholder's ability to claim a foreign tax credit or deduction in respect of foreign taxes incurred by the Trust may be affected where the Trust Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient foreign source income in the taxation year in which the relevant foreign taxes are paid, or has other foreign source income or losses, has paid other foreign taxes or, in certain circumstances, has not filed a tax return in the applicable foreign jurisdiction where required for the relevant taxation year. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, there is a risk of double taxation. Prospective purchasers of Trust Units should consult their own tax advisors regarding their ability to claim foreign tax credits or foreign tax deductions.

Dilution

The number of Trust Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Trust Units in other circumstances, including pursuant to the Trust's various incentive plans, if any. The number of LP Units the Partnership is authorized to issue is unlimited. The General Partner has the discretion to cause the Partnership to issue additional LP Units in other circumstances. Any issuance of additional Trust Units or LP Units may have a dilutive effect on the holders of Trust Units.

Trust Risk

Limited Track Record

While the management of the Partnership has deep experience in real estate, asset management, and finance, the Partnership is in the early start-up stage and has yet to prove that it can achieve a stable cash flow profile on a sustained basis.

Access to Capital

The real estate industry is highly capital intensive. The Partnership will require access to capital to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the Partnership will have access to sufficient capital or access to capital or obtain mortgage loans on commercially acceptable terms or on terms favourable to the Partnership for future property acquisitions, construction and development activities, financing or refinancing of properties, funding operating expenses or other purposes. Further, there is no assurance or guarantee that any mortgage loans, if obtained, will be renewed when they mature or, if renewed,

renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of properties which the Partnership will be able to purchase will decrease unless further funding is successfully sought and the return from the ownership of properties (and ultimately the return on an investment in Trust Units) will be reduced. Even if the Partnership is successful in obtaining adequate mortgage loans, the Partnership may not be able to generate sufficient funds through the operation of its properties to service the mortgage loans. If a default occurs under any of the mortgage loans, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Partnership's properties.

Further, the Partnership may not be able to borrow funds due to the limitations set forth in the Declaration of Trust. In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. It is possible that financing which the Partnership may require in order to grow and expand its operations may not be available or, if it is available, may not be available on favourable terms to the Partnership. Failure by the Partnership to access required capital could adversely impact the Partnership's financial condition and results of operations and decrease the amount of cash available for distribution. As well, the degree of leverage could affect the Partnership's ability to obtain additional financing in the future.

Dependence on the Partnership

The Trust is an unincorporated open-ended investment trust which will be entirely dependent on the operations and assets of the Partnership and its investees. Cash distributions to Trust Unitholders will be dependent on, among other things, the ability of the Partnership to make cash distributions in respect of the Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. The Partnership is a separate and distinct legal entity from the Trust. The ability of the Partnership to make cash distributions or other payments or advances will depend on the Partnership and its investees' results of operations and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of the Partnership and its investees.

Dependence on Key Personnel

The management of the Trust, the Partnership and its investees depends on the services of certain key personnel. The termination of employment by Equiton Partners of any of these key personnel could have a material adverse effect on the Trust, the Partnership and its investees.

Dependence on Equiton Partners

The Partnership and its investees are dependent upon Equiton Partners for operational and administrative services relating to the Partnership and its investees' business. Should Equiton Partners terminate the Asset Management Agreement, the Commercial Asset Management Agreement or the Financial Asset Management Agreement, the Partnership and its investees may be required to engage the services of another external manager. The Partnership and its investees may be unable to engage an asset manager on acceptable terms, in which case the Partnership and its investees' operations and cash available for distribution may be adversely affected.

Potential Conflicts of Interest

Generally, the Trust may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of the Trust, senior officers of Equiton Partners and the senior officers of the General Partner, Commercial General Partner and Financial General Partner are engaged in a wide range of real estate and other business activities. The Trust may become involved in transactions which conflict with the interests of the foregoing.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities. Conflicts may also exist due to the fact that certain Trustees and officers of the Trust will be affiliated with Equiton Partners.

Specifically, Equiton Partners operates continuing businesses which may lead to conflicts of interest between Equiton Partners and the Partnership, the Commercial Partnership and the Financial Partnership. The Partnership, the Commercial Partnership and the Financial Partnership may not be able to resolve any such conflicts, and, even if they do, the resolution may be less favourable to the Partnership, the Commercial Partnership and the Financial Partnership, as applicable, than if each of them were dealing with a related party. The agreements that each of the Partnership, the Commercial Partnership and the Financial Partnership entered into with Equiton Partners may be amended upon agreement between the parties, subject to Applicable Laws. Because of Equiton Partners' significant influence over each of the Partnership, the Commercial Partnership and the Financial Partnership, each such entity may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the Partnership, the Commercial Partnership and the Financial Partnership as those each of the Partnership, the Commercial Partnership and the Financial Partnership would negotiate with a party that did not have significant influence over each of the Partnership, the Commercial Partnership and the Financial Partnership. Equiton Partners is engaged in a wide range of real estate and other business activities and may be involved in real estate transactions that do not satisfy the Partnership's investment criteria. Such transactions could include real estate transactions that are not accretive to the Partnership, transactions which involve significant capital expenditures for the Partnership, and transactions which may be considered too small.

Where a conflict of interest arises, the Trustees have a conflict of interest policy in place to address the conflict.

The Declaration of Trust contains provisions related to "Conflict of Interest Matters" requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon. All Conflict of Interest Matters must be approved unanimously by the Independent Trustees in order for the Trust to proceed with such matter. See "*Material Agreements – Declaration of Trust – Conflict of Interest Restrictions and Provisions*".

Internal Controls

Effective internal controls are necessary for the Trust to provide reliable financial reports and to help prevent fraud. Although the Trust will undertake a number of procedures and the General Partner, Commercial General Partner, Financial General Partner and Equiton Partners will implement a number of safeguards, in each case, in order to help ensure the reliability of the

Trust's, the Partnership's and its investees' and Equiton Partners' financial reports, including those imposed on the Trust under Canadian securities law, the Trust cannot be certain that such measures will ensure that the Trust will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Trust's results of operations or cause it to fail to meet its reporting obligations. If the Trust or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Trust's financial statements and harm the value of the Trust Units.

Significant Influence by Jason Roque, Equiton Partners and other Related Parties

Jason Roque, indirectly, controls Equiton Partners, as well as the General Partner, Commercial General Partner and Financial General Partnership. Equiton Partners has been engaged by the Trust, the Partnership, the Commercial Partnership and the Financial Partnership to act as their external manager. Therefore, Jason Roque and Equiton Partners may have a significant influence with respect to the affairs of the Trust, the Partnership, the Commercial Partnership and the Financial Partnership.

In addition, the Declaration of Trust provides Equiton Partners the exclusive right to appoint all of the Trustees. For so long as the Equiton Partners Appointees are Trustees, Equiton Partners will have the ability to exercise certain influence with respect to the affairs of the Trust.

Additionally, the Trust and its Subsidiaries may engage other Related Parties to perform various services for additional fees, including but not limited to property management fees, project management fees, financing fees, acquisition fees, disposition fees and guarantee fees. Although The Trust expects that any agreements entered into with such Related Parties will be subject to market terms and fees, there is no guarantee that this will be the case.

Litigation Risks

In the normal course of the Trust's, the Partnership's and its investees' operations, they may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Trust, the Partnership and/or its investees and as a result, could have a material adverse effect on the Trust's assets, liabilities, business, financial condition and results of operations. Even if the Trust, Partnership and/or its investees prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the Trust's, the Partnership's and/or its investees' business operations, which could adversely affect its financial condition.

Assumption of Liabilities

The Partnership and its investees will assume liabilities arising out of or related to the Partnership's and its investees' business, operations or assets, and will agree to indemnify the vendor of the assets being acquired for, among other matters, such liabilities. The Partnership and its investees may assume unknown liabilities that could be significant.

Reliance on External Sources of Capital

Because the Partnership expects to make regular cash distributions, it likely will not be able to fund all of its future capital needs. The Partnership therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. The Partnership's access to third-party sources of capital depends on a number of things, including the market's perception of its growth potential and its current and potential future earnings. If the Partnership is unable to obtain third-party sources of capital, it may not be able to carry out its investment objectives, satisfy its debt obligations or make regular distributions to Trust Unitholders.

Derivatives Risks

The Partnership may invest in and use derivative instruments, including futures, forwards, options and swaps, to manage its utility and interest rate risks inherent in its operations. There can be no assurance that the Partnership's hedging activities will be effective. Further, these activities, although intended to mitigate price volatility, expose the Partnership to other risks. The Partnership is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by the Partnership of margin deposits in the event of the bankruptcy of the dealer with whom the Partnership has an open position in an option or futures or forward contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The ability of the Partnership to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If the Partnership is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have an adverse impact on the Partnership's ability to use derivative instruments to effectively hedge its utility and interest rate risks.

Restrictions on Potential Growth and Reliance on Credit Facilities

The payout by the Partnership of a substantial part of its operating cash flow could adversely affect the Partnership's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all.

