

Confidential Offering Memorandum



Series F Units, Series O Units and Series N Units

RBC CANADIAN CORE REAL ESTATE FUND

January 20, 2021

The confidential offering memorandum dated October 31, 2019, as amended and restated on June 1, 2020, as further amended and restated on September 1, 2020 and as further amended and restated on January 20, 2021 (this "Offering Memorandum") constitutes an offering of securities described herein, on a private placement basis only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. This Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not, and under no circumstances is to be construed as, a prospectus or advertisement or public offering of such securities relating to a distribution of the securities described herein. Information contained in this Offering Memorandum may not be complete and may have to be amended. The securities described herein may not be sold until a final confidential offering memorandum is prepared and delivered to prospective investors. No securities commission or similar regulatory authority has in any way passed upon the merits of the securities offered hereunder nor has reviewed this Offering Memorandum and any representation to the contrary is an offence. No person is authorized to give any information or make any representation not contained in this Offering Memorandum in connection with the offering of these securities and if given or made, any such information or representation may not be relied upon. The securities described herein are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act, are not insured under the provisions of that Act or any other legislation and are not guaranteed. Under applicable laws, resale of the Series F units, Series O units and Series N units of the Fund will be subject to indefinite restrictions.

Potential investors should pay particular attention to the information under the heading "The Fund – Risk Factors" in this Offering Memorandum. An investment in the Fund requires the financial ability and willingness to accept certain risks. No assurance can be given that the investment objective of the Fund will be achieved or that investors will receive a return of their capital.

Certain of the statements contained in this Offering Memorandum may be forward-looking statements. The use of words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although RBC Global Asset Management Inc. ("RBC GAM") believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Fund and RBC GAM assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

This Offering Memorandum was prepared by RBC GAM and is the responsibility of the Fund.

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SUMMARY

Prospective investors are encouraged to consult their own professional advisers as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum and in the Trust Agreement (as defined below). Capitalized terms used in this summary have the same meaning assigned to them in the body of this Offering Memorandum.

The Fund: RBC Canadian Core Real Estate Fund (the “**Fund**”) is a trust established under the laws of the Province of Ontario by an amended and restated trust agreement dated January 20, 2021 (the “**Trust Agreement**”) between RBC Global Asset Management Inc. (the “**Manager**” or “**RBC GAM**”) and RBC Investor Services Trust (“**RBC Investor Services**” or the “**Trustee**”). See “The Fund”.

Offering: The Fund is offering Series F units (the “**Series F Units**”), Series O units (the “**Series O Units**”) and Series N units (the “**Series N Units**”) to subscribers resident in any Province or Territory in Canada that qualify as “accredited investors” under applicable securities laws (the “**Offering**”). The Series F Units, Series O Units and Series N Units are referred to herein as the “Units”. The Units are available for purchase in Canadian dollars.

The initial closing of the Offering occurred on October 31, 2019.

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 “Subscription Procedure” and the right of the Manager to close the subscription books at any time without notice.

Subscriptions for Units will be accepted on the last business day of January, April, July and October provided the conditions set out under “Subscription Procedure” are satisfied at least 30 days prior to the applicable subscription date.

Price: Net Asset Value per Unit.

Units issued on the Initial Closing Date (as defined herein) were issued at a price of \$10.00 per Unit.

Minimum Subscription: **Initial Investment**

\$25,000 or such lesser amount as the Manager, in its sole discretion, may accept.

Subsequent Investments

\$5,000 or such lesser amount as the Manager, in its sole discretion, may accept.

Business of the Fund:

The Fund is an open-ended investment trust that has been created to invest, directly or indirectly, in core Canadian income producing real properties in accordance with the Fund's investment objective described below.

The Fund holds an interest in a diversified portfolio (the "**Portfolio**") of real properties (collectively, the "**Properties**" and each, a "**Property**") held in co-ownership with bcIMC Realty Corporation and certain of its affiliates (bcIMC Realty Corporation and/or each of its applicable affiliates that are beneficial owners of any one or more Properties, "**RealtyCo**") through one or more limited partnerships established to hold the Properties (collectively, the "**Property LPs**" and each, a "**Property LP**"), with the intention that over time the Fund will primarily hold a 50% co-ownership interest with RealtyCo in each of the Properties. RealtyCo is a wholly-owned subsidiary of British Columbia Investment Management Corporation ("**BCI**"), which invests for British Columbia public sector clients. The Fund may also hold an interest in other real properties in accordance with the Fund's investment objective described below. See "The Fund – Business of the Fund" and "The Fund – Investment Objective".

Manager: Toronto, Ontario

RBC GAM is the manager and a registrar of the Fund and is responsible for the management and operations of the Fund, including oversight of the Asset Manager and Property Manager, QuadReal Property Group Limited Partnership ("**QuadReal**"). RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada. See "Organization and Management of the Fund".

Asset Manager and Property Manager: Vancouver, British Columbia

QuadReal, a wholly-owned subsidiary of BCI, has been retained by RBC GAM to provide asset management services to RBC GAM in respect of the Fund's interest in the Properties (QuadReal in this capacity, the "**Asset Manager**"). QuadReal will also be retained by each of the Property LPs to act as the property manager and the leasing and development manager responsible for the day-to-day management (and as applicable, development management) of each of the Properties (QuadReal in this capacity, the "**Property Manager**"). See "Organization and Management of the Fund".

Trustee: Toronto, Ontario

RBC Investor Services Trust acts as the trustee, custodian and a registrar of the Fund. See "Organization and Management of the Fund".

Investment Objective: The Fund's investment objective is to provide Unitholders with returns comprised of income and capital appreciation through an investment in a diversified portfolio of high-quality core income producing real properties located in major Canadian markets. See "The Fund – Investment Objective".

Performance Benchmark: The Fund will seek to generate a rolling three-year average annual net return that is equal to or greater than the Consumer Price Index plus 4%. See "The Fund – Performance Benchmark".

Investment Strategies: The Fund's investment strategy focuses on the following factors which the Manager believes will allow the Fund to benefit from significant urbanization trends over the long term:

- (a) a core asset composition featuring high quality income producing properties in large urban areas;
- (b) broad diversification across major Canadian cities and property types; and
- (c) proximity to long term demand drivers such as population, income and job growth.

The Fund will primarily invest directly or indirectly in high-quality income producing real properties located in major Canadian markets in accordance with the Fund's investment guidelines. See "The Fund – Investment Strategies" and "The Fund - Portfolio Overview" for further information.

Investment Restrictions: The Fund is subject to certain investment restrictions. See "The Fund – Investment Restrictions".

Use of Proceeds: The Fund will use substantially all of the net proceeds of the Offering to acquire a direct or indirect interest in real properties in accordance with the Investment Policy.

Distribution Policy: Distributions will be made on each Distribution Date (as defined herein) at the discretion of the Manager based on the cash flow generated by the assets, taking into account forecasted cash flow from operations, available working capital and future capital investment obligations and may vary from quarter to quarter. **Distributions from the Fund will automatically be reinvested in Units of the Fund unless you request to receive distributions in cash.**

In order to receive distributions from the Fund in cash, a Unitholder must submit a written request to the Manager on or before the last business day of the month preceding the first such desired Distribution Date, in such form as the Manager, from time-to-time, may prescribe.

For each taxation year, the Fund will ensure that its net income and net realized capital gains have been distributed to such an extent that the Fund will not be liable for income tax under Part I of the Tax Act.

Unitholders that are not Unitholders of record on the record date for any distribution will not be entitled to receive that distribution.

See “The Fund – Distribution Policy”.

Redemptions:

A Unitholder shall be entitled to require payment of the Net Asset Value per Unit of all or any of such Unitholder’s Units, less the applicable Redemption Discount (as defined herein), if any, on the last business day of January, April, July and October (each, a “**Redemption Date**”) by delivering written notice to the Manager on or before the Redemption Notice Cut-off Time (as defined herein), in such form as the Manager, from time-to-time, may prescribe.

The redemption proceeds payable in connection with a redemption on a Redemption Date shall be paid to the Unitholder within one (1) month of the applicable Redemption Date by way of mailing or delivery of a cheque or by such other method of payment as the Manager may determine in its discretion including electronic funds transfer and/or, if applicable, delivery of a Promissory Note (as described under “The Fund – Redemptions”). The Fund will use commercially reasonable efforts, taking into account the interests of Unitholders as a whole, to satisfy all redemption requests received on a given Redemption Date in cash. See “The Fund – Redemptions”.

Management Fee:

The Fund shall pay the Manager a management fee (the “**Management Fee**”) in respect of the Series F Units equal to 0.85% per annum of the Net Asset Value of the Series F Units.

No management fees are payable by the Fund in respect of Series O Units and Series N Units. Holders of Series O Units and Series N Units pay a negotiated fee directly or indirectly to the Manager.

The Manager may from time to time waive any portion of the fees otherwise payable to it hereunder, but no such waiver shall affect its right to receive fees subsequently accruing hereunder.

See “The Fund – Fees and Expenses – Management Fee”.

Administration Fee:

The Manager pays for certain operating expenses of the Fund. In return, each series of the Fund pays a fixed administration

fee of 0.01% per annum of the Net Asset Value of such series to the Manager (the “**Administration Fee**”).

The Manager also pays for certain operating expenses of the Property LPs. In return, each Property LP pays a fixed administration fee of 0.04% per annum of the net asset value of the Property LP to the Manager.

See “The Fund – Fees and Expenses – Administration Fee”.

Fund Expenses:

In addition to the Management Fee and the Administration Fee, the Fund shall pay for all Fund Expenses (as defined herein). See “The Fund – Fees and Expenses – Fund Expenses”.

Risk Factors:

An investment in Units will be subject to certain risk factors. See “The Fund – Risk Factors”.

Income Tax Considerations:

Holdings Resident in Canada

This summary of Canadian federal income tax considerations for Resident Holders (as defined herein) is subject in its entirety to the qualifications, limitations and assumptions set out under “Income Tax Considerations”.

A Resident Holder who holds Units as capital property (within the meaning of the Tax Act) will generally be required to include in the Resident Holder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund paid or payable to the Resident Holder in the year. The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Resident Holder in a taxation year will not be included in computing the Resident Holder’s income for the year and, provided appropriate designations are made by the Fund, will not reduce the adjusted cost base of the Resident Holder’s Units. Any other amount in excess of the net income and net taxable capital gains of the Fund that is paid or payable to a Resident Holder in that year will generally not be included in the Resident Holder’s income for the year. However, where such an amount is paid or payable to a Resident Holder (other than as proceeds in respect of the redemption of Units), the Resident Holder will be required to reduce the adjusted cost base of the Units by that amount. Any returns of capital will also reduce the Resident Holder’s adjusted cost base. To the extent that a Resident Holder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Resident Holder and the Resident Holder’s adjusted cost base will be nil immediately thereafter.

Any loss of the Fund cannot be allocated to, and cannot be treated as a loss of, the Resident Holders of the Fund. Upon

the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Resident Holder 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 Trust Agreement requires that the Fund distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the Fund will not be liable in respect of the taxation year for income tax under Part I of the Tax Act.

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 Resident Holders".

Holdings not Resident in Canada

This summary of Canadian federal income tax considerations for Non-Resident Holders (as defined herein) is subject in its entirety to the qualifications, limitations and assumptions set out under "Income Tax Considerations".

Any amount paid or credited by the Fund to a Non-Resident Holder out of the income of the Fund (other than an amount that the Fund has designated in accordance with the Tax Act as a taxable capital gain) will be subject to Canadian non-resident withholding tax at a rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Where, in a given taxation year, the Fund has designated an amount in accordance with the Tax Act as a taxable capital gain in respect of a distribution to a Non-Resident Holder, one-half of the lesser of (a) twice the amount so designated in respect of such Non-Resident Holder and (b) such Non-Resident Holder's *pro rata* portion of the Fund's TCP gains balance (within the meaning of the Tax Act) for the taxation year, will be subject to Canadian non-resident withholding tax at the same rate as is applicable to an amount paid out of income of the Fund, if more than 5% of the amounts so designated by the Fund in respect of Unitholders for the taxation year were designated in respect of Unitholders each of whom is a non-resident person or is a partnership other than a "Canadian partnership" (as defined in the Tax Act).

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of Units, unless the Units constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

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 Non-Resident Holders”.

Eligibility for Investment:

Provided that the Fund qualifies and continues to qualify as a mutual fund trust under the Tax Act, the Units of the Fund will be qualified investments under the Tax Act for Registered Plans (as defined herein).

