

This confidential offering memorandum (the “Offering Memorandum”) together with other marketing material constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and in no circumstances, is to be construed as, a prospectus or advertisement or public offering of these securities. This Offering Memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Trust other than those representations and warranties made or referred to in this Offering Memorandum. The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction except pursuant to an exemption therefrom.

CONFIDENTIAL OFFERING MEMORANDUM



Private Placement

September 2018

Purpose Alliance Real Estate Investment Trust (the “**Trust**”) is an investment fund established as a trust under the laws of the Province of Ontario. The Trust is offering Class A units (“**Class A Units**”), Class A1 units (“**Class A1 Units**”), Class I units (“**Class I Units**”) and Class P units (“**Class P Units**”, and together with Class A Units, Class A1 Units and Class I Units, the “**Units**”) on a private placement basis (the “**Offering**”) for a purchase price equal to net asset value per Unit.

The investment objective of the Trust is to provide holders of Units (“**Unitholders**”) of the Trust with exposure to a portfolio of income-producing residential real estate properties (“**Properties**”, and each, a “**Property**”) in core urban centres in Canada, initially with primary focus in Toronto. The primary purpose of each investment in a Property will be to provide Unitholders with capital growth over a long-term investment horizon.

To achieve its investment objective, the Trust will acquire a diversified portfolio of residential income-producing real estate Properties initially in Toronto with above-average growth potential. The Trust may also invest in assets located outside of Toronto, within North America, where it is deemed that the potential for growth provides a supplement to the Trust’s Properties in Toronto. The Trust intends to identify, acquire and/or develop multi-unit residential properties in desirable and “up and coming” areas with strong rental demand. See “Investment Strategy”.

Alliance REIT Management Corp. is the manager (the “**Manager**”) of the Trust. The Manager is led by Hooman Tabesh, an investment professional who has approximately 15 years of experience in acquiring and managing residential rental properties in Toronto and over ten years of experience in public and private fund management. Purpose Investments Inc. (“**Purpose**”) provides certain management, administration and distribution services to the Trust. Purpose is an investment fund manager, portfolio manager and exempt market dealer (“**EMD**”) based in Toronto. See “Management of the Trust”.

Purpose is a significant shareholder of the Manager. In addition, certain investment funds managed and/or advised by Purpose own Class A Units representing, in aggregate, approximately 19.9% of the issued and outstanding Units. Therefore, the Trust is a related and connected issuer of Purpose. Purpose will not earn any sales commission or other compensation for acting as EMD of the Units or for providing administrative services to the Trust. Purpose will indirectly benefit from the management fees and incentive compensation earned by the Manager as described under “Fees and Expenses”. See “Interests of Management and Others in Material Transactions”.

Subject to written instructions to the contrary, all Unitholders will be enrolled automatically in the Trust’s distribution reinvestment plan, pursuant to which all distributions of income of the Trust will be reinvested in Units of the Trust.

There are certain risk factors associated with an investment in Units, including risks associated with investing in real estate assets. There is no guarantee that an investment in Units will earn any positive return in the short

or long term, nor is there any guarantee that the net asset value per Unit will appreciate or be preserved. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of all or part of their investment. There is no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this Offering Memorandum. See “Risk Factors”.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part by the Manager, the satisfaction of the conditions set out under “Purchases of Units – Subscription Procedure” and the right of the Manager to close the subscription books at any time without notice.

Units will be available for purchase on a “private placement” basis through investment dealers or through Purpose, as exempt market dealer, by investors who qualify as “accredited investors” as defined under applicable Canadian securities laws or pursuant to other applicable exemptions from the prospectus requirements of applicable Canadian securities laws. As a result, the Units will be subject to applicable resale restrictions. See “Resale Restrictions” and “Risk Factors”.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. Prospective purchasers are directed to inform themselves of and observe such restrictions and all legal requirements of their jurisdiction of residence in respect of the acquisition, holding and disposition of the Units offered hereunder.

Any prospective purchasers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this Offering.

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

The contents of this Offering Memorandum are confidential. By their receipt hereof, prospective purchasers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

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SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Offering Memorandum. Certain capitalized terms used, but not defined, in this summary are defined in the “Glossary of Terms”.

- The Trust:** Purpose Alliance REIT is an open-end investment trust established under the laws of the Province of Ontario. Alliance REIT Management Corp. (the “**Manager**”) is the manager of the Trust.
- Offering:** The Trust is offering the following classes of Units on a private placement basis (the “**Offering**”):
- Class A1 Units* are available through Fundserv to all investors through authorized dealers.
- Class A Units* are available to all investors through authorized dealers, but are not available through Fundserv. Other than Fundserv availability, Class A Units and Class A1 Units identical in all respects.
- Class I Units* are available to institutional investors or to other investors on a case-by-case basis, at the Manager’s discretion.
- Class P Units* may be issued to vendors as portion of the purchase price for a Property.
- Price:** *Purchase Price* – Net asset value per Unit.
- Class A1 Fundserv Code PFC3100*
- Subscriptions will be accepted as of the last business day of each month or such other day as the Manager may designate to value the Trust (each, a “**Valuation Date**”), and the Units will be issued as of the next business day. See “Description of the Units – Subscription Procedure”.
- Minimum Investment:** *Initial investment in Class A Units and Class A1 Units* – \$20,000
- Initial investment in Class I Units* – negotiable and at the Manager’s discretion.
- Subsequent investments in Class A Units, Class A1 Units and Class I Units* - \$1,000
- The Manager may waive the Trust’s investment minimums in its sole discretion, subject to compliance with applicable securities laws.
- Investment Objective:** The investment objective of the Trust is to provide Unitholders with exposure to a portfolio of income-producing residential real estate properties (“**Properties**” and each a “**Property**”) in core urban centres in Canada, initially with primary focus in Toronto. The primary purpose of each investment in a Property will be to provide Unitholders with capital growth over a long-term investment horizon.
- Investment Strategies:** To achieve its investment objective, the Trust will acquire a diversified portfolio of residential income-producing real estate Properties initially in Toronto and other core urban centres with above-average growth potential. The Trust identifies, acquire and/or develop multi-unit residential properties in desirable and “up and coming” areas with strong rental demand.
- The Trust’s portfolio will initially be primarily comprised of single family residential homes which have been or can be converted into multi-unit income producing properties in diverse, but up-and-coming/desirable neighbourhoods. The Manager expects that this diversification strategy will minimize the impact of external social and economic influences beyond the control of the Manager.
- The Manager utilizes a disciplined approach to acquiring Properties by targeting opportunities in areas where gentrification is underway or expected in the short to medium

term (three to seven years) and rental demand among young professionals and university and graduate students is high.

The Manager also seeks to identify opportunities that, at the time of acquisition by the Trust, are not set up as rental properties or are earning rents below the average market rents in the neighbourhood due to deteriorated conditions. Upon acquisition of such a Property, it is converted to a rental property and capital improvements and other renovations are made in order to most efficiently maximize rental returns and enhance value. Overall, identifying and investing in Properties in strategic locations that can be easily converted and/or improved in order to maximize property value and rental returns is expected to lead to long term capital appreciation for Unitholders.

See “Investment Objective and Strategies” and “Competitive Advantage”.

**Distribution
Reinvestment
Plan:**

Subject to written instructions to the contrary, all Unitholders will be enrolled automatically in the Trust’s distribution reinvestment plan, pursuant to which all distributions of income of the Trust will be reinvested in Units of the Trust.

Redemptions:

Units may be redeemed at the option of Unitholders as of the last business day in each calendar quarter (each, a “**Redemption Date**”) by submitting a redemption request to the Manager by no later than 4:00 p.m. (Toronto time) on the 60th day prior to the Redemption Date (the “**Redemption Cut-Off Time**”) and payment of the redemption price will be made by no later than the 30th day after the Redemption Date, subject to the Trust’s right to suspend redemptions as described below under “Suspension of Redemptions”. Units will be redeemed for a redemption price equal to the net asset value per Unit on the Redemption Date, subject to the Early Redemption Charge.

Early Redemption Charge

The redemption price payable by the Trust in respect of a Unit tendered for redemption will be reduced by the following amount (the “**Early Redemption Charge**”):

Year during which Redemption Date occurs	Early Redemption Charge
First year after purchase of Units	6.0% of the redemption price
Second year after purchase of Units	5.0% of the redemption price
Third year after purchase of Units	4.0% of the redemption price
Fourth year after purchase of Units	3.0% of the redemption price
Fifth year after purchase of Units	2.0% of the redemption price
More than five years after purchase of Units	None

Where the Manager has received redemption requests for the redemption of Units on a given Redemption Date having an aggregate redemption price in excess of \$25,000, and the Trustees determine that it is not reasonably practical to dispose of Trust property to satisfy such redemption amount (a “**Suspension Event**”), the Trust may (i) suspend redemptions of Units for a period not exceeding 120 days; or, (ii) satisfy the redemption by way of an in specie distribution of property of the Trust and/or unsecured subordinated notes of the Trust. In the event of a Suspension Event, the suspension or in specie distribution will apply to all requests for redemption received prior to the Suspension Event but as to which payment has not been made, as well as to all requests received while the Suspension Event is in effect.

See “Redemption of Units” and “Redemption of Units – Suspension of Redemptions”.

Termination:

The Trust will continue until terminated by Special Resolution of the Unitholders. After the date on which the Trustees are required to commence to wind up the affairs of the Trust, the Trustees will not undertake any activities on behalf of the Trust except for the purpose of

winding-up its affairs. If any assets of the Trust cannot be sold by the date set for termination, the Trustees may, subject to obtaining any required regulatory approvals, distribute the remaining assets directly to the Unitholders in accordance with their *pro rata* holdings of Units.

See “Termination of the Trust”.

Risk Factors: **There are certain risk factors associated with an investment in Units, including risks associated with investing in real estate. There is no guarantee that an investment in Units will earn any positive return in the short or long term, nor is there any guarantee that the net asset value per Unit will appreciate or be preserved. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of all or part of their investment. There is no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this Offering Memorandum. See “Risk Factors”.**

Income Tax Considerations: This summary of Canadian federal income tax considerations for the Trust and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under “Income Tax Considerations”.

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Trust paid or payable to the Unitholder in the year and deducted by the Trust in computing its income. Any return of capital from the Trust paid or payable to a Unitholder in a taxation year will reduce the adjusted cost base of the Unitholder’s Units of the Trust. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such capital gain. Any loss of the Trust cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the Trust. Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceeds (or is less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust requires that the Trust distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the Trust will not be liable in respect of the taxation year for ordinary income tax.

Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See “Income Tax Considerations”.

Taxation of Registered Plans: Provided that the Trust qualifies as a “mutual fund trust” within the meaning of the Tax Act under the Tax Act or is a registered investment under the Tax Act, the Units of the Trust will be qualified investments under the Tax Act for Registered Plans. Holders of tax-free savings accounts and registered disability savings plans, subscribers of registered education savings plans and annuitants of registered retirement savings plans and registered retirement income funds should consult with their tax advisors regarding whether Units of the Trust would be a prohibited investment for such accounts or plans in their particular circumstances.

See “Income Tax Considerations – Status of the Trust”.