Risk of Real Estate Investment and Ownership

An investment in Trust Units will provide Subscribers with exposure to investments in real estate assets through the Trust's interest in the Partnership, its investees and real properties. Investment in real estate is subject to numerous risks which are beyond the control of the Trust, including the following factors: general economic conditions, local real estate markets, demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. Trust Distributable Income will be adversely affected if one or more major tenants or a significant number of tenants of properties indirectly acquired by the Partnership were to become unable to meet their obligations under their leases or if a significant amount of available space in such properties is not able to be leased on economically favourable lease terms. In the

event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Partnership's investment may be incurred. The ability to rent unleased space in properties indirectly acquired by the Partnership will be affected by many factors. Costs may be incurred in making improvements or repairs to properties required by a new tenant. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions. If, for whatever reason, liquidation of assets is required, there is a risk that sale proceeds realized might be less than the current book value of the Partnership's investments or that market conditions would prevent prompt disposition of assets. The Partnership may, in the future, be exposed to a general decline of demand by tenants for space in properties. As well, certain of the leases of the properties held by the Partnership may have early termination provisions which, if exercised, would reduce the average lease term.

Acquisition Risk

The Partnership intends to indirectly invest in interests in properties selectively. The indirect investment of interests in properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Partnership will incur certain risks, including the expenditure of funds on, and the devotion of management's time to transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that properties indirectly invested in by the Partnership will not achieve anticipated performance levels and that estimates of the costs, timing and steps required to make improvements to bring an acquired property up to standards established for the market position intended for that property or complete a project related to a property may prove inaccurate. Before making any investment, the Partnership and its investees intend to conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Partnership and its investees, as applicable, may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Legal counsel and other outside consultants may be involved in this due diligence process in varying degrees. Nevertheless, when conducting due diligence and making an assessment regarding an investment the Partnership and its investees, as applicable, rely on the resources available to them, including information provided by a vendor, development partner or borrower and, in some cases, third party investigations, and the results of the due diligence may not reveal all the relevant facts that may be necessary or helpful in evaluating such an opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Lending and Financing Risk

An investment in Trust Units may be an investment in real estate lending and financing through the Trust's interest in the Partnership, its investees and the lending and financing activities the Partnership indirectly undertakes. Investment in real estate lending and financing is subject to a

number of risks, including the factors listed below and other events and factors which are beyond the control of the Trust. The Partnership and its investees rely on Equiton Partners or third party vendors to properly assess and identify qualified candidates for loans. It is expected that Equiton Partners will undertake an analysis of the fundamental business characteristics of all prospective borrowers and uses professionals in this assessment. In addition, it is expected that Equiton Partners will research factors that affect the credit risk of the borrower and the ability of the borrower to repay the loan. If the Partnership and its investees rely on third party vendors to assess loan candidates, it will hire such vendors as the Partnership and its investees feel are qualified to properly analyze and assess potential loan candidates. If the assessment of the ability of a borrower to repay a loan or the value of a borrower's security is not correct, then the Partnership's and its investees' loans and revenues may be at greater risk than estimated with the result that its financial condition and operating results may be adversely impacted.

Credit Risk and Default in Repayment Obligations by Borrowers

The Partnership and its investees will be exposed to adverse changes in conditions which affect real estate values for its real estate loans. These market changes may be regional, national or international in nature and scope or may revolve around a specific asset. Risk is increased if the values of the underlying assets securing the Partnership's and its investees' loans fall to levels approaching or below the loan amounts. Any decrease in real estate values may delay the development of the underlying security or business plans of the borrower and will adversely affect the value of the Partnership's and/or its investees' security. If the Partnership and/or its investee is unable to realize on its security to recover the principal amounts plus amounts on account of accrued interest and expenses in the event of a loan default or defaults, then its financial condition and operating results will be adversely impacted.

Inability to Realize on or Dispose of Security Granted by Borrowers on a Defaulted Loan

The Partnership and/or its investees will generally obtain security for its loans. This security may be in a variety of forms including, but not limited to, mortgages, general security agreements, assignments of interests in property, pledges of shares and corporate guarantees. In addition, if the Partnership and/or its investees is required to enforce its security, it may incur significant expenses of sale, including legal and other expenses. There is no assurance that the net proceeds obtained from the enforcement of any security directly or indirectly held by the Partnership and/or investees will be sufficient to recover the outstanding principal and accrued interest due under the relevant loan. If the Partnership suffers a shortfall, then its financial condition and operating results will be adversely impacted. There is no assurance that the Partnership and/or its investees will be able to dispose of security on a timely basis and, as such, its financial condition may be adversely affected.

Interest Rate Risk

Interest rate risk is the risk that the market value of the Partnership's assets may fluctuate due to changes in market interest rates. This may impact the cost of borrowing as it relates to construction financing, mortgages and other loans. The mortgage loans obtained by the Partnership and/or its investees may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Partnership's and its investees' cost of borrowing. Decreases in prevailing interest rates may reduce the interest rates that the Partnership and its investees are able to charge borrowers. Increases in prevailing interest rates may result in fewer

borrowers being able to afford the cost of a loan. Accordingly, fluctuations in interest rates may adversely impact the Partnership's profitability.

Construction and Development Risk

To the extent that the Partnership and/or its investees engage in development, redevelopment or major renovation activities with respect to certain properties, the Partnership and its investees will be subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or at all; (b) the availability and timely receipt of zoning and other regulatory approvals; (c) the ability to achieve an acceptable level of occupancy upon completion; (d) the potential that the Trust may fail to recover expenses already incurred if it abandons development or redevelopment opportunities after commencing to explore them; (e) the potential that the Trust may expend funds on and devote management time to projects which it does not complete; (f) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (g) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the Partnership's cash flow and liquidity; (h) the cost and timely completion of construction (including risks beyond the Partnership's control, such as weather, labour conditions or material shortages); (i) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (j) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) the availability and pricing of financing to fund the Partnership's and/or its investees' development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of construction, development or redevelopment activities or the completion of construction, development or redevelopment activities once undertaken. In addition, construction, development and redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the Trust's financial condition, results of operations, cash flow, distributions to Trust Unitholders and ability to satisfy the Trust's principal and interest obligations, if any.

In certain circumstances, and due to the illiquid nature of incomplete development projects, the Trust may be subject to additional costs or fees as it relates to redeeming any interest in a development project prior to completion. The Trust may also not obtain the full market value of its interest in a development project when a redemption is requested or other factors require the Trust to dispose of its interest prior to project completion. Certain asset managers, administrators, managers or partners of development projects (which may be a Related Party) may also have the right to purchase units or interests in a development project at a price less than the full market value when the Trust or other party to the development project requests a redemption prior to completion.

In the event a Trust Unitholder requests a redemption which requires the Trust to redeem a Trust Unitholder's proportionate interest in a development project, those costs will lower the redemption amount to which the Trust Unitholder will be entitled.

Environmental Matters

Under various laws, the Partnership and/or its investees could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in properties invested in, directly or indirectly, by the Partnership and its investees or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs or government authorities.

Uninsured Losses

The Partnership and/or its investees will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to those to be indirectly owned by Partnership and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to any of the properties indirectly invested in by the Partnership, the Trust could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of such properties.

Reliance on Third Party Management

Equiton Partners may rely on third parties, including independent management companies, external consultants and property managers to perform certain real estate activities, including property management functions in respect of certain of the Partnership's and/or its investees' properties. To the extent Equiton Partners relies on such management companies, the employees of such management companies will devote as much of their time to the management of the properties as in their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the properties and their other development, investment and/or management activities.

Competition for Real Property Investments

The Partnership and its investees will compete for suitable real property investments with individuals, corporations, REITs and similar vehicles, and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future real property investments similar to those sought by the Partnership and its investees. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments.

Revenue Shortfalls

The market for development projects is highly competitive and while there appear to be sufficient opportunities for the Partnership and its investees at this time, there is no guarantee that the Partnership and/or its investees will be able to identify and source suitable projects or enter competitive bid processes on suitable terms which could mean revenues from properties invested in by the Partnership and/or its investees may not increase sufficiently to meet increases in operating expenses or debt service payments under the loans, to fund changes in the variable rates of interest charged in respect of such loans or to fund distribution to the Trust and consequently to Trust Unitholders.

Fluctuations in Capitalization Rates

As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the decrease or increase of these capitalization rates.

REPORTING OBLIGATIONS

The Trust is not a reporting issuer in any jurisdiction. In Ontario, Québec, Saskatchewan, and New Brunswick, the Trust must, within 120 days after the end of each its financial years, deliver to the securities regulatory authorities annual financial statements and make them reasonably available to each Trust Unitholder who has acquired Trust Units under this Offering Memorandum. In Alberta, the Trust must, within 120 days after the end of each its financial years, file with the securities regulatory authority annual financial statements and make them reasonably available to each Trust Unitholder who has acquired Trust Units under this Offering Memorandum. In Nova Scotia, the Trust must, within 120 days after the end of each its financial years, make the Trust's annual financial statements reasonably available to each Trust Unitholder who has acquired Trust Units under this Offering Memorandum. Such financial statements must be provided until the earlier of the date that the Trust becomes a reporting issuer in any jurisdiction in Canada or the Trust ceases to carry on business and it must be accompanied by a notice of the Trust disclosing in reasonable detail the use of the aggregate gross proceed raised by the Trust raised under this Offering Memorandum.

In New Brunswick, Nova Scotia and Ontario, the Trust must make reasonably available to each Subscriber who has acquired Trust Units under this Offering Memorandum, a notice of each of the following events within 10 days of the occurrence of the event:

- (a) a discontinuance of the Trust's business;
- (b) a change in the Trust's industry; or
- (c) a change of control of the Trust.

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

RESALE RESTRICTIONS

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

The Trust Units are not listed on an exchange. There is currently no secondary market through which the Trust Units may be sold, there can be no assurance that any such market will develop and the Trust has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in Trust Units is by way of a redemption of the Trust Units. Aggregate

redemptions are limited to \$50,000 per month in cash, unless approved by the Trustees, with the remainder of any redemptions in excess of \$50,000 being satisfied by the issuance of Redemption Notes. See “*Material Agreements – Declaration of Trust – Redemption of Trust Units*”.

