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

*The securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exemptions, will not be offered or sold within the United States or to U.S. persons. The Partnership (defined below) is not a reporting issuer in any jurisdiction.*

## **CONFIDENTIAL OFFERING MEMORANDUM**

Continuous Offering

October 28, 2025



### **FORGESTONE DIVERSIFIED REAL ESTATE FUND L.P.**

**(the “Partnership”)**

**Class A, Class B, Class F, Class G and Class I**

**Subscription Price: \$10.00 per Unit**

The Partnership is a diversified real estate private equity and debt investment partnership. The Partnership is offering a limited number of Class B Units and Class G Units (the “**Founders Class Units**”), an unlimited number of Class A Units, Class F Units and Class I Units (together with the Founders Class Units and other authorized Classes of Units (where the context requires) collectively, the “**Units**”), issuable in Series, of the Partnership on a continuous basis pursuant to this Offering Memorandum (the “**Offering**”).

The Partnership's investment objectives are to:

- (a) provide holders of Units (“**Unitholders**”) with monthly distributions; and
- (b) deliver upside returns through capital appreciation, on a risk-adjusted basis.

The Partnership has been formed to invest in an actively managed, diversified real estate private equity and debt portfolio, including but not limited to, direct interests in real estate, mortgages and other real estate related debts, investments and hybrid instruments (such as preferred shares and convertible debentures) and investment partnerships (the “**Real Estate Portfolio**”). **There is no assurance that the Partnership will achieve its investment objectives. Distributions will commence after the investment of the net proceeds of the initial closing of the Offering (the “ramp-up period”) when the Asset Manager determines that the Partnership has sufficient distributable cash flow. The Asset Manager does not anticipate the ramp-up period will exceed 90 days.**

Pending investment in real estate assets, substantially all of the net proceeds of the Offering, from to time to time, will be invested in liquid Temporary Investments and managed by the Manager.

Depending on the jurisdiction in which a person is resident, each person purchasing Units pursuant to this Offering (an “**Investor**”) must be an “**accredited investor**” as defined in National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) or Section 73.3(1) of the *Securities Act* (Ontario), as applicable, in order to subscribe for Units. See “*Purchase of Securities*”.

The distribution of the Units is being made on a private placement basis only and is exempt from the requirement that the Partnership prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Units must be made in accordance with applicable Canadian securities laws. Units may only be transferred with the consent of the General Partner. Subscribers of Units are advised to seek legal advice prior to any resale of the Units. See “*Resale Restrictions*” and “*Purchasers’ Rights*”.

**The Partnership may be considered to be a related issuer and/or connected issuer of, or otherwise have a connection to, the Manager, a registered exempt market dealer in certain jurisdictions, in connection with the distribution of Units hereunder, which may result in potential conflicts of interest due to the Manager acting in both the capacity of manager of the Partnership and exempt market dealer with respect to the distribution of Units. See “*Conflicts of Interest*”.**

**Investing in the Units of the Partnership involves risk and requires the financial ability and willingness to accept such risks and lack of liquidity inherent in an investment in the Partnership. There is currently no secondary market through which the Units may be sold and there is no expectation that any such market will develop. Although the Partnership intends to make regular distributions of its distributable cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including the Partnership’s financial performance, debt covenants and obligations, interest rates, redemption requests, working capital requirements and future capital requirements. Redemptions are subject to the Redemption Cap and may be suspended if the Partnership has insufficient liquidity to fund redemptions and in certain other circumstances. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the distributions that it receives. There can be no assurance that income tax laws will not be changed in a manner that adversely affects the Partnership or the Unitholders. Investors in the Partnership must be prepared to bear such risks for an extended period of time. Investors should have the financial ability and willingness to accept the risk characteristics of the Partnership’s investments. See “*Risk Factors*”.**

No person is authorized to provide any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

If there is a misrepresentation in this Offering Memorandum, purchasers resident in the offering jurisdictions may, in certain circumstances, be provided with a remedy for rescission or damages. See “*Purchasers’ Rights*”.

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## FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Partnership’s actual results, performance or developments to be materially different from any future results, performance or developments expressed or implied by the forward looking statements. Examples of such forward-looking statements include, but are not limited to: the timing and targeted level of distributions to Partners, the nature of the Partnership and its affairs following the Offering, the volatility of the Real Estate Portfolio, the target allocations of the Partnership’s assets, the targeted investment opportunities of the Partnership.

Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: the completion of the Offering, the ability of the Partnership to receive sufficient income from investments held in the Real Estate Portfolio to fund its targeted distributions, the ability of the Asset Manager to effectively perform its obligations owed to the Partnership, continued growth in the securitization of real estate debt and equity, the potential for the Partnership to provide financing in certain markets for particular assets types, the availability of distressed acquisition opportunities, the availability of pricing inefficiencies in the market, the accuracy of the Partnership’s analysis and expectations regarding economic developments and the real estate markets in the relevant jurisdictions as well as the circumstances of each investment in an asset class, the growth of the size of the Partnership’s assets, the use of the net proceeds of the Offering by the Partnership, the value of the Real Estate Portfolio assets not experiencing unexpected fluctuations, interest rates not experiencing unexpected fluctuations, financial markets not experiencing unexpected volatility or illiquidity, the opportunity to invest alongside strategic partners, anticipated costs and expenses, competition and changes in general economic and political conditions.

While the Partnership anticipates that subsequent events and developments may cause its views to change, the Partnership specifically disclaims any obligation to update these forward looking statements, except as required by applicable law. These forward looking statements should not be relied upon as representing the Partnership’s views as of any date subsequent to the date of this Offering Memorandum. Although the Partnership has attempted to identify important factors that could cause actual results, performance or developments to differ materially from those described in forward looking statements, there may be other factors that cause results, performance or developments not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results, performance or developments could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Partnership. Additional factors are noted under “*Risk Factors*”.

## OFFERING MEMORANDUM SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information contained elsewhere in this Offering Memorandum. Capitalized terms used in this Offering Memorandum have defined meanings. Please refer to “Glossary of Terms” for a list and the meaning of defined terms used herein.

### STRUCTURE OF THE PARTNERSHIP

**The Partnership:**

The Partnership is a limited partnership formed pursuant to the filing of a declaration of limited partnership on March 27, 2025 under the laws of the Province of Ontario and is governed by a limited partnership agreement (the “**Limited Partnership Agreement**”) dated October 28, 2025 (as amended from time to time) between FSC Diversified GP Inc. as general partner of the Partnership (the “**General Partner**”), the limited partners identified therein, and each party who, from time to time, becomes a limited partner as a result of holding Units (as defined below) (each, a “**Unitholder**”). References herein to the “**Manager**” of the Partnership are to Altrust Investment Solutions Inc. and references herein to the “**Asset Manager**” of the Partnership are to Forgestone DREF LP. See “*The Partnership*”.

Investment entities may be organized from time to time which may invest on a parallel basis with the Partnership that will accommodate investment by non-resident investors (a “**Parallel Fund**”). Parallel Funds may differ from the Partnership in terms of eligible investors, tax structure, applicable performance and management fees, redemption or withdrawal features and other terms.

The Manager has also established Forgestone Diversified Real Estate Trust (the “**Trust**”), a feeder fund that invests in the Partnership, as an Ontario mutual fund trust.

**Unit Attributes:**

Each whole Unit of a Series represents an equal, undivided beneficial interest in the net assets of the Partnership allocable to that Series. Each Class of Units has the same investment objectives, strategy and restrictions but differs in respect of one or more of their features. Units are denominated in Canadian dollars.

**Subscription Price:**

\$10.00 per Unit.

**Securities Offered and Offering Price:**

The Partnership is offering a limited number of Class B Units, a limited number of Class G Units, an unlimited number of Class A Units, an unlimited number of Class F Units and an unlimited number of Class I Units, issuable in Series on a continuous basis pursuant to this Offering. The Partnership may issue fractional Units so that subscription funds may be fully invested.

Class B Units are available to all eligible Founder Investors. Class G Units are generally only available to eligible Founder Investors who have fee-based accounts with qualified representatives or who are investing through the Manager, acting as an exempt market dealer. No Trailer Fees (as defined below) are paid on Class G Units. The total aggregate subscription amount that will be accepted by the Partnership for Class B Units and Class G Units shall be determined by the General Partner (the “**Founders Issue Cap**”), up to a maximum of \$100,000,000, after which such Founders Classes will be closed to new subscriptions, including to existing holders of Class B Units and Class G Units. The Founders Class Issue Cap, however, does not apply to the acquisition of Founders Classes of Units through the DRIP (as defined below) and the issuance of additional Founders Class Units may be authorized by the General Partner for such purpose.

Class A Units are available to all eligible Investors. Class F Units are generally only available to eligible Investors who have fee-based accounts with qualified representatives or who are investing through the Manager, acting as exempt market

dealer. No Trailer Fees are paid on Class F Units. Class I Units are available to certain institutional Investors who meet the applicable minimum investments amount for Class I Units.

The Partnership has also authorized Class R, S, T and U Units, but those Classes are reserved for issuance to the Trust and are not being offered pursuant to the Offering Memorandum.

Investors may purchase Class A Units, Class B Units, Class F Units, Class G Units and Class I Units through qualified representatives who will process orders by electronic means through Fundserv Inc. (“**Fundserv**”) under the following codes:

- Class A Units: ATI400A
- Class B Units: ATI400B
- Class F Units: ATI400F
- Class G Units: ATI400G
- Class I Units: ATI400I

Class F Units, Class G Units and Class I Units may also be purchased through the Manager in jurisdictions where the Manager is registered as an exempt market dealer. See “*Purchase of Securities – Purchase of Units Through the Manager*”.

Units may be purchased as at the first Business Day of any month or such other time as the Manager may determine from time to time (each, a “**Closing Date**”) at a purchase price per Unit equal to the applicable Series NAV per Unit of a given Class on the last Business Day prior to the Closing Date (each, a “**Valuation Date**”). In order to subscribe for Units, a duly completed and executed Subscription Agreement, including all schedules thereto, must have been delivered to the Manager no later than 4:00 p.m. (Toronto time) on the Valuation Date. Settlement of the subscription price for Units purchased through Fundserv will transact through Fundserv one Business Day after monthly closings. For purchases made directly with the Manager, acting as exempt market dealer, the required payment must be received by the Manager no later than 4:00 p.m. (Toronto time) on the Closing Date. See “*Purchase of Securities – Units Offered and Subscription Price*”.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part by the Manager and the Manager reserves the right to close the subscription books at any time without notice. A subscription for Units hereunder is subject to acceptance of a Subscription Agreement by the Manager and compliance with applicable securities laws. The acceptance by the Manager, on behalf of the Partnership, of a subscriber’s subscription for Units, whether in whole or in part, constitutes an agreement between the subscriber and the Partnership upon the terms and conditions set out in the Subscription Agreement.

**Minimum / Maximum Offering:**

There will be no closing unless a minimum of 2,500,000 Units (including any Class R, S, T or U Units issued to the Trust) are sold for gross proceeds of \$25,000,000, which minimum Offering amount can be waived by the General Partner at any time in its sole discretion. There is no maximum number of Units that may be sold under the Offering (provided that the number of Founders Class Units is subject to the Founders Issue Cap).

**Minimum Purchases:**

The minimum amount of Class A Units and Class F Units that may be subscribed for by any one Investor is \$25,000 or such lesser amount as the Manager, in its sole discretion, may accept.

The minimum initial subscription amount for Class B Units and Class G Units, the Founders Class Units, is \$100,000 or such lesser amount as the Manager, in its sole discretion, may accept. If the initial subscription is made by a registered intermediary on behalf of multiple investors, the minimum subscription amount is

\$1,000,000 in the aggregate and no single Investor's initial purchase may be less than \$25,000 or such lesser amount as the Manager, in its sole discretion, may accept.

The minimum initial subscription amount for Class I Units is \$10,000,000 or such lesser amount as the General Partner, in its sole discretion, may accept.

Following the required initial minimum investment in the Partnership, Unitholders may make additional investments in the Partnership of not less than \$5,000. Unitholders subscribing for additional Units should complete the subscription form prescribed from time to time by the Manager.

The above minimums are exclusive of any commissions paid directly by an investor to their dealer.

**Partnership Investment Objectives:**

The Partnership's investment objectives are to:

- (a) provide Unitholders with monthly distributions; and
- (b) deliver upside returns through capital appreciation, on a risk-adjusted basis.

The Partnership has been formed to invest in an actively managed, diversified real estate private equity and debt portfolio, including but not limited to, direct interests in real estate, mortgages and other real estate related debts, investments and hybrid instruments (such as preferred shares and convertible debentures) and investment partnerships (the "**Real Estate Portfolio**"). **There is no assurance that the Partnership will achieve its investment objectives.**

**Partnership Investment Strategies:**

The Partnership seeks to accomplish its investment objectives by:

- (a) investing across the capital structure of private debt and equity products in order to combine the inflation-hedged benefits of real estate equity with the stability of consistent, yield-generating real estate debt;
- (b) actively managing the asset allocation between debt and equity as interest rates, capitalization rates and real property valuations change over time;
- (c) altering the make-up of the portfolio based on forward looking real estate fundamentals, with the aim of taking advantage of both acquisitions and lending opportunities in advance of broader, accelerated market participation;
- (d) focusing on growth markets, with the aim of outperforming secondary locations on a risk-adjusted basis over the medium-to-long term; and
- (e) investing alongside Forgestone Capital's established institutional client base and funds, either directly or through joint ventures, including investments in general partner interests.

The Partnership invests in equity and debt backed by real estate across most property types, which may from time to time include, but are not limited to, industrial, retail, multi-residential apartments, condominiums, offices and alternatives such as student housing and self-storage, as well as development opportunities across such property types. The investments must be located in Canada, primarily in the major gateway cities of Toronto and Vancouver, with smaller strategic allocations planned for Montreal, the major cities in Alberta and a select handful of other growth markets in Canada. The intent is to focus on geographic markets with high investor and lender interest. In conjunction with the focus on these investment opportunities, the Partnership may invest directly or

indirectly through other investment entities for whom the Asset Manager acts as asset manager, may co-invest alongside such entities or with other institutional clients of the Asset Manager, to the extent that the Partnership can achieve access to investments that would otherwise be unavailable to it, or where the Asset Manager can achieve structural or tax efficiencies for the Partnership, provided that any such investment structure or co-investment will not allow for the duplication of management or incentive fees payable to the Asset Manager by the Manager or the Partnership. See “*Investment Strategies*”.

#### ORGANIZATION AND MANAGEMENT OF THE PARTNERSHIP

**Manager:**

The General Partner has appointed Altrust Investment Solutions Inc. as the manager of the Partnership. The Manager oversees the day-to-day administration of the Partnership and provides regulatory and compliance oversight and fund administrative services to the Partnership and acts as portfolio manager in respect of any Temporary Investments of the Partnership pursuant to a management agreement.

See “*Organization and Management Details of the Partnership – Manager of the Partnership*”.

**Asset Manager:**

The Manager has retained the “**Asset Manager**”, Forgestone DREF LP, pursuant to an asset management agreement to provide asset management services to the Partnership. The Asset Manager employs a value-oriented investment philosophy, and specializes in providing conservatively managed, risk averse alternative asset class investment opportunities to investors. For over 12 years, the Asset Manager and its affiliates have been focused on identifying opportunities to invest in cash-flow generating real estate investments at prices less than the Asset Manager’s assessment of the long-term value, or replacement cost, of the underlying assets.

The operating platform of the Asset Manager, coupled with its expertise as an institutional real estate investor and asset manager, is expected to be a significant competitive advantage of the Partnership.

The Asset Manager and its affiliates currently manage for institutional investors a number of investment vehicles that employ strategies that are focused on private real estate debt and equity.

See “*Organization and Management Details of the Partnership – Asset Manager of the Partnership*”.

**Distributions:**

While the Partnership will not have a fixed distribution, distributions are initially targeted to be 6.0% per annum on the subscription price of \$10.00 per Unit (approximately \$0.05 per Unit per month or \$0.60 per annum). **Distributions will commence after the investment of the net proceeds of the initial closing of the Offering (the “ramp-up period”) when the Asset Manager determines that the Partnership has sufficient distributable cash flow. The Asset Manager does not anticipate the ramp-up period will exceed 90 days.**

The Partnership generally intends to make monthly cash distributions to Unitholders of record on the last Business Day of each calendar month (each, a “**Distribution Record Date**”). The Partnership intends to pay distributions on or about the last Business Day of the month following the Distribution Record Date (each, a “**Distribution Payment Date**”). These distributions are not guaranteed and may change at any time at the sole discretion of the General Partner.

If the total return on the Real Estate Portfolio is less than the amount necessary to fund the monthly distributions and all expenses of the Partnership, and if the Manager chooses to nevertheless ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Partnership being

returned to Unitholders, and accordingly, the applicable NAV per Unit would be reduced. The amount of monthly distributions may fluctuate from month to month and there can be no assurance that the Partnership will make any distribution in any particular month or months. The amount of monthly distributions may vary if there are changes in any of the factors that affect the net cash flow on the Real Estate Portfolio, including the amount of leverage employed by the Partnership and the other assumptions noted above.

**The General Partner may make any distribution in additional Units rather than cash, in its sole discretion. The General Partner anticipates that it would exercise this discretion when redemptions are subject to the Redemption Cap or suspended.**

**Distribution Reinvestment Plan:**

The Partnership has adopted a Distribution Reinvestment Plan (the “**DRIP**”), which is administered by the Administrator, a copy of which can be obtained from the Manager. Each Unit offered hereunder will be accompanied by the right to participate in the DRIP in accordance with the terms and conditions thereof. Unless an Investor indicates its intention not to elect to participate in the DRIP in the Subscription Agreement submitted to the Manager in connection with a subscription for Units, each Investor who is an Eligible Holder will, upon purchase of Units, be deemed to have elected to exercise their right to participate in the DRIP, and therefore to have all distributions paid on all Units held by such Eligible Holder automatically reinvested in the Units of the Class of Units on which the distribution was paid. Unitholders may alternatively elect to reinvest 50% of the distributions paid on their Units. The Manager will apply all cash distributions, or 50% of all cash distributions, as the case may be, arising from or in connection with the Units owned by Eligible Holders who have elected, or been deemed to have elected, to participate in the DRIP, to purchase further Units of the same Class at a subscription price for each Unit equal to the applicable Series Net Asset Value per Unit of such Class (unless the Manager determines otherwise) determined on the last day of the month immediately prior to the date of the relevant Distribution Record Date. For details of the DRIP and how an Investor can elect to participate or will be deemed to have elected to participate therein, please see the “*Distribution Reinvestment Plan*”.

**Termination:**

The Partnership does not have a fixed termination date. The General Partner may, at its discretion, terminate the Partnership without the approval of the Unitholders, by giving not less than 120 days’ written notice to the Unitholders. See “*Unitholder Matters – Termination of the Partnership*”.

**Minimum Holding Period:**

Units redeemed within twelve months of purchase (the “**Hold Period**”), will be subject to an early redemption charge equal to 5% of the Net Asset Value of the Units so redeemed. The Hold Period and early redemption charge do not apply to Units acquired through the DRIP. The General Partner reserves the right to set alternative minimum hold periods, investor level redemption limits (e.g., a Unitholder that owns 10% of more the outstanding Units will be restricted to redeeming no more than 20% of the Units held by such substantial Unitholder in any fiscal year of the Partnership) and early redemption charges for Class I Units, such terms to be no more advantageous to Class I Unitholders than to Unitholders of other Classes.

**Series Roll-Up:**

In order to charge equitably the Performance Fee among Unitholders who purchase Units of a given Series on different Closing Dates, a new series of each Class of Units purchased will be issued as of each Closing Date (each, a “**Series**”).

Commencing on December 31, 2025 and at the end of each fiscal year thereafter, at a minimum, each Series within a Class of Units, other than the Base Series, will be re-designated and converted into the Base Series (a “**Series Roll Up**”) if a

Performance Fee is paid by the Base Series and such subsequently issued Series, provided that, if a Performance Fee is not paid with respect to the Base Series, such subsequently issued Series may be re-designated and converted into the earliest prior Series for which a Performance Fee has been paid. The conversion ratio for a Series Roll-Up will be based on the Series Net Asset Value per Unit following payment of the Performance Fees.

For the purposes of a Series Roll-Up, “**Base Series**” means in respect of a Class of Units, the initial Series of such class of Unit issued on the initial Subscription Date for such class of Unit and includes, for greater certainty, any Units redesignated into Base Series Units pursuant to a Series Roll-Up.

Such conversion will not result in any economic change in a Unitholder’s investment. See “*Calculation of Net Asset Value - Series Roll-Up*”.

#### **Redemptions of Units:**

Subject to the below, for any Series of Units, Unitholders will have the right to redeem Units of such Series on the last Business Day in March, June, September and December of each year, or on such other date as the General Partner may determine (each, a “**Redemption Date**”) at a redemption price per Unit of such Series equal to the applicable Series NAV per Unit on the Redemption Date as determined pursuant to the Limited Partnership Agreement (the “**Redemption Price**”) less Redemption Costs (as defined below) (the “**Redemption Amount**”).

For any given Series, the Redemption Amount will be computed by the Administrator, subject to the supervision of the Manager, and will be final, conclusive and binding on Unitholders, in the absence of manifest error.

Units must be surrendered for redemption together with a redemption notice submitted by the Unitholder to the Partnership’s registrar and transfer agent (or by electronic notice if settling through the Fundserv system) (in each case, a “**Redemption Notice**”) at least 60 days prior to the applicable Redemption Date (the “**Redemption Notice Deadline**”). Redemption Amounts will be paid within 30 days following the applicable Redemption Date by cheque or wire transfer as more specifically detailed in the Redemption Notice or using the Fundserv network, if applicable.

Any unpaid distribution payable on or before the Redemption Date in respect of the redeemed Units will be paid on the same day as the redemption proceeds are paid.

Cash available for redemptions on any quarterly Redemption Date is limited to (i) 5% of the Net Asset Value of the Partnership as at the last Business Day of the previous calendar quarter less (ii) cash distributions paid or payable in the current calendar quarter (the “**Redemption Cap**”). If cash required to fund Redemption Notices validly tendered in respect of any Redemption Date exceeds the Redemption Cap (i) cash distributions that have been declared but unpaid will be paid out in priority to redemption proceeds, and (ii) each Unitholder that validly tendered a Redemption Notice will receive a *pro rata* portion of the Redemption Cap amount based on the Series NAV per Unit and number of Units of each Series specified in such Unitholder’s Redemption Notice (calculated to four decimal places).

The portion of any Redemption Notice that is limited or prohibited as a result of the Redemption Cap is deemed to have been withdrawn by the applicable Unitholder and will be cancelled. To redeem any Units (whether or not such Units were subject to a withdrawn Redemption Notice) on a subsequent Redemption Date, Unitholders must submit a new Redemption Notice on or prior to the Redemption Notice Deadline for such subsequent Redemption Date, subject to the Redemption Cap on such date. The redemption of Units under such cancelled and resubmitted Redemption Notices will not have priority over the redemption of

Units under other Redemption Notices submitted for the subsequent Redemption Date.

The Net Asset Value of the Partnership for the purposes of determining the Redemption Cap will be calculated as of the last Business Day of the previous calendar quarter.

The General Partner, in consultation to the Manager, may suspend or limit redemption rights of the Unitholders, the payment of redemption proceeds and/or the determination of the Net Asset Value of the Partnership or any Series of Units at any time the General Partner determines that (i) there are insufficient liquid assets in the Partnership to fund redemptions; (ii) conditions exist which render impractical the sale of assets comprising the Real Estate Portfolio or which impair the ability of the Administrator to determine the value of the assets of the Partnership; (iii) the liquidation of Real Estate Portfolio assets would be to the detriment of the Partnership generally; or (iv) the redemptions would be materially prejudicial to the remaining Unitholders.