Holders of TFSAs, RDSPs, subscribers of RESPs and annuitants of RRSPs and RRIFs (each as defined herein) should consult with their tax advisors regarding whether Units of the Fund would be a prohibited investment for such accounts or plans in their particular circumstances.

See “Income Tax Considerations – Eligibility for Investment”.

Purchasers’ Rights:

If there is a misrepresentation in this Offering Memorandum, purchasers in certain Provinces and Territories of Canada have the right to either sue for damages or to cancel their Subscription Agreement in accordance with applicable securities laws. See “Purchasers’ Rights”.

DEFINITIONS

In this Offering Memorandum, “you” and “your” mean the investor; and “Manager”, “we”, “us”, “RBC GAM” and “our”, means RBC Global Asset Management Inc., the manager of the Fund.

In addition, unless otherwise specified, the following words shall have the following meanings in this Offering Memorandum:

“**Acquisition Date**” means the date on which a Unitholder acquires Units of the Fund.

“**Administration Fee**” has the meaning ascribed thereto under “Fees and Expenses – Administration Fee”.

“**Approved Budget**” means, in respect of a Property, for each fiscal year, the Property Budget and Plans prepared by the Property Manager and approved by the Owner from time to time for such fiscal year.

“**Asset Management Agreement**” means the real estate asset management agreement between RBC GAM, in its capacity as manager of the Fund, and QuadReal, as Asset Manager.

“**Asset Manager**” means QuadReal, as retained by RBC GAM to provide asset management services to RBC GAM in respect of the Fund’s interest in the Properties.

“**Canada-U.S. Tax Convention**” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Non-Resident Holders – Distributions”.

“**Capital Gains Refund**” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Fund”.

“**controlling individual**” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund – SIFT Rules and the Public Market Exemption”.

“**CRS Rules**” has the meaning ascribed thereto under “Additional Information – International Information Reporting”.

“**Designated Development Real Property**” means any real property that is acquired for the express purpose of near-term future development or redevelopment which for greater certainty shall not include any Property listed in the Master Purchase and Sale Agreement.

“**Distribution Date**” means the last business day of January, April, July and October in each year.

“**DPSP**” means a trust governed by a deferred profit sharing plan, as defined in the Tax Act.

“**Financing Costs – Long-Term Loans**” has the meaning ascribed thereto under the definition “Fund Expenses”.

“**Financing Expenses**” has the meaning ascribed thereto under the definition “Fund Expenses”.

“**First Tranche Closing Date**” means October 31, 2019.

“**Fourth Tranche Closing Date**” means October 31, 2022 or such other date as may be agreed to by the Manager and RealtyCo.

“**Fund**” means the RBC Canadian Core Real Estate Fund.

“**Fund Expenses**” means the following expenses which will be borne directly or indirectly by the Fund:

- (a) all third-party costs incurred in connection with the establishment of the Property LPs (collectively, the “**Transaction Costs – Portfolio Structuring Costs**”);
- (b) all third-party costs incurred in connection with any acquisition, disposition and/or development of any of the Properties or any additional properties (including fees, expenses and costs incurred as a result of a proposed transaction or investment by the Fund that is not consummated) which may be incurred by the Fund from time to time, including costs associated with ownership structuring, land transfer taxes, costs associated with financings, including the bridge loan financing facility (including loan facilitation fees, legal fees, consultants fees and travel costs), due diligence related fees, legal fees and other professional fees and expenses including those costs incurred by the Asset Manager attributable to the transaction (collectively, the “**Transaction Costs – Ordinary Transaction Costs**”);
- (c) the fee payable to QuadReal in respect of services provided in connection with the future acquisition by the Fund of a Designated Development Real Property (as defined herein and which for greater certainty shall not include any Property listed in the Master Purchase and Sale Agreement) equal to 0.50% of the purchase price (based on the Fund’s pro rata ownership of such property), as applicable, under the agreement of purchase and sale in respect of such property (the “**Transaction Costs – Development Advisory Fee**”);
- (d) the fee payable to QuadReal in respect of services provided in connection with the disposition of a property (or an interest in a property) by the Fund (including a Property forming part of the Portfolio and any additional property acquired by the Fund) equal to 0.50% of the sale price (based on the Fund’s pro rata ownership of such property), as applicable, under the agreement of purchase and sale in respect of such property (the “**Transaction Costs – Disposition Fee**”);
- (e) all costs incurred by the Fund in connection with its financing including (i) the financing of any of the Properties, (ii) any long-term financing of any of the properties forming part of the Fund’s portfolio from time to time (“**Financing Costs – Long-Term Loans**”) and (iii) any operating line or revolving line of credit in respect of the Fund or any of the properties forming part of the Fund’s portfolio from time to time (collectively, the “**Financing Expenses**”); and
- (f) all other costs, expenses and liabilities relating to the Fund’s activities, investments and business (other than those expenses paid for by the Manager as described in the paragraph below) including any extraordinary expenses and all fees and expenses payable by a Property LP under the Property Management Agreement (collectively, the “**Other Fund Expenses**”).

For greater certainty, “Fund Expenses” includes (a) Transaction Costs – Portfolio Structuring Costs, (b) Transaction Costs – Ordinary Transaction Costs, (c) Transaction Costs – Development Advisory Fee, (d) Transaction Costs – Disposition Fee, (e) Financing Expenses and (f) Other Fund Expenses described above and excludes (a) the

Management Fee, (b) the Administration Fee, (c) Organizational Expenses – Fund Creation Costs; (d) ordinary overhead and administrative expenses which are payable by the Manager or any third party retained by the Manager and (e) all costs, expenses and any taxes, fees and other governmental charges relating particularly to the Manager or any third party retained by the Manager, which are required to be borne exclusively by the Manager or the applicable third party.

“**Gross Asset Value**” means on any day, the total current value of the Fund’s assets including the Property LPs’ assets before deducting the liabilities associated with such assets.

“**GST/HST**” means goods and services tax and/or harmonized sales tax in a Canadian jurisdiction.

“**Holder**” has the meaning ascribed thereto under “Income Tax Considerations”.

“**IFRS**” means International Financial Reporting Standards.

“**IGA**” has the meaning ascribed thereto under “Additional Information – International Information Reporting”.

“**Initial Closing Date**” means October 31, 2019.

“**Investment Policy**” means collectively, the Fund’s investment objective, investment strategies and investment restrictions.

“**Major Decisions**” means:

- (a) any decision to sell all or any part of a Property (or all or any interest therein) to a person other than as permitted pursuant to the Master Co-Owners Agreement or the Master Purchase and Sale Agreement;
- (b) any decision to: (i) mortgage or finance a Property, including the terms thereof; (ii) extend or amend any existing Property financing (other than, in any such case, in accordance with the provisions of such financing) or to refinance any such Property financing on its maturity; or (iii) enter into any derivatives transaction;
- (c) any decision to acquire adjoining lands to a Property or the direct or indirect acquisition of any real property or any interest in real property including, without limitation, any Potential Investment Opportunity;
- (d) approval of annual capital and operating budgets for a Property or of any amendment thereto, all as more particularly described in the applicable Property Management Agreement;
- (e) any decision to change the distribution policy under any co-ownership agreement in respect of a Property;
- (f) any decision to change the Valuation Policy;
- (g) any leasing or other contractual commitment in respect of a Property where the fair market value impact is greater than 25% of the then current fair market value of the

Property, or renewing, amending or terminating any such commitment (other than, in any such case, in accordance with the provisions of such lease or contract);

- (h) any unbudgeted capital repair or unbudgeted capital expenditure to a Property where the cost of same is estimated to exceed \$5,000,000 (calculated as an expenditure based on a 100% property ownership interest);
- (i) any development or redevelopment of a Property where the cost of same is estimated to exceed \$5,000,000 (calculated as an expenditure based on a 100% property ownership interest);
- (j) entering into any transaction with a person that is not at arm's length to RealtyCo or the Fund, as applicable, for the sale or purchase of goods or the provision of any service with respect to any Property that has not been approved as part of any approved capital or operating budget in accordance with the provisions of the applicable Property Management Agreement;
- (k) the payment of any fees pursuant to any management, consulting or other services agreement to any entity comprising RealtyCo or QuadReal or any affiliate of either of them, other than pursuant to a Property Management Agreement and the Asset Management Agreement;
- (l) any decision to increase or decrease the size of the Owners' Committee; and
- (m) any decision to issue, sell, split, combine or reclassify any equity interests of any Nominee or wind-up or dissolve of any Nominee.

"Management Fee" has the meaning ascribed thereto under "The Fund – Fees and Expenses – Management Fee".

"Manager" means RBC GAM, in its capacity as manager of the Fund.

"Master Co-Owners Agreement" means the master co-owners agreement between, among others, the Fund, RealtyCo, RBC GAM and QuadReal in respect of certain co-investments made or to be made, directly or indirectly, by the Fund and RealtyCo in real property, as the same may be amended, modified, restated, renewed or extended.

"Master Purchase and Sale Agreement" has the meaning ascribed thereto under "The Fund – Portfolio Overview".

"mutual fund trust" has the meaning ascribed thereto under "Income Tax Considerations – Status of the Fund – Mutual Fund Trust".

"Net Asset Value" means the net asset value of the Fund which will be equal to the value of the total assets held by the Fund less an amount equal to the total liabilities of the Fund.

"Net Asset Value per Unit" means, in respect of any particular series of Units, the Net Asset Value of the series divided by the number of outstanding Units of such series.

“Nominee” means an existing or newly incorporated company under the federal laws of Canada or a Province that holds all or part of legal title to a Property in trust for a Property LP with beneficial ownership held by the Property LP for its portion of the Property.

“Non-Resident Holder” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Non-Resident Holders”.

“Offering” has the meaning ascribed thereto under “Subscription Procedure – Eligibility”.

“Offering Memorandum” means this confidential offering memorandum of the Fund.

“Organizational Expenses – Fund Creation Costs” means all reasonable expenses incurred in connection with the formation, organization and capitalization of the Fund.

“Other Fund Expenses” has the meaning ascribed thereto under the definition “Fund Expenses”.

“Owner” has the meaning ascribed thereto under “The Fund – Asset and Property Management – Property Management Agreements”.

“Owners’ Committee” means the owners’ committee established by the Fund and RealtyCo pursuant to the terms of the Master Co-Owners Agreement consisting of four members, two of whom shall be nominated by RealtyCo and two of whom shall be nominated by the Fund.

“Partnership Public Market Exemption” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Property LPs in which the Fund Holds an Interest”.

“Portfolio” has the meaning ascribed thereto under “The Fund – The Business of the Fund”.

“Potential Investment Opportunity” means an opportunity to acquire any direct or indirect interest in real property (not including the Properties) that satisfies the criteria of the Investment Policy.

“prohibited investment” has the meaning ascribed thereto under “Income Tax Considerations – Eligibility for Investment”.

“Property Budget and Plans” means the annual budget and plans for the Property as described in the applicable Property Management Agreement.

“Properties” has the meaning ascribed thereto under “The Fund – The Business of the Fund” and **“Property”** means any one of them.

“Property GP” means in the event the Fund is the sole limited partner of the Property LP, a corporation incorporated under the federal laws or a province of Canada and wholly owned by Royal Bank of Canada or in the event RealtyCo and the Fund are limited partners of a Property LP, a corporation incorporated under the federal laws of Canada and wholly owned by QuadReal Property Group G.P. Inc., the general partner of QuadReal.

“Property LPs” means the one or more limited partnerships to be created for the purpose of owning, developing, operating, leasing and/or selling or otherwise monetizing a Property or Properties in accordance with the provisions of the limited partnership agreement for such Property LP, and **“Property LP”** means any one of the Property LPs.

“Property Management Agreement” means the property management agreement between a Property LP, RealtyCo, and QuadReal pursuant to which QuadReal agrees to act as Property Manager of the applicable Property.

“Property Manager” means QuadReal, as the property manager and the leasing and development manager responsible for the day-to-day management (and as applicable, development management) of each of the Properties pursuant to the applicable Property Management Agreements.

“Proposed Amendments” has the meaning ascribed thereto under “Income Tax Considerations”.

“Purchase Price Mechanism” means for each Tranche (a) for any property in respect of which the Fund is acquiring a 50% ownership interest, the Recorded External Valuation and (b) for the remaining properties, the Recorded External Valuation or Recorded Internal Valuation.

“QuadReal” means QuadReal Property Group Limited Partnership, the Asset Manager of the Fund pursuant to the Asset Management Agreement and Property Manager of the Property LPs and Properties pursuant to the Property Management Agreement.