ORGANIZATION AND MANAGEMENT DETAILS OF THE TRUST

- Manager:** Alliance REIT Management Corp. provides certain advisory, management and administrative services to the Trust pursuant to an asset management/advisory services agreement between the Trust and the Manager dated February 23, 2016 (the “**Management Agreement**”). The Manager may be considered to be a promoter of the Trust within the meaning of applicable Canadian securities laws.
- See “Management of the Trust – Manager”.
- Board of Trustees:** The Trust is governed by a Board of Trustees comprised of no less than three and no more than eleven Trustees. Currently, the Board of Trustees includes Hooman, a Purpose nominee and two independent Trustees, all of whom have been Trustees since the inception of the Trust in 2016. A description of the experience, background relevant to the business of the Trust and information regarding the principal occupations of the independent Trustees is set out under “Management of the Trust – Board of Trustees”.
- Purpose:** Purpose Investments Inc. (“**Purpose**”) provides certain administration and distribution services to the Trust, including sales and marketing services, product structuring advice, operational support, EMD services and other services as required from time to time.
- Purpose is a significant shareholder of the Manager. In addition, certain investment funds managed and/or advised by Purpose own Class A Units representing, in aggregate, approximately 19.9% of the issued and outstanding Units.
- Purpose will not earn any sales commission or other compensation for acting as EMD of the Units or for providing administrative services to the Trust. Purpose will indirectly benefit from the management fees and incentive compensation earned by the Manager as described under “Fees and Expenses”.
- See “Management of the Trust -- Purpose” and “Interests of Management and Others in Material Transactions”.
- Custodian:** The custodian of the cash and Temporary Investments of the Trust is Caledon Trust Company or such other custodian as may be appointed by the Trustees from time to time (the “**Custodian**”). The Custodian will provide services to the Trust from its offices in Toronto, Ontario.
- Auditor:** BDO Canada LLP will act as the auditor of the Trust. The office of the auditor is located in Toronto, Ontario.
- Reports:** Unitholders will receive income tax information and annual audited financial statements. For investors requiring the reporting of net asset value per Unit, the Trust will deliver quarterly statements of net asset value, calculated as of each Valuation Date as described under “Calculation of Net Asset Value”.
- No Listing:** The Units will not be listed or traded on any stock exchange. Class A Units, Class A1 Units and Class I Units will be available for purchase from Purpose. Class A1 Units will be available for purchase through dealers on Fundserv.
- Resale Restrictions:** Unitholders may be restricted from selling their Units under applicable securities laws for an indefinite period. See “Resale Restrictions”.
- Purchasers’ Rights:** Securities legislation in certain of the Provinces of Canada provides purchasers with, in addition to any other rights they may have at law, a remedy for rescission or damages, or both, where this Offering Memorandum and any amendment to it and, in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation (as such term

may be defined in the applicable legislation). However, those remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed in applicable legislation. Further, such rights may depend on the particular prospectus exemption relied upon by the issuer. Each purchaser should refer to the provisions of the applicable legislation for the particulars of these rights or consult with a legal advisor. See “Purchasers’ Rights”.

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Trust which will reduce the value of a Unitholder's investment in the Trust. All fees are subject to current and future taxes. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees Payable to the Manager:	<p><i>Class A Units, Class A1 Units and Class P Units</i></p> <p>An annual management fee equal to 2% of the net asset value of the Trust attributable to the Class A Units, Class A1 Units and Class P Units, calculated and payable quarterly, plus applicable taxes, is payable to the Manager. The Manager, in its sole discretion, may waive all or any part of management fees payable by the Trust for any period. Currently, the Manager has waived a portion of the annual management fee and is collecting a management fee equal to 1.5% of the net asset value of the Trust. The Manager will provide at least 90 days' advance written notice to Unitholders prior to reducing or eliminating the waived portion of the management fee.</p> <p><i>Class I Units</i></p> <p>Holders of Class I Units pay a negotiated management fee directly to the Manager, plus any additional amounts for administrative expenses up to 0.05% per annum of the net asset value of the Trust attributable to such holder's Class I Units and any additional expenses as may be agreed to by the holder and the Manager.</p>
Property Acquisition Fee:	<p>The Manager is entitled to an acquisition fee of up to 2.0% of the purchase price of any investment properties purchased.</p>
Property Management Fee:	<p>The Manager, or an affiliate of the Manager, will serve as the property manager of all Properties held by the Trust (the "Property Manager") and will be entitled to an annual property management fee of 7% of the aggregate gross rents collected by the Trust in respect of all Properties held by the Trust, calculated and payable quarterly, in arrears. All costs incurred by the Property Manager in the ordinary course in connection with property maintenance, tenant management and related property management services will be covered by property management fees.</p>
Incentive Fee:	<p>Upon the disposition of a Property by the Trust, the Manager is entitled to receive an incentive fee equal to 20% of the capital gains earned by the Trust on the Property subject to a hurdle rate of 7% of the compound annual growth rate ("CAGR") of the Property calculated from the date of acquisition, to the date of disposition, of the Property by the Trust.</p>
Ongoing Expenses of the Trust:	<p>In addition to management fees (which include fees payable to Purpose for administrative services), property management fees and incentive fees, the Trust will pay all expenses relating to its establishment and ongoing operations, fees payable to the trustees and fees payable to the advisors and service providers of the Trust for legal, accounting and audit, administration, compliance, financial reporting and investor relations, real estate brokerage commissions, custody fees and various overhead expenses.</p>
Sales Commissions:	<p>Purpose will not earn any sales commission or other compensation for acting as EMD of the Units. Investors may pay sales commissions to their investment dealer in connection with the purchase of Units. Any such commission will be negotiated between the investor and the dealer and will not reduce the net asset value of the investor's Units.</p>

GLOSSARY OF TERMS

In this Offering Memorandum, unless otherwise indicated all dollar values and references are to Canadian dollars and the following terms have the meanings set forth below, unless otherwise indicated.

“**AML Regulation**” means statutes, regulations and other laws enacted by the government of the applicable jurisdiction aimed at the prevention and detection of money laundering and terrorist financing activities.

“**AUM**” means assets under management.

“**business day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the Toronto Stock Exchange is not open for trading.

“**Class A Units**” means the class A units of the Trust.

“**Class A1 Units**” means the class A1 units of the Trust.

“**Class I Units**” means the class I units of the Trust.

“**Class P Units**” means the class P units of the Trust

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

“**Custodian**” means Caledon Trust Company, or such other custodian as may be appointed by the Trustees from time to time to hold the cash and Temporary Investments of the Trust.

“**Cut-off Date**” has the meaning given to it under “Redemption of Units – Quarterly Redemptions”.

“**Debt Instruments**” total Gross Book Value, measured at the time of investment, in mortgages, mortgage bonds or debentures

“**Declaration of Trust**” means the declaration of trust of the Trust dated as of February 23, 2016.

“**Early Redemption Charge**” means the amount reduced from the redemption price payable by the Trust in respect of a Unit tendered for redemption.

“**Fundserv**” means Fundserv Inc.

“**Focus Activities**” has the meaning given to it in “Investment Guidelines and Operating Policies – Investment Guidelines”.

“**GAAP**” means Generally Accepted Accounting Principles.

“**Gross Book Value**” means, at any time, the greater of (i) the value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated statement of financial position, less the amount of any payable reflecting interest rate on any debt assumed by the Trust and (ii) the historical cost of the assets of the Trust and its consolidated subsidiaries;

“**IFRS**” means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time;

“**Indebtedness**” has the meaning given to in the Declaration of Trust.

“**Management Agreement**” means the asset management/advisory services agreement between the Trust and the Manager dated February 23, 2016.

“**Management Fee**” has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Trust – Fees Payable to the Manager for Acting as Manager of the Trust”.

“**Manager**” means Alliance REIT Management Corp., the manager and promoter of the Trust, and, if applicable, its successor.

“**NI-45-106**” means National Investment 45-106 – Prospectus Exemptions.

“**net asset value**” means the net asset value of the Trust calculated as of the most recent Valuation Date as described under “Calculation of Net Asset Value”.

“**net asset value per Unit**” means the net asset value of the Trust attributable to each Class of Units as of the Valuation Date, divided by the number of Units of that Class outstanding as of that Valuation date.

“**Offering**” means collectively, the offering of Class A Units and Class A1 Units on a private placement basis pursuant to this Offering Memorandum.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least a majority of the votes cast, either in person or by proxy, at a meeting of holders of Class A Units, Class A1 Units and Class I Units called for the purpose of considering such resolution.

“**OSA**” means the Securities Act (Ontario).

“**Properties**” means a portfolio of income-producing residential real estate properties and “**Property**” means any one of them.

“**Property Manager**” has the meaning given to it under “Fees and Expenses – Property Management Fee”.

“**Portfolio**” means the portfolio of Properties held by the Trust.

“**Purpose Funds**” means all investment funds managed or advised by Purpose from time to time. The Trust is not a Purpose Fund.

“**Redemption Cut-Off Time**” means 4:00 p.m. (Toronto time) on the 60th day prior to the Redemption Date.

“**Redemption Date**” means last business day in each calendar quarter.

“**Registered Plan**” means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, and a tax-free savings account.

“**SIFT Rules**” means the provisions of the Tax Act, including those contained in sections 104, 122 and 122.1 of the Tax Act, which apply to the taxation of a “specified investment flow through trust” and its unitholders.

“**SIFT trust**” means a specified investment flow-through trust for the purposes of the Tax Act.

“**Subscription Date**” means each business day.

“**Subscription Cut-Off Time**” means 4:00 p.m. (Toronto time) on the Subscription Date.

“**subsidiary**” has the meaning given to it under applicable Canadian securities laws.

“**Suspension Event**” means an event where the Manager has received redemption requests for the redemption of Units on a given Redemption Date having an aggregate redemption price in excess of \$25,000, and the Manager determine that it is not reasonably practical to dispose of trust property to satisfy such redemption amount.

“Special Resolution” means a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of holders of Class A Units, Class A1 Units and Class I Units called for the purpose of considering such resolution.

“Tax Act” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and includes regulations promulgated thereunder.

“Tax Proposals” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“Temporary Investments” means investment in short term, liquid investments and other investments permitted under the Declaration of Trust.

“Trust” means Purpose Alliance REIT, a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“Trustee Indemnified Party” means each Trustee and former Trustee

“Trustees” means the trustees of the Trust, as described under “Management of the Trust – The Trustees”, or any successors to such trustees.

“United States” or **“U.S.”** means the United States of America.

“Unitholders” means the holders of Units.

“Units” means the Class A Units, Class A1 Units, Class I Units and Class P Units issued by the Trust.

“U.S. Securities Act” means the *U.S. Securities Act of 1933*, as amended.

“Valuation Date” means the last business day of each month and such other days as may be designated by the Manager for calculation of the net asset value of the Trust.

PURPOSE ALLIANCE REIT

Purpose Alliance REIT is an open-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The head office of the Trust is located at 11 Wembley Road, Toronto, Ontario M6C 2E8. Hooman Tabesh, Mordecai Bobrowsky, Daniel Shapira and Vladimir Tasevski are the Trustees of the Trust and Alliance REIT Management Corp. is the Manager of the Trust. Purpose provides certain sales, marketing, administration and distribution services to the Trust. See “Management of the Trust”.