If the General Partner reduces the Redemption Cap in one of the circumstances listed above, such amount determined by the General Partner will be disclosed in writing to Unitholders and will constitute the Redemption Cap for the applicable calendar quarter.

The Administrator of the Partnership shall, upon any redemption of Units, deduct from the Series Net Asset Value per Unit of Units being redeemed, an amount equal to any accrued fees and taxes payable by the Unitholder to the Partnership, any applicable early redemption charge, costs incurred by the Partnership to generate the liquidity necessary to make the redemption payment including any land transfer taxes payable in connection with the Partnership's assets allocated to the Unitholder (the "**Redemption Costs**").

Minimum Redemption Amount. Notwithstanding the foregoing and except as otherwise agreed between the Manager and a Unitholder, with respect to any Unitholder of any given Series, a Redemption Notice may only be given for an amount at least equal to the lesser of (i) \$10,000 and (ii) the total value of such Unitholder's holding of such Series.

Minimum Holding Amount. A Unitholder that has less than all of its Units redeemed must maintain a minimum account balance after the redemption is effected, the amount of which is (i) \$10 million for Series I Units; (ii) \$100,000 for Founders Class Units and (iii) \$25,000 for Series A Units and Series F Units, in each case, based on the aggregate net asset value per Unit of all Units of the relevant Series held by a Unitholder. If a Unitholder requests the redemption of a number of Units that would cause the aggregate net asset value of the Unitholder's Units (of the relevant Series) to fall below the required minimum, each of the Manager (in the case of Series A and Series F Units) and the General Partner (in the case of other Series of Units) reserves the right to reduce the amount to be redeemed from the Unitholder so that the required minimum balance is maintained. Alternatively, the Manager or the General Partner, as applicable, may cause the Partnership to redeem all of such a Unitholder's Units (of the relevant Series) in the Partnership. The General Partner or the Manager, as applicable, may waive, increase or decrease the minimum account balance from time to time in its discretion. The Partnership also has the right to require Unitholders to sell their Units or to redeem Units in certain circumstances.

See "*Redemptions*".

**Redesignation of Units:**

Holder of any Class of Units have the right (a "**Redesignation Right**"), at their option from time to time but subject to applicable law and the terms and provisions of the Limited Partnership Agreement, including General Partner approval, to

redesignate all or any part of the outstanding Units into such number of another Class of Units determined by multiplying the number of Units being redesignated by a number determined by dividing (i) the applicable Series NAV per Unit of the Unit being redesignated by (ii) the applicable Series NAV per Unit of the Unit held following such redesignation. In addition, in the sole discretion of the General Partner all Series of each Class of Units may be redesignated into a single Series of such Class of Units in connection with a meeting of Unitholders.

For details of such Redesignation Rights and how they can be exercised, please see “*Redesignation of Units*”.

**Leverage:**

The Partnership may utilize various forms of leverage including loan facilities with one or more Canadian or non-domestic banks, life insurance companies, financial institutions or other lenders that allow the Partnership to borrow funds from time to time as the Asset Manager determines appropriate. In connection with such borrowing, the Partnership may grant security over the assets of the Partnership. The aggregate amount of borrowing by the Partnership may not exceed 65% of the aggregate value of the Total Assets of the Partnership at the time of borrowing. In the event that such borrowing exceeds 65% of Total Assets, the Asset Manager will take reasonable measures to reduce such borrowings below 65% of the Total Assets of the Partnership. In some instances, the Partnership may choose to diversify its risk by syndicating a portion of a mortgage investment with another lending group. For clarification, any such syndication shall be excluded from the aggregate amount of borrowing.

**Organization and Management of the Partnership:**

<b>Management of the Partnership</b>	<b>Name and Municipality of Residence</b>	<b>Services Provided to the Partnership</b>
General Partner	FSC Diversified GP Inc. Toronto, Ontario	General Partner of the Partnership
Manager	Altrust Investment Solutions Inc. Toronto, Ontario	Provides regulatory and compliance oversight and fund administration services to the Partnership
Asset Manager	Forgestone DREF LP Toronto, Ontario	Act as asset manager with respect to the real estate debt and equity assets of the Partnership
Mortgage Custodian	Computershare Trust Company of Canada Toronto, Ontario	Provides mortgage custody services to the Partnership.
Administrator, Registrar and Transfer Agent	Apex Fund Services (Canada) Ltd. Toronto, Ontario	Provides administration services to the Partnership, including NAV and financial statement preparation, and maintains the Unit register
Auditors	KPMG LLP Toronto, Ontario	Audits the annual financial statements of the Partnership

**Allocation of Net Income and Losses:**

The Net Income of the Partnership for a fiscal year shall, subject to the Equitable Distribution Objective, be allocated as to 0.01% of the Net Income of the Partnership to the General Partner, and as to 99.99% of the Net Income of the Partnership to the Unitholders of each Class and Series of record at the end of the fiscal year in proportion to the amount of all distributions, if any, received by such

Unitholders during such fiscal year, or, if no distributions are received by any Unitholders during such fiscal year, in proportion to the time-weighted equity attributable to each Series of a Class as determined by the General Partner acting in good faith and then within a Series, in proportion to the number of Units of each such Series held by each of them.

The Net Losses of the Partnership for a fiscal year shall be allocated to the extent permitted by the Tax Act as to 100% to the Limited Partners of each Class and Series of record at the end of the fiscal year on the same basis as Net Income.

In allocating the Net Income or Net Losses of the Partnership, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Unitholders, with a view to ensuring that, over the term of the Partnership, each Unitholder is allocated a portion of the Partnership's Net Income or Net Losses that substantially corresponds to the income that is distributed to or loss that is borne by that Unitholder (the "**Equitable Distribution Objective**"). Where it is equitable, the General Partner may make an allocation of Net Income to Unitholders who held Units at any time in the previous fiscal year in accordance with the Limited Partnership Agreement.

**Summary of Income Tax Considerations:**

There are important Canadian tax considerations relating to the Units. While this offering memorandum contains a general description of certain of the principal federal income tax considerations relevant to the acquisition, holding and disposition of Units, it is provided for information purposes only and does not purport to be a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition, holding or disposition of Units. In particular, this Offering Memorandum does not contain a discussion of provincial, territorial, local or other tax considerations related to the acquisition of Units. Prospective purchasers should seek independent professional advice based upon their own particular circumstances.

See "*Certain Canadian Income Tax Considerations*" and "*Risk Factors*".

Each Investor should satisfy himself, herself or itself as to the federal, provincial, territorial and other tax consequences of an investment in Units by obtaining advice from his, her or its tax advisor.

**Risk Factors:**

An investment in Units is subject to certain risk factors, including:

*Risks Associated with an Investment in the Partnership*

- an investment in the partnership may be deemed speculative, is not guaranteed and is not intended as a complete investment program;
- there can be no assurance that the Partnership will be able to achieve its objectives;
- the Partnership has no or limited operating or performance history;
- the NAV per Unit and the funds available for distribution will vary according to, among other things, the Class and Series of Units held, the value of the assets in the Real Estate Portfolio and the distributions paid thereon;
- there is no market for the Units and none is expected to develop, which may impact the liquidity thereof
- the Real Estate Portfolio investments are concentrated in Canadian real estate private equity and debt investments;
- the variability in the financial performance of the Real Estate Portfolio;
- Unitholders are not entitled to participate in the management or control of the Partnership, its operations or its investment activities;

- reliance on the Manager and Asset Manager and their key management personnel respectively;
- the manner and timing of distributions to the Partners will be in the sole discretion of the General Partner and Unitholders may be taxed on income they do not receive in cash;
- sensitivity to interest rates generally;
- risks relating use of leverage by the Partnership;
- risks relating to the use of derivative instruments;
- redemptions are subject to the Redemption Cap and the General Partner may suspend the right to redeem Units, in its sole discretion, at any time the Asset Manager determines that there are insufficient liquid assets in the Partnership to fund redemptions and in certain other circumstances;
- the valuation of Real Estate Portfolio investments may involve uncertainties and the exercise of judgement;
- allocation of Manager's and Asset Manager's time;
- risks associated with the incentives of performance fee arrangements;
- potential indemnification obligations of the Partnership;
- the Partnership is obligated to pay certain fees and expenses regardless of whether it realizes profits;
- risks associated with offering more than one Class of Units;
- changes in legislation;
- risks relating to taxation of the Partnership and of Unitholders, including risks relating to the Partnership's tax status;
- risks relating to limited liability of Unitholders;
- lack of independent experts representing Unitholders;
- the fact that Units are neither fixed income nor equity securities, and Unitholders will not have certain rights associated with investments in such securities;
- cybersecurity risks; and,
- business continuity and disaster recovery risks.

*Risks Associated with the Partnership's Underlying Investments*

- risks relating to investments in real estate;
- risks relating to changes in real estate value;
- the risks of employing investment leverage;
- mortgage defaults and issuer leverage risks;
- the risks of making subordinate loans;
- interest rate risk on fixed rate loans and/or borrowings;
- credit risk associated with investments in mortgages;
- potential concentration of mortgagors, real estate equity investments and geographic location in the Real Estate Portfolio;
- risks associated with the lack of information available regarding private issuers;
- the illiquidity of Real Estate Portfolio investments;
- mortgage loans are not insured;
- the availability of credit for borrowers to refinance or repay a mortgage;
- risks associated with economic and market conditions;
- risks of competitive forces for real estate;

- investing in a joint arrangement or syndicate mortgage may increase liability and reduce flexibility;
- risks of construction mortgage lending;
- risks in development of real property;
- significant expenditures involved in property and lease management;
- possible loss of tenant lease or rental payments;
- possibility of uninsured losses;
- ability to renew insurance policies;
- reliance on third-party management;
- risks and potential costs associated with environmental matters; and
- global health risks.

See “*Risk Factors*”.

**Tax-Related Risks:**

There can be no assurance that tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of partnerships will not be changed in a manner that adversely affects the Partnership or the Unitholders. See “*Risk Factors*”. Investors should consult their own tax advisors with respect to the tax consequences of investing in the Units.

**Representations of Investors:**

Each Investor of Units will represent to the Partnership and any dealer through whom the Investor purchases Units that such Investor is an “accredited investor” as defined in NI 45-106 or Section 73.3(1) of the *Securities Act* (Ontario), as applicable. See “*Resale Restrictions*” and “*Purchasers’ Rights*”.

**Not Eligible for Investment by Registered Plans:**

Units are not a “qualified investment” for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability plan, a first home savings account or a tax-free savings account (each a “**Registered Plan**”) for purposes of the Tax Act.

**Resale Restrictions:**

The resale of Units is subject to compliance with applicable securities legislation and Units may only be transferred with the consent of the General Partner. See “*Resale Restrictions*”.

**Purchasers’ Rights of Action:**

Securities legislation may, in certain circumstances, provide purchasers of Units pursuant to this Offering Memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where this Offering Memorandum and any amendment to it contain an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not false or misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation. See “*Purchasers’ Rights*”.

## SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Partnership. The fees and expenses payable by the Partnership will reduce the value of your investment in the Partnership. For further particulars, see “*Fees and Expenses*”.

### Fees and Expenses Payable by the Partnership

**Type of Fee**

**Amount and Description**

**Expenses of Issue:**

The Partnership will pay the expenses incurred in connection with the Offering of the Units by the Partnership. Such expenses may be amortized for Valuation Date NAV purposes over a period of up to 60 months.

**Commission:**

Dealers may charge subscribers a front-end commission in respect of purchases of Class A Units and Class B Units. The amount of such commission shall be negotiated between the applicable subscriber and their dealer and shall be paid directly by the subscriber to their dealer. For clarity, front-end commissions are not an expense or obligation of the Partnership and the minimum investment requirements are net of any such fees. No commission is payable to the Manager with respect to purchases of Units through the Manager, acting as exempt market dealer.

**Management Fee on Units Offered:**

The Manager receives a management fee (the “**Management Fee**”) with respect to each Class of Units as follows, calculated as the applicable percentage rate per annum of the Class NAV of the applicable Class:

Regular Classes of Units	Founders Classes of Units
Class A Units: 2.25%	Class B Units: 2.00%
Class F Units: 1.25%	Class G Units: 1.00%
Class I Units: Negotiated between the General Partner, the Asset Manager and investor, subject to the approval of the Manager.	

The Management Fee paid by the Partnership to the Manager is calculated and payable monthly in arrears, plus applicable taxes. The Manager compensates the Asset Manager from the Management Fee.

See “*Fees and Expenses – Management Fees on the Units Offered*”.

To encourage large investments in the Partnership and to be able to offer fees that are competitive for investments of that size, and in certain other circumstances, the Management Fee may be reduced in the discretion of the General Partner and the Asset Manager, subject to the approval of the Manager. Management Fees of Class I Units are payable by the Unitholder directly to the Manager.

**Performance Fee on Units Offered:**

A performance fee is payable by the Partnership to the Asset Manager (the “**Performance Fee**”). The Performance Fee is calculated and accrued monthly and payable to the Asset Manager as of the last Business Day in each year beginning in 2025 (each, a “**Performance Valuation Date**”) on a series-by-series and class-by-class basis in respect of each Class A Unit, Class B Unit, Class F Unit and Class G Unit outstanding prior to giving effect to redemptions on such date in an amount equal to:

- 15% of the positive amount by which the Adjusted Net Asset Value

(as defined below) of each Series of each Class A Units and Class F Units on the Performance Valuation Date exceeds the High Watermark (as defined below) of such Unit; and

- 7.5% of the positive amount by which the Adjusted Net Asset Value of each Series of each Class B Units and Class G Units on the Performance Valuation Date exceeds the High Watermark of such Unit.

If any such Units are redeemed prior to the last Business Day of a year, a Performance Fee will be payable on the relevant redemption date in respect of each such Unit, as if such date were a Performance Valuation Date. For further clarity, the Performance Fee payable by the Partnership on December 31, 2025 for a given Series of a Class of Units shall be calculated and accrued from the date subscriptions are first accepted for such Series of Units.

Class I Unit Performance Fees are negotiated between the General Partner and the relevant investor. Performance Fees on Class I Units are payable by the unitholder directly to the Asset Manager.

The Performance Fee is subject to applicable taxes.

“**Adjusted Net Asset Value**” of a Unit on any date is equal to the Net Asset Value per Unit of such Unit on such date (calculated after deduction of: (i) the management fee, where such management fee is reduced by an amount equal to the Trailer Fee paid or payable, if applicable; (ii) the Common Expenses; and, (iii) Class Expenses but before deduction of the Performance Fee payable to the Asset Manager pursuant to the Asset Management Agreement and any redemption deductions payable in respect of such Unit) plus the amount of any distributions paid and payable to the Unitholder in respect of such Unit since the date as at which the High Watermark of such Unit was established.

“**High Watermark**” for a Unit as at any date means, initially, its subscription price, and thereafter will be adjusted from time to time to equal its Net Asset Value immediately following the payment of a Performance Fee in respect of that Unit. The High Watermark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

A net loss chargeable to a Series (or applicable Units thereof) during each calendar year or portion thereof shall be treated as a “loss carryforward amount” which shall be carried forward and no Performance Fee will be payable with respect to such Series (or applicable Units thereof) until the loss carryforward amount previously allocated to the Series (or applicable Units thereof) has been recouped. Specifically, for purposes of calculating the Performance Fee for a given calculation period and Series, New Partnership Profits (as defined below) shall first be reduced, dollar-for-dollar (but not below zero), by any unrecovered loss carryforward amount attributable to such Series. If net assets of a Series are reduced due to net redemptions or transfers with respect to such Series during a period, there will be a proportional reduction in any related loss carryforward amount that must be recouped before the Asset Manager is eligible to receive a Performance Fee with respect to such Series.

“**New Partnership Profits**” are the increase, if any, in the Net Asset Value of a Series during a period, as adjusted to eliminate the effect on net asset value of subscriptions, redemptions and distributions, if any, made with respect to the Series during the period. For this purpose, Net Asset Value is determined prior to the accrual of the Performance Fee and after the accrual of the management fee, where such management fee is reduced by an amount equal to the Trailer Fee paid or payable, if applicable.

Each of the Asset Manager and Manager may elect to receive any portion of the Partnership Management Fees and/or Performance Fees to which it is entitled, as applicable, in Class I Units. There will be no Minimum Amount, Hold Period, Management Fee, or Performance Fee associated with such Units and the Manager and/or Asset Manager may choose to redeem such Units at any time. Having elected to receive a fee payment in Units, the Manager and Asset Manager are under no requirement to continue to receive payment of fees in Units and may elect to receive future fee payments in cash at any time.

If the determination of the net asset value of any Series of Units is suspended (as provided below), then the calculation and the payment of the Performance Fee with respect thereto may also be suspended until such time as the period of the suspension shall have come to an end, whereupon the General Partner and Manager in consultation with the Administrator will determine and apply a methodology for the calculation of an accrual of such Performance Fee during such period of suspension.

See “*Fees and Expenses – Performance Fees on the Units Offered*”.

**Trailer Fee:**

The Manager pays to each registered dealer whose clients hold Class A Units and Class B Units a servicing fee (the “**Trailer Fee**”) equal to 1.00% per annum of the applicable NAV per Unit in respect of the Units held by the registered dealer’s clients (calculated at the end of each calendar quarter and paid approximately 30 days thereafter), plus applicable taxes. No trailer fees are paid in respect of the Class F Units, the Class G Units or the Class I Units. No trailer fee shall be paid to the Manager with respect to Units purchased through the Manager, acting as exempt market dealer. See “*Fees and Expenses – Trailer Fee*”.

**Organizational Expenses and Ongoing Expenses of the Partnership:**

The Partnership will bear all fees, costs and expenses incurred by the General Partner, the Manager, the Asset Manager or their respective affiliates in connection with the formation and organization of the Partnership and the offering of the Units in the Partnership, including but not limited to legal, accounting, printing, mailing, regulatory filing fees and expenses (including any registrations and filings in respect of the offering of Units in the relevant provinces), expenses related to the preparation of initial versions of sales materials and related documentation, translation fees and expenses, and expenses related to the initial setup of any website/portal and designs, any other such organizational expenses referred to in the Limited Partnership Agreement and all fees, costs and expenses related to the organization of any subsidiary entity created from time to time including any such costs incurred to by the General Partner, the Manager, the Asset Manager or their respective affiliates (collectively, “**Organizational Expenses**”).

In addition to the Organizational Expenses, the Partnership pays for all ordinary expenses it incurs in connection with the Partnership’s operation and management. In addition to the fees and expenses referenced elsewhere in this Offering Memorandum, these expenses include, but are not limited to: (a) any taxes payable by the Partnership; (b) costs and fees payable to any valuator, technical consultant, accountant, administrator, registrar, transfer agent, custodian or auditor or other third party service provider, including with respect to reviews of third party appraisals; (c) ongoing regulatory filing fees; (d) any expenses incurred in connection with investments, including but not limited to, 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 Partnership that is not consummated) which may be incurred by the Partnership 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; (e) reasonable amounts of insurance, if any, as the General Partner shall deem necessary for the conduct of the business of the Partnership, including mortgage default insurance in connection with any of the properties forming part of the Partnership's portfolio from time to time and liability insurance (e.g., E&O and D&O insurance) covering any employee, agent, advisor or independent contractor of the General Partner, the Partnership, the Manager or the Asset Manager; (f) any expenses incurred in connection with negotiating and settling co-investment, co-ownership, syndication or joint venture agreements on behalf of the Partnership; (g) any expenses incurred in connection with any legal proceedings in which the General Partner, Manager or Asset Manager participates on behalf of the Partnership or any other acts of the General Partner, Manager, Asset Manager or any other agent of the Partnership in connection with the maintenance or protection of the property of the Partnership, including without limitation costs associated with the enforcement of investments made in mortgage debt; (h) reimbursement of all direct expenses incurred on behalf of the Partnership by the General Partner, Manager, and Asset Manager; (i) any additional fees payable to the Manager or the Asset Manager for performance of extraordinary services on behalf of the Partnership; (j) consulting fees and expenses associated with the preparation of tax filings; (k) all expenses associated with ongoing investor relations and education relating to the Partnership; (l) all services required in connection with the provision of information to Unitholders and expenses associated with communications with and mailings and notices to Unitholders and expenses of holding Unitholder meetings; (m) costs of preparing, printing and distributing offering materials in respect of the offering of Units of any Class of the Partnership; (n) costs to prepare and issue redemption notes and all administration costs associated therewith including any extraordinary costs and costs of any meeting of holders of redemption notes or consent solicitation; (o) any and all fees and expenses as may be set out in the Partnership's offering documents; and (p) any and all fees and expenses as may be agreed upon by the Partnership or the General Partner that it will bear as a partnership expense.

The Partnership is also responsible for all taxes, commissions, real estate brokerage fees, commitment fees and other costs of real estate transactions (including land transfer tax), mortgage servicing fees, debt service and all costs incurred by the Partnership in connection with its financing including (i) the financing of any of the properties including any long-term financing and any operating line or revolving line of credit in respect of the Partnership or any of the properties forming part of the Partnership's portfolio from time to time, banking fees, and any extraordinary expenses that it may incur or that may be incurred on its behalf from time to time, as applicable.

See "*Fees and Expenses –Organizational Expenses and Ongoing Expenses of the Partnership*".

**Other Fees for Services  
Charged by Related Parties of  
the General Partner:**

The Partnership from time to time may engage with or invest in assets and/or entities to whom related parties of the General Partner may provide services, including but not limited to, property management services, mortgage origination, mortgage servicing, capital improvement, leasing services, acquisition and disposition fees on equity investments, development management services, construction management and/or construction management oversight, and other project specific services. Fees for such services shall be at rates set out in written agreements and shall be at fair market value rates charged by arm's-length third parties for comparable services. The

General Partner may elect in its sole discretion to instruct its related parties to waive the levying of any such fees.

## THE PARTNERSHIP

Capitalized terms used in this Offering Memorandum have defined meanings. Please refer to the “Glossary of Terms” at the end of this Offering Memorandum for a list and the meaning of defined terms used herein.

### Overview of the Legal Structure of the Partnership

Forgestone Diversified Real Estate Fund L.P. (the “**Partnership**”) is a limited partnership formed pursuant to the filing of a declaration of limited partnership on March 27, 2025 under the laws of the Province of Ontario and is governed by a limited partnership agreement (the “**Limited Partnership Agreement**”) dated October 28, 2025 (as amended from time to time) between FSC Diversified GP Inc. as general partner of the Partnership (the “**General Partner**”), the limited partners identified therein, and each party who, from time to time, becomes a limited partner as a result of holding Units (each, a “**Unitholder**”).

The Partnership may from time to time hold one or more investments made by it indirectly through various subsidiary entities (including, but not limited to, corporations, partnerships and/or limited partnerships) as determined appropriate by the General Partner. The General Partner may determine it appropriate to hold investments in this manner from time to time for various purposes, including those related to taxation matters.

The Manager has established Forgestone Diversified Real Estate Trust (the “**Trust**”), a feeder fund that invests in the Partnership, as an Ontario mutual fund trust.

In addition to the Partnership and the Trust, additional investment entities may be organized from time to time which may invest on a parallel basis with the Partnership that will accommodate investment by non-resident investors (a “**Parallel Fund**”). Parallel Funds may differ from the Partnership in terms of eligible investors, tax structure, applicable performance and management fees, redemption or withdrawal features and other terms.

## PARTNERSHIP OBJECTIVES

The Partnership’s investment objectives are to:

- (a) provide Unitholders with monthly distributions; and
- (b) deliver upside returns through capital appreciation, on a risk-adjusted basis.