“RBC GAM” means RBC Global Asset Management Inc., the manager and a registrar of the Fund.

“RBC Investor Services” means RBC Investor Services Trust, the trustee, custodian and a registrar of the Fund.

“RDSP” means a trust governed by a registered disability savings plan, as defined in the Tax Act.

“RealtyCo” means, collectively and individually, bcIMC Realty Corporation and/or each of its applicable affiliates that are beneficial owners of any one or more of the Properties.

“Recorded External Valuation” means the most recent external valuation for each Property that has been prepared in accordance with the Valuation Policy, and represents the value used to establish the quarterly asset value for the preparation of RealtyCo’s financial statements.

“Recorded Internal Valuation” means the most recent internal valuation for each Property that has been prepared in accordance with the Valuation Policy, and represents the value used to establish the quarterly asset value for the preparation of RealtyCo’s financial statements.

“Redemption Date” means the last business day of January, April, July and October in each year.

“Redemption Notice Cut-off Time” means 4:00 p.m. (Eastern time) on the last business day that is two months prior to the applicable Redemption Date.

“Registered Plans” means RRSPs, RRIFs, RDSPs, DPSPs, RESPs and TFSAAs.

“Resident Holder” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Resident Holders”.

“RESP” means a trust governed by a registered education savings plan, as defined in the Tax Act.

“**RRIF**” means a trust governed by a registered retirement income fund, as defined in the Tax Act.

“**RRSP**” means a trust governed by a registered retirement savings plan, as defined in the Tax Act.

“**Second Tranche Closing Date**” means October 31, 2020 or such other date as may be agreed to by the Manager and RealtyCo.

“**Series F Units**” means the Series F units of the Fund.

“**Series N Units**” means the Series N units of the Fund.

“**Series O Units**” means the Series O units of the Fund.

“**Services**” has the meaning ascribed thereto under “The Fund – Asset and Property Management”.

“**SIFT**” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund – SIFT Rules and the Public Market Exemption”.

“**SIFT Rules**” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund – SIFT Rules and the Public Market Exemption”.

“**Subscription Date**” means the last business day of January, April, July and October in each year.

“**Subsequent Tranche Closing Date**” means a date as may be agreed to by the Manager and RealtyCo in any year following the Fourth Tranche Closing Date.

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

“**TCP gains balance**” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Non-Resident Holders – Distributions”.

“**TFSA**” means a trust governed by a tax-free savings account, as defined in the Tax Act.

“**Third Tranche Closing Date**” means October 31, 2021 or such other date as may be agreed to by the Manager and RealtyCo.

“**Tranche**” means on each Tranche Closing Date, the interests to be acquired by the Fund in the Properties.

“**Tranche Closing Date**” means the First Tranche Closing Date, the Second Tranche Closing Date, the Third Tranche Closing Date, the Fourth Tranche Closing Date and/or any Subsequent Tranche Closing Date, as applicable.

“**Transaction Costs – Development Advisory Fee**” has the meaning ascribed thereto under the definition “Fund Expenses”.

“**Transaction Costs – Disposition Fee**” has the meaning ascribed thereto under the definition “Fund Expenses”.

“Transaction Costs – Portfolio Structuring Costs” has the meaning ascribed thereto under the definition “Fund Expenses”.

“Transaction Costs – Ordinary Transaction Costs” has the meaning ascribed thereto under the definition “Fund Expenses”.

“Trust Agreement” means the amended and restated trust agreement between RBC GAM and the Trustee governing the Fund.

“Trustee” means RBC Investor Services.

“Trust Public Market Exemption” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund – SIFT Rules and the Public Market Exemption”.

“Unitholder” means a holder of Units.

“Units” means, collectively, the Series F Units, Series O Units and Series N Units and **“Unit”** means any one of them.

“Valuation Policy” means the valuation policy for the Properties set out in the Master Co-Owners Agreement.

“Vend-In Period” has the meaning ascribed thereto under “The Fund – Portfolio Overview”.

INTRODUCTION

This Offering Memorandum contains important information to help you make an informed investment decision and understand your rights as an investor in the Fund. Unless otherwise specifically stated, all dollar amounts in this Offering Memorandum are stated in Canadian dollars.

RBC Global Asset Management Inc. (the “**Manager**” or “**RBC GAM**”), which is an indirect wholly-owned subsidiary of Royal Bank of Canada, is responsible for the management of the Fund.

An investment in Units will be subject to certain risks, see “Risk Factors”.

SUBSCRIPTION PROCEDURE

Eligibility

The Fund is offering Units to subscribers’ resident in the Provinces and Territories of Canada that qualify as “accredited investors” under applicable securities laws (the “**Offering**”).

Subscriptions

The minimum aggregate subscription is \$25,000, or such lesser amount as the Manager, in its sole discretion, may accept.

Each prospective and eligible purchaser who desires to subscribe for Units must:

- (a) complete and sign the form of Subscription Agreement that accompanies this Offering Memorandum, specifying the aggregate subscription amount and the series of 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 the Accredited Investor Certificate and, if applicable, the Risk Acknowledgment Certificate attached to the Subscription Agreement as well as 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.

Investors wishing to subscribe for Units on a Subscription Date (as defined herein) must (a) submit a properly executed Subscription Agreement to the Manager by 4:00 p.m. (Eastern time) on the last business day of the month preceding the applicable Subscription Date and (b) submit payment of the subscription price to the Fund (in accordance with the instructions set out in the

Subscription Agreement) no later than 4:00 p.m. (Eastern time) on the date which is two business days prior to the Subscription Date.

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 Units are not transferrable and will be subject to resale restrictions under applicable securities laws. The Fund 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.

THE FUND

Business of the Fund

The Fund is an open-ended investment trust formed under the laws of the Province of Ontario that has been created to invest, directly or indirectly, in core Canadian income producing real properties in accordance with the Fund's investment objectives described below.

The Fund holds an interest in a diversified portfolio (the "**Portfolio**") of real properties (collectively, the "**Properties**" and each, a "**Property**") held in co-ownership with bclMC Realty Corporation and certain of its affiliates (bclMC Realty Corporation and/or each of its applicable affiliates that are beneficial owners of any one or more Properties, "**RealtyCo**") through one or more limited partnerships established to hold the Properties (collectively, the "**Property LPs**" and each, a "**Property LP**"), with the intention that over time the Fund will primarily hold a 50% co-ownership interest with RealtyCo in each of the Properties. RealtyCo is a wholly-owned subsidiary of British Columbia Investment Management Corporation ("**BCI**"), which invests for British Columbia public sector clients.

Investment Objective

The Fund's investment objective is to provide Unitholders with returns comprised of income and capital appreciation through an investment in a diversified portfolio of high-quality core income producing real properties located in major Canadian markets.

Performance Benchmark

The Fund shall seek to generate a rolling three-year average annual net return that is equal to or greater than the Consumer Price Index plus 4%.

Investment Strategies

The Fund's investment strategy focuses on the following factors which the Manager believes will allow the Fund to benefit from significant urbanization trends over the long term:

- (a) a core asset composition featuring high quality income producing properties in large urban areas;
- (b) broad diversification across major Canadian cities and property types; and
- (c) proximity to long term demand drivers such as population, income and job growth.

The Fund will primarily invest directly or indirectly in high-quality income producing real properties located in major Canadian markets and in accordance with the Fund's investment guidelines described below.

Risk Category

Risk Category	Target Exposure (% of Gross Asset Value)
Core ¹	80%-100%
Build to Core ²	0%-10%
Value Add ³	0%-10%

(1) Core properties includes those properties that are substantially leased, with minor short-term redevelopment potential.

(2) Build to core properties will include those investments that are under development. On completion of construction and once more than 75% leased (on a committed basis) the asset will be transferred to the core category.

(3) Value add properties include those properties with significant opportunities to add value through the investment of additional capital and will include any property with an overall occupancy (including committed leasing) of less than 75%.

Diversification Targets

Property Type	Target Exposure (% of Gross Asset Value)
Office	30%-70%
Retail	5%-40%
Industrial (Distribution and Warehouse)	5%-40%
Multi-Family Rental Residential	5%-40%

The Fund may also invest in other assets (including for example hotels and raw land) which would be considered core properties (in the case of land, could be developed to core) provided that such investments shall not generally exceed 10% of the Gross Asset Value of the Fund over time.

Location

Location	Target Exposure (% of Gross Asset Value)
Greater Toronto, Ottawa and Montreal	30%-70%
Greater Vancouver and Victoria	10%-35%
Calgary and Edmonton	10%-35%

The Fund may also invest in secondary markets in Canada that are located outside of those primary markets noted in the table above provided that such properties would be considered to be core properties and that the Fund's exposure to such investments shall not generally exceed 10% of the Gross Asset Value of the Fund over time.

The Fund's investment in or exposure to a single Property shall not generally exceed 10% of the Gross Asset Value over time.

The Fund may also hold cash and cash equivalents, other money market instruments or money market funds managed by the Manager in order to meet its current obligations.

For further information on the Properties see "Portfolio Overview" below.

Management of the Fund

RBC GAM is the manager of the Fund and is responsible for the management and operations of the Fund, including oversight of the Asset Manager. RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada.

Asset and Property Management

QuadReal, a subsidiary of BCI, has been retained by RBC GAM to be the sole and exclusive asset manager to RBC GAM with respect to the Fund and to provide asset management services to RBC GAM in respect of each of the Properties and any real property acquired by the Fund from time to time, pursuant to the terms of the Asset Management Agreement (as defined herein). RBC GAM pays QuadReal a fee for the services it provides as Asset Manager. In addition, QuadReal is entitled to other fees as described under “The Fund – Fees and Expenses” which are payable by the Fund.

QuadReal also acts or will act as the Property Manager and is or will be responsible for the day-to-day management of each of the Properties pursuant to the terms of the Property Management Agreements (as described below).

QuadReal is a privately held company based in Vancouver, Canada and indirectly owned by BCI for the benefit of its clients invested in BCI’s global real estate portfolio. BCI is one of the largest fund managers in Canada and invests on behalf of public sector clients in British Columbia. On behalf of BCI, QuadReal is mandated to acquire and grow real estate investments in Canada, the United States, Asia and Europe while continuing to deliver strong, reliable long-term returns for BCI’s pension plan, public trust and insurance fund clients.

QuadReal is one of the largest operators and developers of office, retail, industrial, and residential properties in North America. The company also leads the real estate investment program for BCI in over 20 global cities across over 15 countries. In Canada, QuadReal’s managed portfolio includes approximately 40 million square feet of commercial real estate and over 10,000 residential rental suites.

The acquisition of a non-managing co-ownership interest in the Portfolio by the Fund represents an opportunity for the Fund to partner with BCI, a global investment manager and to secure the professional services of QuadReal, a full-service real estate company.

Property Management Agreements

In respect of each Property, the Property LP has entered or will enter into a Property Management Agreement with RealtyCo and QuadReal pursuant to which QuadReal agrees to act as Property Manager of the Property (as defined in the applicable Property Management Agreement) and to provide or arrange to provide the services (as described below) (the “**Services**”) in respect of the Property.

Under each Property Management Agreement, the Property Manager is or will be authorized to make decisions and take actions in connection with the applicable Property provided however that such decisions and actions in respect of the management, operation and leasing of the Property (including the Services) shall generally be consistent with the Approved Budget for the Property or have been approved by the applicable Property LP and RealtyCo (collectively, the “**Owner**”) in accordance with the terms of the applicable co-ownership agreement.

The Property Manager will manage all aspects of the operation of the Property in accordance with the terms of the applicable Property Management Agreement. Each Property Management Agreement provides or will provide that such agreement will remain in place unless terminated by mutual agreement between the Owner and the Property Manager and shall automatically terminate in the event of the sale of the applicable Property. Each Property Management Agreement contains or will contain default provisions (along with rights to cure certain defaults) and certain termination provisions.

As compensation for the Services provided by the Property Manager under the Property Management Agreements, the Owner shall pay the Property Manager: (a) an annual property management fee, (b) a leasing fee, (c) a lease documentation fee, (d) a construction coordination fee and (e) a development management fee, if applicable, in each case at market rates.

Portfolio Overview

The Fund intends to primarily acquire through the Subsequent Closing Dates (the “**Vend-In Period**”) a 50% co-ownership interest with RealtyCo in a portfolio comprised of a diversified group of properties across four major asset types (office, industrial, retail and multifamily residential). QuadReal will provide asset management and property management services for each of the Properties. Following the Vend-In Period, the Fund will continue to be managed as an open-ended direct real estate vehicle in accordance with its investment objectives. See “The Fund – Portfolio Acquisition Process – RealtyCo Properties – Vend-in Process”.