Subscribers of Trust Units are advised to seek legal advice prior to any resale of the Trust Units. Pursuant to the Declaration of Trust, Trust Unitholders may transfer Trust Units only with the approval of the Trustees. The Trustees shall have the power to restrict the transfer of Trust Units on the books of the Trust without liability to Trust Unitholders or others who will thereby be restricted from taking a transfer.

For Subscribers resident in British Columbia, Alberta, Saskatchewan, Québec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, unless permitted under securities legislation, the Trust Units cannot be traded before the date that is four (4) months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

For Subscribers resident in Manitoba, unless permitted under securities legislation, a Trust Unitholder must not trade the Trust Units without the prior written consent of the regulator in Manitoba, unless (i) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Trust Units and the regulator in Manitoba has issued a receipt for that prospectus; or (ii) the Trust Unitholder has held the Trust Units for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

If physical certificates representing the Trust Units issued, they will have the following legend inscribed thereon:

“Unless permitted under securities legislation, you cannot trade these securities before the date that is four (4) months and a day after the date the Trust became a reporting issuer in any province or territory of Canada.”

The Trust is not currently a reporting issuer in any of the Provinces or Territories of Canada and does not intend to become reporting in any Province or Territories of Canada.

SUBSCRIBERS’ RIGHTS OF ACTION

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

Two Day Cancellation Right for a Subscriber

Subscribers can cancel their agreements to purchase the Trust Units. To do so, the Subscriber must send a notice to the Trust before midnight on the second (2nd) Business Day after the Subscriber signs the Subscription Agreement in respect of the Trust Units.

Rights of Action for Misrepresentation

Securities legislation in certain provinces of Canada provides purchasers of Trust Units pursuant to this Offering Memorandum with a statutory right of action for damages or rescission in addition to any other rights they may have at law, in cases where the Offering Memorandum and any amendment to it contains a “Misrepresentation”. Where used herein, “Misrepresentation” means

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 to make any statement not misleading in light of the circumstances in which it was made. These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. Subscribers resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of actions and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Trust in connection with this offering.

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

Rights of Subscribers in Alberta

Section 204(1) of the *Securities Act* (Alberta) provides that if a person or company purchases securities offered by an offering memorandum that contains a Misrepresentation, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action (a) for damages against (i) the Trust, (ii) every director of the Trust at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the Trust, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than the Trust) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Executive Director and the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the Trust) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director and the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the Trust) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report,

opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

- (i) there had been a Misrepresentation; or
- (ii) the relevant part of the offering memorandum;
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, and
 - (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of
 - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) 3 years from the day of the transaction that gave rise to the cause of action.

Rights of Subscribers in British Columbia

The right of action for damages or rescission described herein is conferred by Section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the

Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the Trust and, subject to certain additional defences, every director of the Trust at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the Trust, in which case the purchaser shall have no right of action for damages against the Trust, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the Trust, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the Trust that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the Trust of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the Trust, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such,

and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum. Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights of Subscribers in Saskatchewan

Section 138(1) of the *Securities Act*, 1988 (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for rescission against the Trust or a selling security holder on whose behalf the distribution is made, or has a right of action for damages against:

- (a) the Trust or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the Trust or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) 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;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the Trust or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the Trust or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the Trust or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

In addition, no person or company, other than the Trust or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person or company that sells securities on behalf of the Trust or selling security holder under the offering memorandum or amendment to the offering memorandum is not liable for damages or rescission as provided in 138(1) or 138(2) of the Saskatchewan Act if that person can establish

that he, she or it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment or the offering memorandum.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Rights of Subscribers in Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba). Section 141.1 of *The Securities Act* (Manitoba) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Trust and, subject to certain additional defences, every director of the Trust at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the Trust, in which case the purchaser shall have no right of action for damages against the Trust, directors of the Trust or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the Trust, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the Trust that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the Trust, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide

reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 141.4(2) of *The Securities Act* (Manitoba) provides that no action shall be commenced to enforce these rights more than:

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

Rights of Subscribers in Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the Trust and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the Trust and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Trust and the selling security holders, if any;
- (b) the Trust and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the Trust and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) the Trust will not be liable for a Misrepresentation in forward-looking information if the Trust proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material

- factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (ii) the Trust has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights of Subscribers in Québec

In addition to any other right or remedy available to the purchaser at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a Misrepresentation, the investor will have statutory rights of action under Québec legislation or, in circumstances where Québec legislation does not provide such rights, contractual rights of action that are equivalent to the statutory rights of action set forth above in respect to purchasers resident in Ontario.

Statutory rights of action available to purchasers resident in Québec are outlined in Section 221 of the *Securities Act* (Québec). Section 221 provides that the rights of action established under sections 217 to 219, which deal with Misrepresentation contained in a prospectus, also apply to purchasers of securities under an offering memorandum prescribed by the regulation. A purchaser who has subscribed for acquired securities in a distribution effected with an offering memorandum containing a Misrepresentation may apply to have the contract rescinded or the price revised, without prejudice to a claim for damages. The defendant may defeat the application only if it is proved that the purchaser knew, at the time of the transaction, of the alleged Misrepresentation.

The purchaser may claim damages from the Trust, the Trust's directors or officers, the dealer under contract to the Trust, and any person who is required to sign an attestation in the offering memorandum. Additionally, the purchaser may claim damages from the expert whose opinion, containing a Misrepresentation, appeared, with his consent, in the offering memorandum.

Rights of Subscribers in Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied

upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Trust and, subject to certain additional defences, every director of the Trust at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the Trust, in which case the purchaser shall have no right of action for damages against the Trust, directors of the Trust or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the Trust, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the Trust, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made

on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Rights of Subscribers in New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the Trust, directors of the Trust, every person who signed the offering memorandum and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

There are various defences available to the Trust and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

Rights of Subscribers in Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the Trust and, subject to certain additional defences, every director of the Trust at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the Trust, in which case the purchaser shall have no right of action for damages against the Trust, directors of the Trust or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

Rights of Subscribers in Prince Edward Island, Northwest Territories, Yukon and Nunavut

In Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in PEI, Yukon, Nunavut and the Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Newfoundland and Labrador purchasers.

ANCILLARY MATTERS

Legal Counsel

Certain legal matters in connection with this Offering will be passed upon by Blake, Cassels & Graydon LLP on behalf of the Trust.

Auditor, Transfer Agent and Registrar

The Auditors of the Trust is Grant Thornton LLP. Computershare Trust Company of Canada acts as the transfer agent and registrar of the Trust Units.

SCHEDULE “A” – SUMMARY INFORMATION ABOUT MORTGAGES

Location	Purchase Price*	Outstanding Mortgage as at December 31, 2022	Maturity Date	Interest Rate
710 Woolwich Street, Guelph, Ontario ⁽¹⁾	\$8,000,000	\$5,000,000 ⁽²⁾	May 31, 2023	12.0%
710 Woolwich Street, Guelph, Ontario ⁽¹⁾	\$8,000,000	\$581,846 ⁽³⁾	May 31, 2023	10.5%
1960-1980 Hyde Park Road, London, Ontario ⁽⁴⁾	\$11,170,000	\$6,501,710	April 1, 2027	4.43%

(1) Mortgages are on a development property owned by a joint venture in which the Development Partnership holds an 85% interest. See Schedule “P” for additional details.

(2) First mortgage guaranteed by the Trust.

(3) Second mortgage held by Financial LP.

(4) Mortgage is on a commercial property 100% owned by the Commercial Partnership. See Schedule “P-1” for additional details.

SCHEDULE “B” – HISTORICAL DISTRIBUTIONS

Month	Unit Price	Class A Distribution	Class B Distribution	Class C Distribution	Class F Distribution	Class I Distribution
19-Sep	\$9.00	\$0.05	-	-	-	-
19-Oct	\$9.00	\$0.05	-	-	-	-
19-Nov	\$9.00	\$0.05	-	-	-	-
19-Dec	\$9.00	\$0.05	-	-	-	-
20-Jan	\$9.00	\$0.05	-	-	-	-
20-Feb	\$9.00	\$0.05	-	-	-	-
20-Mar	\$9.00	\$0.05	-	-	-	-
20-Apr	\$9.00	\$0.05	-	-	-	-
20-May	\$9.00	\$0.05	-	-	-	-
20-Jun	\$9.00	\$0.05	-	-	\$0.05	-
20-Jul	\$9.00	\$0.05	-	-	\$0.05	-
20-Aug	\$9.10	\$0.05	-	-	\$0.05	-
20-Sep	\$9.20	\$0.05	-	-	\$0.05	-
20-Oct	\$9.20	\$0.05	-	-	\$0.05	-
20-Nov	\$9.20	\$0.05	-	-	\$0.05	-
20-Dec	\$9.30	\$0.05	-	-	\$0.05	-
21-Jan	\$9.30	\$0.05	-	-	\$0.05	-
21-Feb	\$9.40	\$0.05	-	-	\$0.05	-
21-Mar	\$9.40	\$0.05	-	-	\$0.05	-
21-Apr	\$9.50	\$0.05	-	-	\$0.06	-
21-May	\$9.60	\$0.05	-	-	\$0.06	-
21-Jun	\$9.80	\$0.05	-	-	\$0.06	-
21-Jul	\$9.90	\$0.05	-	-	\$0.06	-
21-Aug	\$10.00	\$0.05	-	-	\$0.06	-
21-Sep	\$10.00	\$0.05	-	-	\$0.06	-
21-Oct	\$10.00	\$0.05	-	-	\$0.06	-
21-Nov	\$10.00	\$0.05	-	-	\$0.06	-
21-Dec	\$10.00	\$0.05	-	-	\$0.06	-
22-Jan	\$10.00	\$0.05	-	-	\$0.06	-
22-Feb	\$10.00	\$0.05	-	-	\$0.05	-
22-Mar	\$10.00	\$0.05	-	-	\$0.06	-
22-Apr	\$10.00	\$0.05	-	-	\$0.06	-
22-May	\$10.00	\$0.05	-	-	\$0.06	-