The Partnership has been formed to invest in an actively managed, diversified real estate private equity and debt portfolio, including but not limited to, direct interests in real estate, mortgages and other real estate related debts, investments and hybrid instruments (such as preferred shares and convertible debentures) and investment partnerships (the “**Real Estate Portfolio**”). **There is no assurance that the Partnership will achieve its investment objectives. Distributions will commence after the investment of the net proceeds of the initial closing of the Offering (the “ramp-up period”) when the Asset Manager determines that the Partnership has sufficient distributable cash flow. The Asset Manager does not anticipate the ramp-up period will exceed 90 days.**

Pending investment in real estate assets, substantially all of the net proceeds of the Offering, from time to time, will be invested in liquid Temporary Investments and managed by the Manager.

## PARTNERSHIP INVESTMENT STRATEGIES

### The Partnership Investment Overview

The Partnership seeks to accomplish its investment objectives by:

- (a) investing across the capital structure of private debt and equity products in order to combine the inflation-hedged benefits of real estate equity with the stability of consistent, yield-generating real estate debt;

- (b) actively managing the asset allocation between debt and equity as interest rates, capitalization rates and real property valuations change over time;
- (c) altering the make-up of the portfolio based on forward looking real estate fundamentals, with the aim of taking advantage of both acquisitions and lending opportunities in advance of broader, accelerated market participation;
- (d) focusing on growth markets, with the aim of outperforming secondary locations on a risk-adjusted basis over the medium-to-long term; and
- (e) investing alongside Forgestone Capital's established institutional client base and funds, either directly or through joint ventures, including investments in general partner interests.

The Partnership invests in equity and debt backed by real estate across most property types, which may from time to time include, but are not limited to, industrial, retail, multi-residential apartments, condominiums, offices and alternatives such as student housing, self-storage and selective development opportunities across such property types. The investments shall be located in Canada, primarily in the major gateway cities of Toronto and Vancouver, with smaller strategic allocations planned for Montreal, the major cities in Alberta and a select handful of other growth markets in Canada.

The intent is to focus on geographic markets with high investor and lender interest. The Partnership's debt investments will focus on proven borrowers with a track record of success and strong balance sheet support. The Partnership's equity investments will aim to capitalize on the real estate market dislocation over the past 24 months and the lack of liquidity that continues to exist. The emphasis will be on strong reoccurring yields with tangible upside through active asset management involving the broader Forgestone platform, in addition to capital appreciation as the market recovers. In conjunction with the focus on these investment opportunities, the Partnership may invest directly or indirectly through other investment entities for whom the Asset Manager acts as asset manager, may co-invest alongside such entities or with other institutional clients of the Asset Manager, to the extent that the Partnership can achieve access to investments that would otherwise be unavailable to it, or where the Asset Manager can achieve structural or tax efficiencies for the Partnership, provided that any such investment structure or co-investment will not allow for the duplication of management or incentive fees payable to the Asset Manager. Such investment opportunities may include investments structured as an interest in the management company or the general partner of the entity that owns or controls an underlying portfolio investment.

### **Investment Strategies**

The objective for the Partnership is to build a dynamic real estate portfolio generating monthly distributions, coupled with capital appreciation upside. The Asset Manager believes that its ability to invest throughout the capital stack – common equity, preferred equity, mezzanine debt, debt, and other structured products – will assist the Partnership in capitalizing on market opportunities and pricing inefficiencies.

#### Real Estate Debt:

The Partnership invests in debt collateralized by real estate directly or issued by entities that primarily own real estate. The rapid rise in interest rates globally to offset inflationary pressures following the Covid-19 pandemic coupled with a reduction in lending appetite of banks, insurance companies and pension funds has caused tremendous disruption and loss of traditional debt capital sources. The Asset Manager believes that the current economic conditions create an opportune time to capitalize on mispriced risk in the commercial real estate lending market.

In order to be successful, the Asset Manager will:

- Capitalize on its knowledge and experience as an active real estate investor and brings these real-time insights when making debt investments;
- Capitalize on the Asset Manager's longstanding relationships with active real estate investors who have different financing needs over time across their own portfolios of assets;
- Lend to experienced and qualified investors that require funding for their business plans; and,

- Provide market loan terms that combine flexibility required by borrowers in order for them to achieve their investment strategies while protecting the Partnership’s interests to ensure timely repayment and capital preservation.

Some examples of debt investments that the Partnership may invest in include:

*Income Producing Property Debt Investments* – These types of investments will be predominantly first ranking loans or low ratio second ranking loans to borrowers that require funding for their business plans who are generally in a (1-5 year) transitional phase of the investment process. Examples could be a redevelopment or expansion of a property, lease-up of vacant space, re-leasing space that is below the current market rental rates, or rezoning to a use with higher value. The Asset Manager believes that lending against these types of properties where there is existing (or near term) rental income, are typically more liquid and provide greater security for mortgage loans and have a lower probability of default.

*Pre-development Loans* – These types of debt investments may be secured by projects that will be developed at a later date. These debt investments will be first ranking loans and be at low loan to value ratios based on current market valuations. The focus is on future industrial or residential uses, in locations near highways and, public transit, which have strong amenities and labor pools. These investments will be extended to borrowers who are experienced developers and, who are well capitalized and have a well defined repayment strategy.

The Partnership is permitted to enter into mortgage loan syndications and may sell all or a portion of an interest in one or more debt investments to, or purchase all or a portion of an interest in one or debt investments from, other lenders. The Partnership’s interest in any such debt investment may be in a priority, *pari passu* or subordinated position to other co-lenders. Syndicating loans may reduce the Partnership’s exposure in respect of any one loan investment, can provide yield enhancement and access to lower risk debt investments.

#### Real Estate Equity:

The Partnership invests in real estate directly or in privately held companies and limited partnerships that predominantly own real estate. The Asset Manager targets a blend of core-plus, value-add and opportunistic real estate investments through various “asset specific” strategies more broadly defined below:

*Asset Repositioning* – investments in assets where significant renovations | repositioning is required to improve the competitiveness of the asset which is expected to lead to one or more of: higher rents, lower operating costs, lower capitalization rate and ultimately higher value.

*Lease-Up* – investments in assets with in-place or upcoming vacancy where value can be added by repositioning and re-leasing the asset.

*Development* – investments in ground up developments with established and reputable, sponsors in growth markets with attractive fundamentals.

When analyzing equity investments for the Partnership, the Asset Manager focuses on investments where it believes value can be created based on improvements to net operating income and which is not dependent solely on improvements in market valuations to drive the performance/returns. Key attributes associated with investment strategy include:

- Acquiring assets below replacement cost / market value
- Focusing on geographies and assets with strong demographic profiles and tangible rental growth. Industrial and necessity based retail centres are the primary “short term” focus.
- Co-investment with like minded investors and partners to enhance deal flow and mitigate risk.
- Sourcing conventional financing terms that match the profile and business plans for each independent investment.

- Participating in “selective” joint venture developments (primarily industrial or purpose built rental projects, that can achieve the appropriate spread / profit margin in today’s market.
- Utilizing structured products (mezzanine debt / preferred equity) which “de-risk” the development by prioritizing our interest payments and capital in advance of the development partners.
- Capitalizing on the Asset Manager’s established relationships with developers, partners and institutional investors in order to access “premium” real estate opportunities (typically “off-market”) that are rarely available to the broader private investor marketplace.

### **Active Management**

With the belief that attractive investment returns are achieved by being an active manager, since 2013 the Asset Manager and its affiliates have focused on building a full-service asset management platform focused on identifying real estate investment opportunities that fit a value-oriented investment philosophy, and that benefits from an active management style. The Asset Manager positions the Real Estate Portfolio pursuant to the investment guidelines and policies established from time to time by the General Partner that are consistent with the investment objectives, strategies and restrictions of the Partnership. See “Partnership Objectives” and “*Partnership Investment Strategies*”.

Active management includes, but is not limited to:

- searching for premier real estate in prime locations in Canada’s major cities;
- searching for attractively priced alternatives to invest in across the capital structure;
- adjusting the debt/equity asset allocation mix to take advantage of macro-economic trends and deliver attractive risk-adjusted rates of return;
- monitoring the cyclical and secular trends in local markets to determine where to allocate capital in order to maximize total return; and,
- selling assets that have attained their fair market value and reinvesting proceeds into other areas.

### **Risk Management**

The Partnership manages risk and minimizes volatility by:

- building a diversified Real Estate Portfolio comprised of private secured loans to real estate investors and real estate entities, and real estate assets;
- investing in securities across the capital structure of debt and equity instruments including corporate debt, preferred shares, convertible debentures, mortgages, and common equity that have low correlations relative to one another;
- mitigating liquidity risk by maintaining relationship with various lenders, monitoring cash flow, budgets and forecasts, incorporating sufficient contingencies, and by retaining sufficient cash to fund payables as they become due;
- mitigating risk of credit loss by ensuring that its tenant and borrower mix is diversified, by limiting exposure to any one tenant or borrower, by conducting thorough credit assessments of new tenants and borrowers, and taking tenant deposits and borrower guarantees where warranted;
- closely monitoring local market conditions to identify investment opportunities in the major gateway cities and surrounding areas in Canada; and
- actively managing the Real Estate Portfolio, including continually reviewing the asset mix and actively searching for opportunities across the capital structure.

The Asset Manager believes that this approach shall reduce the overall volatility of the Partnership. The price of debt and equity react differently to economic events and interest rates, different real estate asset classes have different lease lengths and demand elasticity, and individual markets are influenced by local supply and demand dynamics. These

factors assist the Asset Manager in constructing a portfolio with investments having low correlations to each other, thereby assisting to reduce the volatility of the Partnership.

### **Use of Derivatives**

The Partnership may invest in or use derivative instruments, other than commodity derivatives, for hedging purposes consistent with its investment objectives and investment strategies and subject to its investment restrictions. For example, the Partnership may use derivatives with the intention of hedging a floating rate of interest on borrowed funds into a fixed rate. No assurance can be given that the Partnership will be hedged from any particular risk from time to time.

### **Leverage**

The Partnership may utilize various forms of leverage including loan facilities with one or more Canadian or non-domestic banks, life insurance companies, or financial institutions that allow the Partnership to borrow funds from time to time as the Asset Manager determines appropriate. In connection with such borrowing, the Partnership may grant security over the assets of the Partnership. The aggregate amount of borrowing by the Partnership may not exceed 65% of the aggregate value of the Total Assets of the Partnership at the time of borrowing. In the event that such borrowing exceeds 65% of Total Assets, the Asset Manager will take reasonable measures to reduce such borrowings below 65% of the Total Assets of the Partnership. In some instances, the Partnership may choose to diversify its risk by syndicating a portion of a mortgage investment with another lending group. For clarification, any such syndication shall be excluded from the aggregate amount of borrowing.

### **Investment Through Intermediary Vehicles**

Investments may be made by the Partnership through intermediary vehicles, including, without limitation, special purpose or joint ventures, general or limited partnerships, limited liability companies or corporations. Such vehicles will be real estate holding entities but not operating entities. The Partnership may seek to fully control such intermediary vehicles, but may also hold investments through joint ventures where the Partnership will have a viable mechanism for exiting the venture within a reasonable period of time. Certain officers and directors of the Asset Manager or its affiliates may participate on boards of and take on active management roles as officers of intermediary vehicles. The underlying investments of the intermediary vehicle should be treated as if they were direct investments made by the Partnership.

### **Security Interests and Guarantees**

In furtherance of the Partnership's investment objective, the Partnership may give guarantees and grant security in favour of third parties to secure the Partnership's obligations and the obligations of intermediary vehicles and it may grant any assistance to intermediary vehicles, including, without limitation, assistance in the management and the development of such entities and their portfolios, financial assistance, loans, advances or guarantees. The Partnership may pledge, transfer, encumber or otherwise create security over some or all of the Partnership's assets.

## **INVESTMENT RESTRICTIONS**

The Partnership is subject to the following investment restrictions as stipulated in the Limited Partnership Agreement that, among other things, limit the investments that may be made by the Partnership:

- (a) the Partnership may not undertake any activity or derive income from any source other than the investing of its funds in accordance with its investment objectives and investment strategies described above, in daily interest savings accounts of banks or trust companies, guaranteed investment certificates, bankers' acceptances and other cash equivalent instruments pending an investment directly or indirectly in real property by the Partnership;
- (b) the Partnership may not make or retain an investment in any partnership in circumstances in which any interest in that partnership is a "tax shelter investment" for the purpose of the Tax Act;

- (c) the Partnership may not make an investment which, within the knowledge of the Manager after reasonable enquiry, is contrary to a law that restricts the investments in which the Partnership, the General Partner, the Manager or the Asset Manager may participate; and
- (d) the Partnership may not borrow money in excess of 65% of the Total Assets.

Approval of Unitholders is required to change the investment objectives or investment restrictions of the Partnership. See “*Unitholder Matters – Matters Requiring Unitholder Approval*”.

## FEES AND EXPENSES

### Initial Fees and Expenses

The expenses of the Offering, including the costs of preparing, printing and distributing this Offering Memorandum, legal expenses, marketing expenses and certain other expenses incurred in connection with the Offering, and the establishment of the Partnership will be paid from the gross proceeds of the Offering. For Net Asset Value purposes, such costs as well as any future costs to update and/or amend this Offering Memorandum or the Material Agreements may be amortized over a period of up to 60 months.

### Commission

Dealers may charge subscribers a front-end commission in respect of purchases of Class A Units and Class B Units. The amount of such commission shall be negotiated between the applicable subscriber and their dealer and shall be paid directly by the subscriber to their dealer. Minimum investment requirements are net of any such fees. No commission is payable to the Manager with respect to purchases of Units through the Manager, acting as exempt market dealer.

### Management Fees on the Units Offered

The Manager receives a management fee (the “**Management Fee**”) with respect to each Class of Units as follows, calculated as the applicable percentage rate per annum of the Class NAV of the applicable Class:

Regular Classes of Units	Founders Classes of Units
Class A Units: 2.25%	Class B Units: 2.00%
Class F Units: 1.25%	Class G Units: 1.00%
Class I Units: Negotiated between the General Partner, Asset Manager and investor, subject to approval of the Manager.	

The Management Fee paid by the Partnership to the Manager is calculated and payable monthly in arrears, plus applicable taxes. The Manager compensates the Asset Manager from the Management Fee.

To encourage large investments in the Partnership and to be able to offer fees that are competitive for investments of that size, and in certain other circumstances, the Management Fee may be reduced in the discretion of the General Partner and the Asset Manager, subject to the approval of the Manager. Management Fees on Class I Units are payable by the Unitholder directly to the Manager.

### Performance Fees on the Units Offered

A performance fee is payable by the Partnership to the Asset Manager (the “**Performance Fee**”). The Performance Fee is calculated and accrued monthly and payable to the Asset Manager as of the last Business Day in each year beginning in 2025 (each, a “**Performance Valuation Date**”) on a series-by-series and class-by-class basis in respect of each Class A Unit, Class B Unit, Class F Unit and Class G Unit outstanding prior to giving effect to redemptions on such date in an amount equal to:

- 15% of the positive amount by which the Adjusted Net Asset Value (as defined below) of each Series of each Class A Units and Class F Units on the Performance Valuation Date exceeds the High Watermark (as defined below) of such Unit; and
- 7.5% of the positive amount by which the Adjusted Net Asset Value of each Series of each Class B Units and Class G Units on the Performance Valuation Date exceeds the High Watermark of such Unit.

If any such Units are redeemed prior to the last Business Day of a year, a Performance Fee will be payable on the relevant redemption date in respect of each such Unit, as if such date were a Performance Valuation Date. For further clarity, the Performance Fee payable by the Partnership on December 31, 2025 for a given Series of a Class of Units shall be calculated and accrued from the date subscriptions are first accepted for such Series of Units.

Class I Unit Performance Fees are negotiated between the General Partner and the relevant investor. Performance Fees of Class I Units are payable by the unitholder directly to the Asset Manager.

The Performance Fee is subject to applicable taxes.

“**Adjusted Net Asset Value**” of a Class Unit on any date is equal to the Net Asset Value per Unit of such Unit on such date (calculated after deduction of: (i) the management fee, where such management fee is reduced by an amount equal to the Trailer Fee paid or payable if applicable; (ii) the Common Expenses; and, (iii) Class Expenses but before deduction of the Performance Fee payable to the Asset Manager pursuant to the Asset Management Agreement and any redemption deductions payable in respect of such Unit) plus the amount of any distributions paid and payable to the Unitholder in respect of such Unit since the date as at which the High Watermark of such Unit was established.

“**High Watermark**” for a Unit as at any date means, initially, its subscription price, and thereafter will be adjusted from time to time to equal its Net Asset Value immediately following the payment of a Performance Fee in respect of that Unit. The High Watermark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

A net loss chargeable to a Series (or applicable Units thereof) during each calendar year or portion thereof shall be treated as a “loss carryforward amount” which shall be carried forward and no Performance Fee will be payable with respect to such Series (or applicable Units thereof) until the loss carryforward amount previously allocated to the Series (or applicable Units thereof) has been recouped. Specifically, for purposes of calculating the Performance Fee for a given calculation period and Series, New Partnership Profits (as defined below) shall first be reduced, dollar-for-dollar (but not below zero), by any unrecovered loss carryforward amount attributable to such Series. If net assets of a Series are reduced due to net redemptions or transfers with respect to such Series during a period, there will be a proportional reduction in any related loss carryforward amount that must be recouped before the Asset Manager is eligible to receive a Performance Fee with respect to such Series.

“**New Partnership Profits**” are the increase, if any, in the Net Asset Value of a Series during a period, as adjusted to eliminate the effect on net asset value of subscriptions, redemptions and distributions, if any, made with respect to the Series during the period. For this purpose, Net Asset Value is determined prior to the accrual of the Performance Fee and after the accrual of the management fee, where such management fee is reduced by an amount equal to the Trailer Fee paid or payable if applicable.

Each of the Asset Manager and Manager may elect to receive any portion of the Partnership Management Fees and/or Performance Fees to which it is entitled, as applicable, in Class I Units. There will be no Minimum Amount, Hold Period, Management Fee, or Performance Fee associated with such Units and the Manager and/or Asset Manager may choose to redeem such Units at any time. Having elected to receive a fee payment in Units, the Manager and Asset Manager are under no requirement to continue to receive payment of fees in Units and may elect to receive future fee payments in cash at any time.

If the determination of the net asset value of any Series of Units is suspended, then the calculation and the payment of the Performance Fee with respect thereto may also be suspended until such time as the period of the suspension shall have come to an end, whereupon the General Partner and Manager in consultation with the Administrator will determine and apply a methodology for the calculation of an accrual of such Performance Fee during such period of suspension.

Any Performance Fee payable will be payable by the Partnership to the Asset Manager within 45 days of December 31 of each year, and shall be subject to, and exclusive of, harmonized sales tax (or any other applicable taxes) and the aggregate amount of Performance Fee payable on all Units within a Series will be deducted as an expense of the Partnership and such aggregate amount of Performance Fee will be allocated to that Series in the calculation of the

Series Net Asset Value of that Series of Units. Should the completed audited financial statements for the year result in a change to the Performance Fee that was previously paid to the Asset Manager for such year, the Asset Manager shall repay to the Partnership any excess amount received or the Partnership shall pay to the Asset Manager any deficit outstanding within 10 days of the completion of the audited financial statements.

The Asset Manager will not be required to return any Performance Fee received by it, even if the Net Asset Value of a Unit goes down after the Performance Valuation Date.

### **Trailer Fee**

The Manager pays to each registered dealer whose clients hold Class A Units and Class B Units a servicing fee (the “**Trailer Fee**”) equal to 1.00% per annum of the applicable NAV per Unit in respect of the Units held by the registered dealer’s clients (calculated at the end of each calendar quarter and paid approximately 30 days thereafter), plus applicable taxes.

There are no trailer fees paid in respect of the Class F Units, the Class G Units or the Class I Units. No trailer fee is paid to the Manager with respect to Units purchased through the Manager, acting as exempt market dealer.

### **Organizational Expenses and Ongoing Expenses of the Partnership**

The Partnership will bear all fees, costs and expenses incurred by the General Partner, the Manager, the Asset Manager or their respective affiliates in connection with the formation and organization of the Partnership and the offering of the Units in the Partnership, including but not limited to legal, accounting, printing, mailing, regulatory filing fees and expenses (including any registrations and filings in respect of the offering of Units in the relevant provinces), expenses related to the preparation of initial versions of sales materials and related documentation, translation fees and expenses, and expenses related to the initial setup of any website/portal and designs, any other such organizational expenses referred to in the Limited Partnership Agreement and all fees, costs and expenses related to the organization of any subsidiary entity created from time to time including any such costs incurred to by the General Partner, the Manager, the Asset Manager or their respective affiliates (collectively, “**Organizational Expenses**”).

In addition to the Organizational Expenses, the Partnership pays for all ordinary expenses it incurs in connection with the Partnership’s operation and management. In addition to the fees and expenses referenced elsewhere in this Offering Memorandum, these expenses include, but are not limited to: (a) any taxes payable by the Partnership; (b) costs and fees payable to any valuator, technical consultant, accountant, administrator, registrar, transfer agent, custodian or auditor or other third party service provider, including with respect to reviews of third party appraisals; (c) ongoing regulatory filing fees; (d) any expenses incurred in connection with investments, including but not limited to, 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 Partnership that is not consummated) which may be incurred by the Partnership 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; (e) reasonable amounts of insurance, if any, as the General Partner shall deem necessary for the conduct of the business of the Partnership, including mortgage default insurance in connection with any of the properties forming part of the Partnership’s portfolio from time to time and liability insurance (e.g., E&O and D&O insurance) covering any employee, agent, advisor or independent contractor of the General Partner, the Partnership, the Manager or the Asset Manager; (f) any expenses incurred in connection with negotiating and settling co-investment, co-ownership, syndication or joint venture agreements on behalf of the Partnership; (g) any expenses incurred in connection with any legal proceedings in which the General Partner, Manager or Asset Manager participates on behalf of the Partnership or any other acts of the General Partner, Manager, Asset Manager or any other agent of the Partnership in connection with the maintenance or protection of the property of the Partnership, including without limitation costs associated with the enforcement of investments made in mortgage debt; (h) reimbursement of all direct expenses incurred on behalf of the Partnership by the General Partner, Manager, and Asset Manager; (i) any additional fees payable to the Manager or the Asset Manager for performance of extraordinary services on behalf of the Partnership; (j) consulting fees and expenses associated with the preparation of tax filings; (k) all expenses associated with ongoing investor relations and education relating to the Partnership; (l) all services

required in connection with the provision of information to Unitholders and expenses associated with communications with and mailings and notices to Unitholders and expenses of holding Unitholder meetings; (m) costs of preparing, printing and distributing offering materials in respect of the offering of Units of any Class of the Partnership; (n) costs to prepare and issue redemption notes and all administration costs associated therewith including any extraordinary costs and costs of any meeting of holders of redemption notes or consent solicitation; (o) any and all fees and expenses as may be set out in the Partnership's offering documents; and (p) any and all fees and expenses as may be agreed upon by the Partnership or the General Partner that it will bear as a partnership expense.

The Partnership is also responsible for all taxes, commissions, real estate brokerage fees, commitment fees and other costs of real estate transactions (including land transfer tax), mortgage servicing fees, debt service and all costs incurred by the Partnership in connection with its financing including the financing of any of the properties including any long-term financing and any operating line or revolving line of credit in respect of the Partnership or any of the properties forming part of the Partnership's portfolio from time to time, banking fees, and any extraordinary expenses that it may incur or that may be incurred on its behalf from time to time, as applicable.

In addition to the fees and expense reimbursement described above, the other operating expenses of the Partnership will be allocated amongst its various Classes of Units. Each Class will bear, as a separate Class, any expense item that can be specifically attributed to that Class. Class Expenses will be allocated amongst all Series of such Class in the manner determined to be the most appropriate by the Manager based on the nature of the expense. Common expenses, such as audit, administration, and custody fees, will be allocated amongst all Series of Classes in the manner determined to be the most appropriate by the Manager based on the nature of the expense.