The Portfolio is focused on Canada’s major markets (Toronto, Vancouver, Calgary, Ottawa, Montreal, Edmonton and Victoria) and presents a unique opportunity for investors to obtain an ownership interest in a portfolio of core Canadian real estate assets while being economically aligned with an established Canadian property owner (RealtyCo) and having the committed services of a leading asset and property management and development company (QuadReal).

The Portfolio provides significant diversity and stability through its approximately 1,000 commercial tenants and over 2,000 residential units. This stability has been illustrated by the portfolio’s strong historical occupancy level. Each Property has characteristics that are representative of the core nature of the Fund’s investment strategy and contributes to the overall quality, stability and diversity of the Fund’s portfolio. The Properties are diversified across Canada’s major markets with no municipality expected to constitute more than 35% of Gross Asset Value of the Portfolio.

The Fund and RealtyCo (and the existing Nominees of certain Properties) entered into a master agreement of purchase and sale (the “**Master Purchase and Sale Agreement**”) on September 27, 2019 pursuant to which the Fund agreed to purchase and RealtyCo agreed to sell an interest in the various Properties. Under the Master Purchase and Sale Agreement the Properties forming part of the Portfolio (as well as their allocation by Tranche Closing Date (as defined herein)) are subject to change in accordance with the terms thereof and the Master Co-Owners Agreement. The timing in respect of the acquisition of interests in Properties scheduled for a particular Tranche Closing Date may be delayed or accelerated and the composition of Properties to be acquired on any given Tranche Closing Date may change.

The composition of the Fund’s portfolio will continue to be actively managed. Additional investment activities will include acquisitions, dispositions and development pursuant to the Investment Policy (as defined herein) and the terms of the Master Co-Owners Agreement.

The Fund may acquire an ownership position in additional properties with RealtyCo which would be held in a structure similar to that contemplated herein in respect of the Portfolio. The terms governing future acquisition and dispositions of assets in respect of both the Fund and RealtyCo are set out in the Master Co-Owners Agreement and include (a) a right of first offer in favour of the non-selling party if either party decides to sell an interest in any of the Properties which the non-selling party owns at least a 50% interest in, and (b) if the Fund wishes to acquire a new asset (other than one of the Properties) it shall first offer RealtyCo the ability to co-invest in such property with the Fund.

In all cases, if the Fund acquires an additional property either alone or with RealtyCo, QuadReal will be the Property Manager and Asset Manager of each property.

Portfolio Acquisition Process – RealtyCo Properties

Vend-in Process

It is intended that the Fund will acquire an additional co-ownership interest in a Property from RealtyCo on or about each anniversary of the First Tranche Closing Date (together with the First Tranche Closing Date, the “**Tranche Closing Dates**” and each, a “**Tranche Closing Date**”). The purchase price for an investment in a Property will be determined in accordance with the Purchase Price Mechanism and shall be paid by the Fund in cash.

It is intended that the Fund will have primarily acquired a 50% co-ownership interest in each Property through the Subsequent Tranche Closing Dates.

Acquisition Thresholds for Acquisition Dates

If on any Tranche Closing Date, the Fund does not have sufficient capital to acquire the interests in the Properties that the Fund was scheduled to have acquired on the applicable Tranche Closing Date, RealtyCo may:

- (a) extend the date by which such minimum investment was to have been achieved to a date no later than the next following Tranche Closing Date; and/or
- (b) reset the composition of Property interests to be acquired on that Tranche Closing Date. In the event the Property composition for a Tranche Closing Date is reset, RealtyCo will use reasonable efforts to reset the Property composition having regard to the Investment Policy and the Manager will use all reasonable efforts to maintain compliance with the Investment Policy over time.

In addition, in the event that the Fund does not have the required capital to acquire the applicable interests in the Properties on the Third Tranche Closing Date, then at RealtyCo’s option:

- (a) the Fund will no longer have the right to acquire any additional interests in the Properties scheduled to be made on any subsequent Tranche Closing Date; and
- (b) RealtyCo may reacquire all interests in Properties owned by the Fund in respect of which the Fund owns less than a 50% interest, at a purchase price determined in accordance with the Purchase Price Mechanism, less all costs incurred by RealtyCo in reacquiring same. At RealtyCo’s option, the proceeds of such sales by the Fund together with the equity capital raised for the applicable subsequent Tranche Closing Date, will be

redirected to purchase additional 50% interests in Properties that were scheduled to have been made on the applicable Tranche Closing Date, the intent being to consolidate the Fund's ownership in a diversified portfolio of 50% owned Properties. When selecting the 50% interests in the Properties to be acquired by the Fund, RealtyCo will use reasonable efforts to reset the Property composition having regard to the Investment Policy and the Manager will use all reasonable efforts to maintain compliance with the Investment Policy over time.

If on the Fourth Tranche Closing Date, the Fund has not acquired a 50% co-ownership interest in each of the Properties listed in the Master Purchase and Sale Agreement, RealtyCo may reacquire all interests in any such Property, in respect of which the Fund owns less than a 50% interest at a purchase price in respect of such Property determined in accordance with the Purchase Price Mechanism, less all costs, associated with RealtyCo acquiring the Fund's interest in the Property. In such case, the Manager will use all reasonable efforts to maintain compliance with the Investment Policy over time.

Management of the Properties

The Property GP is or will be responsible for the day to day management of each of the Property LPs and the Properties. The Property GP will delegate any decisions which are within its authority to QuadReal in its capacity as Property Manager of the Properties. In circumstances where RealtyCo and the Fund each own a 50% interest in a Property, no Major Decision (as defined herein) relating to such Property will be made without the approval of the Owners' Committee. See "The Fund – Master Co-Owners Agreement". RBC GAM will provide management and/or administrative services to the Property LPs as required.

In circumstances where the Fund owns less than a 50% interest in a Property, RealtyCo will consult with the Fund and provide the Fund with the opportunity to review a Major Decision prior to making a Major Decision with respect to any such Property in accordance with the terms of the Master Co-Owners Agreement. Such consultation may occur in discussions within the Owners' Committee. The financing of a Property will always be treated as a Major Decision.

Master Co-Owners Agreement

The Master Co-Owners Agreement outlines the terms and conditions which govern the commercial arrangements between RealtyCo and the Fund to acquire, own, operate, lease, finance and/or refinance, improve and/or sell or otherwise monetize the Properties with a view to maximizing the value of the Properties.

Pursuant to the terms of the Master Co-Owners Agreement:

- (a) in circumstances where the Fund and RealtyCo each own 50% of a Property, in the event that either RealtyCo or the Fund wish to sell their interest in a Property, the selling party must first provide the other party with the right to purchase its interest in the Property before offering its interest to a third-party;
- (b) in the event that RealtyCo and the Fund cannot agree on certain Major Decisions in respect of a Property (after attempting dispute resolution under the Master Co-Owners Agreement), then either party may deliver to the other party an offer to (i) buy such party's interest in the Property or (ii) sell its interest in the Property;

- (c) any Major Decision shall be reviewed and approved by the Owners' Committee which shall consist of four members, two of whom shall be nominated by RealtyCo and two of whom shall be nominated by the Fund (the "**Nominating Partners**" and individually, a "**Nominating Partner**"). All decisions of the Owners' Committee require unanimous approval of the committee members. Each Nominating Partner will appoint its members of the Owners' Committee immediately following the First Tranche Closing Date. Each such member will be duly authorized to vote on behalf of and to bind the Nominating Partner which appointed him/her. All decisions and determinations made by the Owners' Committee in respect of Major Decisions are binding;
- (d) QuadReal, in its capacity as Property Manager of the Properties, will be permitted to have a member nominated by it attend all meetings of the Owners' Committee but such QuadReal representative shall not be entitled to vote;
- (e) each of the Property LPs or Properties, as the case may be, shall distribute their net excess cash flow on a monthly basis on a pro rata basis by reference to the respective owners' percentage of equity interest in such Property LP or Property, as applicable;
- (f) each Property LP (and any additional properties the Fund may acquire whether acquired jointly with RealtyCo or otherwise acquired by the Fund) will retain QuadReal as its Property Manager for the management of the applicable Property;
- (g) the value of each of the Property LPs and Properties will be determined in accordance with the Valuation Policy; and
- (h) RealtyCo and the Fund will obtain mortgage commitments from Canadian commercial lenders and complete mortgage financing in respect of certain Properties, subject to the terms and conditions as set forth in the Master Co-Owners Agreement.

The Master Purchase and Sale Agreement provides for the acquisition by the Fund of its interest in the Properties on each of the Tranche Closing Dates and the Master Co-Owners Agreement provides for the acquisition of any additional properties by RealtyCo or the Fund (as described above).

Conflicts of Interest

The Manager

The Manager has established appropriate policies, procedures, practices and guidelines to ensure the proper management of the Fund, including policies and procedures relating to conflicts of interest. These policies, procedures, practices and guidelines are updated as necessary to reflect changing circumstances.

The Manager and/or its affiliates may invest in or provide services to the Fund as follows: (a) the Manager acts as manager of the Fund and receives the Management Fee and the Administration Fee, (b) RBC Investor Services acts as trustee of the Fund, is a registrar for the Fund and provides custodial and other administrative services to the Fund for which it will be entitled to be paid fees by the Manager, (c) RBC Capital Markets may provide and/or arrange for debt financing to be provided to or for the benefit of the Fund and may be paid arrangement and other fees for such services, (d) the Manager, an affiliate or their employees or investment funds managed by the Manager or an affiliate may invest in Units of the Fund from time to time, (e) the Fund may from

time to time invest in and hold money market funds in respect of which RBC GAM is paid an administration fee and, in addition, such investments will form part of the assets of the Fund in respect of which the Management Fee is calculated and (f) Royal Bank of Canada or a subsidiary thereof may be a tenant in one or more of the Properties or in properties subsequently acquired by the Fund. RBC Capital Markets, as provider or arranger of debt financing (as described above), shall have no obligation to the Fund or Unitholders other than its contractual obligations provided in the written agreements relating to any debt financing. RBC Capital Markets will be entitled to exercise its rights thereunder in accordance with the terms of such agreements and shall not be required to take into consideration the interests of the Fund or Unitholders in connection with the exercise of such rights. Royal Bank of Canada is a leading diversified financial services company providing banking, wealth management, insurance, investor services and capital markets products and services on a global basis. These services and products are provided to customers and clients other than the Fund and without regard to the Fund or Unitholders.

Unitholders may include persons or entities organized in various jurisdictions that may have conflicting investment, tax and other interests with respect to their investments in the Fund. Unitholders could include, but are not limited to tax-exempt investors (i.e. corporate and public pension funds, endowments and foundations) and taxable investors (i.e. insurance companies, high net worth individuals, etc.). The conflicting interests of individual Unitholders may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring of the acquisition of the Fund's investments, the amount or nature of taxable income with respect to the Fund's investments and the use or availability of tax credits for a deferral of taxable income and the timing of disposition of the Fund's investments. As a consequence, conflicts of interest may arise in connection with decisions to be made by the Manager, including with respect to the nature or structuring of the Fund's investments, that may be more beneficial for one Unitholder than for another Unitholder, especially with respect to Unitholders' individual tax situations. In selecting and structuring the Fund's investments, the Manager will consider the investment and tax objectives of the Fund as a whole, not the investment, tax or other objectives of any Unitholder individually or group of Unitholders.

The Manager will allocate such time and attention as is deemed appropriate and necessary to carry out the operations of the Fund effectively. The Manager's personnel will work on other projects and on behalf of clients other than the Fund; conflicts may, therefore, arise in the allocation of certain personnel and other resources.

The Manager has long-term relationships with a significant number of institutions and corporations and their consultants and advisors, including those that may hold or may have held investments similar to the investments intended to be made by the Fund, that may themselves represent appropriate investment opportunities for the Fund or that may compete with the Fund for investment opportunities. The Manager will continue to represent such clients after the establishment of the Fund. In determining whether to pursue a particular opportunity on behalf of the Fund, these relationships could be considered by the Manager, and there may be certain potential opportunities which would not be pursued on behalf of the Fund in view of such relationships.

The Manager will make available to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of the Manager concerning the terms and conditions of the Offering and to obtain any additional information, if the Manager possesses such information or can acquire it without unreasonable effort or expense or any confidentiality concerns, necessary to verify the accuracy of the information set forth herein. Due to the fact that different potential investors may ask different questions and request different information, the

Manager may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is or will be integrated into this Offering Memorandum, and no prospective investor may rely on any such responses or information in making its decision to subscribe for Units.