22-Jun	\$10.00	\$0.05	-	-	\$0.06	-
22-Jul	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
22-Aug	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
22-Sep	\$10.00	\$0.05	\$0.05	\$0.06	\$0.06	-
22-Oct	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
22-Nov	\$10.00	\$0.05	\$0.05	\$0.06	\$0.06	-
22-Dec	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
23-Jan	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
23-Feb	\$10.00	\$0.05	\$0.05	\$0.05	\$0.05	-
23-Mar	\$10.00	\$0.05	\$0.06	\$0.06	\$0.06	-
23-Apr	\$10.00	\$0.05	\$0.05	\$0.06	\$0.06	-

SCHEDULE "C" – HISTORICAL REDEMPTIONS

Redemption Date	Redemption Requested (Units)	Redemption Requested \$	Redemptions Paid \$
No Redemptions in 2018			
No Redemptions in 2019			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	233.228768	\$2,099.06	\$2,099.06
September	-	-	-
October	-	-	-
November	594.701620	\$5,471.25	\$5,471.25
December	241.207186	\$2,243.23	\$2,243.23
Total 2020	1,706.578118	\$15,653.87	\$15,653.87
January	-	-	-
February	241.207186	\$2,243.23	\$2,243.23
March	1,963.775902	\$18,459.49	\$18,459.49
April	1,063.829787	\$10,000.00	\$10,000.00
May	5,981.146261	\$56,820.89	\$56,820.89
June	-	-	-
July	5,740.736568	\$56,236.99	\$56,236.99
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	1000.000000	\$10,000.00	\$10,000.00
Total 2021	15,990.695704	\$153,760.60	\$153,760.60
January	-	-	-
February	-	-	-
March	2,597.862795	\$25,978.63	\$25,978.63
April	258.251130	\$2,852.51	\$2,852.51
May	1,875.101536	\$18,751.02	\$18,751.02
June	1,370.000000	\$13,700.00	\$13,700.00
July	4,260.909531	\$42,609.10	\$42,609.10
August	139.260000	\$1,392.60	\$1,392.60
September	7,432.037726	\$74,320.38	\$74,320.38
October	-	-	-
November	1,853.673626	\$18,536.74	\$18,536.74
December	-	-	-
Total 2022	19787.09634	\$197,870.97	\$197,870.97

SCHEDULE “L” – LOANS

Loan Amount	Funding Date	Term	Maturity Date	Interest Rate	Nature of Underlying Property	Location of Property	Loan to Value ⁽¹⁾	Mortgage Broker
\$581,846	2020-Oct-23	18 mos.	2023-May-31	9.5%	Commercial Property ⁽²⁾	Guelph, ON	69% ⁽³⁾	NA
\$2,350,000 ⁽⁴⁾	2022-Sep-08	6 months or on demand	2023-Jun-30	Greater of RBC Prime Rate + 2.80% or 7.50%	Commercial Property ⁽⁵⁾	Toronto, ON	3.33%	NA

(1) Loan to value calculated as of funding date.

(2) Development property indirectly acquired by the Trust pursuant to a joint venture with an arm's length third party. See “Schedule “P” – Projects”.

(3) Loan is secured by a 2nd mortgage. Loan to Value includes 1st mortgage loan.

(4) Loan is secured by a 1st mortgage.

(5) Development property held by a closed-end fund. The Trust indirectly acquired an 11% interest in the closed-end fund. See “Schedule “P” – Projects”.

SCHEDULE “P” – PROJECTS

710 Woolwich Street, Guelph, Ontario

On August 28, 2020, the Development Partnership entered into a co-ownership agreement (the “**Co-Ownership Agreement**”) with RHH Rental Properties Ltd. (“**RHH**”), an arms length third party, setting out the terms and conditions of a joint venture (the “**Joint Venture**”) between the Development Partnership and RHH in connection with the acquisition and development of a property located at 710 Woolwich Street, Guelph, Ontario (the “**Woolwich Property**”). A retail building fully leased to a single tenant is located on the property. Pursuant to the terms of the Co-Ownership Agreement, the Development Partnership holds an 85% interest in the Joint Venture.

The Development Partnership intends to build a new retail building and relocate the existing tenant as permitted under the lease, demolish the existing retail building and develop a residential condominium comprised of 96 residential townhomes on the Woolwich Property (the “**Woolwich Project**”). On September 25, 2020, the Joint Venture entered into a development agreement with RHH pursuant to which RHH was appointed Development Manager, responsible for managing the construction and development of the Woolwich Project. The Property Manager for the Woolwich Property is Equiton Partners.

On October 23, 2020, the Joint Venture acquired the Woolwich Property for a purchase price of \$8,000,000. The purchase was satisfied by way of (i) a \$5,000,000 first mortgage guaranteed by the Trust, (ii) a \$581,846 second mortgage provided by the Financial Partnership, and (iii) the balance in cash.

Zoning and other regulatory approvals with respect to the Woolwich Project have been received. Construction of the new retail building has commenced with completion of the new retail building and demolition of the existing retail building expected in the second quarter of 2023. The Trust expects the retail building and appurtenant land (the “**Commercial Property**”) will be severed from the Woolwich Property and RHH’s 15% interest in the Commercial Property will be acquired by the Trust in the second quarter of 2023. The Trust anticipates the timeline for development of the Woolwich Project is between three and four years and estimates that development costs will be approximately \$32 million.

Sandstones Condo Trust (2257 Kingston Road, Toronto, Ontario)

On August 28, 2022, the Development Partnership acquired 43,000 Class B units of the Sandstones Condo Trust for a purchase price of \$4,300,000 representing 11% of the maximum offering of trust units of this closed-end development fund. The Sandstones Condo Trust is a related issuer to the Trust and proceeds from the sales of its trust units are used to acquire Class A Units of the Sandstones Condo LP which intends to develop a high-rise condominium building (the “**Condominium**”) on the lands having a municipal address of 2257 Kingston Road in the City of Toronto (the “**Property**”) and sell the Condominium units to the general public.

On September 9, 2022, the Sandstones Condo LP acquired the Property for a purchase price of \$19,000,000. The purchase price was satisfied by way of (i) a \$2,350,000 first mortgage provided by the Financial Partnership, (ii) a \$8,500,000 second mortgage provided by Equiton Partners Inc. and (iii) the balance in cash. Sandstones Condo LP will operate the commercial plaza located on the Property until the Property is ready to be redeveloped and has appointed Equiton Partners Inc. as the property manager. Sandstones Condo LP has appointed Equiton Development Inc., a

related party to the Trust, as the development manager responsible for managing the development of the Condominium. The Condominium will be approximately 12 stories tall and have approximately 300 residential condominium units and a commercial component located on the ground floor.

Zoning and other regulatory approvals with respect to the Condominium have not yet been received. It is expected that the Condominium will be substantially completed by the end of the approximately 5.33-year period following the closing date of the Property and the development costs are estimated to be approximately \$203 million.

SCHEDULE "P-1" – COMMERCIAL PROPERTIES



London, Ontario

1960, 1970, 1972, 1980, Hyde Park Road

Purchase Date: December 10, 2021

Purchase Price: \$11.17 Million

Vacancy: 100% leased

Average Net Rent: Approx. \$30 psf

Average Remaining Lease Term: Approx. 6.3 years

Dated: April 28, 2023.

This offering memorandum does not contain a misrepresentation.

ON BEHALF OF THE TRUST

“Jason Roque”

Jason Roque
Chief Executive Officer

“Helen Hurlbut”

Helen Hurlbut
Chief Financial Officer

ON BEHALF OF THE BOARD OF TRUSTEES

“Jason Roque”

Jason Roque
Trustee

“Helen Hurlbut”

Helen Hurlbut
Trustee

“William Woods”

William Woods
Trustee

“Billy Zigomanis”

Billy Zigomanis
Trustee

“Robert Mongeau”

Robert Mongeau
Trustee

ON BEHALF OF THE PROMOTER

EQUITON PARTNERS INC.

“Jason Roque”

Jason Roque
President

Dated: April 28, 2023.

THIS OFFERING MEMORANDUM DOES NOT CONTAIN A MISREPRESENTATION AS OF April 28, 2023, THERE HAS BEEN NO MATERIAL CHANGE IN RELATION TO THE ISSUER THAT IS NOT DISCLOSED IN THIS OFFERING MEMORANDUM AND THIS OFFERING MEMORANDUM WHEN READ AS OF April 28, 2023 PROVIDES A REASONABLE PURCHASER WITH SUFFICIENT INFORMATION TO MAKE AN INFORMED INVESTMENT DECISION.