#### **Waiver/Change of Fees and Reimbursement of Expenses**

The Manager may from time to time, at its option, waive or postpone any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver or postponement affects its right to receive fees and reimbursement of expenses subsequently accruing to it. If the Manager does waive or postpone any fees or expense reimbursement, it may discontinue such practice at any time in its discretion without notice to Unitholders.

#### **Manager, Administrator and Mortgage Custodian's Liens**

Each of the Manager, Administrator and Mortgage Custodian shall have a first charge and lien upon the income and, to the extent that the income shall be insufficient, upon the capital, of the Partnership to enforce payment of the fees or other remuneration, costs, commissions and expenses due to each and to enforce or satisfy the rights to indemnity of each.

#### **Fees that may be charged by affiliates or related entities of the Asset Manager for Project Specific Services**

The Partnership from time to time may engage with or invest in assets and/or entities to whom related parties of the General Partner may provide services, including but not limited to, property management services, mortgage origination, mortgage servicing, capital improvement, leasing services, acquisition and disposition fees on equity investments, development management services, construction management and/or construction management oversight, and other project specific services. Fees for such services shall be at rates set out in written agreements and shall be at fair market value rates charged by arm's-length third parties for comparable services. The General Partner may elect in its sole discretion to instruct its related parties to waive the levying of any such fees.

### **RISK FACTORS**

There are certain risks inherent in an investment in the Units of the Partnership, including the following risk factors, which investors should carefully consider before investing. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Memorandum. These risks and uncertainties are not the only ones that could affect the Partnership and additional risks and uncertainties not currently known to the Partnership, the Manager or the Asset Manager, or that they currently deem immaterial, may also impair the returns, NAV, financial

condition and results of operations of the Partnership. If any such risks actually occur, the returns, NAV, financial condition and results of operations of the Partnership could be materially adversely affected and the financial performance of the Partnership and the ability of the Partnership to make cash distributions, achieve its investment objectives and/or satisfy requests for redemptions of Units could be materially adversely affected.

## **Risks Associated with an Investment in the Partnership**

### **General Investment Risk**

AN INVESTMENT IN THE PARTNERSHIP ENTAILS RISK, IS NOT GUARANTEED AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. A SUBSCRIPTION FOR UNITS SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE PARTNERSHIP AND THE LACK OF LIQUIDITY INHERENT IN AN INVESTMENT IN THE PARTNERSHIP. INVESTORS IN THE PARTNERSHIP MUST BE PREPARED TO BEAR SUCH RISKS FOR AN EXTENDED PERIOD OF TIME. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS TO BE UTILIZED BY THE PARTNERSHIP AS OUTLINED HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE PARTNERSHIP. NO ASSURANCE CAN BE GIVEN THAT THE PARTNERSHIP'S INVESTMENT OBJECTIVES WILL BE ACHIEVED.

### **No Assurance of Achieving Investment Objectives**

There is no assurance that the Partnership will be able to achieve its investment objectives or be able to pay distributions at targeted levels. The funds available for distribution to Unitholders will vary according to, among other things, the interest, dividends and distributions received in respect of its Real Estate Portfolio investments and the value of the securities comprising the Real Estate Portfolio. There is no assurance that the Partnership will earn any return.

An investment in the Partnership is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of distributions not being paid in any period or at all.

### **No or Limited Operating History**

Although all persons involved in the management and administration of the Partnership, including principals of the Asset Manager and other service providers to the Partnership, have significant experience in their respective fields of specialization, the Partnership has no or limited operating or performance history upon which prospective investors can evaluate the Partnership's likely performance.

### **Fluctuations in NAV**

The NAV applicable to Units and the funds available for distributions will vary according to, among other things, the value of the assets held within the Real Estate Portfolio and the amount of distributions, interest and dividends received from investments held by the Partnership in the Real Estate Portfolio. Fluctuations in the value of the Real Estate Portfolio assets may occur for a number of reasons beyond the control of the Manager or the Asset Manager.

### **Illiquidity of Units**

There is not now, and there is not likely to develop, any market for the resale of the Units. The Units have not been qualified for sale by prospectus under the securities laws of any of the relevant offering jurisdictions. Accordingly, Units may not be transferred unless appropriate prospectus exemptions from applicable securities laws are available and the transferee is an eligible investor.

Under certain conditions, redemptions may be restricted or suspended by the General Partner at any time. Unitholders requesting redemptions may therefore potentially experience delays in receiving redemption payments. An investment in Units is hence suitable only for sophisticated investors who do not need liquidity with respect to this investment.

## **Asset Class / Concentration Risk**

The Partnership's investments are concentrated in Canadian real estate private equity and debt investments. The Partnership invests primarily in one sector, real estate. As a result, the Partnership may be subject to more rapid or dramatic changes in value than would be the case if the Partnership were required to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes. The Partnership's performance may be more susceptible to a single economic, regulatory or technological occurrence than a fund that does not concentrate its investments in a single industry and geographic area.

## **Performance of the Real Estate Portfolio**

The applicable NAV per Unit varies as the fair value of the assets in the Real Estate Portfolio varies. The Partnership has no control over the factors that affect the fair value of the assets in the Real Estate Portfolio, including factors that affect the private real estate market generally, such as general economic conditions and fluctuations in interest rates. No assurance can be given that diminished availability of credit and significant equity devaluations will not adversely affect the markets into which the Partnership invests in the near to medium term.

## **Unitholders not Entitled to Participate in Management**

Unitholders are not entitled to participate in the management or control of the Partnership or its operations. Unitholders do not have any input into the Partnership's investment activities. The success or failure of the Partnership will ultimately depend on the investment of the assets of the Partnership by the Asset Manager.

## **Reliance on Management**

Unitholders are dependent on the ability of the Asset Manager to effectively manage the assets, liabilities and investment risks of the Partnership. Unitholders are dependent on the ability of the Manager to provide regulatory, compliance and investment management oversight of the Partnership. There is no certainty that the individuals who are principally responsible for providing administration and investment advisory services to the Partnership will continue to be employed by the Asset Manager and Manager, respectively.

## **Distributions**

The manner and timing of distributions by the Partnership to the Partners is in the sole discretion of the General Partner. Any amount withheld by the General Partner and paid over to a taxing authority is treated as actually distributed to the Partner in respect of whom such withholding and payment was made.

If the Partnership has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Limited Partnership Agreement as described under "Distribution Policy" and will be required to be included in computing the Unitholder's income for tax purposes, irrespective of the fact that cash may not have been distributed to such Unitholders. Distributions to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.

## **Sensitivity to Interest Rates**

The value of the Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the value of the Units. Unitholders are therefore exposed to the risk that the applicable NAV per Unit or the market price of the Units may be negatively affected by interest rate fluctuations.

## **Use of Leverage by the Partnership**

The use of leverage by the Partnership may result in capital losses or a decrease in distributions to Unitholders. If the value of the Real Estate Portfolio decreases such that the amount borrowed by the Partnership exceeds 65% of the aggregate value of the assets of the Partnership, the Partnership may be required to take measures in order to comply

with such restriction. The interest expense and banking and other fees incurred in respect of any loan facility entered into by the Partnership will decrease the value of the assets of the Partnership, thereby reducing the amounts available to pay distributions on the Units. In addition, the Partnership may not be able to renew any borrowings on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Partnership will assist the Partnership in achieving its objectives.

### **Use of Derivative Instruments**

The Partnership may utilize derivatives for hedging purposes. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Partnership wants to complete the derivative contract, which could prevent the Partnership from reducing a loss or making a profit; and (iii) the Partnership could experience a loss if the counterparty to the derivative contract is unable to fulfill its obligations. In circumstances where there is an interest rate hedge employed, total return on the Real Estate Portfolio may be higher with the hedge than without it when interest rates rise significantly, but total return may be lower than it otherwise would be in a stable to falling interest rate environment.

### **Redemptions**

The Units are only appropriate for investors willing to hold Units for a substantial period of time and willing to bear the higher risks associated with illiquid private credit investing. Redemptions are permitted only on a Redemption Date and subject to at least 60 days' prior written notice. Furthermore, payment of redemption amounts will take place 30 days subsequent to the Redemption Date.

There are circumstances in which the General Partner may suspend redemptions or limit redemptions and payments of redemption amounts outstanding, which would lead to a substantial delay in payment of redemptions. The redemption rights of Unitholders to receive cash proceeds for their Units are restricted by the Redemption Cap and may be further restricted, in the discretion of the General Partner, as described in "Redemptions – Limitation and Suspension of Redemptions". The operation of the Redemption Cap would result in a substantial delay in receipt of cash payments by Unitholders. There can be no assurance that the General Partner may not suspend redemptions in the future in accordance with the Limited Partnership Agreement.

Substantial redemptions of Units could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Assets sold by the Partnership to meet redemptions may not necessarily be those it would have chosen to sell in the ordinary course, and such dispositions may prevent the Partnership from executing its investment strategies or lead to a higher concentration of illiquid or other investments than would otherwise have occurred. Given the Partnership's illiquid investments, it may not be possible for the Partnership to liquidate such investments in order to meet redemptions, or to do so at favourable values or on favourable terms or at the Partnership's then current valuations. Such factors could adversely affect the value of the Units redeemed and of the Units that remain outstanding or ability of investors subsequently requesting redemptions to redeem. See "*Risks Associated with the Partnership's Underlying Investments – Liquidity of Investments*".

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the Partnership could be significantly reduced. A significant number of redemptions would increase the management expense ratio of the Partnership. Many funds with a quarterly redemption feature have experienced significant redemptions and as a result, some have ceased to be economically feasible and have been terminated or merged with other funds. The General Partner may terminate the Partnership upon notice to Unitholders if, in the opinion of the General Partner, the NAV of the Partnership is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Partnership.

## **Redemption Cap Subject to General Partner Discretion**

The General Partner may, subject to the supervision of the Manager, elect to pay cash distributions and allow cash redemptions of less than 5% of the Net Asset Value of the Partnership in any calendar quarter if the Asset Manager determines, in its sole discretion that (i) there are insufficient liquid assets in the Partnership to fund redemptions; (ii) conditions exist which render impractical the sale of assets comprising the Real Estate Portfolio or which impair the ability of the Administrator to determine the value of the assets of the Partnership; (iii) the liquidation of Real Estate Portfolio assets would be to the detriment of the Partnership generally; or (iv) the redemptions would be materially prejudicial to the remaining Unitholders.

## **Valuation of the Partnership's Investments**

Valuation of investments may involve uncertainties and exercise of judgement and, if such valuations should prove to be incorrect, the Net Asset Value of the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Partnership's investments. Valuation determinations will be made in good faith by the Asset Manager. The Partnership may have most of its assets in investments which, by their very nature, may be extremely difficult to value accurately. To the extent that the value designated by the Partnership to any such investment differs from its actual value, the Net Asset Value of the Partnership may be understated or overstated, as the case may be.

## **Allocation of Time**

The Manager, its related parties, affiliates, associates, directors and officers may engage in the promotion, management or investment management of other accounts, funds or trusts, some of which may invest primarily in the securities/assets held by the Partnership.

Although officers, directors and professional staff of the Manager devote as much time to the Partnership as is deemed appropriate to perform its duties, the staff of the Manager may have conflicts in allocating their time and services among the Partnership and the other funds and accounts managed by the Manager.

Similarly, the Asset Manager, its related parties, affiliates, associates, directors and officers may engage in the promotion, management or investment management of other accounts, funds or trusts, and although its officers, directors and professional staff devote as much time to the Partnership as is deemed appropriate to perform its duties, the staff of the Asset Manager may have conflicts in allocating their time and services among the Partnership and other funds for which it acts as asset manager.

## **Performance Fee Arrangements**

The Asset Manager is entitled to an annual Performance Fee based on the Total Return of each Class of Units over the High Watermark. Pursuant to the Asset Management Agreement, the Performance Fee is paid to the Asset Manager. The existence of performance fee arrangements may create an incentive for the Asset Manager to make investments that are more speculative and subject to greater risk than would be made if no such arrangements existed. Because performance-based compensation is calculated on a basis that includes both realized and unrealized appreciation of the Partnership's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. In addition, since performance fees are charged on a series-by-series basis, a performance fee may be paid in respect of one series of Units held by an investor, and not with respect to another series of Units held by the same investor. Consequently, even when an investor suffers a decline in the aggregate value of their investment in all series of Units, the investor may bear the burden of performance fees in respect of some series of Units held by such investor.

## **Potential Indemnification Obligations**

Under certain circumstances, the Partnership might be subject to significant indemnification obligations in favour of the Manager, the Asset Manager or certain parties related to them. The Partnership will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for

losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Net Asset Value of the Partnership and, by extension, the applicable NAV per Unit.

### **Financial Resources of the General Partner**

While the General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Unitholders in certain circumstances, the General Partner has nominal assets and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

### **Charges to the Partnership**

The Partnership is obligated to pay Management Fees, legal, accounting, filing and other expenses regardless of whether it realizes profits.

### **Class Risk**

The Partnership offers more than one class of Units. Each Class of Units may have its own schedule of fees and expenses that are tracked separately. If there are not sufficient assets attributable to a Class to pay that Class's expenses, the assets attributable to other Classes of Units are used to make up the difference. This reduces the returns realized by holders of Units of those other Classes. This is because the Partnership as a whole is legally responsible for the financial obligations of all of its Classes of Units.

### **Changes in Legislation**

There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Partnership or by the Unitholders.

### **Tax-Related Risks**

The SIFT Measures will apply to a partnership that is a "SIFT partnership". It is not expected that the Partnership will be a SIFT partnership for the purposes of these rules because neither the Units nor any liability of the Partnership or any other "investment" (as defined in the Tax Act) therein will be listed or traded on a stock exchange or other public market as defined for the purposes of the Tax Act. If the SIFT Measures were to apply to the Partnership, the tax consequences to the Partnership and the Unitholders would be materially and, in some respects, adversely different from those described in this Offering Memorandum, including generally reducing the cash available for distribution to Unitholders.

There can be no assurance that Canadian tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of partnerships and SIFT partnerships will not be changed in a manner which adversely affects Unitholders.

In determining its income for tax purposes, the Partnership generally treats gains or losses on the disposition of securities or real property in the Real Estate Portfolio as capital gains and losses. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these dispositions or transactions of the Partnership are determined not to be on capital account, the net income of the Partnership for tax purposes and the allocation of such income to Unitholders could increase.

### **Liability of Unitholders**

Unitholders may lose their limited liability in certain circumstances. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province or territory but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Unitholders may be liable beyond their contribution and share

of undistributed net income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Partnership.

In addition, Unitholders remain liable to the Partnership or, where the Partnership is dissolved, to its creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the contribution.

### **Lack of Independent Experts Representing Unitholders**

While the Partnership and the Manager have consulted with counsel, accountants and other experts regarding the structure and terms of the Partnership, such counsel, accountants, and other experts do not represent the Partnership or the Unitholders. The Partnership and the Manager urge each prospective investor to consult with its own legal, accounting, business, investment, pension and tax advisers to determine the appropriateness and consequences of an investment in the Partnership and arrive at an independent evaluation of the merits of such investment. Prospective investors should not construe the contents of this Offering Memorandum as legal, accounting, business, investment, pension or tax advice.

### **Nature of the Units**

Unitholders do not have the statutory rights normally associated with ownership of shares of a CBCA corporation including, for example, the right to bring “oppression” or “derivative” actions. Unlike shareholders of a CBCA corporation, the Partnership is not required to hold annual Unitholder meetings and Unitholders do not have the comparable right of a shareholder to make a proposal at a general meeting of the Partnership. The matters in respect of which Unitholder approval is required under the Limited Partnership Agreement are generally less extensive than the rights conferred on the shareholders of a CBCA corporation. Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, the sale of all or substantially all of its property, or a going private transaction). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation which would apply where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of a CBCA corporation may apply to a court to order the liquidation and dissolution of the corporation in certain circumstances whereas Unitholders may rely only on the general provisions of the Limited Partnership Agreement which permit the dissolution of the Partnership with the approval of an Extraordinary Resolution of Unitholders. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Limited Partnership Agreement does not include comparable rights.

### **Data Security and Privacy Breaches**

The cybersecurity risks faced by the Partnership, the Manager, the General Partner, the Asset Manager, service providers and Unitholders have increased in recent years due to the proliferation of cyber-attacks that target computers, information systems, software, data and networks. Cyber-attacks include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, the introduction of computer viruses and other malicious codes such as “ransomware”, and fraudulent “phishing” emails that seek to misappropriate data and information or install malware on users’ computers. The potential effects of cyber-attacks include the theft or loss of data, unauthorized access to, and disclosure of, confidential personal and business-related information, service disruption, remediation costs, increased cyber-security costs, lost revenue, litigation and reputational harm which can materially affect the Partnership. The Manager continuously monitors security threats to its information systems and implements measures to manage these threats, however the risk to the Partnership and the Manager and therefore Unitholders cannot be fully mitigated due to the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats.

## **Business Continuity and Disaster Recovery**

The Partnership'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 Partnership.

### **Risks Associated with the Partnership's Underlying Investments**

#### **Risks Relating to Real Estate**

The Partnership will be invested in the securities of issuers active in the real estate sector. The assets, earnings and securities values of the issuers involved in the real estate sector are influenced by a number of different factors including economic cycles, inflation, the cost of capital available to real estate issuers, the level of short and long-term interest rates, the timing of increases in supply, consumer confidence, investor confidence in competing asset classes, demographic trends, the policies of various levels of governments and the economic well-being of industries such as retail and tourism.

Real estate issuers generally are subject to certain risks related to their direct ownership of real estate. Real property investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition for other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the underlying property portfolio.

There are certain types of risks relating to the ownership of real estate, generally of a catastrophic nature, such as wars, terrorism or environmental contamination, which may be either uninsurable or not insurable on an economically viable basis. In addition, environmental laws may render a real estate issuer liable for the costs of removal of certain hazardous substances and the 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 property is producing income.

Inflationary pressures may cause increases in the costs of financing, labour and materials, and rental and sales prices may not correspondingly increase.

#### **Changes in Real Estate Value**

The Partnership invests in equity and debt backed by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. In respect of the Partnership's debt investments, changes in market conditions may decrease the value of the secured property and reduce the cash flow from such properties, thereby impacting on the ability of the borrowers to service the debt and/or repay the loan based on the property income.

#### **Degree of Leverage**

The Partnership's degree of leverage could have important consequences to Unitholders, including: (i) the Partnership's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general business purposes, (ii) refinancing debt existing against equity properties, (iii) the ability of the Partnership to comply with debt covenants, (iv) a larger portion of the Partnership'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 (v) making the Partnership more vulnerable to a downturn in business or the economy in general. The Partnership is subject to the requirement that the aggregate amount of all indebtedness for borrowed

money of the Partnership, excluding syndicated mortgages, shall not exceed 65% percent Total Asset Value of the Partnership. See *“Partnership Investment Strategies - Leverage”*.

### **Mortgage Defaults and Issuer Leverage Risks**

Issuers whose securities are included in the Real Estate Portfolio and which invest in mortgages are subject to the risk that the borrowers under such mortgages may default. If any such borrowers default under any such mortgage, the issuer would have the right to exercise its mortgage enforcement remedies. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the issuer during the period of enforcement. In addition, as a result of potential declines in real estate values, there is no assurance that the issuer would be able to recover all or substantially all of the outstanding principal and interest owed to it by exercising its mortgage enforcement remedies. Should any such issuer be unable to recover all or substantially all of the principal and interest owed to it in respect of any such mortgage, the returns, financial condition and results of operations of the issuer would be adversely impacted and the NAV may be negatively impacted.

In addition, the issuers whose securities are included in the Real Estate Portfolio may from time to time incur mortgage debt over their properties, and may also employ leverage for various purposes, resulting in the issuers being exposed to leverage risk. Leverage risk refers to the risk that leverage created from borrowing may impair an issuer’s liquidity, cause it to liquidate positions at an unfavorable time, reduce distributions paid by the issuer and increase the volatility of the values of securities issued by the issuer. To the extent that an issuer uses significant leverage, it may incur substantial losses if its borrowing costs increase or it may be adversely affected if credit is not available due to global economic conditions or other factors. During periods of adverse market conditions, the use of leverage may cause an issuer to lose more money than would have been the case if a mortgage or leverage was not utilized. If an issuer defaults under a mortgage and/or other credit or borrowing facility, the assets of the issuer pledged as security to the lender may be subject to foreclosure or realization by the lender. Accordingly, the value of the issuer’s securities may decrease or possibly become worthless, and the returns, financial condition and results of operations of the issuer could be adversely impacted or impaired, thereby negatively impacting the NAV.

### **Subordinate and Non-conventional Financing**

Subordinate financing (such as a second ranking mortgage investment), which may be held by the Partnership, is generally considered higher risk than first ranking financing. Mortgages will be secured by a charge, which may be in a second ranking position upon or in the underlying real estate. As well, the Partnership may take a junior position in a mortgage. When a charge on real property is in a position other than first ranking, it is possible for the holder of a prior charge on the real property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the real property in order to realize the security given for their loan. Such actions may include a foreclosure action, or an action forcing the real property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first ranking charge on the real property from enforcing the security of the real property. If an action is taken to sell the real property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the real property, the holder of a subsequent charge may lose such holder’s investment or part thereof to the extent of such deficiency unless such holder can otherwise recover such deficiency from other property owned by the debtor.

### **Interest Rate Risk**

The Partnership will make fixed rate as well as floating rate loans, and therefore it could be exposed to interest rate risk. Interest rate risk is the risk that fixed rate loans will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain loans is likely to decrease. Generally, the value of fixed rate loans will change inversely with changes in interest rates. As interest rates rise, the market value of fixed rate loans tends to decrease. Conversely, if the Partnership borrows at a fixed rate to partially fund the acquisition of a real estate asset, then a decrease in interest rates would cause the liability to increase in value. These risks will typically be greater for longer-term loans/borrowings than for short-term loans/borrowings.

## **Credit Risk**

Credit risk is the risk that a mortgagor will fail to discharge the obligation under a mortgage causing the Partnership to incur a financial loss. The Asset Manager attempts to minimize credit risk primarily by ensuring that the collateral value of the security fully protects both first and second mortgage advances, that there is a viable exit strategy for each mortgage, and that mortgages are made to experienced mortgagors. In addition, the Asset Manager limits concentration of risk by diversifying the mortgage portfolio by way of geographic location, property type, maximum amount on any one property and maximum amount to any one mortgagor.

## **Concentration**

A mortgage pool with few mortgagors is subject to the potential risk that such mortgagors may have a disproportionately greater effect on the performance of the mortgage pool than if such mortgagor concentration did not exist. Such a mortgage pool may be subject to losses that are more severe than other pools having the same or similar aggregate principal balance and composed of smaller average loan balances and a greater number of mortgagors. Similarly, concentration in real estate equity investments and geographic locations may subject the Partnership to greater losses than a portfolio more diversified along these parameters.

## **Limited Information Regarding Private Issuers**

The Partnership's Real Estate Portfolio may consist of securities issued by privately held issuers. There is generally little or no publicly available information about such issuers and the Partnership must rely on the diligence of the Asset Manager to obtain the information necessary for the Partnership's decision to invest in them. There can be no assurance that the diligence efforts of the Asset Manager will uncover all material information about the privately held business necessary for the Partnership to make a fully informed investment decision.

## **Liquidity of Investments**

The majority of the investments in the Real Estate Portfolio may have no market at all including, but not limited to, the Partnership's private investments and real estate investments. It is possible that the Partnership may not be able to sell portions of such positions without facing substantially adverse prices. If the Partnership is required to transact in such securities or other assets before the end of their intended investment horizon, the performance of the Partnership could suffer.

## **Mortgage Loans Not Insured**

Generally speaking, mortgages are not insured or guaranteed, in whole or in part, by any government or governmental entity, underwriter or any other person, except in circumstances where recourse to the borrower and its financial strength is negotiated as part of a particular underwriting. In these cases the ability of any borrower (or guarantor) to satisfy its recourse obligations will be limited by the extent of their respective available assets. No representation is made as to the adequacy of the assets of any borrower or guarantor available to satisfy their respective recourse obligations with respect to any mortgages.