The Manager and the Fund may be represented by the same legal counsel and such counsel will not be acting on behalf of the Unitholders. Investors are encouraged to consult their own legal counsel and other advisors in determining the consequences to investors of investing in the Fund.

While the Fund, RBC GAM, RealtyCo and QuadReal are parties to the Master Co-Owners Agreement and the Fund and the Manager will rely to a significant extent on QuadReal to provide certain services to or in respect of the Fund in accordance with the terms of the Asset Management Agreement and the Property Management Agreements, each of these agreements include termination provisions which may be exercised by the parties. In the event that the Asset Management Agreement and/or a Property Management Agreement is terminated by the Fund and/or the Manager, as applicable, the Manager will seek to appoint a replacement asset manager or property manager, as the case may be, and expects it would be able to do so on comparable commercial terms and at comparable market rates.

The services provided by RBC GAM to the Fund are not exclusive. Subject to the terms of the Master Co-Owners Agreement, RBC GAM (and its affiliates) may act for and provide management, administrative, consulting and other services to other persons (whether or not their investment objectives, strategies and criteria are similar to those of the Fund), provided that if the Manager identifies an investment opportunity which is within the investment objective of both the Fund and such other person, such opportunity will be allocated to the Fund and such other person in a manner which is fair and reasonable having regard to the amount of capital available for investment by each and their respective investment objectives, strategies or restrictions. In addition, RBC GAM may from time to time deal with securities of the same class and nature as may constitute the whole or part of the assets of the Fund on its own behalf or on behalf of other persons. RBC GAM will act on a basis which is fair and reasonable to the Fund and agrees that its investment decisions for the Fund will be made independently of those made for other persons and independently of its own investments. If RBC GAM recommends the same investment for both the Fund and one or more other persons, RBC GAM agrees that such transactions will be effected on an fair and reasonable basis. RBC GAM (and its affiliates) is expressly permitted (notwithstanding any liability which might otherwise be imposed by law or in equity) to derive, direct or indirect benefit, profit or advantage from time to time as a result of the relationships, matters, contracts, transactions, affiliations or other activities and interests described herein and RBC GAM (and its affiliates) shall not be liable in law or in equity to pay or account to the Fund or its Unitholders for any such direct or indirect benefit, profit or advantage nor will any such contract or transaction be void or voidable at the instance of the Fund or any Unitholder.

The Manager will take such steps as it considers necessary to resolve any potential conflicts of interest fairly.

RealtyCo and QuadReal

Recognizing that there will be circumstances where properties owned by RealtyCo outside of the Portfolio may compete with Properties within the Portfolio insofar as leasing and new tenant opportunities are concerned, QuadReal will implement a conflict policy to ameliorate such conflicts as outlined below. Where QuadReal is managing one asset wholly owned by RealtyCo and another asset jointly owned by RealtyCo and the Fund, and a prospective tenant is interested

in both assets, QuadReal will use separate leasing teams to pursue such interest, screen proposal information, and, where requested by the Fund, report to the Fund on all progress. Acquisitions and dispositions are governed by a procedure that sets out the circumstances in which RealtyCo and the Fund are entitled to acquire or dispose of assets either independently or jointly, ensuring that the parties do not compete or impede each other's ability to act. See "The Fund – Master Co-Owners Agreement" for further information.

In addition, QuadReal and employees of QuadReal (on their own and/or through the QuadReal benefits provider) may invest in Units of the Fund from time to time.

Investment Restrictions

The Fund will not:

- (a) undertake any activity or derive income from any source other than the investing of its funds in accordance with the Fund's investment objective;
- (b) borrow money other than in accordance with certain limitations as further described under "Limitations on Indebtedness"; or
- (c) acquire any real property other than real property located in Canada.

Limitations on Indebtedness

The Fund or Property LP, as applicable, may incur indebtedness for borrowed money including: (a) to fund an investment (such as a property acquisition, a development project or a capital investment project), (b) to fund redemptions or to provide working capital for the payment of Fund Expenses from time to time or (c) to repay debt. In connection therewith, the Manager shall be permitted to obtain appropriate financing and funds may be borrowed on a fixed and/or floating rate basis.

Notwithstanding the foregoing, (i) following the Fourth Tranche Closing Date, floating rate debt shall be limited to twenty-five percent (25%) of the fair market value of the Fund's total debt (for this calculation, floating rate debt will exclude debt that provides the Fund with the option to convert to a fixed interest rate or spread and include fixed rate debt maturing within 6 months), (ii) each Property or Property LP (other than residential) may borrow up to fifty percent (50%) of the underlying asset acquisition cost or Gross Asset Value of the Property at the time of financing and (iii) in respect of residential properties, each Property or Property LP may borrow up to seventy-five percent (75%) of the underlying asset acquisition cost or Gross Asset Value of the Property.

The aggregate amount of all indebtedness for borrowed money of the Fund (excluding any indebtedness in connection with any Promissory Notes (as defined below) issued by the Fund from time to time), shall not, at the time of any advance of funds under a borrowing, exceed forty-five percent (45%) of the Gross Asset Value of the Fund, except that indebtedness in respect of any property held by the Fund may exceed that amount. If the Gross Asset Value of the Fund declines such that the aggregate amount of indebtedness at any time exceeds forty-five percent (45%) of the Gross Asset Value of the Fund (excluding any indebtedness in connection with any Promissory Notes issued by the Fund from time to time), the Manager shall use commercially reasonable efforts to reduce the amount of indebtedness to less than forty-five percent (45%) of

the Gross Asset Value of the Fund as soon as reasonably practicable while taking into account the long term interests of Unitholders as a whole.

Net Asset Value

The Fund will maintain a separate Net Asset Value for each series of Units, as if the series were a separate fund. However, the assets of the Fund will constitute a single pool for investment purposes. The Net Asset Value for a series is based on series specific amounts, such as amounts paid on the purchase and redemption of Units of the series and expenses attributable solely to the series, and on the series' share of the Fund's investment earnings, market appreciation or depreciation of assets, common expenses and other amounts not attributable to a specific series. Expenses are recognized on an accrual (i.e., "as incurred") basis, not on a cash (i.e., "when paid") basis.

The Unit price for each series is the basis for calculating the purchase price or redemption price for purchasing or redeeming Units of that series. The Manager calculates the Unit price for each series by dividing the Net Asset Value for the series by the number of outstanding Units of the series. The Fund is valued and may only be purchased in Canadian dollars.

The net asset value of the Fund and the Property LPs will generally be calculated in compliance with IFRS with certain policy exceptions that the Manager has deemed to be appropriate such as the deferral and amortization of certain expenses as discussed below.

The significant valuation principles are as follows:

- (a) **Investment in properties** – the value of the Fund's direct or indirect investment in a property (including a Property acquired in connection with the Portfolio and any additional property acquired directly or indirectly by the Fund from time to time) will be determined by QuadReal (using both internal resources and external valuation appraisers) with oversight by the Manager, using industry-wide recognized valuation methodologies (such as discounted cash flow, direct capitalization, direct comparison and cost) and in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. With a view to reasonably evenly spreading external appraisals over the course of the year, each quarter approximately 75% by value of the properties are internally appraised by QuadReal and approximately 25% by value are externally appraised by accredited independent valuation experts. The assets to be externally appraised are selected on a rotational basis such that 100% of the properties are externally appraised at least once annually.

Mortgage liabilities are valued on a quarterly basis to produce a principal amount which will produce a yield equal to the prevailing market yield at that time for comparable conventional mortgages issued by major lending institutions.

For daily valuation purposes the prior quarter's appraised value will be adjusted by a daily net operating income factor, the impact on the value of mortgage liabilities due to changing mortgage rates and any material valuation events. The daily valuation will be updated to reflect the updated quarterly appraisals the day after such value is finalized, on a prospective basis.

- (b) **Investment in RBC GAM money market funds** – the value of an investment in money market funds managed by RBC GAM will be based on the Net Asset Value per Unit on the valuation day.
- (c) **Deferral and amortization of certain expenses** – Certain expenses, such as Transaction Costs – Portfolio Structuring Costs, Transaction Costs – Ordinary Transaction Costs that relate to the acquisition of a property and Transaction Costs – Development Advisory Fee, will be deferred and amortized over ten years. Expenses associated with Financing Costs – Long Term Loans will be deferred and amortized over the term of the loan. While the deferral and amortization of these expense is contrary to IFRS, which requires such costs to be expensed immediately, it provides a fairer result for Unitholders.

Distribution Policy

Distributions will be made on each Distribution Date at the discretion of the Manager based on the cash flow generated by the assets, taking into account forecasted cash flow from operations, available working capital and future capital investment obligations and may vary from quarter to quarter. Distributions from the Fund will automatically be reinvested in Units of the Fund unless you request to receive distributions in cash.

In order to receive distributions from the Fund in cash, a Unitholder must submit a written request to the Manager on or before the last business day of the month preceding the first such desired Distribution Date, in such form as the Manager, from time-to-time, may prescribe.

For each taxation year, the Fund will ensure that its net income and net realized capital gains have been distributed to such an extent that the Fund will not be liable for income tax under Part I of the Tax Act. The Fund may distribute any remaining net income and net realized capital gains annually in December as a special distribution.

Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution.

Redemptions

A Unitholder shall be entitled, subject as hereinafter provided, to require payment of the Net Asset Value per Unit of all or any of such Unitholder's Units, less the applicable Redemption Discount (as defined below), if any, on the last business day of January, April, July and October (each, a "**Redemption Date**") by giving written notice to the Manager by the Redemption Notice Cut-off Time (as defined herein), in such form as the Manager, from time-to-time, may prescribe.

The proceeds per Unit payable on redemption determined on the applicable Redemption Date will equal the Net Asset Value per Unit (of the applicable series) on the Redemption Date less a redemption discount ("**Redemption Discount**") in the amount set forth in the table below:

Timing of Redemption	Redemption Discount
Redemption of Units on a date prior to the first anniversary of the Acquisition Date (as defined herein) (the " First Anniversary Date ")	5%

Timing of Redemption	Redemption Discount
Redemption of Units on a date on or after the First Anniversary Date and prior to the second anniversary of the Acquisition Date (the " Second Anniversary Date ")	4%
Redemption of Units on a date on or after the Second Anniversary Date and prior to the third anniversary of the Acquisition Date (the " Third Anniversary Date ")	3%
Redemption of Units on a date on or after the Third Anniversary Date and prior to the fourth anniversary of the Acquisition Date (the " Fourth Anniversary Date ")	2%
Redemption of Units on a date on or after the Fourth Anniversary Date and prior to the fifth anniversary of the Acquisition Date (the " Fifth Anniversary Date ")	1%

No Redemption Discount shall be payable in respect of (a) any redemption of Units on a date on or after the Fifth Anniversary Date, (b) any redemption of Units issued as a result of the re-investment of distributions and (c) any redemption of Units by RBC GAM or an affiliate of RBC GAM in connection with their subscription for Units either on the First Tranche Closing Date or thereafter (i.e. in respect of seed capital contributed by RBC GAM or an affiliate thereof). The redemption proceeds payable in connection with a redemption on a Redemption Date shall be paid to the Unitholder within one (1) month of the applicable Redemption Date by way of delivery of a cheque or by such other method of payment as the Manager may determine in its discretion including electronic funds transfer and/or if applicable, delivery of a Promissory Note (as described below). The Redemption Discount shall be payable to the Fund.

The Fund will use commercially reasonable efforts, taking into account the interests of the Unitholders as a whole, to satisfy all redemption requests in cash. However, in the event that the Fund has received one or more redemption requests on any given Redemption Date in an aggregate amount exceeding \$2,500,000, the Fund may in the Manager's sole discretion (a) deliver cash redemption proceeds in an aggregate amount of \$2,500,000 (or such other amount as may be determined by the Manager) on a pro rata basis to those Unitholders who submitted a redemption request in respect of such Redemption Date and (b) in respect of the balance of the redemption proceeds, issue an unsecured promissory note (a "**Promissory Note**") payable within five (5) years of such Redemption Date.

Promissory Notes shall bear interest at the then five (5) year Government of Canada yield and shall be pre-payable by the Fund at any time without notice, bonus or penalty. Promissory Notes will constitute unsecured obligations of the Fund and will not be transferrable by any holder thereof. The Fund will prioritize the repayment of the Promissory Notes from future subscription proceeds and will use its commercially reasonable efforts, taking into account the interests of the Unitholders as a whole, to redeem the Promissory Notes in cash prior to the five-year term. Promissory Notes will not be qualified investments for Registered Plans under the Tax Act.