The Manager is currently focused on acquiring Properties in gentrifying neighbourhoods in the Toronto core, and has adopted a disciplined property acquisition approach to realize target minimum capitalization rates. The Manager provides the Trust with efficient property improvement and re-development services to maximize value and rents, as well as property management services intended to preserve assets values and minimize operating costs. See “Competitive Advantage”.

INVESTMENT OBJECTIVE AND STRATEGIES

Investment Objective

The investment objective of the Trust is to provide Unitholders with exposure to a portfolio of income-producing residential real estate Properties in core urban centres in Canada, initially with primary focus in Toronto. The primary purpose of each investment in a Property will be to provide Unitholders with capital growth over a long-term investment horizon.

Investment Strategies

To achieve its investment objective, the Trust will acquire a diversified portfolio of residential income-producing real estate Properties initially in Toronto and other core urban centres with above-average growth potential. The Trust identifies, acquires and/or develops single and multi-unit residential properties in desirable and “up and coming” core urban centre areas with strong rental demand by:

- investing in areas with significant potential for gentrification and growing rental demand;
- adopting a disciplined, strategic investment approach with a target minimum going-in capitalization rate;
- maintaining industry leading procedures for tenant selection and oversight;
- diversifying Properties over multiple “up-and-coming” neighbourhoods within Toronto; and
- assembling plots in “up-and-coming” neighbourhoods.

The Trust’s portfolio will initially be primarily comprised of single family residential homes which have been or can be converted into multi-unit income producing properties in diverse, but up-and-coming/desirable neighbourhoods. The Manager expects that this diversification strategy will minimize the impact of external social and economic influences beyond the control of the Manager.

The Manager utilizes a disciplined approach to acquiring Properties by targeting opportunities in areas where gentrification is underway or expected in the short to medium term (three to seven years) and rental demand among young professionals and university and graduate students is high.

The Manager also seeks to identify opportunities that, at the time of acquisition by the Trust, are not set up as rental properties or are earning rents below the average market rents in the neighbourhood due to deteriorated conditions. Upon acquisition of such a Property, it is converted to a rental property and capital improvements and other renovations are made in order to most efficiently maximize rental returns and enhance value. Overall, identifying and investing in Properties in strategic locations that can be easily converted and/or improved in order to maximize property value and rental returns is expected to lead to long term capital appreciation for Unitholders.

All residential conversions and renovations are undertaken with a view to plot assembly, sale for the purpose of condominium development or an eventual conversion back to a single family residential property in order to maximize potential profits for the Trust and its Unitholders upon resale of the Property.

Although the primary focus of the Trust is the acquisition and holding of single family residential homes which have been or can be converted into multi-unit income producing properties, as the Trust grows over time, the Manager may seek further diversification for the Trust by investing in small to medium sized residential multi-plex properties, mixed use and commercial real estate. Investment opportunities will be judged based on their long-term capital appreciation prospects, as well as their ability to attract tenants to minimize vacancy and generate adequate returns.

The Trust may also invest in short term, liquid investments and other investments permitted under the Declaration of Trust (“**Temporary Investments**”). See “Investment Guidelines”.

Use of Leverage

The maximum amount of leverage which may be employed by the Trust is equal to 60% of Gross Book Value of the Trust, measured at the time the leverage is incurred. As the Trust continues to grow, the Manager expects that the Trust may employ higher leverage to benefit from the existing interest rate environment and enhance Unitholder returns.

The Manager will not take on excessive financial risks without diligently weighing the benefits and costs. The Trust will maintain a long-term investment horizon and focus on providing stable returns to Unitholders over time. The Manager expects that the Trust’s portfolio of Properties will provide strength to its balance sheet and promote stability in the event of deteriorating market conditions.

The Trust may borrow to maintain liquidity for general working capital purposes and to bridge timing differences resulting from redemptions of Units and liquidation of assets. The Trust may grant security over any Property or other asset.

COMPETITIVE ADVANTAGE

Urban Residential Real Estate

The Trust is focused on investing in residential real estate in urban centres, where positive demographic trends and limited supply of residential real estate are expected to continue to fuel growth in property values. Key factors affecting demand for rental properties in urban centres is attributable to ongoing immigration and investment and a clustering of people and jobs in downtown cores. In addition, mortgage rules adopted by the Canadian Office of the Superintendent of Financial Institutions in early 2018 have made the home purchases and ownership less affordable. Key factors causing low supply for residential real estate in urban centres include minimal new housing stock, limited land availability and rent controls which restrict new housing development.

As a result, urban areas support stable and increasing residential real estate prices over the long term, as buyers compete for limited residential real estate stock. Elevated home prices drive many traditional buyers to rent, which puts upward pressure on rent and presents an attractive opportunity for a long-term buy and rent investment strategy.

Residential Real Estate as an Asset Class

Residential real estate in Toronto and other urban areas is an attractive source of yield and total return which has a low historical correlation to equities and low volatility, presenting a tactical buying opportunity for the Trust.

Toronto Residential Real Estate Market

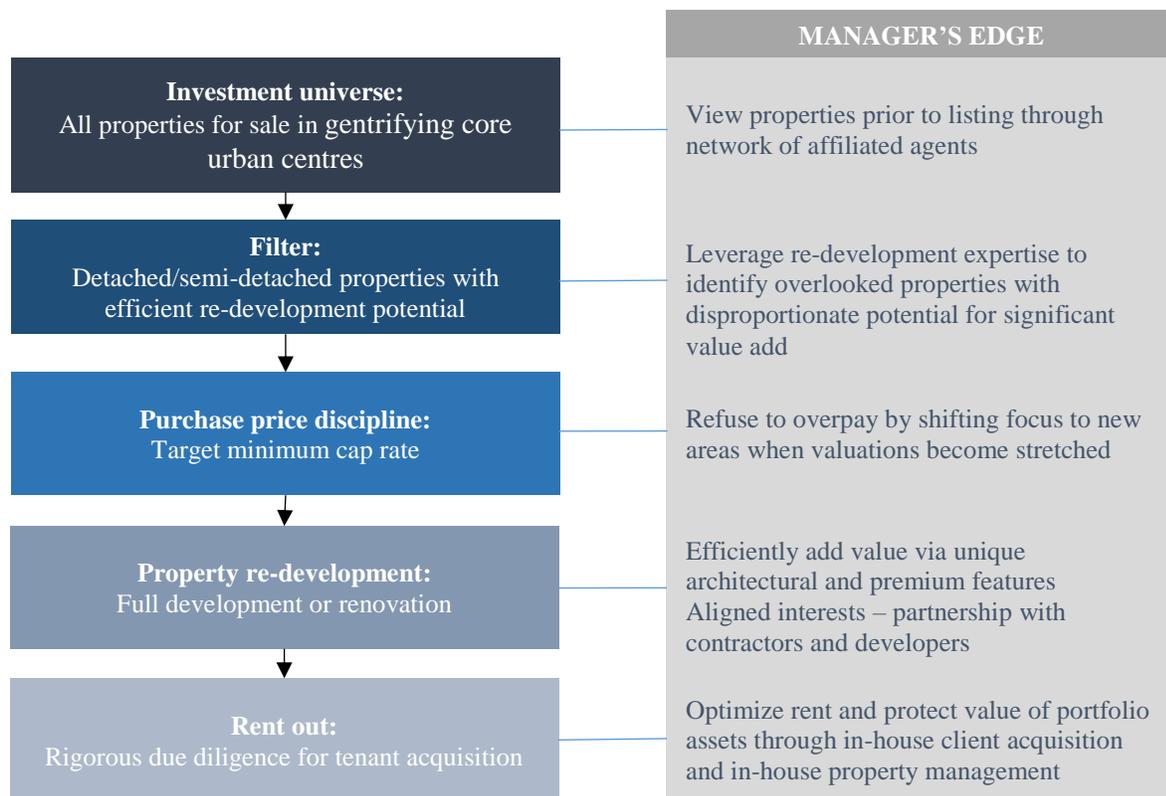
The Trust is initially focused on investing in the Toronto residential real estate market. Toronto has been by most measures Canada’s most stable and high growth real estate market. It is the Manager’s view that Toronto residential real estate market provides the most upside potential and least downside risk due to Toronto’s vibrant demographics,

two downtown universities, dynamic culture and its presence as Canada’s financial, creative and health services hub. Toronto (from the lake to 401 and from DVP to the Humber River) shares many characteristics with Manhattan, New York and may be considered the “Manhattan of the North”. During the 2008 U.S real estate/financial crisis, Manhattan property values were hardly affected and today continue to represent the most expensive property values per square foot in the United States.

Toronto is a city of neighbourhoods and each neighbourhood differs in characteristics, valuation, growth, and rental demand. The Manager has expertise in sourcing and acquiring properties in “up and coming” neighbourhoods that are sought after by young and upwardly mobile professionals with disposable income and are, or are expected to be, in process of gentrification and development with potential for further development and value growth in the short to medium term.

The Manager is currently focused on acquiring Properties in gentrifying neighbourhoods in the Toronto core, and has adopted a strategic approach which follows leading indicators of positive demographic trends. The Manager has identified Hamilton, Kitchener-Waterloo and Montreal among others as future areas of expansion.

Disciplined Investment Process



The Manager’s Edge

The Manager is led by Hooman Tabesh, who has approximately 15 years of experience in acquiring and managing residential rental properties in Toronto and over ten years of experience in public and private fund management. Hooman is supported by Vice Presidents of Operations and Development and an experienced Board of Trustees. The biographies of the management team and the Trustees are set out under “Management of the Trust”.

The Manager has significant experience in all aspects of the rental housing business in Toronto, including acquisitions, finance and administration, property management, construction, renovation and marketing. The following skills and experience of the Manager are expected to enable the Trust to capitalize on opportunities not readily available to others:

- **Proactive Management:** The Manager will be actively involved in every aspect of the Trust’s day to day operations. Proactive capital investment, daily oversight of properties, property management and tenant selection will mitigate various business risks associated with the operation of the Trust.
- **Professional Experience:** The Manager’s team has decades of experience in various disciplines including asset management, law, real estate development, property management, marketing, business administration, accounting, and finance.
- **Tenant Management:** The Manager’s experience in client management that will be leveraged to enhance tenant relationships and translate to lower vacancy rates.
- **Network of Skilled Professionals:** Throughout the years, the Manager has established an extensive network of skilled trade and construction labour professionals that will deliver quality service related to any maintenance program or improvement project.
- **Internalized Property Management:** The Trust has allocated property management functions to an affiliate to the benefit of all Unitholders. Allocation to an affiliate enables the Trust to retain additional profits that an external property manager would have earned had it collected fees from the Trust. These savings can be used by the Trust to make incremental Property investments, strengthening the Trust’s financial position and risk profile.

INVESTMENT GUIDELINES AND OPERATING POLICIES

In accordance with the Declaration of Trust, the following investment guidelines and policies apply to the investments and operations of the direct and indirect subsidiaries of the Trust.