ON BEHALF OF THE ISSUER

"Jason Roque"

Jason Roque
Chief Executive Officer

"Helen Hurlbut"

Helen Hurlbut
Chief Financial Officer

ON BEHALF OF THE BOARD OF TRUSTEES OF THE ISSUER

"Jason Roque"

Jason Roque
Trustee

"Helen Hurlbut"

Helen Hurlbut
Trustee

"[William Woods]"

[William Woods]
Trustee

"[Bill Zigomanis]"

[Bill Zigomanis]
Trustee

ON BEHALF OF THE PROMOTER

EQUITON PARTNERS INC.

Per: *"Jason Roque"*

Jason Roque
President

24666034.6



Consolidated Financial Statements

Equiton Real Estate Income and Development
Fund Trust (Formerly Equiton Balanced Real
Estate Fund Trust)

For the years ended December 31, 2022 and
2021

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Independent Auditor's Report

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To the Trustees of

Equiton Real Estate Income and Development Fund Trust

Opinion

We have audited the consolidated financial statements of **Equiton Real Estate Income and Development Fund Trust** (formerly named “**Equiton Balanced Real Estate Fund Trust**”) (the “Trust”), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in net assets attributable to unitholders and consolidated statements of cash flows for the year ended December 31, 2022 and December 31, 2021, 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 financial position of **Equiton Real Estate Income and Development Fund Trust** as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and December 31, 2021, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 Trust in accordance with the ethical requirements that are relevant to our audit 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 IFRS, 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 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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada
March 21, 2023

Chartered Professional Accountants
Licensed Public Accountants

Equiton Real Estate Income and Development Fund Trust

Consolidated Statements of Financial Position

As at December 31

2022

2021

Assets

Cash	\$ 1,412,769	\$ 1,539,149
Restricted cash (Note 4)	39,866	172,450
Accounts receivable	374,538	38,788
Prepays	302,364	191,675
Investment property (Note 5)	11,715,494	11,710,156
Investment property under development (Note 6)	10,559,513	7,905,801
Due from related parties (Note 7)	21,810	2,810
Investment in Sandstones Condo Trust (Note 8)	4,300,000	-
Mortgage receivable (Note 10)	<u>2,424,744</u>	<u>1,085,986</u>

Total assets

	<u>\$ 31,151,098</u>	<u>\$ 22,646,815</u>
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Liabilities

Payables and accruals	\$ 999,868	\$ 575,467
Unit subscriptions held in Trust	39,866	66,875
Security deposit	61,958	61,958
Due to related parties (Note 7)	396,765	94,219
Due to RHH Rental Properties Ltd. (Note 11)	378,903	342,197
Mortgages payable (Note 12)	<u>10,628,156</u>	<u>10,901,944</u>
	<u>12,505,516</u>	<u>12,042,660</u>


Net assets attributable to Unitholders

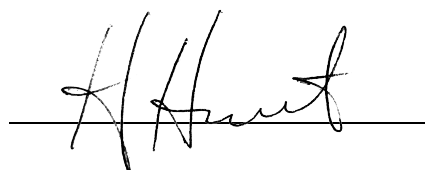
	<u>18,645,582</u>	<u>10,604,155</u>
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Total liabilities and unitholders' equity

	<u>\$ 31,151,098</u>	<u>\$ 22,646,815</u>
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Approved on behalf of the Trust

 _____ Trustee

 _____ Trustee

See accompanying notes to the consolidated financial statements.

Equiton Real Estate Income and Development Fund Trust

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2022 2021

Revenue		
Rental income	\$ 957,774	\$ 312,872
Interest income	144,033	41,652
Other income	<u>33,937</u>	<u>16,224</u>
	<u>1,135,744</u>	<u>370,748</u>
Expenses		
Asset managements fees (Note 14)	370,363	163,527
Bank fees	5,054	3,586
Dues and subscriptions	15,339	9,318
General and administrative	103,938	115,775
Interest and finance costs	333,113	254,391
Origination fees (Note 14)	77,532	26,622
Participation fees (Note 14)	47,607	12,280
Professional fees	234,407	186,994
Property operating expenses	<u>430,599</u>	<u>19,421</u>
	<u>1,617,952</u>	<u>791,914</u>
Net loss and comprehensive loss	<u>\$ (482,208)</u>	<u>\$ (421,166)</u>

See accompanying notes to the consolidated financial statements.

Equiton Real Estate Income and Development Fund Trust

Consolidated Statements of Changes in Net Assets Attributable to Unitholders

For the years ended December 31, 2021 and 2022

	<u>Units</u>	<u>Deficit</u>	<u>Net Assets attributable to Unitholders</u>
Net assets attributable to Unitholders, January 1, 2021	\$ 5,959,112	\$ (953,082)	\$ 5,006,030
Issuance of Class A Trust units	6,576,986	-	6,576,986
Redemptions of Class A Trust units (Note 13)	(153,761)	-	(153,761)
Issuance of Class F Trust units (Note 13)	967,722	-	967,722
Issuance costs (Note 7 & 13)	(714,563)	-	(714,563)
Distributions to Unitholders	-	(657,093)	(657,093)
Net loss	<u>-</u>	<u>(421,166)</u>	<u>(421,166)</u>
Net assets attributable to Unitholders, December 31, 2021	<u>\$ 12,635,496</u>	<u>\$ (2,031,341)</u>	<u>\$ 10,604,155</u>
Net assets attributable to Unitholders, January 1, 2022	\$ 12,635,496	\$ (2,031,341)	\$ 10,604,155
Issuance of Class A Trust units (Note 13)	7,042,777	-	7,042,777
Redemptions of Class A Trust units (Note 13)	(197,669)	-	(197,669)
Issuance of Class F Trust units (Note 13)	3,269,896	-	3,269,896
Issuance of Class B Trust units (Note 13)	409,024	-	409,024
Issuance of Class C Trust units (Note 13)	163,538	-	163,538
Issuance costs (Note 7 & 13)	(893,179)	-	(893,179)
Distributions to Unitholders	-	(1,270,752)	(1,270,752)
Net loss	<u>-</u>	<u>(482,208)</u>	<u>(482,208)</u>
Net assets attributable to Unitholders, December 31, 2022	<u>\$ 22,429,883</u>	<u>\$ (3,784,301)</u>	<u>\$ 18,645,582</u>

See accompanying notes to the consolidated financial statements.

Equiton Real Estate Income and Development Fund Trust

Consolidated Statements of Cash Flows

For the years ended December 31

2022

2021

Increase (decrease) in cash

Operating activities

Net loss	\$ (482,208)	\$ (421,166)
Items not affecting cash:		
Amortization of deferred financing charges	29,210	(9,306)
Changes in non-cash operating items:		
Accounts receivable	(335,750)	24,187
Due from/to related parties	283,546	17,198
Due to RHH Rental Properties Ltd.	36,706	342,197
Security deposit	-	61,958
Unit subscriptions held in trust	(27,009)	66,875
Payables and accruals	364,583	186,667
Prepays	(110,689)	(191,675)
Cash (used in) provided by operating activities	(241,611)	76,935

Financing activities

Proceeds from issuance of Class A units	6,124,258	6,056,626
Proceeds from issuance of Class F units	3,160,294	950,000
Proceeds from issuance of Class B units	406,549	-
Proceeds from issuance of Class C units	163,300	-
Redemption of Class A units	(197,669)	(153,763)
Distributions	(180,097)	(76,803)
Issuance costs	(893,182)	(714,563)
Deferred financing charges	(54,708)	(88,623)
Proceeds from mortgage payable	(248,290)	6,750,000
Cash provided by financing activities	8,280,455	12,722,874

Investing activities

Issuance of mortgage receivable	(1,338,758)	(1,000,000)
Purchase of investment property	(5,338)	(11,710,156)
Investment in Sandstones Condo Trust	(4,300,000)	-
Additions to property under development	(2,653,712)	(723,145)
Cash used in investing activities	(8,297,808)	(13,433,301)

Net decrease in cash during the year (258,964) (633,492)

Cash, beginning of year 1,711,599 2,345,091

Cash, end of year \$ 1,452,635 \$ 1,711,599

Cash presented as:

Cash	\$ 1,412,769	\$ 1,539,149
Restricted cash	39,866	172,450

Supplemental disclosure relating to non-cash financing

Issuance of units under distribution reinvestment plan	\$ 1,030,834	\$ 538,082
Distributions under distribution reinvestment plan	(1,030,834)	(538,082)

See accompanying notes to the consolidated financial statements.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

1. Nature of operations

Equiton Balanced Real Estate Fund Trust is an open-ended real estate investment trust (“REIT”) established on April 30, 2018 under the laws of the Province of Ontario. The Trust’s head office is located at 1111 International Boulevard, Suite 500, Burlington, Ontario L7L 6W1. The name was formerly changed on June 27, 2022 to Equiton Real Estate Income and Development Fund Trust to better reflect the nature of the business of the Trust (the “Trust”).

As at December 31, 2022 and 2021, the Trust qualified as a “mutual fund trust” (pursuant to subsection 132(6) of the Income Tax Act) and it was formed primarily to indirectly invest in a diversified pool of North American based real estate assets which include income producing property, real estate development and construction, and real estate financing and lending.

As of December 31, 2022 and 2021, the Trust has a 99.999% interest in Equiton Balanced Real Estate LP (the “Limited Partnership”) and the Limited Partnership has a 99.999% interest in three different limited partnerships: Equiton Real Estate Development Fund LP (“Development LP”), Equiton Commercial Real Estate Fund LP and Equiton Real Estate Financial LP. Development LP has an 85% interest in an investment property under development through a joint operation with RHH Rental Properties Ltd.

2. General information and statement of compliance with IFRS

The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

The financial statements were approved and authorized for issuance by the Trustees on March 21, 2023.