## **Refinancing Issues**

The availability of credit for borrowers to refinance or repay a mortgage will be significantly dependent on economic conditions in the markets where related properties are located, the creditworthiness of the borrower, as well as the willingness and ability of lenders to make such loans. The availability of funds in the credit markets fluctuates and there can be no assurance that mortgages from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. It is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the mortgagee at the time of renewal.

## **Economic and Market Conditions**

The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and hence the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses.

Investments in mortgages and real estate are also affected by local real estate markets, demand for commercial premises, fluctuation in occupancy rates, operating expenses and various other factors. Investments in mortgages and real assets are relatively illiquid. This illiquidity will limit the Partnership's ability to vary the Real Estate Portfolio promptly in response to changing economic or investment conditions.

## **Competition**

Commercial real estate is subject to the usual competitive forces of supply, demand and availability of substitutes. These competitive forces may impact on the overall financial performance of the property including occupancy levels and potential rental rates. As a result, increased competition could adversely affect income from, and the value of, properties where the Partnership holds a mortgage on such properties or the underlying asset itself.

## **Joint Arrangements and Syndication**

The Partnership may invest in, or be a participant in, joint arrangements or syndicates with third parties in respect of mortgage investments. A joint arrangement or syndicate involves certain additional risks that could result in additional financial demands, increased liability and a reduction in the Partnership's control over the mortgage investments and its ability to sell such mortgage investments.

## **Construction Mortgage Lending**

In construction mortgage lending, the Partnership commits and is obligated to fund construction at various stages of completion, as determined from time-to-time during the period of construction. There are additional risks associated with construction mortgage lending, including but not limited to: project completion, cost control, time to market, product marketability, ongoing funding availability and market demand risks. From time-to-time, the Partnership may have significant obligations to fund construction lending projects that are already underway. Meeting such commitments requires ongoing availability of funding. In the event the Partnership does not have sufficient funds to meet such commitments, the value of the Partnership's assets could be eroded and the ongoing viability of the Partnership could be at risk.

## **Development of Real Property**

The Partnership's mortgage investments may be made to borrowers involved in the development of real property. The Partnership may also, directly or indirectly through underlying entities, invest in equity and debt securities of entities that manage and/or develop real estate. There are risks inherent in the development of real property, including the inability to obtain construction or mortgage financing on reasonable terms or at all, the inability or failure or unwillingness of any parties participating in the development to provide or procure guarantees, security and other credit support, the inability to secure planning, zoning or by-law approval or amendment on a timely basis or at all, construction delays due to force majeure, strikes, shortages of materials or labour, competition from other properties, limits on insurance coverage and increases in development costs due to general economic conditions and municipality regulations.

Development projects are subject to certain significant expenditures including property taxes, development charges, maintenance costs, mortgage payments, insurance costs, professional services and advisory fees and related and ancillary charges which must be made regardless of whether the property is producing sufficient income to service such expenses.

## **Property and Leasing Management**

Certain significant expenditures, including capital improvements, 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 Partnership must maintain or, in some cases, improve each property's condition through capital expenditures 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 Partnership may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which the Partnership may not be able to recover from its tenants. As a result, the Partnership 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 General Partner 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 Partnership's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

## **Tenant Risk**

Borrowers rely upon periodic lease or rental payments from tenants to pay for a property's maintenance and other operating expenses, to fund capital improvements and to service debt. There is no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the terms of their leases. Accordingly, repayment of a mortgage loan may be affected by the expiration or termination of leases and the ability of the borrowers to renew those leases with the existing occupants or to re-lease the space on economically favourable terms. No assurance can be given that leases that expire can or will be renewed, that the space covered by leases that expire or are terminated can or will be leased in a timely manner at comparable rents or on comparable terms, or that the borrowers will be able to fund any required tenant improvements. If a significant portion of a mortgaged property is leased to a single tenant, the consequences of the failure of the borrower to re-lease such portion of such mortgaged property in the event that such tenant vacates the space leased to it, or a failure of such tenant to perform its obligations under the related lease will be more pronounced than if such mortgaged property were leased to a greater number of tenants.

Similarly, the above-noted risks apply to the net operating income of equity properties owned by the Partnership. A disruption or reduction in lease or rental payments from tenants will impact the net earnings of the Partnership and potentially the distributions it is able to make to Unitholders.

## **Uninsured Losses**

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

## **Insurance Renewals**

There is a possibility that the Partnership may not be able to renew insurance policies or obtain new insurance policies in the future for its properties once they expire. The terms and levels of coverage on expiring policies may not be available to the Partnership for property and casualty insurance, or insurance against natural disasters. In addition, the premiums that insurance companies may charge in the future may significantly increase. If the Partnership is unable to obtain adequate insurance for its properties, the Partnership could be in default under certain contractual commitments that it has made. The Partnership may also be subject to a greater risk of not being covered should damages to its properties occur, therefore affecting the Partnership's business, cash flows, financial condition, results of operations and ability to make distributions to its Unitholders.

## **Reliance on Third-Party Management**

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

## **Environmental Matters**

As an owner of real property in Canada, or possibly as a mortgagee in possession, the Partnership will be subject to various federal, provincial, territorial and municipal laws relating to environmental matters. Such laws provide that the Partnership 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 Partnership 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 Partnership 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 Partnership'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.

## **Control Positions, Minority Investments, Co-Investments and General Partner Interests**

The Partnership may take direct or indirect control positions in its portfolio investments. The exercise of control over an entity may subject the Partnership to the risk of potential liability for environmental damage, failure to supervise management, violation of governmental regulations, and other types of claims in which the general limited liability characteristic of a corporation may be ignored. If these liabilities were to occur, the Partnership may suffer losses.

The Partnership may also hold an interest in portfolio investments in conjunction with one or more other investors. The Partnership may have less control with respect to such investments, lessening its ability to protect its position, and may hold minority positions. The Partnership may co-invest with third parties through joint ventures, other entities, or similar arrangements, thereby acquiring non-controlling interests in certain investments. With respect to the foregoing investment structures, the Partnership will be significantly reliant on the existing management, board of directors, and other investors. Moreover, such investments may involve other risks, including the possibility that a third party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Partnership, or the increased possibility of default, diminished liquidity, or insolvency by the third party partner or co-venturer due to a sustained or general economic downturn. Such other investors may be granted additional access to portfolio information or enhanced transparency and may be able to make investment decisions based on information and at times not generally available to other investors, including the Partnership. In certain circumstances, investments in underlying entities or special purpose vehicles may not provide for complete segregation of fund assets and liabilities. In such instances,

the Partnership may be adversely affected by a failure of other investors to meet their commitments or liabilities not directly associated with the Partnership's investment.

The Partnership may also structure portfolio investments by taking an interest in the management company or general partner of the entity that owns or controls an underlying portfolio investment. In such instances, the Partnership would seek investment return through the profits of the general partner or management company (through management and performance fees and/or carried interests or similar compensation structures) with respect to such underlying investments. With respect to such investments, the Partnership will be significantly reliant on management of the management company or general partner. In addition, such investments may have a longer or uncertain holding period, as the duration of such investments may be undetermined or proposed exit routes may be unproven. This may adversely affect the Partnership's investments and liquidation strategies with respect to such investments.

Investments of the Partnership structured as described above may result in multiple levels of fees and expenses applying to such investments. Any such investment structure or co-investment will not allow for the duplication of management or incentive fees payable to the Asset Manager by the Partnership.

### **Global Health Risks**

Global health risks, including pandemics, may have a material impact on the global and Canadian economies. Historically, widespread outbreaks of communicable diseases have affected investment sentiment and caused sporadic volatility in global markets. Such effects will be unevenly distributed across sectors, businesses, and national and regional economies. Any slow-down in business activity may negatively impact liquidity. In addition, solvency concerns can be exacerbated if the situation results in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Such negative changes in the global financial markets, and the national or regional economies of Canada may therefore in turn have a material adverse effect on the business of the Partnership or the business of any of its investments.

### **DISTRIBUTION POLICY**

While the Partnership will not have a fixed distribution, distributions are initially targeted to be 6.0% per annum on the subscription price of \$10.00 per Unit (approximately \$0.05 per Unit per month or \$0.60 per annum). **Distributions will commence after the investment of the net proceeds of the initial closing of the Offering (the "ramp-up period") when the Asset Manager determines that the Partnership has sufficient distributable cash flow. The Asset Manager does not anticipate the ramp-up period will exceed 90 days.**

The Partnership intends to make monthly cash distributions to Partners of record on the last Business Day of each calendar month (each, a "**Distribution Record Date**"). The Partnership intends to pay distributions on or about the last Business Day of the month following each Distribution Record Date (each, a "**Distribution Payment Date**"). Investors who purchase Units pursuant to this Offering on a Closing Date will only be entitled to a distribution in respect of such Units for Distribution Record Dates occurring after the closing of the issuance of such Units.

The manner and timing of such distributions are in the sole discretion of the General Partner. Any amount withheld by the General Partner and paid over to a taxing authority is treated as actually distributed to the Partner in respect of whom such withholding and payment was made. **The General Partner may make any distribution in additional Units rather than cash, in its sole discretion. The General Partner anticipates that it would exercise this discretion when redemptions are subject to the Redemption Cap or suspended.**

If the total return on the Real Estate Portfolio is less than the amount necessary to fund the monthly distributions and all expenses of the Partnership, and if the Manager chooses to nevertheless ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Partnership being returned to Unitholders, and accordingly, the applicable NAV per Unit would be reduced. The amount of monthly distributions may fluctuate from month to month and there can be no assurance that the Partnership will make any distribution in any particular month or months. The amount of monthly distributions may vary if there are changes in any of the factors that affect the net

cash flow on the Real Estate Portfolio, including the amount of leverage employed by the Partnership and the other assumptions noted above.

The Net Income of the Partnership for a fiscal year shall, subject to the Equitable Distribution Objective, be allocated as to 0.01% of the Net Income of the Partnership to the General Partner, and as to 99.99% of the Net Income of the Partnership to the Unitholders of each Class and Series of record at the end of the fiscal year in proportion to the amount of all distributions, if any, received by such Unitholders during such fiscal year, or, if no distributions are received by any Unitholders during such fiscal year, in proportion to the time-weighted equity attributable to each Series of a Class as determined by the General Partner acting in good faith and then within a Series, in proportion to the number of Units of each such Series held by each of them.

The Net Losses of the Partnership for a fiscal year shall be allocated to the extent permitted by the Tax Act as to 100% to the Limited Partners of each Class and Series of record at the end of the fiscal year on the same basis as Net Income.

In allocating the Net Income or Net Losses of the Partnership, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Unitholders, with a view to ensuring that, over the term of the Partnership, each Unitholder is allocated a portion of the Partnership's Net Income or Net Losses that substantially corresponds to the income that is distributed to or loss that is borne by that Unitholder (the "**Equitable Distribution Objective**"). Where it is equitable, the General Partner may make an allocation of Net Income to Unitholders who held Units at any time in the previous fiscal year in accordance with the Limited Partnership Agreement. The Partnership will make such filings in respect of such allocations as are required by the Tax Act.

Unless determined otherwise by the General Partner in its sole discretion, after payment and reservation of all amounts necessary for payment of all expenses and commitments or anticipated commitments of the Partnership (including all amounts owing by the Partnership under the Management Agreement or any credit facilities or other loans or borrowings of the Partnership) and reservation of such amounts as in the opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership and its commitments and anticipated commitments, distributions of cash, assets or property of the Partnership (whether resulting from revenue or income earned by the Partnership or from the proceeds of sale of all or any part of the assets of the Partnership) will be made, at the sole discretion of the General Partner, to the Partners as follows:

- (a) General Partner – the General Partner receives, in its capacity as general partner, 0.01% of such distributions; and
- (b) Unitholders – the balance of such distributions are made to the Unitholders of each Class of Units of record on the record date established by the General Partner for the distribution (including, if applicable, the General Partner in its capacity as a Limited Partner) in proportion to the equity attributable to each Series of a Class as determined by the General Partner acting in good faith and then within a Series, in proportion to the number of Units of each such Series held by each of them.

The General Partner is not required to make a capital contribution to the Partnership and is entitled to a 0.01% interest in the Partnership in consideration for acting as General Partner.

No Partner has any right to withdraw any amount or receive any distribution from the Partnership except as expressly provided for in the Limited Partnership Agreement and as permitted by law.

No Partner has the right to receive interest on any balance in any capital account or current account maintained by the General Partner on the books of the Partnership for such Partner.

There can be no assurance given as to the amount of targeted distributions in the future. There is no assurance that the Partnership will meet its investment objectives. See "*Risk Factors*".

## DISTRIBUTION REINVESTMENT PLAN

**The description below is of certain limited terms of the DRIP only, and is qualified in its entirety by reference to the full text of the DRIP, a copy of which can be obtained from the Manager.**

The Partnership has adopted a Distribution Reinvestment Plan of the Partnership (the “**DRIP**”), which is administered by the Administrator, a copy of which can be obtained from the Manager. The DRIP entitles holders of Units who are (i) Residents; and (ii) an “accredited investor” as defined in NI 45-106 or Section 73.3(1) of the *Securities Act* (Ontario), as applicable (“**Eligible Holders**”), to elect to automatically reinvest all, or 50% of all, of the cash distributions paid on Units held by them in additional Units of the same Class in accordance with the terms and conditions of the DRIP.

Each Unitholder that participates in the DRIP (a “**Plan Participant**”) in respect of its Units of a Series will, instead of receiving a distribution in cash, have its distribution satisfied through an issuance of Units of the same Series issued at the Net Asset Value per Unit for such Units calculated as of the Distribution Record Date (as defined below) in respect of which such distribution is paid or, if such date is not the last day of a month, the month-end immediately following the Distribution Record Date (the “**DRIP Calculation Date**”).

Unless an Investor indicates its intention not to elect to participate in the DRIP in the Subscription Agreement submitted to the Manager in connection with a subscription for Units, each Investor who is an Eligible Holder will, upon purchase of Units, be deemed to have elected to exercise their right to participate in the DRIP, and therefore to have all, or 50% of all if the Unitholder has so elected, of the distributions paid on the Units held by such Eligible Holder automatically reinvested in the Units of the Class of Units on which the distribution was paid. The Manager will apply all, or 50% of all, as the case may be, of cash distributions arising from or in connection with the Units owned by Eligible Holders who have elected, or been deemed to have elected, to participate in the DRIP, to purchase further Units of the same Class at a subscription price for each Unit equal to the applicable Series Net Asset Value per Unit (the “**Distribution Purchase Price**”) (unless the Manager determines otherwise) calculated as of the Drip Calculation Date).

Once a Plan Participant has elected, or is deemed to have elected, to participate in the DRIP, future distributions paid on Units held by such Plan Participant will automatically be reinvested in additional Units of the same Class of Units in accordance with the terms and conditions of the DRIP until the Plan Participant terminates their participation in the DRIP or until the DRIP is suspended or terminated.

As of each Distribution Payment Date, the Manager shall use any cash distribution paid on such Plan Participant’s Units to purchase from the Partnership additional Units of the same Series on which the distributions were paid, in each case at a price for each such Unit equal to the Distribution Purchase Price. Fractional Units, calculated to three decimal places, may be issued for any amount that cannot be reinvested in whole Units.

All administrative costs of the DRIP, including any fees and other expenses incurred by the Manager in carrying out its duties hereunder, will be borne by the Partnership. However, plan participants who enroll in the DRIP through a dealer or trust company may nevertheless be subject to the fees imposed under the terms governing their relationship with that dealer or trust company, as the case may be.

Unitholders will not pay upfront selling commissions when purchasing Units under the DRIP.

Plan Participants who have elected, or have been deemed to have elected, to participate in the DRIP may voluntarily terminate their participation in the DRIP by delivering written notice of their intention to terminate their participation in the DRIP to the Manager at least 15 Business Days prior to the first day of the month in order for a Plan Participant’s termination to be effective for such month. If such notice or termination request is received by the Manager after the foregoing deadline, the termination shall be processed promptly following the next month. Beginning on the first distribution payment date (“**Distribution Payment Date**”) after such termination is effective, distributions to such Unitholder will be made in cash.

If a Unitholder elects in its subscription agreement not to participate in the DRIP or terminates its participation in the DRIP, such subscriber can at any time elect to participate in the DRIP by sending a written notice to the Manager at least 15 Business Days prior to the relevant Distribution Record Date.

If a Plan Participant submits a Redemption Request (as defined below) for all of its Units, any Units issued to such Plan Participant under the DRIP prior to the applicable Redemption Date (as defined below) will be considered part of its prior Redemption Request and the Plan Participant's participation in the DRIP will be terminated as of the applicable Redemption Date. Any distributions to be paid to such Unitholder on or after the Redemption Date will be paid in cash on the scheduled Distribution Payment Date.

If a Plan Participant submits a Redemption Request for a portion of its Units, the Plan Participant will remain a Plan Participant with respect to the Units that are not redeemed (even if they are Units requested to be redeemed). For such partial Redemption Requests, any Units issued to the Plan Participant under the DRIP prior to the applicable Redemption Date will not be considered part of the Plan Participant's prior Redemption Request. Any distributions to be paid to a Plan Participant on or after the Redemption Date in respect of the Units subject to the Redemption Request (whether or not Units were redeemed) will be paid in accordance with the terms of the DRIP on the applicable Distribution Payment Date.

The Manager reserves the right to refuse participation in the DRIP to, or to terminate the participation of, any person, in the Partnership's sole opinion, (a) who is participating in the DRIP primarily with a view to arbitrage trading, (b) who is participating in the DRIP as part of a scheme to avoid applicable legal requirements or engage in unlawful behavior, (c) who has been artificially accumulating the Partnership's securities, for the purpose of taking undue advantage of the DRIP to the Partnership's detriment, or (d) whose participation in the DRIP is a detriment to the Partnership or the Unitholders.

The Manager may deny the right to participate in the DRIP to any person or terminate the participation of any Plan Participant if the Manager deems it advisable under any laws or regulations. The Manager also reserves the right, in its sole discretion, to pay any distribution payable on a Plan Participant's Units to the Plan Participant in cash.

Participation in the DRIP will not be affected by a Plan Participant's death or incompetence. Participation will remain effective until it is terminated in accordance with the provisions of the DRIP.

None of the Partnership nor the Manager are or will be liable for any act done by either of them in good faith or for any good faith omission to act in connection with the operation of the DRIP. In particular, none of the Partnership or the Manager will have any liability with respect to: (i) the Distribution Purchase Price or the timing of the Distribution Record Date or the Distribution Payment Date; or (ii) any action or responsibilities of any intermediary entities in relation to the DRIP.

The General Partner may amend, modify or suspend the DRIP at any time in its sole discretion, provided that the General Partner complies with requirements imposed by applicable regulatory authorities from time to time and provided that notice of that amendment, modification or suspension to Plan Participants is provided as required. Such notice, if any, shall be provided by the Manager to Plan Participants. No notice will be given to Plan Participants regarding any amendments to the DRIP intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. The DRIP will terminate automatically upon the dissolution of the Partnership.

The Partnership is not required to issue any Units under the DRIP if such issuance would be illegal.

## **PURCHASE OF SECURITIES**

### **Units Offered and Subscription Price**

Investors may purchase Class A Units, Class B Units, Class F Units, Class G Units and Class I Units through qualified representatives who will process orders by electronic means through Fundserv using the following codes:

- Class A Units: ATI400A
- Class B Units: ATI400B
- Class F Units: ATI400F
- Class G Units: ATI400G
- Class I Units: ATI400I

Class F Units, Class G Units and Class I Units may also be purchased through the Manager, acting as exempt market dealer. See “*Purchase of Securities – Purchase of Units Through the Manager.*”

Units may be purchased as at the first Business Day of any month or such other time as the Manager may determine from time to time (each, a “**Closing Date**”) at an initial purchase price per Unit equal to \$10.00 per Unit for a new Series of Units and, subsequent to each Series Roll-Up, the Base Series NAV per Unit effective as at the Valuation Date of the Series Roll-Up, provided that, if a Performance Fee is not paid with respect to the Base Series, such subsequently issued Series may be purchased at the NAV per Unit of the earlier prior Series for which a Performance Fee has been paid. The subscription price for Units is payable in Canadian dollars. Investors who wish to purchase Units will be required to enter into a Subscription Agreement with the Partnership in the form prescribed by the Partnership from time to time (the “**Subscription Agreement**”). The Subscription Agreement contains, among other things, representations and warranties required to be made by the Investor in respect of the purchase. Units will only be sold to individuals, corporations and trusts that are permitted to purchase them under applicable securities laws and who certify in the Subscription Agreement that such purchaser, or any ultimate purchaser for which such purchaser is acting as agent is an “accredited investor”, as that term is defined in NI 45-106 or Section 73.3(1) of the *Securities Act* (Ontario), as applicable.

Investors should carefully review the terms of the Subscription Agreement for more detailed information concerning the rights and obligations applicable to Investors, the Manager and the Partnership. Execution and delivery of a Subscription Agreement will bind you to the terms thereof, subject to certain rights of rescission, whether executed by you or by an agent on your behalf.

To acquire Units of the Partnership, an Investor must:

- (a) complete and sign the form of Subscription Agreement relevant to the Class being purchased specifying the investment amount and Class of Units being subscribed for (the Partnership reserves the right to use different forms of Subscription Agreements for different Investors) and whether, if such Investor is an Eligible Holder, such Eligible Holder elects not to participate in the DRIP together with all applicable forms and certificates as contemplated under the Subscription Agreement (including but not limited to those set out in Schedule A to the Subscription Agreement);
- (b) deliver to the Manager those documents outlined in (a) above and any other forms, declarations and documents as may be required by the Manager or the Investor’s qualified representative to complete the subscription no later than 4:00 p.m. (Toronto time) on the applicable Valuation Date; and,
- (c) if purchasing through a third-party dealer, such dealer must enter a purchase order into Fundserv no later than 4:00 p.m. (Toronto time) on the applicable Valuation Date.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part by the Manager and the Manager reserves the right to close the subscription books at any time without notice. A subscription for Units hereunder is subject to acceptance of a Subscription Agreement by the Manager, on behalf of the Partnership, and compliance with applicable securities laws. The acceptance by the Manager, on behalf of the Partnership, of a subscriber’s subscription for Units, whether in whole or in part, constitutes an agreement between the subscriber and the Partnership upon the terms and conditions set out in the Subscription Agreement.

Proceeds received from Investors who purchase Units under this Offering will be held in trust and only released against the issuance of the Units subscribed for. In the event the Offering is terminated prior to closing, the proceeds under this Offering received from each Investor shall be returned to such Investor promptly without interest or deduction.

Settlement of the subscription price for Units purchased through Fundserv will transact through Fundserv one Business Day after each Closing Date.

Units purchased pursuant to this Offering will be issued by the Registrar and Transfer Agent on behalf of the Partnership only after the settlement of the subscription price has been completed. Units issued by the Registrar and Transfer Agent will be represented by a book entry in a book-based system maintained by the Registrar and Transfer Agent on behalf of the Partnership. Certificates evidencing ownership of the Units will not be issued to Unitholders. Holding Units in a book-based system means there is no risk of losing Unit certificates, which can be costly to replace.