Investment Guidelines

The assets of the Trust will be invested in accordance with the following investment guidelines:

- (a) the Trust’s activities will be focused primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing real estate Properties, as well as commercial real estate and ancillary real estate ventures in Canada (“**Focus Activities**”);
- (b) no investment will be made which would result in:
 - (i) Units not qualifying as qualified investments for Registered Plans; or
 - (ii) the Trust ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act.
- (c) the Trust will not invest in securities other than:

- (i) Temporary Investments;
- (ii) currency, commodity or interest rate futures contracts for “hedging” purposes as defined in National Instrument 81-102 *Investment Funds*;
- (iii) securities of a joint venture engaged in a Focus Activity or formed or operated for the purpose of carrying on activities ancillary to Property ownership;
- (iv) securities of a wholly-owned subsidiary formed for the purpose of holding one or more Properties; and
- (v) securities of another issuer that is engaged in a Focus Activity provided that either:
 - (A) such securities derive their value principally from real property; or
 - (B) the principal business of the issuer is owning and operating real property;
- (d) the Trust will not invest in rights or interest in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (e) the Trust may invest up to 20% of its total net asset value, measured at the time of investment, in mortgages, mortgage bonds or debentures (“**Debt Instruments**”), provided that:
 - (i) such Debt Instrument is secured by real property which otherwise meets in the investment guidelines of the Trust;
 - (ii) the security for the Debt Instrument includes a mortgage registered on title to the relevant real property; and
 - (iii) the amount of the investment (excluding any mortgage insurance fees) does not exceed 85% or the market value of the real property which secures the investment; and
- (f) the Trust may not invest in raw land (except for raw land adjacent to existing Properties for the purpose of renovation or expansion of existing facilities and provided that the total cost of all investments in raw land does not exceed 5% of Gross Book Value.

The Trust may make investments which do not comply with the foregoing guidelines (a) or (c) through (f) inclusive, provided that the aggregate cost of such investments (which, for an investment in real property, is equal to the purchase price less the amount of indebtedness assumed in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of Gross Book Value, measured at the time of purchase, and the making of any such investment will not contravene guideline (b) above.

Operating Policies

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

- (a) the Trust may engage in construction or development in order to maintain and enhance the revenue-producing potential of the Properties;
- (b) title to each Property is held and registered in the name of the Trust, a nominee corporation, a subsidiary or other appropriate manner;
- (c) no indebtedness may be incurred or assumed if, after giving effect to such incurrence or assumption, total indebtedness would be more than 60% of Gross Book Value;

- (d) the Trust is prohibited from guaranteeing third party indebtedness, subject to certain exceptions for subsidiaries and joint ventures and subject to the restrictions of Debt Instruments described above under paragraph (e) of “Investment Guidelines”;
- (e) the Trust will obtain an engineering survey or physical review by an experienced independent third party consultant for the physical condition of each property intended to be acquired;
- (f) at all times insurance coverage will be maintained in respect of the Properties at levels the Trustees consider appropriate, taking into account industry standards and other relevant factors; and
- (g) the Trust may engage asset managers under terms acceptable to the Trustees, and as of the date of this Offering Memorandum the Trust has engaged the Manager pursuant to the Management Agreement.

MANAGEMENT OF THE TRUST

The Manager

Alliance REIT Management Corp. provides certain advisory, management and administrative services to the Trust pursuant to an asset management/advisory services agreement between the Trust and the Manager dated February 23, 2016 (the “**Management Agreement**”). The Manager may be considered to be a promoter of the Trust within the meaning of applicable Canadian securities laws.

The Manager was incorporated under the *Ontario Business Corporations Act* in February 2016. The Manager’s head office is located at 11 Wembley Road, Toronto Ontario M6C 2E8. Each of Hooman Tabesh and Purpose owns, directly or indirectly, 50% of the issued and outstanding common shares of the Manager.

The titles and biographies of the directors and officers of the Manager are as follows:

Hooman Tabesh, Chief Executive Officer and Director

Hooman has approximately 15 years of experience in acquiring and managing residential rental properties in Toronto. Hooman also has over ten years of experience in public and private fund management and acquisitions. Prior to establishing the Manager and the Trust in 2016, Hooman served in legal and strategy functions in senior executive capacities at Mackenzie Investments, BMO Global Asset Management and BlackRock Canada. Hooman holds a Law degree from Osgoode Hall law School and an MBA from Schulich School of Business.

Millan Jankovic, Vice President, Operations & Finance

Millan is a real estate professional and entrepreneur with over five years of experience advising public and private companies on strategy, operations, corporate governance, hostile takeovers and proxy contests. Millan is a realtor specializing in Toronto real estate and graduated with a BBA from the Schulich School of Business at York University. He holds the CPA designation and is a Level III Candidate in the CFA Program.

Giancarlo Lagrasta, Vice President, Development

Giancarlo Lagrasta has over ten years of experience in the construction and real estate development industries. He holds a designation in construction engineering and has managed and completed well over 200 large scale projects in the Greater Toronto Area. While having worked in many large commercial development projects, his passion has primarily been servicing the residential market. Giancarlo has also been featured on multiple programs on HGTV such as Property Brothers.

Under the Management Agreement, the Trustees have delegated authority to the Manager to manage and administer the day-to-day business and affairs of the Trust, including, without limitation, identifying investment opportunities that meet the investment criteria of the Trust within the investment guidelines set out under “Investment Guidelines”,

providing the Trustees with information and advice relating to proposed acquisitions, dispositions and financings; establishing, at least on an annual basis, investment and operating plans for the ensuing period; supervising the due diligence required in connection with proposed acquisitions and supervising the completion of any resulting transactions; maintaining the books and financial records of the Trust, including the calculation of net asset value and net asset value per Unit on each Valuation Date; advising as to designations, elections and determinations to be made for tax and accounting purposes; preparing reports and other information required to be sent to Unitholders and other disclosure documents; and administering or supervising the administration on behalf of the Trust of the payment of distributable income and other distributions by the Trust.

The Manager may from time to time employ or retain any other person or entity to perform, or to assist the Manager in the performance of management, administrative and advisory services to all or any portion of the Trust's assets and in performing other duties of the Manager. The Manager has engaged Purpose to provide certain management, administration and distribution services to the Trust. Pursuant to the terms of the Service Agreement, Purpose will provide product structuring advice, operational support, EMD services and other services as required from time to time. The Manager, or an affiliate of the Manager, is the Property Manager of the Trust.

Under the Management Agreement, the Manager agrees to act honestly and in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill that a reasonably prudent investment manager would exercise in comparable circumstances. The Manager will not be liable in carrying out its duties under the Management Agreement except for losses incurred by REIT as a result of the negligence, bad faith, willful or reckless misconduct or fraud of the Manager or any director, officers, employee or agent of the Manager or a breach by the Manager of its standard of care set out in the Management Agreement.

The Trust will pay to the Manager the management fees and incentive fees described under "Fees and Expenses".

Board of Trustees

The Trust is governed by a Board of Trustees comprised of no less than three and no more than eleven Trustees. Currently, the Board of Trustees includes Hooman, a Purpose nominee and two independent Trustees, all of whom have been Trustees since the inception of the Trust in 2016. A description of the experience, background relevant to the business of the Trust and information regarding the principal occupations of the independent Trustees is set out below.

Mordecai Bobrowsky, Chairman of the Board of Trustees

Mordecai Bobrowsky is the Vice President, Legal of Primaris REIT, a division of H&R REIT, responsible for all legal affairs including issues related to leasing, acquisitions, operations and development. Prior to joining Primaris, he was Assistant Vice President, Legal at RioCan REIT and Senior Legal Counsel at First Capital Realty. Mordecai holds a JD from Osgoode Hall Law School and MBA from Schulich School of Business.

Daniel Shapira, Trustee

Daniel Shapira is the Head of the Commercial Real Estate Group at Wildeboer Dellelce LLP in Toronto. Daniel's practice involves property development, sales, acquisitions, joint ventures, commercial leasing and financing transactions, including land development and construction loans, acquisition facilities and operating facilities. He also practises in the Debt Products Group and acts on a wide array of real estate capital markets transactions. Daniel holds an L.L.B. from the University of Victoria and a B.A. from the University of Western Ontario. Daniel has been a governor of Mount Sinai Hospital since 2004.

Vladimir Tasevski, Trustee

Vladimir Tasevski is Vice President of Purpose where he has broad involvement in the implementation of the firm's key initiatives. He has over 11 years of experience in the asset management industry. Mr. Tasevski was a Vice President at BlackRock Asset Management Canada Limited which he joined following its acquisition of Claymore Investments, Inc. in March, 2012. At Claymore Investments, Inc. Mr. Tasevski spent five years in a generalist role where he gained broad experience in the areas of product development, marketing, sales and operations. He is a CFA

charterholder and has a Bachelor of Commerce degree from the University of Toronto and was the recipient of the University of Toronto Arbor Award in 2012.

Each Trustee is appointed for a three-year term and may be appointed by an ordinary majority of votes cast at a meeting of Unitholders or by resolution in writing signed by Unitholders representing a majority of Units as would be required to pass such resolution as at a meeting. If no Trustee is appointed to replace an existing Trustee at the expiry of his or her term, the existing Trustee will continue to serve until a replacement is appointed. At least one quarter of all Trustees will be nominees of the Manager, and a majority of Trustees must be Canadian residents at all times. A Trustee may resign at any time upon 30 days' written notice, provided that the resignation is not effective if the remaining Trustees would be less than the number necessary to constitute a quorum for a meeting of Trustees.

Under the terms of the Declaration of Trust, the Trustees are required to act honestly and in good faith with a view to the best interests of the Trust and the Unitholders and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the "**Trustee Standard of Care**"). The liability of the Trustees under the Declaration of Trust is limited to cases where the Trustees fail to act in accordance with the Trustee Standard of Care. The Trustee Standard of Care is intended to be similar to, and not to be any greater than, those imposed on a director of a corporation governed by the *Business Corporations Act* (Ontario). Unless otherwise required by law, the Trustees are not required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations under the Declaration of Trust. The Trustees are not required to devote their entire time to the investments or business or affairs of the Trust.

Each Trustee and former Trustee (each, a "**Trustee Indemnified Party**") is entitled to be indemnified and reimbursed out of the Trust's property in respect of any and all taxes, penalties or interest in respect of unpaid taxes or other governmental charges imposed upon the Trustee Indemnified Party in consequence of the performance of its duties under the Declaration of Trust, other than in respect of fees or remuneration received by such Trustee Indemnified Party for the performance of such duties, and in respect of any and all costs, charges and expenses, including amounts paid to settle an action or satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative, investigative or other action or proceeding to which the Trustee Indemnified Party is made a party by reason of being or having been a Trustee or a director, officer, employee or agent of the Trust or any subsidiary of the Trust provided that the Trustee Indemnified Party shall not be indemnified out of the Trust's property in respect of unpaid taxes or other governmental charges or in respect of such costs, charges and expenses that arise out of or as a result of the negligence, bad faith, willful or reckless misconduct or fraud of the Trustee or any director, officers, employee or agent of the Trustee or a breach by the Trustee of the Trustee Standard of Care.

The Trustees are entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committees of the Trustees. The Trustees are not precluded from serving the Trust in any other capacity and receiving remuneration for such services.

The Trustees may be paid such compensation for their services from the Trust as the Trustees may from time to time determine. To date, the Trustees have not received compensation for serving as Trustees. The Manager will provide at least 90 days' advance written notice to Unitholders prior to the Trust commencing to pay compensation to the Trustees.

Purpose

Purpose Investments Inc. ("**Purpose**") provides certain sales, marketing management, administration and distribution services to the Trust. Purpose is a portfolio manager, investment fund manager and exempt market dealer ("**EMD**") based in Toronto. Purpose provides product structuring advice, operational support, EMD services and other services as required from time to time. Purpose will not collect any commissions or other compensation in connection with the EMD or administrative services that it provides to the Trust.