3. Summary of significant accounting policies

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

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its controlled investment in other entities. Control exists when the Trust is exposed or has rights to variable returns from its involvement with the investee entities and has the ability to affect those returns through its power over its investments in those entities. The investments are consolidated from the date on which control is transferred to the Trust and will cease to be consolidated from the date on which control is transferred out of the Trust.

The Trust has an investment in the Limited Partnership which is controlled via contractual arrangements that provide the Trust with control over this Limited Partnership. The results of investments acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Principles of consolidation (continued)

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with the investments are eliminated to the extent of the Trust's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements of the Trust set out the assets, liabilities, revenues, expenses, and cash flows of the Trust and its direct and indirect investments in the following limited partnerships:

Entity	Direct ownership interest at December 31,	
	2022	2021
Equiton Balanced Real Estate Fund LP	99.999%	99.999%
	Indirect ownership interest at December 31,	
	2022	2021
Equiton Real Estate Financial LP	99.999%	99.999%
Equiton Commercial Real Estate Fund Limited Partnership	99.999%	99.999%
Equiton Real Estate Development Fund LP	99.999%	99.999%

These consolidated financial statements have been prepared on the historical cost basis except for the investment property under development, the investment property and the investment in the Sandstones Condo Trust units which are measured at fair value through profit and loss ("FVTPL").

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property also include property that are being constructed or will be developed for future use as investment properties.

Investment property is measured initially at their cost, including related transaction costs, initial leasing commissions, and where applicable, borrowing costs. Investment property also include tenant improvements, leasing costs (commissions and straight-line rent adjustments) in order to avoid double counting when establishing the fair value of the investment property.

Subsequent expenditures are capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. Such costs include suite preparation costs, which are incurred to improve the condition of a space to enhance its lease ability, and capital expenditures. All other repairs and maintenance costs are expensed when incurred.

After initial recognition, investment property is carried at fair value. Fair value is based upon valuations performed by an appraiser accredited through the Appraisal Institute of Canada, using valuation techniques including the direct capitalization and discounted cash flow methods. Recent real estate transactions with similar characteristics and location to the Trust's assets are also considered.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Investment property (continued)

Changes in fair value are recognized in the statement of income and comprehensive income. Investment property are derecognized when they have been disposed.

See below for details of the treatment of leasing costs capitalized within the carrying amount of the related investment property.

Investment property under development

The cost of property under development includes all expenditures incurred in connection with the acquisition, including all direct development costs, realty taxes and lease-up of the building to prepare it for its productive use, the applicable portion of general and administrative expenses and borrowing costs directly attributable to the development. Borrowing costs associated with direct expenditures on properties under development or redevelopment is capitalized. Borrowing costs are also capitalized on the purchase costs of a site or property acquired specifically for redevelopment in the short-term if the activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined by reference to interest incurred on debt specific to the development project. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. The Trust considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Where the Trust has pre-leased space as of or prior to the start of the development and the lease requires the Trust to construct tenant improvements which enhance the value of the property, practical completion is considered to occur on completion of such improvements.

Property under development is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

Leasing costs

Leasing costs are costs incurred by the Trust to induce a tenant to enter into a lease for space in the properties. Leasing costs consist of five categories of costs, with accounting treatments as follows:

i) Leasing commissions

Leasing commissions are incurred by the lessor in the negotiation and execution of leasing transactions. These costs are capitalized to investment properties and are considered in the fair value adjustment of the investment properties if material, otherwise they are expensed.

ii) Tenant improvements

Tenant improvements are costs incurred to make leasehold improvements to the tenants' space. These costs are capitalized to investment properties and are considered in the determination of the fair value of the investment properties.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Leasing costs (continued)

iii) Tenant incentives

Tenant incentives include cash payments, the buy-out of previous lease obligations, and payment of moving expenses. Tenant incentives are recognized as a receivable and amortized as a reduction of rental revenue over the initial term of the related leases. These receivables are included in investment properties and are considered in the determination of the fair value of the investment properties.

iv) Rent free or lower than market rate rents

Incentives in the form of free rent or lower than market rate rent form part of the straight-line rent adjustments. The accounting of straight-line rents is described in the revenue recognition note.

v) Marketing costs

Marketing costs include advertising, space plans, credit checks and promotion costs. These costs are expensed as incurred.

The Trust may incur certain significant costs for repair or replacement items that are recoverable from tenants. If such costs incurred meet the criteria for betterment, they are capitalized to investment properties in the period incurred. Otherwise, they are recognized as an operating expense in the statement of loss and comprehensive loss in the period incurred.

Long term repairs and replacement items are recovered from tenants at cost plus interest over a number of periods. The amount recovered in the current period is included in operating expense recoveries. No receivable is set up for potential future recoveries of the long-term items due to the lack of certainty of collection.

Joint arrangements

A joint arrangement is a contractual arrangement pursuant to which the Trust or a controlled entity and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are of two types - joint ventures and joint operations. A joint operation is a joint arrangement in which the Trust has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Trust has rights to only the net assets of the arrangement.

The Trust is party to a single joint arrangement, which is a joint operation, through Development LP's 85% co-ownership interest in 710 Woolwich Street, Guelph, Ontario (Note 9). Joint operations are accounted for by recognizing the Trust's proportionate share of the assets, liabilities, revenue, expenses and cash flows of the joint operation. When Development LP transacts with either the Trust or other limited partnerships on behalf of the co-ownership, unrealized profits and losses and balances outstanding are eliminated to the extent of the Trust's interest in the joint operations.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Revenue recognition

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

As such, the Trust continues to use the straight-line method of base rental revenue recognition whereby the total of cash rents due over the term of a lease is recognized evenly over that term. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent adjustments recorded as revenue and the rent that is contractually due from the tenants. This accrued rent receivable is included in investment properties.

Other rental revenues included in the leases such as parking revenues, storage revenues, signage revenues and lease termination fees are recognized as revenue during the period in which the services are performed and collectability is reasonably assured.

Service components within the Trust lease arrangements fall within the scope of IFRS 15, 'Revenue from contracts with customers', specifically the recoveries of operating costs and property taxes. The Trust recognizes recoveries revenues in the period in which the corresponding services are performed and collectability is reasonably assured.

Interest income

Mortgage interest income is recognized at the effective interest rate and recorded over the term of the mortgage when reasonable assurance exists regarding the measurement and collectability. Lender fees are earned over the term of the mortgage as performance obligations are met. Lender fees received in advance of being recognized as revenue are deferred and recognized over the term of the mortgage.

Tenant deposits

Tenant deposits are recognized initially at the fair value of the cash received and subsequently measured at amortized cost. The Trust obtains deposits from tenants as a guarantee for returning the leased premises at the end of the lease term in a specified good condition or for specified lease payments according to the terms of the lease.

Financial instruments

(i) Financial assets

In accordance with IFRS 9, 'Financial Instruments', financial assets are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets are categorized and measured based on how the Trust manages its financial instruments and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets:

- i) Measured at amortized cost,
- ii) Fair value through other comprehensive income,
- iii) Fair value through profit or loss

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(i) Financial assets (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions

- i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Trust's financial assets are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Financial assets subsequently measured at amortized cost consist of cash, restricted cash, accounts receivable, due from related parties and mortgage receivable. The investment in Sandstones Condo Trust does not meet the criteria for amortized cost measurement and is subsequently measured at fair value through profit and loss.

Impairment – Expected Credit Loss Model:

For the impairment of financial assets, IFRS 9 uses a forward-looking 'expected credit loss' ('ECL') model. The measurement options for the ECL are lifetime expected credit losses and 12-month expected credit losses.

The Trust uses the practical expedient to determine ECL on receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

(ii) Financial liabilities

In accordance with IFRS 9, 'Financial Instruments', financial liabilities are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial liabilities are measured based on two categories:

- i) Amortized cost, and
- ii) Fair value through profit or loss

Under IFRS 9, all financial liabilities are classified and subsequently measured at amortized cost except in certain cases. The Trust has no financial liabilities that meet the definitions of these specific cases. Financial liabilities consist of payables, unit subscriptions held in trust, security deposits, due to related parties, due to RHH Rental Properties Ltd. and mortgages payable.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(iii) Fair value

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The fair value hierarchy for measurement of assets and liabilities is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of cash, restricted cash, accounts receivable, mortgages receivable, due from/to related parties, payables, due to RHH Rental Properties Ltd., unit subscriptions held in trust, security deposit and mortgages payable approximate their fair values due to the short-term to maturity of the financial instruments.

The fair values as at December 31, 2022 and December 31, 2021 of the investment in Sandstones Condo Trust, and mortgages receivable and mortgages payable before deferred financing costs are estimated at:

	<u>2022</u>	<u>2021</u>
Mortgages receivable	\$ 2,437,277	\$ 1,087,277
Investment in Sandstones Condo Trust	4,300,000	-
Mortgages payable	10,379,466	11,000,000

These are compared with the carrying value of:

	<u>2022</u>	<u>2021</u>
Mortgages receivable	\$ 2,437,277	\$ 1,087,277
Investment in Sandstones Condo Trust	4,300,000	-
Mortgages payable	10,751,710	11,000,000

The fair value of the mortgages payable in fiscal 2022 varied from the carrying value due to fluctuations in interest rates since its issue.