### **Purchase of Units Through the Manager**

All Units must be purchased through a registered dealer. The Manager is registered as an exempt market dealer (“EMD”) in Ontario, Québec, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia. Residents of the aforementioned jurisdictions (as well as those jurisdictions where the Manager may in future register its EMD) may purchase Class F Units, Class G Units and Class I Units through the Manager, acting as exempt market dealer. Residents in Prince Edward Island may not purchase Units through the Manager but may purchase Units through their registered dealer. In order to purchase Units directly from the Manager, subscribers must first complete the Manager’s client application through the Midasboard.com portal. Midasboard is a technology-enabled EMD service of the Manager. Potential subscribers will be required to complete industry-standard know-your-client forms and answer questions regarding financial wherewithal and risk tolerance, provide proof of identity, and undergo an anti-money laundering and anti-terror-list vetting to be accepted as a dealer-client of the Manager. The Manager will then assess the subscriber’s risk tolerance and other metrics to determine the suitability of the Partnership as an investment. Once this process has been successfully completed, the client will be notified that they may proceed to enter a purchase order for Units of the Partnership through their account on Midasboard.com.

In addition to the requirements set out in “Units Offered and Subscription Price” sections (a) and (b) above, the required payment must be received by the Manager no later than 4:00 p.m. (Toronto time) on the Closing Date. Payment may be made by certified cheque, wire transfer or as otherwise instructed by the Manager.

### **Minimum Initial Subscription Amount**

The minimum amount of Class A Units and Class F Units that may be subscribed for by any one Investor is \$25,000 or such lesser amount as the Manager, in its sole discretion, may accept. The minimum initial subscription amount for Class B Units and Class G Units, the Founders Class Units, is \$100,000 or such lesser amount as the Manager, in its sole discretion, may accept. If the initial subscription is made by a registered intermediary on behalf of multiple investors, the minimum subscription amount is \$1,000,000 in the aggregate and no single Investor’s initial purchase may be less than \$25,000 or such lesser amount as the Manager, in its sole discretion, may accept.

The minimum initial subscription amount for Class I Units is \$10,000,000 or such lesser amount as the General Partner, in its sole discretion, may accept.

The above minimums are exclusive of any commissions paid directly by an investor to their dealer.

### **Additional Subscriptions**

Following the required initial minimum investment in the Partnership, Unitholders may make additional investments in the Partnership of not less than \$5,000 provided that, at the time of the subscription for additional Units, the Unitholder is an “accredited investor” as defined under applicable securities legislation. Subject to applicable securities legislation, the Manager, in its sole discretion, may from time to time permit additional investments in Units of lesser amounts. Unitholders subscribing for additional Units should complete the subscription form prescribed from time to time by the Manager.

The additional subscription amounts are exclusive of any commissions paid directly by an investor to their dealer.

## Who May Not Invest

The following persons and entities may not invest in this Partnership:

- (a) a “tax shelter”, a “tax shelter investment”, or any entity an interest in which is a “tax shelter investment” or in which a “tax shelter investment” has an interest, within the meaning of the Tax Act;
- (b) an organization or entity that is exempt from paying income tax under Section 149(1) of the Tax Act;
- (c) a “financial institution” if it would cause the Partnership to become a “financial institution” for the purposes of the Tax Act;
- (d) a “non-resident” for the purposes of the Tax Act;
- (e) a person that, upon becoming or remaining a Limited Partner, would cause the Partnership to be a “SIFT partnership” for the purposes of the Tax Act; and
- (f) a partnership which does not have a prohibition against investment by the foregoing persons.

By purchasing Units, a Unitholder represents and warrants that he, she, they or it is not a person or entity captured by the above and shall indemnify and hold harmless the Partnership and each other Unitholder for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of a breach of such representation and warranty. Any Unitholder who fails to provide evidence satisfactory to the General Partner of such status when requested to do so from time to time may be removed as a Unitholder by the redemption of his or her Units in accordance with the Limited Partnership Agreement.

Any Unitholder whose status changes in that regard shall be deemed to have ceased to be a Unitholder immediately prior to the date on which such status changes and shall thereafter only be entitled to receive from the Partnership, as redemption proceeds, an amount equal to the lesser of: (i) the Net Asset Value (as defined in “*Calculation of Net Asset Value*”) of such Limited Partner’s Units as at the next Valuation Date following the date on which he or she ceases to be a Limited Partner; and (ii) the Net Asset Value of such Units as at the next Valuation Date following the date the General Partner learns that such Limited Partner’s status has changed, less all such deductions as provided in the Limited Partnership Agreement, as if such Unitholder voluntarily redeemed such Limited Partner’s Units.

If a Unitholder becomes a non-resident of Canada, the General Partner may request such Unitholder to exchange their Units for units of a Parallel Fund formed to accommodate investment by non-residents. Any such exchange of Units will be made on a NAV-for-NAV basis for Parallel Fund units subject to the same terms and conditions including management fees, performance fees and redemption rights. The General Partner may require those Unitholder who become non-residents of Canada for the purposes of the Tax Act or who are otherwise in contravention of the Limited Partnership Agreement (relating to the status of Limited Partners) to sell their Units to qualifying purchasers within a specified period of not less than 5 days. In addition, if the General Partner becomes aware that owners of 45% or more of the Units then outstanding are, or may be, financial institutions or that such a situation is imminent, the General Partner may require these Unitholders to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Unitholder fails to comply with any such request, the General Partner shall have the right in either case to sell such Unitholder’s Units at their most recent Series Net Asset Value per Unit less a 5% discount or the Partnership may redeem such Unitholder’s Units at their most recent Series Net Asset Value per Unit less a 5% discount.

In addition, any Unitholder that is or becomes a “financial institution” within the meaning of section 142.2 of the Tax Act (as same may be amended or replaced from time to time) for the purposes of the “mark-to-market” rules in section 142.5 of the Tax Act shall disclose such status to the General Partner at the time of subscription (or when such status changes) and the General Partner may (if the General Partner determines that it is in the best interest of the Partnership and the other Unitholders to do so) restrict the participation of any such Unitholder or require any such Unitholder at

any time to redeem all or some of such Limited Partner's Units. Any Unitholder who is or who becomes a financial institution after becoming a Unitholder shall (if the General Partner determines it would be prejudicial to the Partnership and the other Unitholders not to) be deemed to have, immediately prior to the date on which it becomes a financial institution (or the date of issue of Units to such financial institution, whichever is later), redeemed (or rescinded its subscription for) some or all of such Limited Partner's Units to the extent necessary to result in financial institutions owning in the aggregate Units having a Net Asset Value that is less than one-half of the Net Asset Value of all of the Units, and shall be entitled to receive from the Partnership as redemption proceeds an amount equal to the lesser of: (i) the Net Asset Value of such redeemed Units as at the next Valuation Date following the date on which it is deemed to have redeemed such Units; and (ii) the Net Asset Value of such Units as at the date the General Partner learns that such Unitholder is a financial institution, less all such deductions as provided in the Limited Partnership Agreement as if such Unitholder voluntarily redeemed its Units. A Unitholder who fails to identify itself as a financial institution shall indemnify and hold harmless the Partnership and each other Unitholder for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of such failure.

## REDEMPTIONS

### Minimum Holding Period

An investment in Units of the Partnership is intended to be a long-term investment. Units redeemed within twelve months of purchase (the "**Hold Period**"), will be subject to an early redemption charge equal to 5% of the Net Asset Value of the Units so redeemed. The Hold Period and early redemption charge do not apply to Units acquired through the DRIP. The General Partner reserves the right to set alternative minimum hold periods, investor level redemption limits (e.g., a Unitholder that owns 10% or more of the outstanding Units will be restricted to redeeming no more than 20% of the Units held by such substantial Unitholder in any fiscal year of the Partnership) and early redemption charges for Class I Units, such terms to be no more advantageous to Class I Unitholders than to Unitholders of other Classes.

### Redemptions by Unitholders

Subject to the below, Unitholders will have the right to redeem Units of the Partnership ("**Redemption Request**") on the last Business Day in March, June, September and December of each year, or on such other date as the General Partner may determine, (each, a "**Redemption Date**") at a redemption price per Unit equal to the applicable NAV per Unit as determined pursuant to the Limited Partnership Agreement on the applicable Redemption Date less Redemption Costs (the "**Redemption Amount**").

The Administrator of the Partnership shall, upon any redemption of Units, deduct from the Series Net Asset Value per Unit of Units being redeemed, an amount equal to any accrued fees and taxes payable by the Unitholder to the Partnership, any applicable early redemption charge, costs incurred by the Partnership to generate the liquidity necessary to make the redemption payment including any land transfer taxes payable in connection with the Partnership's assets allocated to the Unitholder (the "**Redemption Costs**").

### Exercise of Redemption Privileges

A request for redemption and all necessary documents relating thereto, must be submitted by the Unitholder to the Partnership's registrar and transfer agent in writing, or by electronic notice if settling through the Fundserv system (each, a "**Redemption Notice**"), by 4:00 p.m. (Toronto time) on a Business Day which is at least 60 days prior to the applicable Redemption Date (each, a "**Redemption Notice Deadline**"). A Redemption Notice shall be irrevocable (except as otherwise provided in the Limited Partnership Agreement) and shall contain a clear request by the Unitholder that a specified number of Units be redeemed or stipulate the gross dollar amount which the Unitholder requests to be paid.

Payment of the Redemption Amount will be made 30 days following the applicable Redemption Date, subject to the limits on redemptions described herein. Payment of the Redemption Amount will be made by mailing or delivering a cheque or by wire, electronic transfer, or through the Fundserv Inc. network (if applicable), as the General Partner

may determine. Notwithstanding the foregoing, the General Partner may in its absolute discretion decide to satisfy any redemption request in full or in part by causing the Partnership to transfer in specie such securities or other property of the Partnership, which together with payments in cash (if any), shall in the aggregate have a value not less than the Redemption Amount payable to the Unitholder.

Any unpaid distribution payable on or before the Redemption Date in respect of the redeemed Units will be paid on the same day as the redemption proceeds are paid.

Until such time as they are redeemed, the portion of any redemption requests that are not satisfied on a Redemption Date will remain invested in, and therefore still subject to the risks of, the Partnership.

Notwithstanding and without limiting any of the provisions contained herein, the Manager, in its sole discretion, may require the redemption of all or any part of the Units held by a Unitholder at any time, all as more particularly set out in the Limited Partnership Agreement.

Any expense associated with the preparation and delivery of the Redemption Notice will be for the account of the Unitholder exercising the redemption privilege.

Any Redemption Notice that the Manager determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby.

#### **Limitation and Suspension of Redemptions**

Cash available for redemptions on any quarterly Redemption Date is limited to (i) 5% of the Net Asset Value of the Partnership as at the last Business Day of the previous calendar quarter less (ii) cash distributions paid or payable in the current calendar quarter (the “**Redemption Cap**”). If cash required to fund Redemption Notices validly tendered in respect of any Redemption Date exceeds the Redemption Cap (i) cash distributions that have been declared of unpaid will be paid out in priority to redemption proceeds, and (ii) each Unitholder that validly tendered a Redemption Notice will receive a pro rata portion of the Redemption Cap amount based on the Series NAV per Unit and number of Units of each Series specified in such Unitholder’s Redemption Notice (calculated to four decimal places).

The portion of any Redemption Notice that limited or prohibited as a result of the Redemption Cap is deemed to have been withdrawn by the applicable Unitholder and will be cancelled. To redeem any Units (whether or not such Units were subject to a withdrawn Redemption Notice) on a subsequent Redemption Date, Unitholders must submit a new Redemption Notice on such subsequent Redemption Date, subject to the Redemption Cap on such date. The redemption of Units under such cancelled and resubmitted Redemption Notices will not have priority over the redemption of Units under other Redemption Notices submitted for the subsequent Redemption Date.

Net Asset Value of the Partnership for the purposes of determining the Redemption Cap will be calculated as of the last Business Day of the previous calendar quarter.

Each Unitholder who has delivered a Redemption Notice or whose Units are required to be redeemed, shall be paid the aggregate Redemption Amount equal to the applicable Net Asset Value per Unit as of the applicable Redemption Date, multiplied by the number of Units to be redeemed, and the Partnership concurrently shall pay to such Unitholder the proportionate share attributable to such Units of any distribution of Net Income of the Partnership which has been declared and not paid prior to the applicable Redemption Date.

Notwithstanding the foregoing limitations on redemptions, the General Partner may, in its sole discretion, waive the above limitations in respect of all Units tendered for redemption in respect of any one or more Redemption Dates.

The General Partner, in consultation to the Manager, may suspend or limit redemption rights of the Unitholders, the payment of redemption proceeds and/or the determination of the Net Asset Value of the Partnership or any Series of Units at any time the General Partner determines that (i) there are insufficient liquid assets in the Partnership to fund redemptions; (ii) conditions exist which render impractical the sale of assets comprising the Real Estate Portfolio or

which impair the ability of the Administrator to determine the value of the assets of the Partnership; (iii) the liquidation of Real Estate Portfolio assets would be to the detriment of the Partnership generally; or (iv) the redemptions would be materially prejudicial to the remaining Unitholders.

If the General Partner reduces the Redemption Cap in one of the circumstances listed above, such amount determined by the General Partner will be disclosed in writing to Unitholders and will constitute the Redemption Cap for the applicable calendar quarter.

The suspension will apply to all Redemption Notices received prior to the suspension but as to which payment has not been made, as well as to all Redemption Notices received while the suspension is in effect. All Unitholders making such requests shall be advised by the General Partner of the suspension and that the redemption will be effected at a price determined on the next Redemption Date, as applicable, following the termination of the suspension or such other date as the General Partner may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. In such circumstances, all outstanding Redemption Notices will be cancelled, and no additional redemption requests will be accepted until the suspension has ended. 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 the rules and regulations promulgated by any governmental body having jurisdiction over the Partnership, any declaration of suspension made by the General Partner shall be conclusive.

When redemptions are suspended or at risk of being suspended, and subject to regulatory approval where necessary, the Manager may seek to facilitate, for those interested parties, a transfer of Units to a new purchaser or to a separate Class of Units for which new investors may choose to subscribe. The Manager cannot guarantee that a purchaser will be identified to effect such a transfer, or that new investors shall subscribe for the separate Class of Units. In particular, the Manager cannot predict at which price such purchaser(s) would be willing to accept a transfer of Units or new investors would be willing to subscribe for the separate Class of Units. Unitholders should expect that in such circumstances, any transfer price or redemption price of a separate Class of Units may be a significant discount to the then applicable Class NAV per Unit. The Manager may prescribe the minimum dollar value of Units which may be transferred but has not currently done so. Any such transfer must comply with the terms and conditions set out in the Limited Partnership Agreement and with applicable securities laws.

A failure by the General Partner or Manager to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Partnership, the General Partner or the Manager to the Unitholder.

### **Minimum Redemption Amount**

Notwithstanding the foregoing and except as otherwise agreed between the Manager and a Unitholder, with respect to any Unitholder of any given Series, a Redemption Notice may only be given for an amount at least equal to the lesser of (i) \$10,000 and (ii) the total value of such Unitholder's holding of such Series.

### **Minimum Holding Amount**

A Unitholder that has less than all of its Units redeemed must maintain a minimum account balance after the redemption is effected, the amount of which is (i) \$10 million for Series I Units; (ii) \$100,000 for Founders' Class Units and (iii) \$25,000 for Series A Units and Series F Units, in each case, based on the aggregate net asset value per Unit of all Units of the relevant Series held by a Unitholder. If a Unitholder requests the redemption of a number of Units that would cause the aggregate net asset value of the Unitholder's Units (of the relevant Series) to fall below the required minimum, each of the Manager (in the case of Series A and Series F Units) and the General Partner (in the case of other Series of Units) reserves the right to reduce the amount to be redeemed from the Unitholder so that the required minimum balance is maintained. Alternatively, the Manager or the General Partner, as applicable, may cause the Partnership to redeem all of such a Unitholder's Units (of the relevant Series) in the Partnership. The General Partner or the Manager, as applicable, may waive, increase or decrease the minimum account balance from time to time in its discretion.

## REDESIGNATION OF UNITS

Holders of any Class of Units have the right (a “**Redesignation Right**”), at their option from time to time but subject to applicable law and the terms and provisions of the Limited Partnership Agreement, including General Partner approval, to redesignate all or any part of the outstanding Units into such number of another Class of Units determined by multiplying the number of Units being redesignated by a number determined by dividing i) the applicable Series NAV per Unit of the Unit being redesignated by (ii) the applicable Series NAV per Unit of the Unit held following such redesignation.

Holders who are entitled to exercise their Redesignation Right may do so by providing the Manager with a notice (the “**Redesignation Request**”) in writing or through the mechanisms of Fundserv specifying (i) that such Unitholder would like to exercise its Redesignation Right; (ii) the number of Units such holder desires to redesignate; and, if applicable, (iii) the Class or Classes of Units such holder desires to hold following such redesignation (the “**Requested Class**”). Subject to the holder meeting the investment eligibility criteria for the Requested Class(es) as in place at the date of the Redesignation Request and having complied with the terms of the Limited Partnership Agreement, as determined by the General Partner in its sole discretion, such redesignation shall be deemed to have occurred on open of business on the first Business Day of the month following receipt of the Redesignation Request by the Manager and as soon as practicable thereafter the Manager shall deliver or cause to be delivered to such holder a statement of account showing the number of and Class(es) of Units held by such holder following the redesignation.

The Partnership is not required to redesignate any Unit if, in the reasonable opinion of counsel of the Partnership, it cannot complete the redesignation in compliance with applicable laws or may become subject to any tax as a result of such redesignation or the delivery of any Units upon such redesignation. The holder of any Unit exercising a Redesignation Right will be responsible for any taxes to which the Partnership becomes subject as a result of such redesignation or the delivery of any Units upon such redesignation.

## CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

**You should consult your own professional advisors to obtain advice on the tax consequences that apply to you. All Investors are responsible for the preparation and filing of their own tax returns in respect of this investment. Costs associated with the preparation and filing of such returns may be material.**

The following is, as of the date of this Offering Memorandum, a summary of certain of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who acquires, holds and disposes of Units acquired pursuant to this Offering Memorandum and who, for purposes of the Tax Act and at all relevant times, is Resident, holds the Units as capital property, is the original owner of the Units, and deals at arm’s length and is not affiliated with the Partnership, the General Partner or the Manager. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business and has not acquired the Units in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Unitholder: (i) that is a “financial institution” (as defined in the Tax Act) for purposes of the mark-to-market rules in the Tax Act; (ii) that is a “specified financial institution” (as defined in the Tax Act); (iii) an interest in which is a “tax shelter investment” (as defined in the Tax Act); (iv) who has elected to report its Canadian tax results in a currency other than Canadian dollars; (v) that has, directly or indirectly, a “significant interest” as defined in subsection 34.2(1) of the Tax Act in the Partnership; (vi) that is exempt from tax under the Tax Act; or (vii) to whom any person which the Partnership directly or indirectly invests is a “foreign affiliate” for the purposes of the Tax Act. In addition, this summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Units. Such Investors should consult their own tax advisors, including with respect to the deduction of interest on money borrowed to acquire Units.

This summary assumes that at all material times no interest in any member of the Partnership will be a “tax shelter investment”, as defined in the Tax Act, that Units will not be acquired with financing for which recourse is, or is deemed to be, limited for purposes of the Tax Act and that no more than 50% of the Units will be held by “financial institutions” as defined in the Tax Act. If an interest in a Unitholder becomes a tax shelter investment, a Unitholder finances an acquisition of Units with limited-recourse financing or if more than 50% of the Units are held by “financial

institutions”, there may be adverse tax consequences to the Unitholders and to the Partnership. This summary assumes that no entity in which the Partnership invests will, or will be deemed to be, a “foreign affiliate” or a “controlled foreign affiliate” of the Partnership or any of its members for the purposes of the Tax Act.

This summary also assumes that at all times each member of the Partnership will be a Resident and that the Partnership will not be a “SIFT partnership” as defined in the Tax Act. If the Units (or any liability of the Partnership or any other “investment” (as defined in the Tax Act) were listed or traded on a stock exchange or other public market and the Partnership holds “non-portfolio property” then the Partnership would be a SIFT partnership and the Canadian federal income tax considerations described below would be materially different. A stock exchange or other public market includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded, but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. It is not expected that the Units (or any liability of the Partnership or any other “investment” (as defined in the Tax Act) will be listed or traded on a stock exchange or other public market. Accordingly, it is not expected that the Partnership should be a “SIFT partnership” for the purposes of the Tax Act.

This summary also assumes that (i) the Partnership is not a “tax shelter”, and no interest in the Partnership is a “tax shelter investment”, each term as defined in the Tax Act, and (ii) the Partnership will not, directly or indirectly, invest in or hold the securities of a non-resident trust that is not an “exempt foreign trust” as defined in section 94 of the Tax Act. However, no assurance can be given in this regard.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced and published in writing prior to the date hereof by or on behalf of the Minister (the “**Tax Proposals**”) and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing by it and publicly available prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. There can be no assurance that the Tax Proposals will be enacted as proposed or at all.

**This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary, depending on the status of an investor, the province or territory in which the investor resides or carries on business and, generally, the investor’s own particular circumstances. This summary is not exhaustive of all possible federal tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. The following summary is, therefore, of a general nature only and is not intended to constitute, and should not be construed as, legal or tax advice to any particular investor. Consequently, prospective purchasers should seek independent professional advice regarding the tax consequences of acquiring, holding or disposing of Units, having regard to their own particular circumstances.**

### **Computation of Income**

The Partnership is not itself generally liable for income tax. However, the Partnership must compute its income or loss for each fiscal period as though it were a separate person resident in Canada and file an annual information return. The fiscal period of the Partnership ends on December 31 each year. Subject to the detailed comments below, each Unitholder is required to include (or entitled to deduct) in computing his, her or its income (or loss), his, her or its share of the income (or loss) of the Partnership allocated to him, her or it pursuant to the Limited Partnership Agreement for the fiscal period of the Partnership ending in the Unitholder’s taxation year, regardless of whether such income has been distributed and whether foreign or other withholding taxes have been withheld therefrom.

The income of the Partnership as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In addition, for purposes of the Tax Act, all income (or losses) of the Partnership must be calculated in Canadian currency in accordance with the detailed rules

contained in section 261 of the Tax Act. Where the Partnership holds investments denominated in U.S. dollars or other foreign currencies, gains and losses may be realized by the Partnership as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

In computing its income or loss, the Partnership is entitled to deduct expenses incurred by it in the fiscal period in which they are incurred to the extent such expenses are reasonable in amount and their deduction is permitted by the Tax Act.

When calculating its income or loss in accordance with the Tax Act for a particular fiscal period, the Partnership will generally be required to recognize a capital gain (or a capital loss) to the extent that the proceeds of disposition of capital property held by the Partnership (including investments held as capital property for the purposes of the Tax Act), net of any costs of disposition, exceed (or are exceeded by) the Partnership's adjusted cost base of such capital property. Under the current provisions of the Tax Act, one-half of any capital gain (a "taxable capital gain") realized by a taxpayer in a taxation year is generally required to be included in a taxpayer's income for the taxation year. A taxpayer is generally required to deduct one-half of the amount of any capital loss realized in a taxation year from taxable capital gains realized in that year, and any excess would generally be permitted to be applied to reduce taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act. The Tax Act contains special provisions aimed at ensuring that the appropriate inclusion rate is applied to the share of capital gains/capital losses that are earned/incurred by the Partnership and allocated to a Unitholder.

Generally, expenses incurred by the Partnership in the course of issuing the Units are deductible over a five-year period (subject to pro-ration for short fiscal periods of the Partnership). In general, a Unitholder's share of any income or loss of the Partnership from any source or from sources in a particular place (including interest and dividend income of the Partnership) will be treated as if it were the income or loss from that source or from sources in that particular place and any provisions of the Tax Act applicable to that type of income or loss will apply to the Unitholder.

Losses from a business or property allocated by the Partnership to a Unitholder are deductible only to the extent of the Unitholder's "at-risk amount" within the meaning of the Tax Act. Such losses (a "limited partnership loss") from the Partnership that are not deductible by a Unitholder because they exceed the Unitholder's at-risk amount at the particular time generally may be carried forward indefinitely and may be deducted against income only to the extent the Unitholder has an at-risk amount in respect of the Partnership in a subsequent year. Where the Unitholder is itself a partnership, the limited partnership loss is generally denied. Where the Partnership holds a particular investment through a subsidiary limited partnership, the availability of a limited partnership loss may be restricted or denied.