Certain Purpose Funds hold Units of the Trust. Vladimir Tasevski, a Trustee of the Trust, is Vice President, Head of Product at Purpose. See "Interests of Management and Others in Material Transactions".

Vladimir's biography is set out above under "Board of Trustees". The names, principal occupations and biographies of the other officers of Purpose who are involved in providing services to the Trust are set out below.

Som Seif, President, Chief Executive Officer, Chairman of the Board and Director, Purpose Investments

Som Seif is the founder and Chief Executive Officer of Purpose which he formed following the sale of Claymore Investments, Inc. (“**Claymore**”) to BlackRock Inc. in March 2012. Mr. Seif started Claymore in Canada in January 2005 and was the former President and Chief Executive Officer leading the implementation of the company’s business development and corporate strategies. Over the seven years of its operation, Claymore organically grew to \$8 billion in assets and established itself as a Canadian leader in bringing intelligent, low-cost exchange-traded funds to investors through its family of thirty-four exchange-traded funds across broad asset classes.

Prior to joining Claymore, Mr. Seif was an investment banker with RBC Capital Markets, where he worked since 1999. He played a key role in developing the structured products group at RBC Capital Markets in both Canada and the U.S., where he structured and raised capital for both Canadian and U.S. asset managers.

Mr. Seif is a CFA charterholder and has a Bachelor of Applied Science with an emphasis on Industrial and Systems Engineering from the University of Toronto.

Scott Bartholomew, Chief Operating Officer, Purpose Investments

Scott Bartholomew is the Chief Financial Officer, Chief Operating Officer and Secretary of Purpose. He has over 21 years of experience in the Canadian investment fund industry. Mr. Bartholomew was an integral part in the development of the Canadian mutual fund services business during his 14 years at State Street Fund Services Toronto Inc. as Assistant Vice-President of Fund Administration. From 2008 until 2012 Mr. Bartholomew ran the operations for Claymore and, in 2011, he became the Chief Compliance Officer of the firm. Upon the sale of Claymore to BlackRock in 2012 Mr. Bartholomew assisted BlackRock in the transition and integration of the Claymore business leaving BlackRock in late 2012 to start Purpose with other partners. He has a Bachelor of Commerce from Ryerson University and is a CFA charterholder.

Custodian

The custodian of the cash and Temporary Investments of the Trust is Caledon Trust Company, or such other custodian as the Trustees may appoint from time to time. The Custodian will provide services to the Trust from its offices in Toronto, Ontario and will be a “Canadian custodian” as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Auditor

BDO Canada LLP is the auditor of the Trust. The office of the auditor is located in Toronto, Ontario.

RISK FACTORS

The following are certain considerations relating to an investment in Units of the Trust which prospective investors should consider before purchasing such securities.

Reliance on the Manager and Key Personnel

Unitholders will be dependent on the abilities of the Manager to effectively deploy the investment strategies of the Trust and manage and administer the Properties and other affairs of the Trust. The Manager depends, to a great extent, on a very limited number of individuals in the administration of its activities as manager of the Trust. The loss of the services of any one of these individuals for any reason could impair the ability of the Manager to perform its duties as manager of the Trust.

Real Estate Industry

All real estate investments are subject to varying degrees of risk depending on the nature of the property in question. There can be no guarantee that the Trust will achieve its investment objective. An investment in the Trust is highly

speculative and is not intended as a complete investment program. Investment in the Trust is suitable only for persons who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who meet the conditions set forth in this Offering Memorandum.

The value of investments in real estate is subject to changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the oversupply of a real estate product or a reduction in demand for real estate in any particular area), attractiveness of the properties to buyers, competition from others with similar developments and the ability of the owner to provide adequate maintenance on such properties at an economic cost. The Trust may be unable to obtain financing to maintain what, in the Manager's view, is an appropriate capitalization rate. There is no certainty that financing will be available upon the maturity of any existing mortgage at interest rates equal to or lower than the interest rate payable under an expiring mortgage, or at all.

Certain significant expenditures, including maintenance costs, mortgage payments, insurance costs and related property taxes, must be made regardless of whether or not a Property is producing sufficient income to service such expenses. The properties that the Trust is proposing to acquire may be subject to mortgages which require debt service payments. If the Trust is unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure or power of sale, as applicable. In addition, interest rates are subject to fluctuations and may affect the viability of a particular project.

Real estate by its very nature is relatively illiquid. Such illiquidity will tend to limit the Trust's ability to adjust its portfolio in response to changing economic or investment conditions. Financial difficulties of other property owners which results in distress sales could depress real estate values in the markets in which the Trust plans to operate. If the Trust was required to liquidate its assets, there is a risk that the Trust would realize sale proceeds of less than the current book value of the Properties.

The real estate industry is significantly affected by fluctuations in the cost of construction and servicing of land. Any material increase in construction and/or servicing costs may have a material adverse effect on the Trust.

If the Trust defaults in the repayment of any secured indebtedness, secured creditors will be entitled to exercise available legal remedies against the Trust including recourse against specific Properties.

Future acquisitions may require building permits, zoning and other approvals from local government agencies. The process of obtaining such approvals may take months, and there can be no assurance that the necessary approvals for any particular Project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could render future acquisitions uneconomical.

The value of real property and any improvements thereto may depend on the strength of the residential real estate market in Toronto and the Trust's other target markets. The Trust's projected income would be adversely affected if there was a marked increase in the current vacancy rates or decrease in the market rental rates for multi-family residential properties in Toronto or other target markets or if the Trust was unable to continue to lease a significant amount of available space in its Properties on economically favourable lease terms. In the event of default by a tenant, the Trust may experience delays in enforcing its rights as lessor and may incur costs in protecting its investment. The ability of the Trust to rent unleased space in its Properties will be affected by many factors. The failure by the Trust to rent unleased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

The Trust will be subject to provincial legislation in certain of the identified target markets which may restrict the ability of a landlord to increase rents charged to tenants under periodic leases. As a result, no assurances can be given that the Trust will be able to adjust the rents charged to tenants as management may otherwise see fit. The inability to increase rents to reflect market conditions may have an adverse effect on the Trust's financial condition.

Future Acquisitions of Real Property Investments

Unitholders will have no advance opportunity to evaluate the merits and risks of any future acquisitions of real property investments made by the Trust and will need to rely on the experience and judgment of the Manager. There can be no assurance that any such acquisitions will be successfully completed. The Manager and the Board of Trustees will have responsibility for, and substantial discretion in, the making of such acquisitions. Therefore, the future

profitability of the Trust will depend to some degree upon the ability of the Manager to identify and complete commercially viable acquisitions.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive real estate and real estate related investments is highly competitive and involves a high degree of uncertainty. The Trust will be competing for investments with many other real estate investment vehicles, as well as individuals, publicly-traded REITs, financial institutions, and other institutional investors. Competition for investments may have the effect of increasing the costs, thereby reducing investment returns to the Trust. Further, over the past several years, an ever-increasing number of investment funds have been formed, and many existing real estate funds have grown in size for the purpose of investing in real estate assets. Additional funds with similar investment objectives also may be formed in the future by other unrelated parties. There can be no assurance that the Trust will be able to identify and complete sufficiently attractive investments to meet its investment objective.

Business Model and Evaluation

The Trust's business strategy involves purchasing, renovating, maintaining and managing a large number of residential properties and leasing them to qualified residents. Entry into this market by large, well-capitalized investors is a relatively recent trend, so few peer companies exist and none have yet established long-term track records that might assist in predicting whether the Trust's business model and investment strategy can be implemented and sustained over an extended period of time. It may be difficult for investors to evaluate the Trust's potential future performance without the benefit of established long-term track records from companies implementing a similar business model. The Manager may encounter unanticipated problems as the Manager continues to refine the Trust's business model, which may adversely affect the Trust's results of operations and profitability.

Downturns in Target Markets or in the Single-Family Properties Sector

The Trust's investments in real estate assets are and will continue to be concentrated in Toronto and other target markets described under "Investment Objective and Strategies" and "Competitive Advantage". A downturn or slowdown in the rental demand for housing caused by adverse economic, regulatory or environmental conditions, or other events, in the Trust's target markets may have a greater impact on the value of the Trust's properties or the Trust's operating results than if we had more fully diversified the Trust's investments. The Manager expects that there may be some seasonal fluctuations in rental demand with demand higher in the spring and summer than in the fall and winter. Such seasonal fluctuations may impact the Trust's operating results.

In addition to general, regional, national and international economic conditions, the Trust's operating performance will be impacted by the economic conditions in the Trust's target markets. The Trust acquires, renovates and rents properties in the Trust's target markets, which currently is Toronto, with future areas of expansion identified as Hamilton, Kitchener-Waterloo and Montreal. The Manager bases a substantial part of the Trust's business plan on the belief that property values and operating fundamentals for single-family properties in Toronto (and potentially these expansion markets) will improve over the next several years. While the Toronto real estate market has been stable and high growth in recent years and the Manager expects this trend to continue as described under "Competitive Advantage – Toronto Residential Real Estate Market", there can be no assurance that this will be the case. If there is a downturn in the Toronto residential real estate markets, the value of the Trust's Properties could decline and the Trust's ability to execute the Trust's business plan may be adversely affected, which could adversely affect the Trust's financial condition and operating results and cause the value of the Units to decline.

Long-term Growth depends on Future Acquisitions of Properties that Meet Acquisition Criteria

The acquisition of residential income-producing real estate (which is the central element of the Trust's growth strategy) entails various risks, including the risks that the Manager may overvalue a Property, the Properties may not perform as expected, the Trust's tenants may default and the cost estimates for restoring a Property may prove inaccurate, and the Trust may be unable to quickly and efficiently renew leases of Properties upon their expiration. If any of these should occur, it may have a material adverse effect on the Trust's business, results of operations, financial condition and cash flows. In addition, investors cannot be assured of the continued availability of acquisition

opportunities in our markets at attractive pricing levels. If such opportunities are not available, the Trust's revenue and growth potential may be adversely affected.

Properties may be Unable to Compete Successfully for Tenants

The Trust competes for tenants with other residential income-producing real estate, including single-family homes and multi-family housing options, such as apartments and condominiums. While the Manager has adopted industry leading procedures for tenant selection and oversight, competing rental options may offer more attractive properties or lower rents than the Trust, and they may attract the high-quality tenants to whom the Trust seeks to lease the Properties. Additionally, some competing housing options may qualify for governmental subsidies that may make such options more affordable and therefore more attractive than the Properties. Competition for tenants could reduce occupancy and rental rates and adversely affect the Trust's business, results of operations, financial condition and cash flows.

Tax Related Risks

If the Trust ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described under "Canadian Federal Income Tax Considerations – Status of the Trust" would be materially and adversely different in certain respects.