Critical accounting estimates, assumptions and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions and judgements (continued)

a) Estimates

The Trust has made the following critical accounting estimates:

Investment property

In addition, the computation of cost reimbursements from tenants for realty taxes, insurance and common area maintenance charges is complex and involves a number of estimates, including the interpretation of terms and other tenant lease provisions. Tenant leases are not consistent in dealing with such cost reimbursements, and variations in computations can exist. Adjustments are made throughout the year to these costs recovery revenues based upon the Trust's best estimate of the final amounts to be billed and collected.

In determining estimates of fair values for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

- i. Property tenancies
- ii. Market rents
- iii. Market terminal capitalization rates
- iv. Discount rates
- v. Direct capitalization rates
- vi. Economic environment and market conditions
- vii. Market activity

Investment property and investment property under development

In determining the net recoverable estimate for the purpose of impairment testing, the assumptions of underlying estimated values are limited by the availability of comparable data and the uncertainty of prediction concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

b) Judgements

Leases

The Trust makes judgements in determining whether improvements provided to tenants as part of the tenant's lease agreement represent a capital expenditure or an incentive.

Assessment of control

In determining whether the Trust controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10. The Trust has assessed that the Sandstones Condo Trust has the ability to direct all relevant activities of the Sandstones Condo Limited Partnership and that the General Partner does not control the Sandstones Condo Limited Partnership. There is judgment required to determine whether the rights of the Trust result in control of the Sandstones Condo Trust.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

3. Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions and judgements (continued)

b) Judgements (continued)

Net assets attributable to unitholders

Trust units are redeemable at the holder's option and therefore are considered a puttable instrument in accordance with International Accounting Standard 32 - Financial Instruments: Presentation ("IAS 32"), subject to certain limitations and restrictions. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as net assets attributable to unitholders. The Trust units meet the necessary conditions and have therefore been presented as net assets attributable to unitholders under IAS 32.

Joint arrangements

When determining the appropriate basis of accounting for the Trust's investment in co-ownership, the Trust makes judgments about the degree of control that the Trust exerts directly or through an arrangement over the co-ownership's relevant activities. The Trust has determined that its interest in the co-ownership is a joint operation.

Estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

4. Restricted cash

At December 31, 2022, the Trust has restricted cash of \$39,866 (2021 – \$172,450). Restricted cash of \$39,866 (2021 - \$66,875) represents unitholder subscriptions held in trust until the trade settlement date. These amounts will be returned to investors if the proposed unitholder subscriptions do not successfully proceed. In addition, \$NIL (2021 - \$105,575) represents a holdback amount in respect to the purchase of the investment property acquired in 2021. This amount was held in trust by the law firm in the event that two specific tenants do not pay their full monthly rent associated with this property then the Trust can deduct this amount until the full rental payment is made by both tenants. The tenants paid during fiscal 2022 and the money was applied against the holdback payable to the vendor.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

5. Investment property

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 11,710,156	\$ -
Purchase of investment property	-	11,710,156
Capital expenditures	<u>5,338</u>	<u>-</u>
Balance, end of year	<u>\$ 11,715,494</u>	<u>\$ 11,710,156</u>

On December 10, 2021, the Trust acquired an investment property located at 1960-1980 Hyde Park Road, London, Ontario for a purchase price of \$11,710,156, including transaction costs. The fair value of the investment property is estimated to approximate its carrying value.

6. Investment property under development

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 7,905,801	\$ 7,182,656
Purchase of investment property	-	-
Capital expenditures	<u>2,653,712</u>	<u>723,145</u>
Balance, end of year	<u>\$ 10,559,513</u>	<u>\$ 7,905,801</u>

On October 23, 2020, Development LP acquired an 85% interest in land, through its investment in a co-ownership (Note 9).

7. Related party transactions

Agreement with Equiton Capital Inc.

The Trust has entered into an Agency Agreement with Equiton Capital Inc. (the "Agent"), a related party through (a) sharing key management personnel with the Trust and (b) one of the Trustees of the Trust indirectly controls Equiton Capital Inc. The Trust has retained the Agent to act as a selling agent of the Trust Units.

Pursuant to the Agency Agreement, the Trust incurred agency fees with the Agent related to the issuance of Trust Units in the amount of \$893,179 (2021 - \$714,563), which are included in issuance costs in the consolidated statements of changes of net assets attributable to unitholders.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

7. Related party transactions (continued)

Due from related parties

	<u>2022</u>	<u>2021</u>
Due from Equiton Balanced Real Estate Fund GP Inc. (a related party as the general partner of Equiton Balanced Real Estate Fund LP)	\$ 1,100	\$ 1,610
Due from Sandstones Condo LP (a related party through shared management)	18,510	-
Due from Equiton Real Estate Commercial GP Inc. (a related party as the general partner of Equiton Real Estate Commercial LP)	500	-
Due from Equiton Real Estate Development GP Inc. (a related party as the general partner of Equiton Real Estate Development LP)	500	-
Due from Equiton Real Estate Financial GP Inc. (a related party as the general partner of Equiton Real Estate Financial LP)	<u>1,200</u>	<u>1,200</u>
	<u>\$ 21,810</u>	<u>\$ 2,810</u>

Due to related parties

	<u>2022</u>	<u>2021</u>
Due to Equiton Partners Inc. (a related party being the asset manager of the limited partnerships)	\$ 339,227	\$ 83,316
Due to Equiton Capital Inc. (a related party through shared management)	38,325	-
Due to Equiton Residential Income Fund LP (a related party through shared management)	480	-
Due to Equiton Residential Income Fund Trust (a related party through shared management)	<u>18,733</u>	<u>10,903</u>
	<u>\$ 396,765</u>	<u>\$ 94,219</u>

Balances due to/from related parties are unsecured, non-interest bearing and due on demand.

8. Investment in Sandstone Condo Trust

On August 31, 2022, the Trust purchased 43,000 Class B units of Sandstones Condo Trust for \$4,300,000. Sandstones Condo Trust is a related party through common management. Sandstones Condo Trust controls a limited partnership that is developing a multi-residential property located at 2257 Kingston Road, Toronto, Ontario. The investment in Sandstones Condo Trust is recorded at its fair market value which approximates the carrying value as at December 31, 2022.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

9. Joint arrangements

Interests in joint operations

The Trust's indirect interests in the investment property under development located at 710 Woolwich Street, Guelph, Ontario are subject to joint control and accounted for as a joint operation. Equiton Real Estate Development Fund LP entered into a co-ownership agreement with RHH Rental Properties Ltd. and is developing a multi-residential property with townhouses in Guelph, Ontario. There is a building currently on the property that generated rental income from commercial tenants in 2021 and 2022, however the intention is to demolish the building for redevelopment. Therefore, the purchase price was allocated entirely to the land. The co-ownership was formed on August 28, 2021 and is governed by co-owner's agreement effective as of that date. The co-ownership agreement stipulates that a co-owners Committee be formed consisting of two members, of whom one member shall be appointed by each of the co-owners. All major decisions, as defined in the agreements, require the unanimous vote of the members of the co-owners Committee. The Equiton Real Estate Development Fund LP's ownership interest is 85%.

The financial information in respect of the Trust's indirect 85% proportionate share of the joint operation is as follows:

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 384,177	\$ 106,816
Accounts receivable	185,536	5,366
Prepaid expenses and security deposits	204,502	191,675
Investment property under development	<u>10,559,513</u>	<u>7,905,801</u>
Total assets	<u>\$ 11,333,728</u>	<u>\$ 8,209,658</u>
Liabilities		
Payables and accruals	\$ 945,820	\$ 353,625
Mortgage payable	<u>4,250,000</u>	<u>4,250,000</u>
Total liabilities	<u>5,195,820</u>	<u>4,603,625</u>
Co-owner equity	<u>6,137,908</u>	<u>3,606,033</u>
Total liabilities and co-owner equity	<u>\$ 11,333,728</u>	<u>\$ 8,209,658</u>

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

10. Mortgages receivable

	Payment Type	Interest Rate	Maturity date	December 31, 2022	December 31, 2021
a)	Interest only	10.50%	Feb 28, 2023	\$ 87,277	\$ 87,277
b)	Interest only	7.00%	March 1, 2022	-	1,000,000
c)	Interest only	see below	April 1, 2023	<u>2,350,000</u>	-
				<u>2,437,277</u>	<u>1,087,277</u>
Less: Deferred financing charges				<u>(12,533)</u>	<u>(1,291)</u>
				<u>\$ 2,424,744</u>	<u>\$ 1,085,986</u>

Total deferred financing charges received in 2022 amounted to \$37,600 (2021 - \$10,000).

- The mortgage receivable is a second mortgage on a property under development in Guelph, Ontario and the property to which this mortgage receivable relates is 15% owned by the other co-owner (see Note 9) in a joint arrangement by the same limited partnership as this Trust. The mortgage receivable was extended to May 2023.
- The mortgage receivable issued during 2021, is the first mortgage on a multi-residential property under development in Coburg, Ontario. This mortgage was repaid during 2022.
- The mortgage receivable issued during 2022 is the first mortgage issued to Sandstones Condo LP for the development of a multi-residential property in Toronto, Ontario. The interest rate is prime+280 basis points and the rate of interest must not fall below floor rate of 750 basis. The prime rate at December 31, 2022 is 6.45%.

Mortgages receivable are assessed at each reporting date to determine whether there is objective evidence of impairment. A mortgage or loan investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on these estimated future cash flows of that asset that can be estimated reliably. For the years ended December 31, 2022, and 2021 there were no provisions for mortgage investment losses. The fair value of the mortgages receivable are estimated to approximate its carrying value due to their short nature (Note 3).