In the event that the Fund has received one or more redemption requests on a Redemption Date for an aggregate redemption amount exceeding \$2,500,000 and the Manager has determined that it is necessary to deliver a portion of the redemption proceeds in the form of a Promissory Note, the Manager will provide notice to the redeeming Unitholders or their advisors of the

principal amount of the Promissory Note to be issued to such Unitholder on the Redemption Date to allow the Unitholder the opportunity to revoke the Unitholder's redemption request.

The Fund may suspend the redemption of Units or payment of redemption proceeds during any period of time in the event that the Manager determines that conditions exist that render impractical the sale of the assets of the Fund or that impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

Transfers

A Unitholder will not be permitted to sell, assign, transfer, pledge, mortgage or otherwise dispose of all or any part of their Units.

Fees and Expenses

Management Fee

The Fund shall pay the Manager a management fee (the "**Management Fee**") in respect of the Series F Units equal to 0.85% per annum of the Net Asset Value of the Series F Units.

No management fees are payable by the Fund in respect of Series O Units and Series N Units. Holders of Series O Units and Series N Units pay a negotiated fee directly or indirectly to the Manager.

The Management Fee is calculated and accrued daily. The Management Fee is exclusive of applicable GST/HST.

The Manager may from time to time waive any portion of the fees otherwise payable to it hereunder, but no such waiver shall affect its right to receive fees subsequently accruing hereunder.

Administration Fee

The Manager pays for certain operating expenses of the Fund which include the day-to-day operating expenses including, but not limited to, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, certain marketing costs and the costs of preparing and distributing annual and interim reports and investor communications. In return, each series of the Fund pays a fixed administration fee of 0.01% per annum of the Net Asset Value of such series to the Manager (the "**Administration Fee**"). The Administration Fee is calculated and accrued daily on the Net Asset Value of each series of the Fund. The Administration Fee paid to the

Manager in respect of a series may, in any particular period, exceed or be lower than the operating expenses paid by the Manager in respect of the Fund.

The Manager also pays for certain operating expenses of the Property LPs. In return, each Property LP pays a fixed administration fee of 0.04% per annum of the net asset value of the Property LP to the Manager. The administration fee paid to the Manager in respect of a Property LP may, in any particular period, exceed or be lower than the operating expenses paid by the Manager in respect of the Property LP.

Fund Expenses

In addition to the Management Fee and the Administration Fee, the Fund shall directly or indirectly bear all Fund Expenses (as defined herein).

Description of Units of the Fund

The beneficial interest in the Fund will be divided into interests of one or more series and of equal value as all other interests of that series, referred to as "Units". Units shall be issued only as fully paid and non-assessable. There shall be no limit to the number of series and Units of the Fund that may be issued, subject to any determination to the contrary made by the Manager in its sole discretion and no Unit of the Fund shall have any rights, preferences or priorities over any other Unit of the same series of the Fund (other than the fact that the Series N Units shall be non-voting).

Each Unitholder is entitled to one vote for each Unit held (other than a holder of Series N Units as Series N Units are non-voting) and is entitled to participate equally (among Units of the same series) with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of the Fund, Unitholders of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

The Series F Units are available to individuals or institutional clients who have entered into an agreement with their dealers to purchase Units. The Series O Units and Series N Units are available to institutional clients or dealers who have entered into an agreement directly with the Manager to purchase Series O Units, and, in respect of the Series N Units only, who require Units that are non-voting.

Non-resident Holders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of the Fund. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 25% of the Units of the Fund then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may provide notice to the Unitholders thereof. If the Manager determines that more than 25% of

such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, then (i) the Fund may not accept any such subscription or any other subscription for Units from any such non-resident and/or partnership or issue any Units to any such non-resident and/or partnership and (ii) the Manager may send a notice to such non-resident unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such unitholders exchange and/or redeem such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such exchange and/or redemption, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds realized on the exchange and/or redemption of such Units.

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

Certificates

Certificates evidencing ownership of the Units will not be issued to Unitholders.

Risk Factors

Investors should consider the following risk factors before investing. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund and other risks may also be relevant from time to time.

The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Fund.

General Risk of Investment

An investment in the Fund is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment. An investment in Units is speculative and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Marketability and Transferability of Interests

There is currently no market for the Units, and their resale and transfer and redemption are subject to restrictions imposed by the Trust Agreement. Consequently, Unitholders may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

Liquidity Risk

Liquidity refers to the speed and ease with which an asset can be bought or sold and converted into cash. Some assets are inherently less liquid than others due to the nature of the asset, the demand for the asset and the extent to which the market for the asset is developed.

Real Estate Sector Risk

The Fund is subject to certain risks related to its ownership of real estate. Real estate investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real estate and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the property portfolio. There are also certain types of risks relating to the ownership of real estate, generally of a catastrophic nature, such as wars or environmental contamination, which may be either uninsurable or not insurable on an economically viable basis. In addition, environmental laws may render the Fund liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. Real estate ownership may also require certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges regardless of whether the property is producing any income. The asset values and earnings of the Fund could be influenced by a number of different factors, including economic cycles, inflation, the cost of capital, the level of short- and long-term interest rates, the timing of increases in supply, consumer confidence, demographic trends, the policies of various levels of government and the economic well-being of industries such as retail and tourism.

Asset Class Risk

The Fund's investments will be concentrated in real estate and accordingly the Fund may underperform the returns of securities or indices that track equities, fixed-income securities, specific countries, regions, industries, asset classes or sectors.

Concentration Risk

There are risks associated with any fund that concentrates its investments in a specific asset class or sector. Concentrating investments allows the Fund to focus on a sector's or asset class' potential, but it also means that the value of the Fund tends to be more volatile.

Large Redemption Risk

Substantial redemptions of Units of the Fund by one or more Unitholders including an investment fund managed by RBC GAM may require the Fund to alter its portfolio significantly or liquidate properties at unfavourable prices or more rapidly than what would otherwise be desirable to raise the necessary cash to fund redemptions and the Fund may also incur capital gains/losses and transaction costs. These circumstances could adversely affect the net asset value of the Fund for purposes of the redemptions and for the ongoing purposes of the Fund.

Non-Voting Securities Risk

Series N Units of the Fund are non-voting. Consequently, an investor who acquires Series N Units of the Fund will not be able to vote the extent of its economic interest on matters that require

approval of Unitholders of the Fund, including matters that could adversely affect the Fund's interest.

Tax-related Risks

There can be no assurance that income tax, securities or other laws will not be changed in a manner that adversely affects the distributions received by the Fund or Unitholders. For example, changes to tax legislation or the administration thereof could adversely affect the taxation of the Fund (or the assets in which it invests). Interpretation of the law or administrative practice may affect the characterization of the Fund's earnings as capital gains or income, which may increase the level of tax borne by investors as a result of increased taxable distributions from the Fund. There can be no assurance that Canadian federal income tax laws or the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of the Fund will not be changed in a manner that adversely affects the Fund or the Unitholders.

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

Cash distributions by the Fund, if any, may not be sufficient to equal the tax payable on income allocated to a Unitholder by the Fund.

Delayed Tax Information

The Fund will provide Unitholders with tax information with respect to the previous fiscal year of the Fund on or before the applicable tax deadlines. However, the Fund may not have final tax information in respect of a property held by the Fund by the date the Fund is required to provide the information to Unitholders. If this occurs, the Manager will provide Unitholders with information based on estimates of the Manager. If the final information differs from that originally provided to Unitholders, the Fund may send Unitholders revised tax information and Unitholders may be required to file amended tax returns. Investors should consult with their own tax advisors regarding these matters.

Market Risk

Market risk is the risk of being invested in the real estate market. The market value of a Property will rise and fall based on specific Property developments and broader real estate market conditions. Market value will also vary with changes in the general economic and financial conditions in the jurisdictions where the Properties are located.

Reliance on the Manager and QuadReal

The Fund will be dependent on the ability of the Manager to effectively manage the Fund in a manner consistent with its investment objective, investment strategies and investment restrictions and on the ability of QuadReal to effectively manage, lease and maintain the Properties. There is no certainty that the individuals who are responsible for providing administration and management services to the Fund or management, leasing or maintenance services to the Properties will continue to be employed by RBC GAM or QuadReal, respectively.

Series Risk

The Fund currently offers Series F Units, Series O Units and Series N Units. Each series has its own fees and expenses, which will be tracked separately. Those expenses will be deducted in calculating the Unit value for that series, thereby reducing its Unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the Unit price of the other series may also be reduced.

Conflicts of Interest Risk

The Manager, RealtyCo and QuadReal may be subject to various conflicts of interest due to the fact that the Manager, RealtyCo and QuadReal may each be engaged in a wide variety of management, advisory and other business activities unrelated to the business of the Fund (some of which may compete with the investment activities of the Fund).

Furthermore, the directors, officers and employees of the Manager, RealtyCo or QuadReal or any affiliate of the Manager or QuadReal or a subsidiary of Royal Bank of Canada or QuadReal may also invest in the Fund and/or be invested in the same investments as the Fund from time to time. Affiliates of the Manager may also act as a lender or a service provider to the Fund. See “The Fund – Conflicts of Interest”.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, funds like the Fund have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to a fund’s digital information systems (e.g. through “hacking” or malicious software coding) but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of a fund’s third-party service providers (e.g. administrators, registrars, custodians and advisors) or in connection with assets in which the Fund invests (e.g., cyber attacks on connected building systems) can also subject a fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Fund has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Fund does not directly control the cyber security systems of third-party service providers.

Limited Operating History Risk

The Fund was recently formed and has limited operating history. There can be no assurance that the Fund will be successful in achieving its investment objectives.

Vend-in Diversification Risk

During the Vend-In Period in connection with the acquisition of Properties, the Fund may have geographic and sector allocations that are different from those set forth in the Fund’s investment strategies from time to time. As a result, the Fund may have more or less concentrated exposure

from time to time than those that are anticipated once it has completed its acquisition of Properties.

Portfolio Composition Risk

The Fund may not be able to raise the required capital to acquire a 50% co-ownership interest in each of the Properties and as a result the Portfolio composition will be altered and the number of assets the Fund acquires from the Portfolio could be reduced.

Competition Risk

QuadReal in managing the Portfolio will compete with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Competitors may have newer or better located properties, greater financial or other resources, or greater operating flexibility. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on the investment. Increased competition to lease properties could adversely impact QuadReal's ability to find suitable tenants at the appropriate rent and may negatively impact the financial performance of the Fund.

Acquisitions and Associated Undisclosed Defects and Obligations Risk

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the Fund. Representations and warranties given by third-parties may not adequately protect against these liabilities and any recourse against third-parties may be limited by the financial capacity of such third-parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on rental income of the relevant properties or the sale prices of such properties upon a disposition of such properties.

The Fund's ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (a) the Fund may be unable to acquire desired properties because of competition from other real estate investors with more capital, including other real estate operating companies, real estate investment trusts and investment funds; (b) the Fund may acquire properties that are not accretive to results upon acquisition, and the Fund may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the Fund may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the Fund may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the Fund may spend significant time and money on potential acquisitions that the Fund does not consummate; (g) the Fund may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (h) market conditions may result in higher than expected

vacancy rates and lower than expected rental rates; and (i) the Fund may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. In addition, after the acquisition of a property, the market in which the acquired property is located may experience unexpected changes that adversely affect the property's value. The occupancy of properties that are acquired may decline during the Fund's ownership, and rents that are in effect at the time a property is acquired may decline thereafter.

If the Fund cannot complete property acquisitions on favourable terms, or operate acquired properties to meet the Fund's goals or expectations, the Fund's financial condition, results of operations and cash flows, the Net Asset Value per Unit and its ability to satisfy debt service obligations and to make distributions to Unitholders could be materially and adversely affected.

Business Continuity and Disaster Recovery

The Fund's ability to continue critical operations and processes could be negatively impacted by a weather disaster, development site work stoppage, prolonged IT failure, terrorist activity, power failures or other national or international catastrophes. Ineffective contingency planning, business interruptions, crises or potential disasters could adversely affect the reputation, operations and financial performance of the Fund.

Environmental Matters

As an owner of real property in Canada, the Fund is subject to various federal, provincial, territorial and municipal laws relating to environmental matters. Such laws provide that the Fund could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the Fund with respect to the release of such substances from or to the properties it holds. Applicable laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Additional liability may be incurred by the Fund with respect to the release of such substances from any of the properties it owns to properties owned by third-parties, including properties adjacent to the Fund's properties or with respect to the exposure of persons to such substances. Laws also govern the maintenance and removal of materials containing asbestos in the event of damage, demolition or renovation of a property and also govern emissions of, and exposure to, asbestos fibers in the air.