The Tax Act contains tax loss restriction rules that apply to trusts such as the Trust. The loss restriction rules will generally apply to the extent that any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units having a fair market value that is greater than 50% of the fair market value of all the Units of the Trust. If such circumstances occur, the Trust will have a deemed tax year end and any undistributed income and realized capital gains (net of any applicable losses) would be expected to be made payable to all unitholders of the Trust as a distribution on their units (or tax thereon paid by the Trust in respect of such year). Accordingly, in such event, distributions on the Units in the form of additional Units (which will be automatically consolidated) and/or cash may be declared and paid to Unitholders. In addition, accrued capital losses and certain other realized losses of the Trust would be unavailable for use by the Trust in future years. Given the manner in which units are distributed, there may be circumstances in which Trust will not be able to control or identify a "loss restriction event". As a result, there can be no assurance that the Trust will not be subject to such a "loss restriction event" and no assurance as to when and to whom any such distributions will be made, or that the Trust will not be required to pay tax on such undistributed income and taxable capital gains.

Relief from the application of the loss restriction event rules may be available to a trust that qualified as a "mutual fund trust" for purposes of the Tax Act and meets certain asset diversification requirements.

Concentration Risk

The Trust was created to invest in residential real estate and is not expected to have exposure to any other investments or assets. Other than Temporary Investments, the Trust will invest substantially all of its assets in the Properties. The Trust is not intended to be a complete investment program.

No Ownership Interest in the Properties

An investment in Units does not constitute an investment by Unitholders in the Properties or Temporary Investments held by the Trust.

Changes in Legislation

There can be no assurance that certain laws applicable to the Trust, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Trust or Unitholders.

Significant Redemptions

If a substantial number of Units are redeemed, the number of Units outstanding could be significantly reduced with the effect of decreasing liquidity of the Units. In addition, the expenses of the Trust would be spread among fewer Units resulting in a lower net asset value per Unit than if there were fewer redemptions. If, as a result of significant redemptions, the Manager determines that it is in the best interests of Unitholders to terminate the Trust, the Manager could cause the termination of the Trust without Unitholder approval. See “Redemption of Units” and “Termination of the Trust.”

Limited Liquidity in the Units

The Units will not be listed on any stock exchange and are subject to restrictions on transfer. In addition, the Units will be issued pursuant to certain exemptions from the prospectus requirements of applicable securities laws and accordingly will be subject to certain resale restrictions, which will further limit the transferability of the Units. Unitholders should generally expect to rely on the redemption rights associated with the Units for liquidity, and such rights are limited as described under “Redemption of Units”.

Not a Mutual Fund

The Trust is not a mutual fund and, accordingly, is not subject to the investor protection rules application to mutual funds qualified by prospectus in Canada. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

FEES AND EXPENSES

Fees Payable to the Manager for Acting as Manager of the Trust

Class A Units, Class A1 Units and Class P Units

An annual management fee equal to 2% of the net asset value of the Trust attributable to the Class A Units, Class A1 Units and Class P Units, calculated and payable quarterly, plus applicable taxes, is payable to the Manager. The Manager, in its sole discretion, may waive all or any part of management fees payable by the Trust for any period. Currently, the Manager has waived a portion of the annual management fee and is collecting a management fee equal to 1.5% of the net asset value of the Trust. The Manager will provide at least 90 days’ advance written notice to Unitholders prior to reducing or eliminating the waived portion of the management fee.

Class I Units

Holders of Class I Units pay a negotiated management fee directly to the Manager, plus any additional amounts for administrative expenses up to 0.05% per annum of the net asset value of the Trust attributable to such holder’s Class I Units and any additional expenses as may be agreed to by the holder and the Manager.

Property Acquisition Fee

The Manager is entitled to an acquisition fee of up to 2.0% of the purchase price of any investment properties purchased.

Property Management Fee

The Manager, or an affiliate of the Manager, will serve as the property manager of all Properties held by the Trust (the “**Property Manager**”) and will be entitled to an annual property management fee of 7% of the aggregate gross rents collected by the Trust in respect of all Properties held by the Trust, calculated and payable quarterly, in arrears. All costs incurred by the Property Manager in the ordinary course in connection with property maintenance, tenant management and related property management services will be covered by property management fees.

Incentive Fee

Upon the disposition of a Property by the Trust, the Manager is entitled to receive an incentive fee equal to 20% of the capital gains earned by the Trust on the Property subject to a hurdle rate of 7% of the compound annual growth rate (“CAGR”) of the Property calculated from the date of acquisition, to the date of disposition, of the Property by the Trust.

Ongoing Expenses of the Trust

In addition to management fees (which include fees payable to Purpose for administrative services), property management fees and incentive fees, the Trust will pay all expenses relating to its establishment and ongoing operations, including fees payable to the trustees and fees payable to the advisors and service providers of the Trust for legal, accounting and audit, administration, compliance, financial reporting and investor relations, real estate brokerage commissions, custody fees and various overhead expenses.

Additional Services

Any arrangements for additional services between the Trust and the Manager, or any affiliate thereof, that have not been described in this Offering Memorandum will be on terms that are no less favourable to the Trust than those available from arm’s length persons (within the meaning of the Tax Act) for comparable services and the Trust will pay all expenses associated with such additional services.

Sales Commissions

Investors may pay sales commissions to their investment dealer in connection with the purchase of Units. Any such commission will be negotiated between the investor and the dealer and will not reduce the net asset value of the investor’s Units.

DESCRIPTION OF THE UNITS

The beneficial interests in the net assets and net income of the Trust are divided into Units of three classes, Class A Units, Class A1 Units, Class I Units and Class P Units. The Trust is authorized to issue an unlimited number of Units of each class.

Class A1 Units are available through Fundserv. Class A Units and Class A1 Units are not available through Fundserv. Other than Fundserv availability, Class A Units and Class A1 Units are identical in all respects.

Except as described under “Class P Units” below, each Unit entitles the holder to the same rights and obligations as a Unitholder and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units other than as set out herein. Each holder of Class A Units, Class A1 Units and Class I Units is entitled to one vote for each Unit held. All Units are entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Trust may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Trust in the taxation year in which the redemption occurred. On termination or liquidation of the Trust, Unitholders of record are entitled to receive on a *pro rata* basis all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust.

Minimum Investment

The Trust accepts investments in the minimum amount of \$20,000 for an initial subscription for Class A Units and Class A1 Units. The initial subscription for Class I Units is negotiable and at the Manager’s discretion. The Trust accept investments in the minimum amount of \$1,000 for all subsequent investments in Class A Units, Class A1 Units and Class I Units. The Manager may waive such investment minimums in its sole discretion, and subject to compliance with applicable securities laws.

Subscription Procedure

The Trust accepts subscriptions for Class A Units, Class A1 Units and Class I Units as of the last business day of each month and such other Valuation Dates as may be designated by the Manager (a “**Subscription Date**”). In order to complete an investment on a Subscription Date, each prospective and eligible purchaser who desires to subscribe for Units must, by no later than 4:00 p.m. (Toronto time) on the Subscription Date (the “**Subscription Cut-Off Time**”):

- (a) complete and sign the subscription agreement that accompanies this Offering Memorandum, specifying the dollar value of the Units being subscribed for;
- (b) pay the subscription price for the Units in accordance with the instructions set out in the subscription agreement; and
- (c) complete and sign any other documents deemed necessary by the Manager to comply with applicable securities laws.

Subscriptions will be received subject to acceptance or rejection of the purchaser’s subscription, in whole or in part by the Manager. Any decision to accept or reject a subscription will be made by the Manager in its sole discretion. The Manager reserves the right to close the subscription books at any time without notice. The Manager is not obligated to accept any subscriptions, and will reject any subscription the Manager considers to be not in compliance with applicable securities laws. If any subscription is rejected, the Manager will advise the purchaser and return to the purchaser after making the decision to reject the subscription, the subscription agreement and any other documentation delivered by the purchaser, as well as the subscription funds (without interest). Units issued upon the acceptance of a subscription on a Subscription Date will be issued within fifteen (15) business days of the month following such Subscription Date.

Eligible Investors

The Offering of Units is being made in each of the Provinces and Territories of Canada by way of private placement pursuant to the “accredited investor” exemption from the prospectus requirements of applicable securities laws set out in Section 2.3 of NI 45-106, and section 73.3 of the OSA and, except in Alberta, the “minimum amount” exemption set out in section 2.10 of NI 45-106. The accredited investor exemption is available for distributions to purchasers purchasing as principal and who are accredited investors as defined in NI 45-106 or section 73.3 of the OSA. The minimum amount exemption is available for distributions to non-individual purchasers purchasing as principal and who acquire Units at an acquisition cost to such purchaser of not less than \$150,000 paid in cash, provided that such purchaser was not created, or is used, solely to purchase or hold securities in reliance on such exemption. Investments may also be accepted in reliance on other exemptions from the prospectus requirement, in the discretion of the Manager.

The exemptions described above relieve the Trust from the provisions of the applicable securities laws of each of the Provinces and Territories of Canada which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective purchasers for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities. Purchasers will be required to make certain representations in the subscription agreement and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

The Units will not be listed on any stock exchange. The Units have not been and will not be registered under the *U.S. Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) and, except pursuant to an exemption from registration under the U.S. Securities Act, may not be offered or sold in the U.S., or to, or for the account or benefit of U.S. persons. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Units in the U.S. or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act). Offers and sales of any of the Units within the U.S., its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act), would

constitute a violation of the U.S. Securities Act unless made in compliance with the registration requirements of the U.S. Securities Act or an exemption therefrom.

Certificates

Certificates evidencing ownership of the Units will not be issued to Unitholders. Within approximately 15 business days after the Subscription Date, Unitholders will receive a written confirmation from the Trust indicating details of the transaction including the number and dollar value of the Units purchased.

Trading and Resale Restrictions

The Offering is being made only on a private placement basis to purchasers who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. There is no market for the Units. The transferability of the Units will also be subject to resale restrictions under applicable securities laws. The Trust will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Trust evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Trust) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

The Trust is not a reporting issuer in any of the Provinces or Territories of Canada and does not intend to become a reporting issuer in any Province or Territory of Canada. As a result, it is not expected that the Units will become freely tradeable under applicable securities laws. The foregoing is only a summary of the resale restrictions relevant to purchasers of the Units. It is not intended to be exhaustive. All persons purchasing Units pursuant to this Offering Memorandum should consult with their own advisors:

- (a) prior to acquiring the Units pursuant to this Offering Memorandum for advice with respect to the restrictions on resale of such Units; and
- (b) prior to attempting to selling or transfer Units ensure compliance under applicable securities laws.

DISTRIBUTION POLICY

Subject to written instructions to the contrary, all Unitholders will be enrolled automatically in the Trust's distribution reinvestment plan, pursuant to which all distributions of income of the Trust will be reinvested in Units of the Trust. Investors that wish to receive cash distributions may complete the Cash Distribution Election Form included with the subscription agreement of the Trust.

On an annual basis, the Trust will ensure that its income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the Trust will not be liable for ordinary income tax thereon. To the extent that the Trust has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Trust will be paid as a "reinvested distribution". Reinvested distributions, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the net asset value per Unit and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. The tax treatment to Unitholders of reinvested distributions is discussed under the heading "Income Tax Considerations – Taxation of Unitholders".

REDEMPTION OF UNITS

Quarterly Redemptions

Units may be redeemed at the option of Unitholders as of the last business day in each calendar quarter (each, a "**Redemption Date**") by submitting a redemption request to the Manager by no later than 4:00 p.m. (Toronto time) on the 60th day prior to the Redemption Date (the "**Redemption Cut-Off Time**") and payment of the redemption price will be made by no later than the 30th day after the Redemption Date, subject to the Trust's right to suspend

redemptions as described below under “Suspension of Redemptions”. Units will be redeemed for a redemption price equal to the net asset value per Unit on the Redemption Date, subject to the Early Redemption Charge.