In general, a Unitholder's at-risk amount, subject to the detailed provisions of the Tax Act, is the adjusted cost base of his Units at the relevant time (plus, where that time is the end of the Partnership's fiscal period, income allocated to the Unitholder for that fiscal period), less any amounts owing by the Unitholder (or by a person or partnership that does not deal at arm's length with the Unitholder) to the Partnership (or to a person or partnership that does not deal at arm's length with the Partnership) and less any amount or benefit provided to the Unitholder (or to a person or partnership that does not deal at arm's length with the Unitholder) for the purpose of protecting the Unitholder against any loss the Unitholder may sustain as a consequence of being a member of the Partnership or holding or disposing of a Unit.

Subject to the comments above, a Unitholder may apply his share of losses allocated to him by the Partnership to reduce net income for the relevant taxation year and, to the extent such losses exceed net income for the year, they may generally be applied in the three previous taxation years or the twenty subsequent taxation years, subject to the detailed provisions and limitations in the Tax Act.

Foreign taxes paid by the Partnership and taxes withheld at source (other than for the account of a particular Unitholder) are allocated pursuant to the Limited Partnership Agreement. Each Unitholder's share of the "business-income tax" and "non-business-income tax", each as defined in the Tax Act, paid in a foreign country for a year is creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, there is a risk of double taxation. The Tax Act contains anti-avoidance provisions which address certain foreign tax

credit generator transactions (the “**Foreign Tax Credit Generator Rules**”) which can limit a Unitholder’s foreign tax credits in certain circumstances. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to any Unitholder. Unitholders should consult their own tax advisors regarding the potential application of these rules.

The Tax Act contains rules relating to investments in non-resident entities that could, in certain circumstances, cause income to be imputed to the Partnership. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Partnership acquiring or holding an investment in a non-resident entity is to derive a benefit from “portfolio investments” as defined in the Tax Act in such a manner that taxes under the Tax Act on income, profits and gains for any year are significantly less than they would have been if such income, profits and gains had been earned directly. No assurance can be given that such rules in the Tax Act will not apply to the Partnership. If these rules apply to the Partnership, income will be imputed to the Partnership and allocated to the Unitholder in accordance with the rules in the Tax Act. These rules are complex and Unitholders should consult their own tax advisors regarding the potential application of these rules.

### **Disposition of Units**

A disposition or deemed disposition by a Unitholder of Units should generally result in a capital gain (or capital loss) to the Unitholder to the extent the proceeds of disposition of such Units, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the Units. The treatment of capital gains and losses is described below under the heading “*Capital Gain (Loss)*”.

### **Determination of Adjusted Cost Base of Units**

In general, the adjusted cost base of a Unitholder’s Units of a particular class at a particular time is equal to the subscription price of such Units, plus income of the Partnership for purposes of the Tax Act that has been allocated to the Unitholder for completed fiscal periods in respect of such Units, minus losses of the Partnership for purposes of the Tax Act allocated to the Unitholder for completed fiscal periods in respect of such Units and minus distributions received by the Unitholder from the Partnership before the particular time in respect of such Units. Losses which are not deductible because a Unitholder does not have a sufficient at-risk amount will not reduce the adjusted cost base of Units. Pursuant to the adjusted cost base averaging provisions of the Tax Act, the cost of all Units of a particular class held by the Unitholder as capital property at that time generally must be averaged to determine the adjusted cost base under the Tax Act of each such Unit held by the Unitholder. If a Unitholder disposes of all of his, her or its Units, income or loss of the Partnership for purposes of the Tax Act allocated to the Unitholder for the year of disposition is added to or subtracted from the Unitholder’s adjusted cost base of the Unitholder’s Units as if that year was a completed fiscal year.

The foregoing discussion of the calculation of the adjusted cost base of a Unit assumes that each class of partnership interests in the Partnership is treated as separate property for purposes of the Tax Act. However, the CRA’s position is to treat all of the different types of interests in a partnership that a partner may hold as one capital property, including for purposes of determining the adjusted cost base of all such partnership interests. As a result, on a disposition of a particular class of Unit, a partner’s total adjusted cost base is required to be allocated in a reasonable manner to the particular type of Unit being disposed of.

If, at the end of any fiscal period of the Partnership, a Unitholder’s adjusted cost base of Units is a negative amount, such negative amount is deemed to be a capital gain of the Unitholder from a disposition of the Units and the adjusted cost base of the Unitholder’s Units will be nil at the beginning of the next fiscal period of the Partnership. If the adjusted cost base of the Units is positive at the end of a subsequent fiscal period of the Partnership, the Unitholder (provided it is not a trust) may generally elect to treat such positive amount as a capital loss to the extent it does not exceed the previous deemed capital gain, and the adjusted cost base of the Unitholder’s Units would be reduced by such elected amount.

If, at any time, the Partnership redeems all of a Unitholder’s Units, but retains a holdback of the redemption proceeds, the Unitholder will generally be deemed not to have disposed of the Units until the later of the end of the fiscal period in which the Units were redeemed and the date at which payment of the holdback is satisfied. However, to the extent that amounts required to be deducted from the adjusted cost base of the Units at the end of the fiscal period in which the Units were redeemed exceed the total cost to the Unitholder of the Units and amounts to be added to the adjusted

cost base of the Units at the end of the fiscal period, such excess will be deemed to be a capital gain realized by the Unitholder on the Units at the end of such fiscal period.

Alternative minimum tax is payable by individuals on their “adjusted taxable income”. In general, “adjusted taxable income” is computed by revising the ordinary income determination by adding back certain deductions otherwise permitted under the Tax Act. Any increases in the “adjusted taxable income” of a Unitholder and any capital gain realized by an individual on the disposition of a Unit may give rise to an increased liability for alternative minimum tax. **Unitholders are advised to consult with their tax advisors to determine the alternative minimum tax implications of investing in Units.**

A Unitholder that is a “Canadian-controlled private corporation” (within the meaning of the Tax Act) is liable to pay an additional refundable tax on certain investment income, including taxable capital gains and income from property other than certain dividends.

### **Redesignation of Units**

The redesignation of a Unit (the “**original Unit**”) of a particular class into a Unit of another class of the Partnership may be considered to be a disposition of the original Unit by the Resident Unitholder.

The CRA’s position is that the conversion of an interest in a partnership into another interest in the partnership may result in a disposition of the partnership interest by the holder if the conversion results in a significant change in the rights and obligations of the holder in respect of the converted interest. While the determination of whether a significant change in the rights has occurred is a question of fact that will depend upon the facts and circumstances that exist at the time of a redesignation, the economic rights of the different classes of Units of the Partnership are expected to be substantially similar so that there is a basis upon which to assert that a disposition should not occur upon a redesignation of the Units.

### **Distribution Reinvestment Plan**

As described above, distributions (including those used to repurchase additional Units under the DRIP) from the Partnership reduce the adjusted cost base of the Unitholder’s Units by the amount of such distributions. Upon the purchase of new Units on the reinvestment of the distributions under the DRIP, the amount so reinvested will become the cost of such new Units to the Unitholder, subject to the discussion above (see above under the heading “*Determination of Adjusted Cost Base of Units*”).

### **Capital Gain (Loss)**

Provided the Capital Gains Changes are enacted as proposed, (i) one-half of the first \$250,000 of capital gains realized in a taxation year by a Unitholder who is an individual (net of current-year capital losses and certain other amounts) from a disposition or deemed disposition of Units, and two-thirds of any additional capital gains realized by such individual taxpayer in the taxation year will be included in the taxpayer’s income for the taxation year, and (ii) two-thirds of any capital gains realized in a taxation year by a Unitholder that is a corporation or trust from a disposition or deemed disposition of Units will be included in the Unitholder’s income for the taxation year. If the Capital Gains Changes are enacted as proposed, a Unitholder will generally be required to deduct the applicable portion of the amount of any capital loss realized in a taxation year from taxable capital gains realized in that year, and any excess will generally be permitted to be applied to reduce taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act. The Capital Gains Changes are proposed to apply to capital gains and capital losses realized on or after June 25, 2024. Special transitional rules are proposed to apply to capital gains realized in 2024 to ensure that the historical inclusion rates apply to capital gains realized before June 25, 2024 and the amended inclusion rates apply to capital gains realized on or after June 25, 2024. It is proposed that net capital losses incurred prior to 2024 will continue to be deductible against taxable capital gains realized subsequent to June 24, 2024 by adjusting their value to reflect the inclusion rate of the capital gains being offset. **Unitholders are advised to consult with their tax advisors to assess the impact of the Capital Gains Changes based on their own particular circumstances.**

If a Unitholder disposes of Units to a person who is a non-resident of Canada, a person exempt from tax under section 149 of the Tax Act, or to certain partnerships or trusts, or in certain other specified circumstances, additional rules may apply to increase the amount included in a Unitholder's income. Unitholders should consult their own tax advisors concerning the potential application of such rules in their particular circumstances.

### **Filing Requirements**

Each Unitholder is generally required to file an income tax return and must report the Unitholder's share of the income or loss of the Partnership in such return. While the Partnership provides the Unitholders with information required for income tax purposes pertaining to their investment in Units, the Partnership does not prepare or file income tax returns on behalf of any Unitholder. Each person who is a member of the Partnership in a year is also required to file an information return in respect of the activities of the Partnership. However, a return made by any partner is deemed to have been made by each member of the Partnership. Pursuant to the terms of the Limited Partnership Agreement, the General Partner is required to file the necessary information returns under the Tax Act.

### **Registered Plans**

Units are not a "qualified investment" for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability plan, a first home savings account or a tax-free savings account (each a "**Registered Plan**") for purposes of the Tax Act.

### **Tax Shelter Rules**

The Tax Act contains "tax shelter" rules that require the promoter of a "tax shelter" to apply to the CRA for an identification number for the tax shelter. A tax shelter may include a partnership interest where it can reasonably be considered, having regard to statements or representations made in connection with the partnership interest, that within the period ending upon the latest taxation year ending within four years after the day on which the interest is acquired, the losses and other amounts in respect of the partnership interest represented to be deductible in computing income will equal or exceed the cost (net of any prescribed benefits) of the partnership interest to the partner. It is the General Partner's view that Units should not constitute a tax shelter, and consequently no application to the CRA has been made for a tax shelter identification number for the Partnership.

### **International Tax Information Reporting**

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement ("**IGA**") that establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the "**FATCA Tax**") for Canadian entities, such as the Partnership, provided the Partnership complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Partnership will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identity and residency and other information to the Partnership (and may be subject to penalties for failing to do so), which, in the case of "Specified U.S. Persons" or certain non-U.S. entities controlled by "Specified U.S. Persons", will be provided, along with certain financial information (for example, account balances), by the Partnership to the CRA and from the CRA to the U.S. Internal Revenue Service. The Partnership may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Partnership is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Partnership would reduce the Partnership's distributable cash flow and net asset value.

Part XIX of the Tax Act implements the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development. Pursuant to Part XIX of the Tax Act, "Canadian financial institutions" that are not "non-reporting financial institutions" (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain

entities the “controlling persons” of which are resident in a foreign country, and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Partnership for the purpose of such information exchange.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE PARTNERSHIP

### General Partner

FSC Diversified GP Inc. is the general partner of the Partnership. The General Partner was incorporated on March 27, 2025 under the laws of the Province of Ontario. Its head office is located at 130 King Street West, Suite 2350, Toronto, ON M5X 2A2.

The General Partner has authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership, to bind the Partnership and to admit Unitholders into the Partnership, without notice to or the consent of any other partners, in accordance with the Limited Partnership Agreement. The General Partner has delegated certain of these responsibilities to the Manager pursuant to the Management Agreement, subject to the General Partner’s overriding control and direction.

Pursuant to the Limited Partnership Agreement, the General Partner covenants that it will exercise the powers and discharge its duties under this Agreement honestly, in good faith, and in the best interests of the Partnership, and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

The General Partner has unlimited liability for the undertakings, liabilities and obligations of the Partnership. The General Partner is not liable to the Unitholders for any mistakes or errors in judgment or for any act or omission believed by it in good faith to be within the scope of authority conferred by the Limited Partnership Agreement, other than certain exceptions as described in the Limited Partnership Agreement. The General Partner will indemnify the Partnership for any costs, damages, liabilities or losses incurred by the Partnership as a result of an act of gross negligence or wilful misconduct by the General Partner, its agents or employees or of any act or omission not believed by it in good faith to be within the scope of authority conferred by the Limited Partnership Agreement. The General Partner has nominal assets and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

Except as provided for in the Limited Partnership Agreement, the General Partner may not be removed as general partner of the Partnership.

Upon (i) the passing of any resolution of the directors or shareholders of the General Partner requiring or relating to the bankruptcy, dissolution, liquidation or winding up of the General Partner, (ii) the making of any assignment by the General Partner for the benefit of creditors of the General Partner, (iii) the appointment of a receiver of the assets and undertaking of the General Partner or (iv) the General Partner failing to maintain its status under the Limited Partnership Agreement, the General Partner shall cease to be qualified to act as general partner hereunder and shall be deemed to have been removed thereupon as the general partner of the Partnership effective upon the appointment of a new general partner. A new general partner shall, in such instances, be appointed by the Limited Partners by an ordinary resolution after receipt of written notice of such event (which written notice shall be provided by the General Partner forthwith upon the occurrence of such event).

The General Partner may also be removed in the following circumstances (each a “**Removal Event**”): (a) any conduct or lack of conduct that constitutes any of the following: (i) fraud, bad faith or willful misconduct; (ii) gross negligence or reckless disregard in relation to activities of the Partnership; or (iii) either (A) breach of the General Partner’s standard of care under the Limited Partnership Agreement or any other obligation under the Limited Partnership Agreement, which has a material and adverse effect on the business or operation of the Partnership and is not cured within ninety (90) days (or such longer period of time as may be reasonably required in the circumstances, provided

that the General Partner has commenced to cure such breach within such ninety (90) day period and thereafter diligently continues with the curing of such breach); or (b) as provided in Section 10.5 of the Limited Partnership Agreement. Removal of the General Partner under Section 9.13(3) of the Limited Partnership Agreement will not be effective unless and until: (i) such termination or removal of the General Partner has been approved; and (ii) a successor general partner has been appointed, in each case, by Extraordinary Resolution excluding for these purposes Units held by the General Partner. Such removal shall be effective immediately following the admission of the successor general partner to the Partnership. The General Partner may voluntarily withdraw as general partner by giving ninety (90) days' notice. Such withdrawal shall be effective immediately following the admission of the successor general partner to the Partnership.

### **Manager of the Partnership**

The General Partner has appointed Altrust Investments Solutions Inc. as the manager of the Partnership. Altrust Investments Solutions Inc. (“**Altrust**” or the “**Manager**”) was incorporated under the laws of the Province of Ontario on July 23, 1999. Its head office and registered office is located at 150 King Street West, Suite 327, Toronto ON M5H 1J9. The Manager has been registered as a portfolio manager and exempt market dealer with the Ontario Securities Commission (the “**OSC**”) since October 1999, and as an investment fund manager with the OSC since April 2012. The Manager is also registered with the Autorité des marchés financiers in Québec as an investment fund manager and exempt market dealer.

The Manager provides regulatory and compliance oversight for the Partnership. The Manager is also responsible to structure and coordinate creation of the Partnership, oversee preparation of the Partnership’s offering documents, asset management agreement and other material agreements, establish and monitor the Partnership’s compliance and risk management programs, supervise the Partnership’s administration process, liaise with the Partnership’s service providers, oversee compliance with the Partnership’s investment objectives and performance, identify and address conflicts of interest, oversee and approve the Partnership’s net asset value calculation for each Class and Series of Units, oversee the Partnership’s subscription and closing process, redemptions, oversee payment of dividends or other distributions, review and approve audited financial statements, review and ensure delivery of the Partnership’s various security holder reports and tax information, and, manage the bank accounts and custody accounts for the Partnership. The Manager has also been engaged to distribute Units of the Partnership.

The Manager is an asset management firm that specializes in providing, through pooled funds, select alternative investment solutions that meet varying investment needs. The Manager accesses alternative investment solutions through investment in existing master funds or by engaging highly qualified asset-specific advisors. The Manager’s clients primarily consist of high-net-worth individuals who access their funds through registered investment advisors.

The following table sets forth the name, residence, position with the Manager of each of the directors and executive officers of the Manager.

<b>Name, and Province of Residence</b>	<b>Position Held with the Manager</b>
Henry Kneis Toronto, Ontario	Chief Executive Officer & Director
Wilson Tow Toronto, Ontario	Managing Director, Head of Product Structuring and Business Development
Ray Johannsson Toronto, Ontario	Chief Technology Officer
Arsh Singh Toronto, Ontario	Chief Marketing Officer

## **Duties and Services Provided by the Manager and Details of the Management Agreement**

Pursuant to the terms of a management agreement made as of October 28, 2025 between the Partnership and the Manager (the “**Management Agreement**”), the Manager has been appointed as the sole and exclusive manager of the affairs of the Partnership. In such capacity, the Manager is responsible for the management and day-to-day administration services of the Partnership and, as applicable, any entity which the Partnership may control from time to time. The services to be provided by the Manager under the terms of the Management Agreement include, without limitation: (i) providing investment advisory and portfolio management services in respect of any Temporary Investments of the Partnership, (ii) managing, or appointing one or more asset managers to advise on the investments of the Partnership, (iii) co-ordinating the preparation of financial statements, (iv) maintaining proper books, accounts and records of the Partnership and its Real Estate Portfolio, (v) doing all such other acts or things and entering into all such documents on behalf of the Partnership as may be necessary to manage the affairs of the Partnership. In carrying out its obligations under the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership, including exercising the standard of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the “**standard of care**”).

The Manager will continue as manager until the termination of the Partnership unless (i) the Manager resigns upon six months’ written notice to the Partnership; (ii) the Manager is removed by written notice given by the Partnership following the occurrence of certain specified events of default (as described below); (iii) more than two and one-half years have passed since the launch date of the Partnership and the Manager is removed by six months’ written notice given by the Partnership following an Extraordinary Resolution of the Unitholders directing the Partnership to remove the Manager as manager of the Partnership; or (iv) the Manager experiences a Manager Key Person Event where a suitable replacement for a Manager Key Person is not appointed within 60 days.

The Manager may terminate the Management Agreement upon the occurrence of certain events affecting the General Partner including if (i) the General Partner is in material breach of the Management Agreement or its standard of care under the Limited Partnership Agreement, which breach has a material and adverse effect on the business or operation of the Partnership, that is not cured in specified time periods; (ii) there is a dissolution or commencement of winding-up of the General Partner, (iii) the General Partner becomes bankrupt or insolvent; (iv) the assets of the General Partner become subject to seizure or confiscation by any public or governmental authority; (v) the General Partner has acted with wilful misconduct, fraud or negligence; or (vi) the General Partner has been removed pursuant to the Limited Partnership Agreement. The Manager may resign as manager and terminate the Management Agreement by providing not less than six 60 days’ written notice to the General Partner if the Chief Executive Officer of the General Partner or of the General Partner’s parent corporation or the parent corporation of the Forgestone group of companies ceases to devote sufficient time and attention to the affairs of the Partnership and a replacement satisfactory to the Manager is not designated in writing by the General Partner within 60 days.

Any removal of the Manager will not take effect until a successor manager is duly appointed in accordance with the terms of the Limited Partnership Agreement. Such appointment must be approved by the General Partner. Such successor Manager may be the Asset Manager or one of its affiliates or a qualified third party manager. Upon termination, the Manager is entitled to the payment of its fees and the reimbursement of the Manager’s expenses up to the date of its termination.

The following comprise an event of default under the Management Agreement: (i) the dissolution or commencement of winding-up of the Manager; (ii) the bankruptcy or insolvency of the Manager, or if the Manager either voluntarily or under an order of a court of competent jurisdiction makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets; (iii) the assets of the Manager become subject to seizure or confiscation by any public or governmental authority; (iv) the Manager no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations thereunder and is unable to obtain them within a reasonable period after their loss; (v) either (A) breach of the Manager’s standard of care or (B) the Manager is in material breach or default of any provision of the Management Agreement other than a breach set out in paragraph (vi) and, if capable of being cured, such breach or default has not been cured within 60 days of written notice of such breach or default given to the Manager by the General Partner; or (vi) any conduct or lack of conduct of the Manager that constitutes any of the following (A) fraud, bad faith or willful misconduct; or (B) gross negligence or reckless disregard in relation to activities of the Partnership.

The Management Agreement contains indemnification provisions whereby the Partnership indemnifies the Manager against any loss (other than loss of profits), expense, damage or injury suffered in the scope of its authority under the Management Agreement, provided the same does not result from wilful misconduct, bad faith, fraud, negligence or breach of its standard of care owed under the Management Agreement or a breach of fiduciary duty.

For its services, the Manager is paid the Management Fee described under “*Fees and Expenses – Management Fees on the Units Offered*”. The Manager compensates the Asset Manager from the Management Fee. Pursuant to the terms of the Management Agreement, the Manager bears all costs and expenses incurred by the Manager in connection with all salaries, employee expenses, office rent and equipment, and other expenses customarily considered to be overhead expenses.

### **Asset Manager of the Partnership**

Forgestone DREF LP, being the Asset Manager, is the asset manager of the Partnership, and is an affiliate of Forgestone Capital Management LP. The general partner of the Asset Manager is Forgestone DREF GP Inc. The Asset Manager was formed under the laws of the Province of Ontario on March 27, 2025. The head office of the Asset Manager and its general partner is located at 130 King Street West, Suite 2350, Toronto, ON M5X 2A2.

The Asset Manager employs a value oriented investment philosophy, and specializes in providing conservatively managed, risk-averse alternative asset class investment opportunities to investors. The Asset Manager’s broad platform provides exposure to a high volume of deal flow, and extensive contacts throughout the real estate industry, providing the Asset Manager with a deep understanding of the marketplace and access to more information than single-focused market participants typically have. For over 10 years, the Asset Manager, its affiliates, predecessors and related key principals have been focused on identifying opportunities to invest in cash-flow generating real estate at prices less than the Asset Manager’s assessment of the long-term value, or replacement cost, of the underlying assets. These inefficiencies can be a result of sub-optimal structuring, sub-optimal capitalization or out-of-favour asset class.

The current operating platform of Forgestone coupled with its expertise as a real estate investor and asset manager is a major competitive advantage of the Partnership in seeking to achieve its objective to invest in direct real estate investment opportunities.

### **Duties and Services Provided by the Asset Manager and Details of the Asset Management Agreement**

Pursuant to the terms of an asset management agreement made as of October 28, 2025 between the Manager and the Asset Manager (the “**Asset Management Agreement**”), the Asset Manager has been appointed as the sole and exclusive asset manager of the Partnership. In such capacity, the Asset Manager is responsible for asset management services and real estate transactions services of the Partnership and, as applicable, any entity which the Partnership may control from time to time. The services to be provided by the Asset Manager under the terms of the Asset Management Agreement include, without limitation: (i) presenting investment opportunities to the Partnership; (ii) implementing investments in investment opportunities in which the Partnership will participate; (iii) borrowing cash for and on behalf of the Partnership; and (iv) doing all such other acts or things and entering into all such documents on behalf of the Partnership to seek to achieve the investment objectives of the Partnership. In carrying out its obligations under the Asset Management Agreement, the Asset Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership, including exercising the standard of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the “**standard of care**”).