Property and Leasing Management

Certain significant expenditures, including property taxes, maintenance costs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space, increase tenant demand and to generate adequate revenue over the long-term, the Fund must maintain or, in some cases, improve each property's condition to meet market demand. Property management services, including lease management and facility repairs and maintenance must be executed in a timely and cost-effective manner. Maintaining a rental property in accordance with market standards can entail significant costs, which the Fund may not be able to recover from its tenants. In addition,

property tax reassessments based on updated appraised values may occur, which the Fund may not be able to recover from its tenants. As a result, the Fund may bear the economic cost of such operating costs and/or taxes which may adversely impact the financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the Manager deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, additional and unexpected costs will be incurred. If similar properties located in the vicinity of one of the properties are substantially refurbished and the property is not similarly refurbished, the net operating income derived from, and the value of, such property could be reduced. Any failure to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on the Fund's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Liquidity of Real Property

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the Fund's ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the Fund may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the Fund to dispose of properties at lower prices in order to generate sufficient cash for operations and for making distributions to Unitholders.

Degree of Leverage

The Fund's degree of leverage could have important consequences to Unitholders, including: (i) the Fund's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general business purposes, (ii) a larger portion of the Fund's cash flows being dedicated to the payment of the principal of and interest on, its indebtedness, thereby reducing the amount of funds available for distributions to Unitholders, and (iii) making the Fund more vulnerable to a downturn in business or the economy in general. Under the Trust Agreement, the aggregate amount of all indebtedness for borrowed money of the Fund (excluding any indebtedness in connection with any Promissory Notes (as defined below) issued by the Fund from time to time), shall not, at the time of any advance of funds under a borrowing, exceed forty-five percent (45%) of the Gross Asset Value of the Fund, except that indebtedness in respect of any property held by the Fund may exceed that amount.

Risk Rating

RBC GAM assigns a risk rating to the funds that it manages as an additional guide to help investors decide whether a fund is right for them. This information is only a guide. RBC GAM determines the risk rating for the funds it manages in accordance with the guidelines set forth in National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) even though the Fund is not subject

to NI 81-102. Under NI 81-102, the investment risk level of a fund is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. Just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

A fund's risk rating is normally determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional units of the fund. As the Fund does not have at least 10 years of performance history RBC GAM has used a reference index (the MSCI/REALPAC Canada Property Index) that is reasonably expected to approximate, the standard deviation of the Fund as a proxy. Using this methodology, the Fund's risk rating would be considered low. There may be times when RBC GAM believes this methodology produces a result that does not reflect the Fund's risk based on other qualitative factors. As a result, RBC GAM may place the Fund in a higher risk rating category, as appropriate. In accordance with this methodology, RBC GAM has rated the Fund's investment risk as medium.

ORGANIZATION AND MANAGEMENT OF THE FUND

Role	Service provided
<p>Manager</p> <p>RBC Global Asset Management Inc. Toronto, Ontario</p>	<p>RBC GAM is the manager of the Fund and is responsible for management of the Fund's operations in accordance with the Trust Agreement. See "The Fund – Manager".</p>
<p>Trustee</p> <p>RBC Investor Services Trust Toronto, Ontario</p>	<p>RBC Investor Services Trust acts as trustee of the Fund on behalf of its Unitholders with responsibility to act in the best interest of Unitholders.</p>
<p>Asset Manager</p> <p>QuadReal Property Group Limited Partnership Vancouver, British Columbia</p>	<p>QuadReal acts as Asset Manager pursuant to the terms of the Asset Management Agreement. See "The Fund – Asset and Portfolio Management".</p> <p>Under the Asset Management Agreement RBC GAM has retained QuadReal to be the sole and exclusive asset manager to RBC GAM with respect to the Fund and provides asset management services to RBC GAM in respect of any real property acquired by the Fund from time to time. Pursuant to the Asset Management Agreement QuadReal will from time to time (a) provide the Manager with advice and recommendations with respect to suitable acquisition, development, financing and disposition programs which are consistent with the Fund's Investment Policy, (b) conduct negotiations on behalf of the Fund with consultants, brokers, builders, developers, property managers, leasing agents, lenders, municipalities and others, (c) conduct research and obtain economic and statistical data required in connection with (a) above and (d) perform such other advisory duties as the Manager may from time to time reasonably request.</p>
<p>Property Manager</p> <p>QuadReal Property Group Limited Partnership Vancouver, British Columbia</p>	<p>QuadReal acts or will act as Property Manager of the Properties pursuant to the terms of a Property Management Agreement in respect of each Property.</p> <p>QuadReal has been or will be retained by each of the Property LPs in respect of each Property to act as the Property Manager responsible for the day-to-day management of each of the Properties. If the Fund acquires an additional property either alone or</p>

	<p>with RealtyCo, QuadReal will be the Property Manager of each such property.</p> <p>See “The Fund – Asset and Property Manager” for further information.</p>
<p><i>Custodian</i></p> <p>RBC Investor Services Trust Toronto, Ontario</p>	<p>RBC Investor Services, a wholly owned subsidiary of Royal Bank of Canada acts as the custodian for the Fund.</p> <p>As custodian for the Fund, RBC Investor Services holds the assets of the Fund (other than units in the Property LPs or Properties) in safekeeping on its behalf.</p>
<p><i>Registrars</i></p> <p>RBC Global Asset Management Inc. Toronto, Ontario</p> <p>RBC Investor Services Trust Toronto, Ontario</p>	<p>The registrars process all purchases and redemptions of Units of the Fund, keep a register of all investors and issue annual tax slips for investors.</p>

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the Fund and to a holder who acquires, as beneficial owner, Units pursuant to the Offering, and who, for the purposes of the Tax Act at all relevant times, (a) holds Units of the Fund as capital property, and (b) is not affiliated and deals at arm's length with the Fund (a "**Holder**"). Generally, the Units will be considered to be capital property to a Holder provided the Holder does not acquire or hold the Units in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Units (and all other "Canadian securities", as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years. Holders whose Units might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary does not apply to a Unitholder: (a) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution"; (b) that is a "specified financial institution"; (c) an interest in which is a "tax shelter investment"; (d) who reports its "Canadian tax results" in a currency other than the Canadian currency; (e) that is a partnership; or (f) who enters into, with respect to their Units, a "derivative forward agreement", each as defined in the Tax Act. Such Unitholder should consult their own tax advisors. Further, this summary does not address the tax consequences to Holders who borrow funds in connection with the acquisition of Units.

This summary is based upon (a) a certificate of the Fund as to certain factual matters, (b) the current provisions of the Tax Act and regulations thereunder, and (c) counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency published in writing by it prior to the date hereof. This summary takes into account 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 (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. 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 intended to be legal or tax advice to any particular Unitholder. This summary is not exhaustive of all Canadian federal income tax considerations. Prospective Unitholders should therefore consult their own tax advisors about their individual circumstances.

Status of the Fund

Mutual Fund Trust

This summary is based on the following assumptions: (a) the Fund will comply at all relevant times with the conditions set out in the Tax Act and otherwise so as to qualify as a "mutual fund trust" as defined in the Tax Act, and (b) in particular, the Fund will elect under the Tax Act to be a "mutual fund trust" from the beginning of its first taxation year. Such assumptions are based upon a certificate of the Fund as to certain factual matters. If the Fund does not qualify as a "mutual

fund trust” under the Tax Act, the Canadian federal income tax consequences would differ materially from those described below.

SIFT Rules and the Public Market Exemption

The Tax Act imposes a special taxation regime (the “**SIFT Rules**”) applicable to trusts or partnerships 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 in the Tax Act, “non-portfolio properties” include certain investments in real properties situated in Canada, certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada and property used in carrying on a business in Canada) (each a “**SIFT**”). Under the SIFT Rules, a SIFT is 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.

This summary is based on the assumption that the Units are not and will not be listed or traded on a stock exchange or other public market, such that the Fund will not be a SIFT for purposes of the SIFT Rules (the “**Trust Public Market Exemption**”). Such assumption is based upon a certificate of the Fund as to certain factual matters. This summary is based on the assumption that the Fund will continue to qualify for the Trust Public Market Exemption at all relevant times. If the Fund were not to qualify under the Trust Public Market Exemption and the Fund were subject to the SIFT Rules, the Canadian federal income tax considerations described below would differ materially from those described below.

Taxation of the Fund

In each taxation year, the Fund will generally be subject to tax under Part I of the Tax Act on any taxable income of the Fund (including taxable distributions received or deemed to be received on assets held by it, the taxable portion of capital gains realized by the Fund on the disposition of assets held by it and the Fund’s allocated share of the income from its underlying Property LPs, if any, for the fiscal period of such underlying Property LPs ending in, or coinciding with the year end of the Fund), less the portion thereof that it deducts in respect of the amounts paid or payable, or deemed to be paid or payable, in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

In computing its income, the Fund may generally deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income and available capital cost allowances, as well as a portion of any reasonable expenses incurred by the Fund to issue units, subject to the relevant provisions of the Tax Act. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act.

The Fund 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 Fund for such taxation year, which may arise upon the sale of its investments in connection with redemptions of Units. Tax Proposals released on July 30,

2019 propose certain rules relating to the allocation of taxable capital gains by the Fund to certain redeeming Unitholders.

The Trust Agreement requires that the Fund distribute its net income and net realized capital gains, if any, for each taxation year of the Fund to Unitholders to such an extent that the Fund will not be liable in any taxation year for income tax under Part I of the Tax Act (after taking into account any applicable losses of the Fund and any Capital Gains Refunds to which the Fund is entitled). If in a taxation year the income for tax purposes of the Fund exceeds the cash available for distribution by the Fund, the Fund will distribute its income through a payment of reinvested distributions.

The Fund 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 Property LPs in which the Fund Holds an Interest

This portion of the summary relates to each of the Property LPs in which the Fund holds an interest. This portion of the summary assumes that the investments in each of the Property LPs are not and will not be listed or traded on a stock exchange or other public market, such that each of the Property LPs will not be a SIFT for purposes of the SIFT Rules (the “**Partnership Public Market Exemption**”). Such assumption is based upon a certificate of the Fund as to certain factual matters. This summary is based on the assumption that each of the Property LPs will continue to qualify for the Partnership Public Market Exemption at all relevant times. If any of the Property LPs were not to qualify under the Partnership Public Market Exemption and any of the Property LPs were subject to the SIFT rules, the Canadian federal income tax considerations described below would differ materially from those described below.

Each of the Property LPs is not subject to tax under the Tax Act. Each partner of a Property LP, including the Fund, will be required to include in computing the partner’s income the partner’s share of the income or loss of such Property LP for its fiscal year ending in or coincident with the partner’s taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of a Property LP will be computed for each fiscal year as if such Property LP were a separate person resident in Canada. In computing the income or loss of a Property LP, deductions will be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income and available capital cost allowances. The income (including taxable capital gains) or loss of a Property LP for a fiscal year will be allocated to partners of such Property LP, including the Fund, on the basis of their respective shares of such income or loss, subject to the detailed rules in the Tax Act in that regard.

Taxation of Holders

Tax Implications of the Fund’s Distribution Policy

When a Holder acquires Units of the Fund, a portion of the price may reflect income and capital gains of the Fund 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 Fund, they must be taken into account by the Holder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Holder.

Taxation of Resident Holders

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (each, a “**Resident Holder**”).

Distributions

A Resident Holder will generally be required to include in the Resident Holder's income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund, if any, paid or payable to the Resident Holder in the year, whether or not such amounts are reinvested in additional Units.

Provided that appropriate designations are made by the Fund, that portion of the: (a) taxable dividends received by it from taxable Canadian corporations; (b) net realized taxable capital gains; and (c) foreign source income of the Fund, as is paid or payable to a Resident Holder will effectively retain their respective characters and be treated as taxable dividends, taxable capital gains or foreign source income, as the case may be, in the hands of the Resident Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends received or deemed to be received on shares of a taxable Canadian corporation, the normal gross-up and dividend tax credit provisions will be applicable in respect of Resident Holders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Resident Holders that are “private corporations” and “subject corporations” (as defined in the Tax Act), and the deduction in computing taxable income will be available to Resident Holders that are corporations.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Resident Holder in a taxation year will not be included in computing the Resident Holder's income for the year and, provided appropriate designations are made by the Fund, will not reduce the adjusted cost base of the Resident Holder's Units. Any other amount in excess of the net income and net taxable capital gains of the Fund that is paid or payable to a Resident Holder in that year will generally not be included in the Resident Holder's income for the year. However, where such an amount is paid or payable to a Resident Holder (other than as proceeds in respect of the redemption of Units), the Resident Holder will be required to reduce the adjusted cost base of the Units by that amount. Any returns of capital will also reduce the Resident Holder's adjusted cost base. To the extent that a Resident Holder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Resident Holder and the Resident Holder's adjusted cost base will be nil immediately thereafter.