Unitholders submitting a redemption request through Fundserv or otherwise through an investment dealer other than Purpose should ensure that the request is provided to their dealer sufficiently in advance of the Redemption Cut-Off Time to permit the dealer to submit the redemption request by the Redemption Cut-Off Time.

By delivering, or causing a dealer to deliver, a redemption request to the Manager, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and, if applicable, to have appointed the Unitholder’s dealer to act as exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Redemption Date permit the withdrawal of a redemption request on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal does not adversely affect the Trust. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder submitting the redemption request.

Any redemption notice that the Manager determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by a dealer to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder’s instructions will not give rise to any obligations or liability on the part of the Trust, the Manager or the Unitholder.

Early Redemption Charge

The redemption price payable by the Trust in respect of a Unit tendered for redemption will be reduced by the following amount (the “**Early Redemption Charge**”):

Year during which Redemption Date occurs	Early Redemption Charge
First year after purchase of Units	6.0% of the redemption price
Second year after purchase of Units	5.0% of the redemption price
Third year after purchase of Units	4.0% of the redemption price
Fourth year after purchase of Units	3.0% of the redemption price
Fifth year after purchase of Units	2.0% of the redemption price
More than five years after purchase of Units	None

Allocations of Capital Gains to Redeeming Unitholders

Pursuant to the Declaration of Trust, the Trust may allocate and designate as payable any capital gains realized by the Trust as a result of any disposition of property of the Trust undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Suspension of Redemptions

Where the Manager has received redemption requests for the redemption of Units on a given Redemption Date having an aggregate redemption price in excess of \$25,000, and the Manager determine that it is not reasonably practical to dispose of trust property to satisfy such redemption amount (a “**Suspension Event**”), the Trust may (i) suspend redemptions of Units for a period not exceeding 120 days; or, (ii) satisfy the redemption by way of an *in specie* distribution of property of the Trust and/or unsecured subordinated notes of the Trust. In the event of a Suspension Event, the suspension or *in specie* distribution will apply to all requests for redemption received prior to the Suspension Event but as to which payment has not been made, as well as to all requests received while the Suspension Event is in effect. All Unitholders making such requests will be advised by the Manager of the Suspension Event and that the redemption will be effected *in specie* or at a price determined on the next Redemption Date following the termination of the Suspension Event or such other date as the Trustees may determine upon the conditions giving rise to such Suspension Event having ceased to exist or no longer being applicable.

All such redeeming Unitholders will be advised that they have the right to withdraw their requests for redemption. The Suspension Event shall terminate in any event on the first day on which the condition giving rise to the Suspension Event has ceased to exist provided that no other condition under which a Suspension Event is authorized then exists.

To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Trust, any declaration of a Suspension Event made by the Trustees shall be conclusive.

Units which are the subject of any suspension of redemption privileges will enjoy all rights as Unitholders until the redemption is affected.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Trust and for a prospective investor in the Trust who, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the Trust as capital property, is not affiliated and deals at arm's length with the Trust, and has not entered into a "derivative forward agreement" (as defined in the Tax Act) with respect to Units of the Trust. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

Under the SIFT Rules, trusts or partnerships (defined as "SIFT trusts" and "SIFT partnerships", respectively) the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more "non-portfolio properties" (as defined), are effectively taxed on income and taxable capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation.

SIFT Rules could affect the Trust and its Unitholders to the extent that the Trust is a SIFT trust to which the SIFT Rules apply, and the Trust earns income from non-portfolio property or taxable capital gains from the disposition of "non-portfolio property". If the Trust is considered to be a SIFT trust, "non-portfolio earnings" of the Trust will be subject to the tax under the SIFT Rules when such amounts are distributed by the Trust to its Unitholders and such distributions will be treated in the hands of such Unitholders as eligible dividends from a taxable Canadian corporation. The Trust is not expected to be a SIFT Trust because the Units will not be listed for trading on an exchange. This summary assumes that at no time will the Trust be a SIFT trust.

Status of the Trust

This summary is based on the assumption that the Trust will comply at all material times with the conditions set out in the Tax Act and otherwise so as to qualify as a "mutual fund trust" or is a "registered investment" as defined in the Tax Act. The Trust is expected to qualify as a "mutual fund trust" or be a "registered investment" under the Tax Act at all material times. If the Trust does not qualify as a "mutual fund trust" and is not a "registered investment" under the Tax Act, the income tax consequences would differ materially from those described below.

Provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act or is a "registered investment" within the meaning of the Tax Act, the Units will be qualified investments for Registered Plans. Notwithstanding the foregoing, if Units are a "prohibited investment" for a Registered Plan that acquires Units, the holder or annuitant will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust with which the holder or annuitant does not deal at arm's length.

Taxation of the Trust

The Trust will include in computing its income, taxable distributions received or deemed to be received on assets held by it, the taxable portion of capital gains realized by the Trust on the disposition of assets held by it, and other income. The Declaration of Trust requires that the Trust distribute its net income and net realized capital gains, if any, for each taxation year of the Trust to Unitholders to such an extent that the Trust will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the Trust and any capital gains refunds to which the Trust is entitled). If in a taxation year the income for tax purposes of the Trust exceeds the cash available for distribution by the Trust, the Trust will distribute its income through a payment of reinvested distributions.

Any losses incurred by the Trust may not be allocated to Unitholders, but may generally be carried forward and back and deducted in computing the taxable income of the Trust in accordance with the detailed rules and limitations in the Tax Act.

The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of its Units during the year (“capital gains refund”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year which may arise upon the sale of its investments in connection with redemptions of Units.

The Trust is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

Taxation of Unitholders

Distributions

A Unitholder will be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Trust, if any, paid or payable to the Unitholder in the year and deducted by the Trust in computing its income, whether or not such amounts are reinvested in additional Units. The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and, provided appropriate designations are made by the Trust, will not reduce the adjusted cost base of the Unitholder’s Units. Any returns of capital will reduce the Unitholder’s adjusted cost base. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder’s adjusted cost base will be nil immediately thereafter. The Trust will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the Trust. Any such designated amount will be deemed for tax purposes to be realized by Unitholders in the year as a taxable capital gain. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the Trust.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable capital gains and returns of capital, as those items are applicable.

Tax Implications of the Trust’s Distribution Policy

When a Unitholder acquires Units of the Trust, a portion of the price may reflect income and capital gains of the Trust that have not been realized or distributed. This may particularly be the case near year-end before year-end distributions have been made. When such income and capital gains are distributed by the Trust, they must be taken into account by

the Unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Unitholder.

Disposition of Units

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid), regardless of when the investor bought them, less any returns of capital and less the adjusted cost base of any Units previously disposed of by the Unitholder. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by the Trust and designated by the Trust in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss will be an allowable capital loss realized by an investor that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

INTERNATIONAL INFORMATION REPORTING

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. (the "IGA"), and related Canadian legislation, the Trust and its intermediaries are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules") the Trust and its intermediaries are required to identify and report to the CRA certain information, including financial information (e.g. account balances), relating to unitholders of the Trust (other than Registered Plans) who are resident in a country outside Canada that has adopted the Common Reporting Standard. Intermediaries and/or entities that hold Units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would be exchanged by the CRA with the countries where such unitholders are resident.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value

The net asset value of the Trust on a Valuation Date will be equal to (i) the aggregate fair value of the assets of the Trust less (ii) the amortized value of the liabilities of the Trust. The net asset value of Units for each class of units on a particular date will be equal to the Net Asset Value of the Trust allocated to the Units of such class, including an allocation of any net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The net asset value per Unit of a class on any Valuation Date will be obtained by dividing the Net Asset Value of the Trust allocated to the Units of such class on such day by the number of Units of that class then outstanding.

For the purpose of calculating Net Asset Value of the Trust on a Valuation Date, the value of the aggregate assets of the Trust on such Valuation Date will be determined as follows:

- (a) Properties are appraised on a quarterly basis by independent appraisers, and the Manager uses commercially reasonable efforts to ensure that no Property is appraised by the same appraiser for more than two consecutive Valuation Dates. The Manager has discretion to adjust appraised values downward in order to provide more conservative valuations with a view to ensuring ongoing compliance with the investment restrictions and operating policies of the Trust;
- (b) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;
- (c) any market price reported in currency other than Canadian dollars will be translated into Canadian currency in accordance with IFRS at the rate of exchange available on the Valuation Date on which the value of the assets is being determined;
- (d) estimated operating expenses payable by the Trust shall be accrued to the Valuation Date; and
- (e) the value of any security, property or other assets (including any illiquid investments) to which, in the reasonable opinion of the Manager the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, no published market exists or for any other reason) will be the fair value thereof determined in good faith in such manner as the Manager from time to time adopts.

Each portfolio transaction will be reflected in the calculation of the net asset value per Unit no later than the calculation of net asset value per Unit next made after the date on which the transaction becomes binding. The issue of Units will be reflected in the calculation of net asset value per Unit next made after the issue date for such Units, which may be up to two business days after the Subscription Date for such Units. Redemptions of Units will be reflected in the calculation of the net asset value per Unit next made after the redemption request is accepted.

The Manager, in consultation with the auditor, may determine such other valuation rules as it deems necessary from time to time, which rules are expected to be consistent with GAAP. Net asset value calculated in this manner will be used for the purpose of calculating Management Fees (and other service providers' fees) and will be published net of all paid and payable fees. Such net asset value will be used to determine the subscription price and redemption value of Units. To the extent that such calculations are not in accordance with GAAP, the financial statements of the Trust will include a reconciliation note explaining any difference between such published net asset value and net asset value for financial statement reporting purposes (which must be calculated in accordance with GAAP).

Suspension of Calculation of Net Asset Value

The Manager may suspend the calculation of the net asset value of the Trust and the net asset value per Unit for the whole or any part of a Suspension Event.

UNITHOLDER MATTERS

Meetings of Unitholders

Annual meetings of Unitholders will be called by on a day on or before September 30 in each year, at a time and at a place in Canada set by the Trustees. The business transacted at such meetings will include (i) the presentation of the audited financial statements of the Trust for the immediately preceding fiscal year, (ii) the appointment of the Trustees for the ensuing year, (iii) the appointment of auditors, and (iv) the transaction of such other business as Unitholders may be entitled to vote upon described below under “Voting Rights of Unitholders” or as the Trustees may determine.

Special meetings of the Unitholders may be called at any time by the Trustees and, subject to limited exceptions as applicable under Section 105(3) of the Business Corporations Act (Ontario), (to be applied mutatis mutandis to Unitholders as if they were shareholders of a corporation), must be called by the Trustees upon a written request of Unitholders holding in the aggregate not less than 5% of the Units then outstanding, such request specifying in reasonable detail the business proposed to be transacted at the meeting.

At any meeting of the Unitholders, a quorum consists of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the aggregate number of votes attached to all outstanding Units. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Unitholders, will be terminated and, if otherwise called, shall stand adjourned to such day and to such place in Canada and time as may be appointed by the chairperson of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders present either personally or by proxy will form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling that meeting.

Voting Rights of Unitholders

The following matters must be approved by an Ordinary Resolution of Unitholders at a meeting duly called and held for that purpose.