11. Due to RHH Rental Properties Ltd.

RHH Rental Properties Ltd. is a 15% joint owner and developer in the co-ownership (Note 9), and the amount payable is non-interest bearing and due on demand.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

12. Mortgages payable

	Payment Type	Interest Rate	Maturity date	December 31, 2022	December 31, 2021
a)	Interest only	See below	Feb 1, 2023	\$ 4,250,000	\$ 4,250,000
b)	Blended monthly	4.43%	April 1, 2027	<u>6,501,710</u>	<u>6,750,000</u>
				10,751,710	11,000,000
Less: Deferred financing charges				<u>(123,554)</u>	<u>(98,056)</u>
				<u>\$ 10,628,156</u>	<u>\$ 10,901,944</u>

The second mortgage payable is repayable as follows:

2023	\$ 152,925
2024	159,774
2025	166,933
2026	174,408
2027	<u>5,847,670</u>
	<u>\$ 6,501,710</u>

- a) The first mortgage payable is an 85% share of the co-ownership's interest payment only with First National Financial LP. The mortgage payable has a monthly interest payment only debt that original bears interest at 6.0% until December 31, 2022 and 10% thereafter. Maturity date has been extended to May, 2023.

The mortgage payable is collateralized by a first collateral mortgage over the property, registered general security agreement and general assignment of rents and leases for the property. The fair value of the mortgage payable is estimated to approximate its carrying value (Note 3).

- b) The second mortgage payable is also with First National Financial LP. The loan bears interest at 4.43% and matures on April 1, 2027. The Trust must comply with its mortgage agreement. The Trust met the requirements of the mortgagor as at December 31, 2022 and 2021.

The Trust must comply with its mortgage agreement. The Partnership met the requirements of the mortgagor as at December 31, 2022 and 2021.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

13. Unitholders' equity

In 2022, the Trust issued 612,135 Class A units (2021 - 619,203 Class Units) at a price of \$10 per unit (2021 - a price ranging from \$9.30 - \$10.00 per unit), 316,029 Class F units (2021 - 97,319 Class F units) at a price of \$10 per unit (2021 - at a price ranging from \$9.30 - \$10.00 per unit), 40,655 Class B units (2021 – nil) at a price of \$10 per unit (2021 - \$nil per unit) and 16,330 Class C units (2021 – nil) at a price of \$10 per unit (2021 \$nil per unit), resulting in net proceeds of \$7,074,258 (2021 - \$7,006,626). Furthermore, a cumulative total of 105,186 units (2021 - 56,396 units) were issued through the Trust's Dividend Reinvestment Plan ("DRIP") and 19,767 units (2021 - 15,991 units) were redeemed.

(i) Class A Trust Units

The Trust is authorized to issue an unlimited number of Class A Trust units.

(ii) Class F Trust Units

The Trust is authorized to issue an unlimited number of Class F Trust units.

(iii) Class B Trust Units

The Trust is authorized to issue an unlimited number of Class B Trust units.

(iv) Class C Trust Units

The Trust is authorized to issue an unlimited number of Class C Trust units.

(v) Class I Trust Units

The Trust is authorized to issue an unlimited number of Class I Trust units. As of December 31, 2022 and 2021, no Class I Trust units have been issued.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

13. Unitholders' equity (continued)

(a) Units outstanding

Class A Trust Units	Number	Amount
Balance, January 1, 2021	687,147	\$ 5,397,247
Issuance of units	619,203	\$ 6,056,626
Issuance of units through distribution reinvestment plan	54,544	520,360
Redemption of units	(15,991)	(153,761)
Issuance costs	-	(617,679)
Balance, December 31, 2021	1,344,903	\$ 11,202,793
Issuance of units	612,135	\$ 6,124,258
Issuance of units through distribution reinvestment plan	93,726	918,519
Redemption of units	(19,767)	(197,669)
Issuance costs	-	(554,541)
Balance, December 31, 2022	2,030,997	\$ 17,493,363
Class B Trust Units	Number	Amount
Issuance of units	40,655	\$ 406,549
Issuance of units through distribution reinvestment plan	252	2,475
Issuance costs	-	(36,909)
Balance, December 31, 2022	40,907	\$ 372,115
Class C Trust Units	Number	Amount
Issuance of units	16,330	\$ 163,300
Issuance of units through distribution reinvestment plan	24	238
Issuance costs	-	(14,825)
Balance, December 31, 2022	16,354	\$ 148,713
Class F Trust Units	Number	Amount
Balance, January 1, 2021	68,884	\$ 561,865
Issuance of units	97,319	\$ 950,000
Issuance of units through distribution reinvestment plan	1,852	17,722
Issuance costs	-	(96,884)
Balance, December 31, 2021	168,055	\$ 1,432,703
Issuance of units	316,029	\$ 3,160,294
Issuance of units through distribution reinvestment plan	11,184	109,602
Issuance costs	-	(286,907)
Balance, December 31, 2022	495,268	\$ 4,415,692
Total units outstanding, December 31, 2022	2,583,526	\$ 22,429,883
Total units outstanding, December 31, 2021	1,512,958	\$ 12,635,496

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

14. Asset management agreement

Equiton Partners Inc. (the “Manager”) is entitled to the following fees pursuant to the Asset Management Agreement:

(i) Asset management fee

The asset management fee is charged at 1.0% annually with respect to the net asset value of Equiton Real Estate Income and Development Fund Trust and Equiton Balanced Real Estate Fund LP, as determined by its Board of Trustees, 1.0% annually with respect to the gross asset value of the assets in the Equiton Real Estate Financial LP, and 3.0% annually with respect to the gross asset value of Equiton Real Estate Development Fund LP.

The asset management fee is calculated and charged monthly.

(ii) Participation fees

During the term of the Asset Management Agreement, the Manager shall be entitled to a 20% fee based on the net income earned by the Equiton Real Estate Financial LP in connection with its mortgages receivable.

(iii) Origination fees

In addition, during the term, the Manager shall be entitled to a fee equal to 3.0% of the total expenditures made in respect of each development project by Equiton Real Estate Development Fund LP, which shall be calculated and payable monthly.

(iv) Transaction fees

During the term, the Manager shall be entitled to a transaction fee equal to 1.0% of the purchase price with respect to each property acquired or sold by Equiton Commercial Real Estate Fund Limited Partnership.

(v) Financing fee

Lastly, during the term, the Manager shall be entitled to a financing fee is charged at 1.00% of the loan amount with respect to each senior or first ranking financing transaction, at 0.50% of the loan amount with respect to each refinancing transaction and at 1.5% of the loan amount with respect to each mezzanine or non-first ranking financing transaction in connection with any mortgage payable secured by Equiton Commercial Real Estate Fund Limited Partnership.

The Manager charged the following fees during the year:

	<u>2022</u>	<u>2021</u>
Asset management fee	\$ 370,363	\$ 163,527
Participation fee	47,607	12,280
Origination fee	77,532	26,622
Transaction fee	-	111,700
Financing fee	-	76,275
	<u>\$ 495,502</u>	<u>\$ 390,404</u>

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

14. Asset management agreement (continued)

The asset management, participation and origination fees are recorded in the statement of loss and comprehensive loss. The transaction fee is recorded in the investment property on the statement of financial position.

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

15. Management of capital

The Trust defines capital that it manages as the aggregate of net assets attributable to unitholders and interest-bearing debt less cash. The Trust's objective when managing capital is to ensure that the Trust will continue as a going concern so that it can sustain daily operations. The Trust's primary objective is to ensure that it has sufficient cash resources to indirectly invest in real estate assets in order to provide adequate returns in the form of dividends to its unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional trust units.

The Trust is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced or may not be refinanced on favourable terms or with interest rates as favourable as those of the existing debt. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Trust is summarized below:

	December 31 2022	December 31 2021
Mortgage payable	\$ 10,628,156	\$ 10,901,944
Cash	(1,452,635)	(1,606,024)
Net debt	9,175,521	9,295,919
Net assets attributable to unitholders	18,643,892	10,604,155
	\$ 27,819,413	\$ 19,900,074

16. Financial instruments and risk management

Risks associated with financial assets and liabilities

Financial risks arise from financial instruments to which the Trust is exposed during or at the end of the reporting period. Financial risks comprise market risk, credit risk and liquidity risk. Management identifies, evaluates and monitors these risks throughout the year.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices due to currency risk, price risk and interest rate risk. Due to the nature of the Trust's financial instruments it has no exposure to currency or price risk.

Equiton Real Estate Income and Development Fund Trust

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

16. Financial instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(ii) Market risk (continued)

Interest rate risk

The Trust is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Trust's interest-bearing financial instruments, the agreements for all mortgages held by the Trust stipulate a fixed rate of interest. Accordingly, the Trust would be subject to limited exposure to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. The fair values of the mortgages are disclosed in Note 3.

(iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the mortgage receivable held, and from cash and accounts receivable. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out by the Trust's investment committee.

Credit risk is monitored on an on-going basis by the Trust in accordance with policies and procedures in place. The Trust's credit risk is monitored on a quarterly basis by the board of Trustee's.

The Trust's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2022 and 2021, is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(iv) Liquidity risk

Liquidity risk is the risk the Trust will encounter difficulties in meeting its financial liability obligations. The Trust's objective in minimizing liquidity risk is to maintain appropriate levels of leverage on its real estate assets. At December 31, 2022, the Trust was holding cash of \$1,452,635 (2021 - \$1,711,599). The Trust's payables are payable on demand and one of the mortgages payable's maturity is due within the year as described in Note 12.