The Fund will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Resident Holders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the Fund. Any such designated amount will be deemed for tax purposes to be realized by Resident Holders 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 Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Resident Holders of the Fund.

The cost to a Resident Holder of additional Units received as a result of the reinvestment of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Resident Holder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Resident Holder as capital property immediately before that acquisition.

Disposition of Units

Upon the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Resident Holder 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 Resident Holder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units held by the Resident Holder is the total amount paid for the Units (including brokerage commissions paid), regardless of when the Resident Holder bought them, less any returns of capital and less the adjusted cost base of any Units previously disposed of by the Resident Holder. For the purpose of determining the adjusted cost base of Units to a Resident Holder, 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 Resident Holder as capital property immediately before that time.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in its income for a taxation year (a) one-half of any capital gain realized in the year, and (b) the amount of any net taxable capital gains realized or considered to be realized by the Fund and designated by the Fund in respect of that Resident Holder (a “**taxable capital gain**”) and is required to deduct one-half of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year, subject to and in accordance with detailed rules in the Tax Act. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

Where a Resident Holder that is a corporation or trust (other than a “mutual fund trust”) disposes of a Unit the Resident Holder’s capital loss from the disposition will generally be reduced by the amount of dividends previously designated by the Fund to the Holder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a “mutual fund trust”) is a member of a partnership that disposes of Units.

Taxation of Non-Resident Holders

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act (a) is neither resident nor deemed to be resident in Canada and (b) does not use or hold the Units in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). This portion of the summary does not apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere and such Holders should consult their own tax advisors.

Distributions

Any amount paid or credited by the Fund to a Non-Resident Holder out of the income of the Fund (other than an amount that the Fund has designated in accordance with the Tax Act as a taxable capital gain) will be subject to Canadian non-resident withholding tax at a rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For a Non-Resident Holder who is resident in the United States, is fully entitled to the benefits under the Canada-United States Income Tax Convention (1980), as

amended, (the “**Canada-U.S. Tax Convention**”) and is the beneficial owner of the distribution, the applicable rate of Canadian withholding tax is reduced to 15%.

Where, in a given taxation year, the Fund has designated an amount in accordance with the Tax Act as a taxable capital gain in respect of a distribution to a Non-Resident Holder, one-half of the lesser of (i) twice the amount so designated in respect of such Non-Resident Holder and (ii) such Non-Resident Holder’s pro rata portion of the Fund’s TCP gains balance (within the meaning of the Tax Act (“**TCP gains balance**”)) for the taxation year, will be subject to Canadian non-resident withholding tax at the same rate of 25% as is applicable to an amount paid out of income of the Fund, if more than 5% of the amounts so designated by the Fund in respect of Unitholders for the taxation year were designated in respect of Unitholders each of whom is a non-resident person or is a partnership other than a “Canadian partnership” (as defined in the Tax Act). In general, the Fund’s TCP gains balance includes all capital gains (less all capital losses) realized by it from the disposition of “taxable Canadian property” (within the meaning of the Tax Act), less amounts deemed to be TCP gains distributions in previous taxation years.

Disposition of Units

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of Units, unless the Units constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

As long as the Fund qualifies as a mutual fund trust for purposes of the Tax Act, the Units generally will not constitute taxable Canadian property of a Non-Resident Holder, unless (a) at any time during the 60-month period immediately preceding the disposition or deemed disposition of the Unit: (i) 25% or more of the issued Units were owned by, or belonged to, one or any combination of (x) the Non-Resident Holder, (y) persons with whom the Non-Resident Holder did not deal at arm’s length (within the meaning of the Tax Act) and (z) partnerships in which the Non-Resident Holder or a person referred to in (y) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Unit, as applicable, was derived directly or indirectly from one or any combination of: (A) real or immovable property situated in Canada; (B) Canadian resource property (as defined in the Tax Act); (C) timber resource property (as defined in the Tax Act), or (D) options in respect of, or interests in, or for civil law rights in, property described in any of (A) through (C) above, whether or not such property exists; or (b) the Unit is otherwise deemed under the Tax Act to be taxable Canadian property.

If the Units are taxable Canadian property to a Non-Resident Holder, any capital gain realized on the disposition or deemed disposition of such Units may not be subject to Canadian federal income tax pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident Holder. Non-Resident Holders whose Units are taxable Canadian property should consult their own tax advisors.

Eligibility for Investment

Provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units of the Fund will be qualified investments under the Tax Act for Registered Plans. Promissory Notes received in connection with a redemption of Units may be qualified investments for Registered Plans under the Tax Act.

Notwithstanding the foregoing, if Units of the Fund are a “prohibited investment” for a TFSA, RRSP, RRIF, RDSP or RESP that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP or annuitant of the RRSP or RRIF (any such holder, subscriber or annuitant, a “controlling individual”) will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust that does not deal at arm’s length with the controlling individual or in which the controlling individual has a significant interest, which generally means the ownership of 10% or more of the value of the trust’s outstanding units by the controlling individual, either alone or together with persons and partnerships with whom the controlling individual does not deal at arm’s length.

Holders of TFSAs and RDSPs, subscribers of RESPs and annuitants of RRSPs and RRIFs should consult with their tax advisors regarding whether Units of the Fund would be a prohibited investment for such Registered Plans in their particular circumstances.

ADDITIONAL INFORMATION

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 United States (the “**IGA**”), and related Canadian legislation, the Fund and its intermediaries are required to report to the Canada Revenue Agency certain information, including certain financial information (e.g. account balances), with respect to unitholders (excluding registered plans such as RRSPs) who are, or whose controlling persons are, U.S. residents, U.S. citizens (including U.S. citizens who are residents or citizens of Canada), or certain other “U.S. Persons” as defined under the IGA. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The Canada Revenue Agency will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions and safeguards of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Income Tax Act (Canada) implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the “**CRS Rules**”) a fund and its intermediaries are required under Canadian legislation to identify and report to the Canada Revenue Agency certain information, including financial information (e.g. account balances), relating to its unitholders (excluding registered plans such as RRSPs) who are, or whose controlling persons are, resident in a country outside Canada (other than the United States). Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the CRS Rules. Such information would then be available for sharing by the Canada Revenue Agency with the countries where such unitholders are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

Indemnification

The Fund has agreed to indemnify the Trustee and the Manager and their respective employees, officers, directors and shareholders and each individual appointed to serve on any advisory board that may be constituted (collectively, the “**Indemnified Parties**”) against any losses, liabilities, damages or expenses (including, without limitation, legal fees and expenses in connection therewith and amounts paid in settlement thereof) to which the Indemnified Parties or any one of them may directly or indirectly become subject in connection with the Fund or involvement with a Property LP or Property but only to the extent that the Indemnified Party (a) acted in good faith,

(b) was neither negligent nor engaged in willful malfeasance and (c) in the case of the Manager and the Trustee, was not in breach of its standard of care pursuant to the Trust Agreement.

PURCHASERS' RIGHTS

Securities legislation in certain of the Provinces and Territories 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 an 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 private placement 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 adviser.

The summary of the statutory rights of action and rescission available to purchasers where there is a misrepresentation are set forth below.

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.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

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

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

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

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

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

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of 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 is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

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

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

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

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

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

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a

right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba

Section 141.1 of the Securities Act (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation and has a right of action for damages against the applicable issuer, every director of the issuer at the date of the memorandum and every person or company who signed the memorandum for damages, or alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent, (ii) after becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- (e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making the forecast or projection; and
- (b) the person or company has a reasonable basis for drawing the conclusion or making the forecasts or projections set out in the forward-looking information.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, delivered to a purchaser of securities resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the issuer for damages or, while still the owner of securities of the issuer purchased by that purchaser, 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 issuer, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the issuer will not 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 issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer will not be liable for a misrepresentation in forward looking information if the issuer proves:
 - (i) that the offering memorandum contains, proximate to that forward-looking information, reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or

- projection in the forward looking information, and a statement of 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 issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and
- (e) in no case will the amount recoverable in any action exceed the price at which the securities were offered.

The foregoing rights do not apply if the purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
- (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.

New Brunswick

Section 150(1) of the *Securities Act* (New Brunswick) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in New Brunswick and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, and every person who was a director of the issuer at the date of the offering memorandum or every person who signed the offering memorandum, or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of the purchase;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;

- (e) no person will be liable for a misrepresentation in forward-looking information if the person proves that:
 - (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of 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 had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) no person is liable (excluding the issuer) if the person proves:
 - (i) that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent,
 - (ii) that, on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal, or
 - (iii) that, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert; and
- (g) no person is liable (excluding the issuer) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection with an offering memorandum, contains a misrepresentation, any investor in Nova Scotia who purchases securities offered thereunder shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and shall have, subject as hereinafter provided, a right of action either for damages against the seller, every director of the seller at the date of the offering memorandum and every person who signed the offering

memorandum, or alternatively for rescission, in which case the purchase has no right of action for damages, exercisable against the seller provided that:

- (a) no person or company will be held liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the seller will not be liable for all or any portion of such damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (c) no person or company will be liable if the person or company proves that (i) the offering memorandum or 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, (ii) after delivery of the offering memorandum or amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment thereto, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum or amendment thereto 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 there had been a misrepresentation, or the relevant part of the offering memorandum or amendment thereto 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;
- (d) no person or company will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (b) the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Prince Edward Island

Section 112(1) of the *Securities Act* (Prince Edward Island) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under the offering memorandum will be deemed to have relied upon the misrepresentation and will have a right of action against the applicable issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum for damages or, alternatively, for rescission, exercisable against the issuer or the selling securityholder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for any action other than rescission, the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (B) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the offering memorandum was 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, (ii) after the delivery of the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the 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 there had been a misrepresentation, or the relevant part of the 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;
- (d) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the memorandum not 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 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;
- (e) in 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

- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Newfoundland and Labrador and it contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, the purchaser has a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum. In addition, such purchaser has a right of rescission against the issuer. If a purchaser elects to exercise a right of rescission against the issuer, the purchaser has no right of action for damages.

Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for an action for damages or rescission:

- (a) where the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation; or

- (ii) the relevant part of the offering memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (ii) believed there had been a misrepresentation.

Of the above defences, the issuer shall only be able to rely on (a) above.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

No action may be commenced to enforce a right of action:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, more than the earlier of:
 - (i) 180 days after 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.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Northwest Territories and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
 - (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:

- (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (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 or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may 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 purchase; or
- (b) in the case of an action for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Nunavut and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling security holder on whose behalf the distribution is made.

These rights are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling security holder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling security holder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
 - (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (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 or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may 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 purchase; or
- (b) in the case of an action for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

Yukon

Section 112 of the *Securities Act* (Yukon) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation;
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being

sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;

- (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (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 or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may 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 purchase; or
- (b) in the case of an action for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

Other Canadian jurisdictions

The foregoing summaries are subject to the express provisions of the *Securities Act* (Manitoba), *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia), the *Securities Act* (Prince Edward Island), the *Securities Act* (Newfoundland and Labrador), the *Securities Act* (Northwest Territories), the *Securities Act* (Nunavut) and the *Securities Act* (Yukon), and the regulations and policy statements thereunder, and reference is made thereto for the complete text of such provisions.

Although securities legislation in Alberta, British Columbia and Québec do not provide or require the Fund to provide to securityholders resident in these jurisdictions any rights of action if this Offering Memorandum, any amendment hereto or any document incorporated herein by reference, contains a misrepresentation, the Fund hereby grants to such securityholders the equivalent contractual rights of action as are described above for Unitholders resident in Ontario.

Rights for investors in Alberta, British Columbia or Quebec purchasing as “accredited investors”

Investors resident in Alberta, British Columbia or Quebec who purchase Units as “accredited investors” will be entitled to the same rights of action for damages or rescission as those afforded to residents of Ontario.

General

The rights summarized above are in addition to and without derogation from any other rights or remedies available at law to an investor.