- (a) a change in the number, the election or removal, of Trustees;
- (b) appointment or removal of auditors of the Trust; or
- (c) any amendment to the Declaration of Trust except as described below under “Amendments to the Declaration of Trust”.

The following matters must be approved by a Special Resolution of Unitholders at a meeting duly called and held for that purpose:

- (a) termination of the Trust;
- (a) any combination, merger, amalgamation or arrangement of the Trust, any sale of all or substantially all of the assets of the Trust, or the liquidation or dissolution of the Trust, as the case may be, (other than as part of an internal reorganization of the assets of the Trust, as approved by the Trustees);
- (b) any change in the investment guidelines described under “Investment Guidelines and Operating Policies – Investment Guidelines”;
- (c) an exchange, reclassification or cancellation of all or part of the Units; and
- (d) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units and, including, without limitation, with respect to distributions, conversions, options, voting, transfers or pre-emptive rights.

The Trustees may also submit to a vote of Unitholders any matter which they deem appropriate.

Class P Units

Class P Units may be issued to vendors as a portion of the purchase price for a Property. Holders of Class P Units are not entitled to vote at meetings of Unitholders, however, they are entitled to receive notice of and to attend meetings of Unitholders. Class P Units are convertible into Class A Units at the election of the holder on any Valuation Date. Other than in respect of voting and conversion, the Class P Units have the same attributes, and pay the same fees, as Class A Units and Class A1 Units.

Amendments to the Declaration of Trust

The Trustees are entitled to amend the Declaration of Trust without the consent of, or notice to, Unitholders for the purpose of:

- (a) ensuring continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a "mutual fund trust" under the Tax Act), regulations, requirements or policies of any governmental or other authority, having jurisdiction over the Trustees, the Trusts or the Offering;
- (b) providing additional protection, in the opinion of the Trustees, for the Unitholders;
- (c) removing any conflicts or inconsistencies or making minor corrections including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) making amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in GAAP (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (e) enabling the Trust to issue Units for which the purchase price is payable in instalments;
- (f) to create one or more additional classes of Units solely to provide voting rights to holders of other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital; or
- (g) any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable,

but notwithstanding the foregoing, no amendment will modify the rights attached to any Unit (including, without limitation, voting and participation rights) without the consent of the Unitholders or reduce the percentage of votes required to be cast at meetings of the Unitholders without the consent of the holders of all of the Units then outstanding or cause the Trust to cease to qualify as a "mutual fund trust" under the Tax Act.

If a regulatory authority having jurisdiction over the Trust or any property of the Trust enacts any law, regulation or requirement which is in conflict with any investment restriction of the Trust then in force, such restriction in conflict will, if the Trustees on the advice of legal counsel to the Trust so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict, without requiring the prior approval of Unitholders.

Reporting to Unitholders

Unitholders will receive income tax information and annual audited financial statements. For investors requiring the reporting of net asset value per Unit, the Trust will deliver quarterly statements of net asset value, calculated as of each Valuation Date as described under “Calculation of Net Asset Value”.

TERMINATION OF THE TRUST

The Trust will continue until terminated by Special Resolution of the Unitholders. Such Special Resolution may contain directions to the Trustees as the Unitholders determine, including a direction to distribute the property of the Trust in specie. After the date on which the Trustees are required to commence to wind up the affairs of the Trust, the Trustees will not undertake any activities on behalf of the Trust except for the purpose of winding-up its affairs. The Trustees will wind up the affairs as soon as is practicable by liquidating the Properties and acting in accordance with directions from Unitholders. If any assets of the Trust cannot be sold by the date set for termination, the Trustees may, subject to obtaining any required regulatory approvals, distribute the remaining assets directly to the Unitholders in accordance with their *pro rata* holdings of Units.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of the date of this Offering Memorandum, the directors and officers of the Manager, the Trustees of the Trust hold an aggregate of approximately 8.6% of the issued and outstanding Units of the Trust.

The Manager is entitled to receive management fees and incentive fees as described under “Fees and Expenses” and the Property Manager, which is the Manager or an affiliate of the Manager, is entitled to receive the property management fee. The Trustees may receive fees in respect of their roles as trustees of the Trust.

Purpose is a significant shareholder of the Manager. In addition, the Purpose Funds own Class A Units representing, in aggregate, approximately 19.9% of the issued and outstanding Units. Therefore, the Trust is a related and connected issuer of Purpose. Purpose will not earn any sales commission or other compensation for acting as EMD of the Units or for providing administrative services to the Trust. Purpose will indirectly benefit from the management fees and incentive compensation earned by the Manager as described under “Fees and Expenses”.

MATERIAL CONTRACTS

The material contracts entered into by or on behalf of the Trust are as follows:

- (a) the Declaration of Trust;
- (b) the Management Agreement; and
- (c) the distribution reinvestment plan of the Trust.

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Trust.

PURCHASERS' RIGHTS

Securities legislation in certain of the Provinces of Canada provides purchasers with, in addition to any other rights they may have at law, a remedy for rescission or damages, or both, where this Offering Memorandum and any amendment to it and, in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation (as such term may be defined in the applicable legislation). However, those remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed in applicable legislation. Further, such rights may depend on the particular prospectus exemption relied upon by the issuer. Each purchaser should refer to the provisions of the applicable legislation for the particulars of these rights or consult with a legal advisor.

For the purposes of the following, “Misrepresentation” means an untrue statement of fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or the value of the securities described herein (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 the light of the circumstances in which it was made.

The rights of action and rescission described below are in addition to, and without derogation from, any right or remedy available at law to the purchaser and are subject to the defences contained in those laws. These remedies must be exercised by the purchaser within the time limits set out below. Purchasers should refer to the available provisions of securities laws for the complete text of these rights or consult with a legal advisor.

The summary of the rights of rescission or to damages, or both, available to purchasers under the securities legislation of certain of the Provinces of Canada or provided by contract are set forth below.

Ontario

If this Offering Memorandum, together with any amendment to it, is delivered to a purchaser prior to purchasing his, her or its Units and this Offering Memorandum, or any amendment to it, contains a Misrepresentation which was a Misrepresentation at the time of the purchase of the Units purchasers in Ontario will, without regard to whether the purchaser relied on the Misrepresentation, have a statutory right of action against the Trust for damages or, alternatively, while still the owner of any of the Units for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Trust provided that:

- (a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in a case of an action for damages, the defendant will not 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 under this Offering Memorandum, or any amendment to it.

The statutory right of action described above does not apply to the following prospective purchasers in Ontario:

- (a) a Canadian financial institution, as defined in OSC Rule 45-501 – *Ontario Prospectus and Registration Exemptions*, or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

No action may be commenced to enforce the right of action described above unless the right is exercised within:

- (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 action for damages, the earlier of (i) 180 days after the date 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.

Saskatchewan

If this Offering Memorandum or any amendment to it is sent or delivered to a purchaser resident in Saskatchewan and it contained a Misrepresentation, a purchaser who purchases a security covered by this 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 has a right of action for damages against:

- (a) the Trust;
- (b) every promoter (and if applicable trustee) of the Trust at the time this 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 this Offering Memorandum or any amendment to this Offering Memorandum; and
- (e) every person who, or company that, sells securities on behalf of the Trust under this Offering Memorandum or amendment to this Offering Memorandum.

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

- (a) if the purchaser elects to exercise its rights of rescission against the Trust it shall have no right of action for damages against the Trust;
- (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, will be liable for any part of this 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 will be liable if the person or company proves that:

- (a) this 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 immediately gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this 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 (i) there had been a Misrepresentation, or (ii) the part of this 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.

Not all defences upon which the Trust, or others may rely on are described herein. Please refer to the full text of *The Securities Act, 1988* (Saskatchewan), as amended (the "Saskatchewan Act").

The Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective 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.

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 purchased from a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan, Securities Division.

The Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom this 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 the Saskatchewan Act.

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 the Saskatchewan Act with 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 (2) business days of receiving the amended Offering Memorandum.

The Saskatchewan Act provides that a person or company is not liable for a Misrepresentation in forward-looking information if the person or company proves that:

- (a) with respect to the document containing the forward-looking information, proximate to that information there is contained:
 - (i) 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
 - (ii) 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
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Nova Scotia

If this Offering Memorandum, a record incorporated by reference in or deemed incorporated into this Offering Memorandum or any amendment to it or any advertising or sales literature contains a Misrepresentation that was a Misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the Misrepresentation and will have a statutory right of action for damages against the Trust and, subject to additional defences, against the Trustee of the Trust and persons who have signed this Offering Memorandum. Alternatively, the purchaser may elect

to exercise a statutory right of rescission against the Trust in which case the purchaser will have no right of action for damages. This right of action is subject to the following limitations:

- (a) the right of action for damages or rescission is exercisable not later than 120 days after the date on which payment was made for the securities;
- (b) no person or company 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, the defendant will not be liable for all or any portion of those damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation;
- (d) in no case will the amount recoverable exceed the price at which the securities were offered to the purchaser;
- (e) no person or company other than the Trust is liable if the person or company proves that, with respect to any part of this Offering Memorandum or amendment to this Offering Memorandum purporting to be made on the authority of an expert, or 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 (i) there had been a Misrepresentation or (ii) the relevant part of this Offering Memorandum or amendment to this 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;
- (f) no person or company other than the Trust is liable with respect to any part of this Offering Memorandum or amendment to this Offering Memorandum not purporting to be made on the authority of an expert, or 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;
- (g) no person or company is liable for a Misrepresentation in forward-looking information if the person or company proves all of the following things:
 - (i) the document containing the forward-looking information contained, proximate to that information,
 - (A) 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
 - (B) 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
 - (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (h) No person or company, other than the Trust is liable if this Offering Memorandum or an amendment thereto 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; and

- (i) No person or company, other than the Trust is liable if after delivery of this Offering Memorandum any amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in this Offering Memorandum, or amendment thereto, the person or company withdrew the person's or company's consent to this Offering Memorandum, or amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it.

The rights of action for rescission or damages described herein are in addition to and without derogation from any right a purchaser may have at law.

New Brunswick

Section 150(1) of *Securities Act* (New Brunswick) provides that where any information relating to the Offering provided to the purchaser of the securities contains a Misrepresentation, the purchaser will be deemed to have relied upon the Misrepresentation if it was a Misrepresentation at the time of purchase and will have a statutory right of action against the Trust for damages or, alternatively, for rescission, provided that no action shall be commenced to enforce a right of action 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 action, other than an action for rescission, the earlier of: (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

If the purchaser elects to exercise its right of rescission against the Trust it shall have no right of action for damages against the Trust.

This right of action is also subject to the following 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, the defendant will not be liable for all or any portion of those damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation;
- (c) the Trust will not be liable where it is not receiving any proceeds from the distribution of the securities and the Misrepresentation was not based on information provided by the Trust unless the Misrepresentation (i) was based on information that was previously publicly disclosed by the Trust, (ii) was a Misrepresentation at the time of its previous public disclosure, and (iii) was not subsequently publicly corrected or superseded by the Trust before the completion of the distribution of the securities; and
- (d) in no case will the amount recoverable under section 150(1) exceed the price at which the securities were sold to the purchaser.

The rights of action for rescission or damages described herein are in addition to and without derogation from any other right a purchaser may have at law.