The Asset Manager will continue as asset manager until the termination of the Partnership unless: (i) the Asset Manager resigns by written notice to the Manager; or (ii) the Asset Manager is removed by written notice given by the Manager or the Asset Manager following the occurrence of any of the following: an event of default (as set out below) after giving effect to any cure periods; if a court of competent jurisdiction determines that an event of default has occurred under Section 19(b)(iv) of the Asset Management Agreement that has not been cured in all material respects within the applicable cure period(s) set out in that section; or the General Partner is removed as general partner of the Partnership pursuant to Section 9.13 of the Partnership Agreement. Any removal of the Asset Manager becomes effective only upon the appointment of a successor manager. Such appointment must be approved by an Ordinary

Resolution. Upon termination, the Asset Manager is entitled to the payment of its fee and the reimbursement of the Asset Manager's expenses up to the date of its termination. Each of the following comprise an event of default under the Asset Management Agreement: (i) the dissolution or commencement of winding-up of the Asset Manager; (ii) the bankruptcy or insolvency of the Asset Manager, or if the Asset Manager either voluntarily or under an order of a court of competent jurisdiction makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Asset Manager or a substantial portion of its assets; (iii) the assets of the Asset Manager become subject to seizure or confiscation by any public or governmental authority; (iv) the Asset Manager is in material breach of the Asset Manager's standard of care under the Asset Management Agreement or any other obligation under the Asset Management Agreement other than a breach set out in Section 19(b)(v) of the Asset Management Agreement, which breach has a material and adverse effect on the business or operation of the Partnership, and such material breach has not been cured within 30-days of written notice of such breach given to the Asset Manager by the Manager or the Partnership, as applicable; provided that if such breach is not reasonably capable of being cured in all material respects within such initial 30 day period, then provided that the Asset Manager commences to cure the breach within such initial 30 day period and thereafter diligently pursues such cure, such 30 day period shall be automatically extended for such additional periods of time and from time to time as is reasonably required by the Asset Manager to cure the breach in all material respects; or (v) any conduct or lack of conduct of the Asset Manager that constitutes any of the following (A) fraud, bad faith or wilful misconduct; or B) gross negligence or reckless disregard in relation to activities of the Partnership. In the event that the Manager terminates the services of the Asset Manager upon the occurrence of an event of default under paragraph (v), the Manager may also take steps to replace the General Partners in accordance with the Partnership Agreement.

In the event that the Asset Management Agreement is terminated by the Manager, the Manager may, on behalf of the Partnership, replace the General Partner subject to the provisions of Section 9.13(4) of the Limited Partnership Agreement.

The Asset Management Agreement contains indemnification provisions whereby the Partnership indemnifies the Asset Manager against any loss (other than loss of profits), expense, damage or injury suffered in the scope of its authority under the Asset Management Agreement, provided the same does not result from the Asset Manager's fraud, bad faith or willful misconduct; gross negligence or reckless disregard in relation to activities of the Partnership; or breach of the Asset Manager's standard of care owed under the Asset Management Agreement. In addition, under the Asset Management Agreement, the Asset Manager shall indemnify the Partnership against any loss, expense, damage or injury suffered as a result of the Asset Manager's fraud, bad faith or willful misconduct; gross negligence or reckless disregard in relation to activities of the Partnership; or breach of its standard of care owed under the Asset Management Agreement.

For its services to the Partnership, the Asset Manager is paid a portion of the Management Fee by the Manager and all of the Performance Fee by the Partnership. Pursuant to the terms of the Asset Management Agreement, the Asset Manager bears all costs and expenses incurred by the Asset Manager in connection with all salaries, employee expenses, office rent and equipment, and other expenses customarily considered to be overhead expenses.

### **Cooperation Agreement - Change in Manager Event**

The Manager and the Asset Manager agreed to cooperate on the formation and launch of the Funds pursuant to the terms of a cooperation agreement between the Manager and the Asset Manager dated December 20, 2024 (the "**Cooperation Agreement**"). The Cooperation Agreement has an initial term of three years (the "**Initial Term**") from the launch of the initial Fund and will be renewed automatically for successive one-month terms unless a party provides the other party with at least six (6) months' written notice prior to the expiry of the applicable term that it does not intend to renew the Cooperation Agreement. The Cooperation Agreement contains covenants, restrictions, representations, and warranties with respect to the relationship between the parties and a standard of care with respect to each of the Manager and the Asset Manager. Pursuant to the Cooperation Agreement, the Asset Manager consents to the use of its name and associated items by the Manager in connection with the Funds.

The Cooperation Agreement provides for a change of manager of the Funds if the Cooperation Agreement is terminated in certain circumstances, the Manager resigns, or the Asset Manager requests the Manager to resign, as summarized below (each a "**Change in Manager Event**").

The Asset Manager may request that the Manager resign as manager of the Partnership and as trustee and manager of the Trust and any subsidiary (a “**Sub-Trust**”) at any time following the earlier of (i) the termination of the Cooperation Agreement and (ii) the expiry of the Initial Term; provided that the Asset Manager shall provide six (6) months prior written notice of the Change in Manager Event (which notice may be given during the Initial Term to coincide with the expiry of such period).

In the event of a Change in Manager Event, the Manager shall resign and a replacement trustee and/or manager shall be appointed in accordance with the Cooperation Agreement, which provides, *inter alia*, that the Asset Manager may request the Manager to appoint the Asset Manager or one of its affiliates as the replacement trustee and/or manager of the Partnership, the Trust and any Sub-Trust, provided that such Forgestone entity is duly registered, if applicable, in the appropriate category(ies) as may be required by applicable law at the date of appointment, that the Asset Manager may request that the Manager appoint a duly qualified, third party professional trustee as the replacement trustee of the Trust and any Sub-Trust, and that the Asset Manager may request that the Manager convene a meeting of unitholders of one or more of the Funds (or, *in lieu* of such a meeting, conduct a consent solicitation) to approve a change of trustee and/or manager to a replacement candidate as determined by the Asset Manager.

Following the occurrence of a Change of Manager Event, the Manager shall promptly take all necessary steps to amend and restate the Management Agreement and the declaration of trust of each of the Trust and any Sub-Trust to provide for the replacement manager of the Partnership, the Trust and any Sub-Trust, the replacement trustee of the Trust and any Sub-Trust, and, if required, to convene a special meeting of unitholders of the Partnership and the Trust or conduct one or more consent solicitations.

The Manager shall promptly take all steps reasonably required to assist the General Partner to terminate the Partnership in accordance with the Limited Partnership Agreement if, following consultation with the Asset Manager, the Asset Manager advises the General Partner that it has determined that it is no longer economically practical to continue the Partnership.

The Cooperation Agreement also contains other customary termination provisions for agreements of this nature, including termination in the event of material breach, in the event of the bankruptcy, insolvency, or like circumstance with respect to the Asset Manager or Manager, in the event of wilful misconduct, fraud or negligence of the Asset Manager or Manager, or in the event the Manager ceases to be registered or licensed as required to perform its management services in connection with the Funds, as applicable.

### **Fiscal Year**

The fiscal year of the Partnership shall end on December 31 in each calendar year.

### **Mortgage Custodian**

The Partnership has appointed Computershare Trust Company of Canada as custodian of the Partnership’s mortgage assets pursuant to the Mortgage Custodial Agreement between the Partnership and the Mortgage Custodian. Its principal office is located at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1. As compensation for the custodial services rendered to the Partnership, the Mortgage Custodian will receive such fees from the Partnership as the Asset Manager may approve from time to time. The General Partner has the authority to change the custodial arrangement including, but not limited to, the appointment of a replacement custodian and/or additional custodians.

None of the General Partner, Asset Manager or Manager shall be responsible for any losses or damages to the Partnership arising out of any action or inaction by the Mortgage Custodian or any sub-custodian holding the portfolio securities and other assets of the Partnership.

### **Administrator, Transfer Agent and Registrar**

The Manager has appointed Apex Fund Services (Canada) Ltd. as the administrator, registrar and transfer agent to the Partnership (the “**Administrator**”) pursuant to an administration agreement made between the Manager and the

Administrator (the “**Administration Agreement**”). The principal office of Apex Fund Services (Canada) Ltd. is 350 Bay Street, Suite 1200, Toronto, Ontario M5H 2S6. Pursuant to an Administration Agreement, Apex Fund Services (Canada) Ltd. is responsible, among other things, to provide record keeping and financial reporting services to the Partnership; to calculate the Net Asset Value of the Partnership, the Class Net Asset Value and Class NAV per Unit for each class of Units and Series Net Asset Value and Series NAV per Unit on each Valuation Date; administration and calculation of expense allocations between classes of Units, management fees, performance fees, and income distributions; prepare financial statements and tax returns; prepare and distribute investor tax slips; maintain the Unit register; and administer Fundserv codes for electronic settlement and fund transfers. Any fees required to be paid to the Administrator for services rendered, other than in respect of a transfer of Units, shall be the responsibility of the Partnership. Any fees associated with the transfer of Units shall be borne by the transferring Unitholder.

### **Auditors**

The auditors of the Partnership are KPMG LLP with its principal offices located at 333 Bay Street, Suite 4600, Bay Adelaide Centre, Toronto, Ontario, M5H 2S5.

### **Legal Counsel**

Legal counsel of the Partnership is Stikeman Elliott LLP with its principal offices located at Commerce Court West, 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9.

## **CALCULATION OF NET ASSET VALUE**

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

Net asset value of the Partnership is calculated by the Manager. For Partnership pricing purposes, the NAV is calculated at the close of business on the last Business Day of any month on which the Toronto Stock Exchange is open for business and December 31 and/or any such other day as determined from time to time by the General Partner (each, a “**Valuation Date**”). The NAV of the Partnership is the value of the Total Assets of the Partnership less the consolidated liabilities of the Partnership. The Partnership employs series accounting, such that the subscription price for a new Series of Units on each Valuation Date in a given year shall be \$10.00 per Unit or the Net Asset Value per Unit of the main Series of Units as at the most recent Valuation Date whereon a new High Watermark has been established for such Series of Units. It is in the discretion of the Manager to change this policy. A separate Series Net Asset Value is calculated for each Series of each Class of Units.

### **Series Roll-Up**

In order to charge equitably the Performance Fee among Unitholders who purchase Units of a given Series on different Closing Dates, a new series of each Class of Units purchased will be issued as of each Closing Date (each, a “**Series**”).

Commencing on December 31, 2025 and at the end of each fiscal year thereafter, at a minimum, each Series within a Class of Units, other than the Base Series, will be re-designated and converted into the Base Series (a “**Series Roll Up**”) if a Performance Fee is paid by the Base Series and such subsequently issued Series: provided that, if a Performance Fee is not paid with respect to the Base Series, such subsequently issued Series may be re-designated and converted into the earliest prior Series for which a Performance Fee has been paid. The conversion ratio for a Series Roll-Up will be based on the Series Net Asset Value per Unit following payment of the Performance Fees.

For the purposes of a Series Roll-Up, “**Base Series**” means in respect of a Class of Units, the initial Series of such class of Unit issued on the initial Subscription Date for such class of Unit and includes, for greater certainty, any Units redesignated into Base Series Units pursuant to a Series Roll-Up.

Such conversion will not result in any economic change in a Unitholder’s investment.

## Reporting of the Net Asset Value

The most recently calculated Partnership NAV, Class NAV per Unit, Class NAV, Series NAV per Unit or Series NAV is available to Unitholders upon request. The Partnership NAV is calculated and reported in Canadian dollars. The Manager may provide or make available estimates of the Net Asset Value or the Series Net Asset Value of any Series of Units of the Partnership from time to time. Such estimates, if provided or made available, are for informational purposes only and should not be relied upon or used for any other purpose as they may differ materially from the actual Net Asset Value or Series Net Asset Value calculated by the Administrator in accordance with the procedures described herein.

## Valuation Policies and Procedures of the Partnership

In calculating the NAV or Net Asset Value, the Total Assets on such Valuation Date will be determined by reference to the valuation principles set out below. NAV or Net Asset Value calculated in this manner will be used for the purpose of calculating the Management Fee (and other service providers' fees) and will also be used to determine Net Asset Value per Unit for the purpose of establishing a distribution issue price, a redesignation price, a Series Roll-up price if applicable, and a redemption price for the Units on a Valuation Date. These valuation principles are adopted by referencing generally accepted methodologies that the General Partner, the Manager and the Asset Manager believe to represent the fair market value ("**Fair Market Value**") of the Total Assets at any particular time of determination, which may differ from carrying values based on International Financial Reporting Standards ("**IFRS**").

### Valuation Principles:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, distributions, dividends or other amounts received (or declared to holders of record of securities owned by the Partnership on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received, will be deemed to be the face amount thereof provided that if the Asset Manager has determined that any such deposit, bill, demand note, accounts receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Partnership on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) or interest accrued and not yet received is not otherwise worth the face amount thereof, the value thereof will be deemed to be such value as the Asset Manager determines to be the Fair Market Value thereof;
- (b) the value of any security or other asset for which a market quotation is not readily available (including but not limited to development projects/investments) will be valued at its Fair Market Value on the Valuation Date on which the Total Assets are being determined by the Asset Manager or the Manager (generally the Asset Manager), will value such asset based on the latest valuation or similar reasonable evidence acceptable to the Asset Manager and the Manager showing a clear indication of an increase or decrease in value from the initial acquisition cost, taking into consideration the following adjustment factors ("**Adjustment Factors**") as deemed appropriate by the Manager and the Asset Manager if any:
  - (A) the premium or discount that a portfolio of assets may attract (as compared to aggregation of individual values of each single asset within that portfolio), if any; and,
  - (B) discretionary adjustments as the Manager and the Asset Manager in good faith deem appropriate, if any;
- (c) any market price reported in a currency other than Canadian dollars will be converted into Canadian funds by applying the rate of exchange, in effect on the transaction date, obtained from the best available sources to the Administrator, including, but not limited to, the Administrator or any of its affiliates;
- (d) capitalization of certain expenses, whose benefits accrue over a period of time and should be allocated between existing, remaining and incoming Unitholders, or where the value of such expense

is not as yet reflected, in whole or in part in the investment portfolio valuation due to timing lags, if any;

- (e) the costs associated with the establishment, structuring and periodic offering of securities of the Partnership are attributable to each class of Units on a pro-rata basis, amortized monthly over a period of up to five years. Selling expenses incurred on a periodic offering of securities are attributable to that particular class of Units and not included within these costs;
- (f) direct investments in private real estate, holding entities and other assets for which no published market exists will undergo an annual appraisal and quarterly desk reviews by third-party valuation agents to determine the Fair Market Value for purposes of calculating the NAV;
- (g) direct investments in private real estate, holding entities and other assets for which no published market exists will be valued at the most recent appraisal or valuation (or if no such appraisal or valuation, at cost as adjusted by the Adjustment Factors, if any), unless a different Fair Market Value is determined to be appropriate by the Asset Manager or the Manager; and
- (h) annual asset valuations are reviewed by the valuation specialists of the Auditor as part of the audit process of the Partnership.

If an investment cannot be valued under the above guidelines, or if the Manager or Asset Manager determines that the above guidelines are at any time inappropriate under the circumstances, then notwithstanding such guidelines, the Manager will make such valuation as it considers fair and reasonable in consultation with the Asset Manager, and if there is an appropriate industry practice, in a manner consistent with such industry practice for valuing such investment.

The Manager and the Asset Manager will review and, if required from time to time, consider the appropriateness of the valuation guidelines adopted by the Partnership. As such, at the discretion of the Manager and the Asset Manager, the valuation guidelines may be modified, acting reasonably, in good faith and in the best interests of Limited Partners. Any material such modification of the valuation guidelines will be disclosed in the Partnership's periodic update letters to investors and in a modified Offering Memorandum.

### **Class Net Asset Value per Unit**

The Class Net Asset Value of a Class of Units of the Partnership on a Valuation Date is determined in accordance with the following calculation:

- (a) the Class Net Asset Value last calculated for that Class; plus
- (b) the increase in the assets attributable to that Class as a result of the redesignation into, or the issue of, Units of that Class since the last calculation; minus
- (c) the decrease in the assets attributable to that Class as a result of the redemption or redesignation of Units of that Class since the last calculation; plus or minus
- (d) the Proportionate Share (attributable to that Class) of the Change in Non-Portfolio Assets since the last calculation; plus or minus
- (e) the Proportionate Share of market appreciation or depreciation of the Real Estate Portfolio assets attributable to that Class since the last calculation; minus
- (f) any amounts to be paid by way of distributions to holders of Units of that Class since the last calculation; minus
- (g) any Class Expenses attributable to that Class since the last calculation; minus
- (h) the portion of the Common Expenses attributed to a Class of the Partnership.

The “**Class Net Asset Value per Unit**” or “**Class NAV per Unit**” means, in respect of the Units of any particular Class of Units of the Partnership on any particular Valuation Date, the portion of the Net Asset Value of the Partnership attributed to each of the Units of such Class of the Partnership.

## Series Net Asset Value per Unit

The “**Series Net Asset Value**” of a Series of Units, on any particular Valuation Date, shall equal the assets of such Class as of such date attributable to the Series, less an amount equal to the total liabilities of such Class as of such date attributable to the Series. The “**Series Net Asset Value per Unit**” shall be computed by the Administrator as at each Valuation Date by dividing the applicable Series Net Asset Value by the total number of Units of such Series then outstanding on such Valuation Date, prior to any issuance or redemption of Units of such Series to be made with reference to such Series Net Asset Value per Unit.

## ATTRIBUTES OF SECURITIES

### Units

The beneficial interests in the net assets and net income of the Partnership are divided into Units. The Partnership is authorized to issue (a) an unlimited number of Founders Class Units in aggregate across Class B Units and Class G Units, subject to the Founders Issue Cap, to be determined by the General Partner, up to a maximum of \$100,000,000; (b) an unlimited number of Class A Units, Class F Units, and Class I Units; and (c) an unlimited number of Class R Units, Class S Units, Class T Units and Class U Units that are reserved for issuance to the Trust. The Partnership is authorized to issue an unlimited number of Series of Units for every Class and an unlimited number of Units in each such Series, subject to the Founders Issue Cap in the case of Series of Units of Class B and Class G.

The Founders Issue Cap, however, does not apply to the acquisition of Founders Classes of Units through the DRIP (as defined below) and the issuance of additional Founders Class Units may be authorized by the General Partner for such purpose.

As of the date of this Offering Memorandum, only 1 Class I Unit has been issued and is outstanding, and is held by an affiliate of the General Partner. The General Partner may, without the approval of or notice to the Unitholders, create additional Classes of Units at any time by amending the Limited Partnership Agreement and in doing so, the General Partner may, where applicable, fix before issuance the initial consideration per Unit and the designation of and the provisions attaching to the Units of each such Class.

Classes R, S, T and U Units are reserved for issuance to the Trust and have the same rights and responsibilities as all other Classes of Units, including, but not limited to, the rights to their pro rata share of the Partnership’s net income as well as their *pro rata* share of the Partnership’s net assets upon dissolution of the Partnership. For further clarity, this also means that Classes R, S, T and U Units are responsible for their Class Expenses and their pro rata share of Common Expenses of the Partnership.

### Redemption Notes

Subject to solvency requirement under applicable law, the Partnership is authorized to issue an unlimited number and principal amount of unsecured subordinated promissory notes in classes and/or series to holders of Trust units in certain circumstances. Such notes generally will have a maturity date of up to five years from the date of issuance (the “**Maturity Date**”), and will bear interest from the date of issuance at a rate determined monthly equal to the rate applicable to a 5-year Government of Canada Bond plus a spread of up to 50 basis points to be determined at the discretion of the General Partner and the Manager-Trustee of the Trust, at or shortly before the time of issuance of the notes. The interest accruing generally will be payable monthly during the term of the notes from the proceeds available for distributions as contemplated under the Limited Partnership Agreement on the 15th day of each subsequent month with all principal being due on the Maturity Date. Notwithstanding the foregoing, interest on the notes may be deferred on any such payment date if the Partnership does not have sufficient cash to pay such interest and any other Partnership expenses as determined in the General Partner’s sole discretion. At any time, the Partnership shall be permitted to prepay all or any part of the outstanding principal of any notes without notice or bonus. Other terms of the notes will be determined by the General Partner and the Manager-Trustee of the Trust, in their sole discretion, prior to the issuance thereof.

## **Description of the Units**

### **General Rights and Privileges**

Each whole Unit of a particular Class entitles the holder thereof to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders vote separately as a Class. No holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Unitholders or of a Class of Unitholders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Subject to the provisions of the Limited Partnership Agreement, each Unit shall entitle the holder thereof to participate pro rata with respect to all distributions of the same Class, and, upon liquidation of the Partnership to participate pro rata with the Unitholders of the same Class in the assets of the Partnership attributable to such Class remaining after the satisfaction of outstanding debts, liabilities and liquidation or termination expenses of the Partnership. Distributions are allocated among each Series of each Class of Units in such manner and at such times as the General Partner considers appropriate and equitable. Eligible Holders have the right to participate in the DRIP of the Partnership. See “*Distribution Reinvestment Plan*”. Unitholders have the right to redeem the Units as set out in this Offering Memorandum. See “*Redemptions*”.

Holders of any Class of Units have the right to elect to redesignate such Units into other Classes of Units, subject to General Partner approval. See “*Redesignation Right*”. Unitholders have no voting rights in respect of securities held by the Partnership. The distinguishing characteristic of each Class of Units relates to the different fee structure applicable to such Class. See “*Calculation of Net Asset Value – Calculation of Net Asset Value*” and “*Fees and Expenses*”. Units may not be transferred except in conformity with applicable securities laws relating to resale of securities and only if the prior written consent of the General Partner has been obtained and the transfer is in accordance with the provisions of the Limited Partnership Agreement.

### **Issuance of Units**

The General Partner may, at any time without the approval of the Unitholders, raise capital for the Partnership by issuing and selling Units, on a private placement basis (including, without limitation, through the DRIP) and may determine the terms and conditions of any such issuance and sale and may do all things in that regard including, without limitation, preparing and filing an offering memorandum, and such other documents as may be necessary or advisable, paying from the Partnership the expenses of the offering and sale of Units and entering into agreements with any person providing for a commission or fee in respect of such sale, either to underwriters, agents or purchasers, all in a manner that is not inconsistent with the provisions of any offering memorandum or relevant offering documents and provided that the General Partner and Manager have complied with applicable securities laws and have acted in good faith and in the best interest of the Partnership in accordance with the Limited Partnership Agreement.

### **Amendments**

Unless otherwise permitted under the Limited Partnership Agreement, amendments to the terms of the Units must be approved by the applicable Unitholders of the Partnership in accordance with applicable laws and as set forth under “Unitholder Matters - Matters Requiring Unitholder Approval”.

### **Representations of the Unitholders**

Pursuant to the Limited Partnership Agreement, each Unitholder represents and warrants that it has not financed, and will not finance, its acquisition of the Units with indebtedness for which recourse is or is deemed to be limited within the meaning of the Tax Act, where limited recourse indebtedness includes:

- (a) indebtedness in respect of which bona fide written arrangements were not made, at the time the indebtedness was incurred, for repayment of all principal and interest within a reasonable period not exceeding 10 years;

- (b) indebtedness on which interest is not payable, at least annually, at a rate equal to or greater than the lesser of the rate prescribed under the Tax Act at the time the indebtedness arose and the prescribed rate that is applicable from time to time during the term of the indebtedness;
- (c) indebtedness in respect of which such interest is not paid by the debtor within 60 days of the end of the debtor's tax year; and
- (d) any indebtedness of a Unitholder, if the Unitholder is a limited partnership.

If the Unitholder is not an individual, it may be obliged to provide the General Partner with a declaration that it is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act.

### **Status of the Partnership**

Each Unitholder is not permitted to change its status as represented in the Limited Partnership Agreement or transfer or purport to transfer its Units to any other person if such change, transfer or purported transfer would have the effect of altering the status of the Partnership in relation to the Tax Act or any similar statute affecting such status, as reasonably determined by the General Partner from time to time. In addition, the General Partner may require those Unitholders who are Non-Residents to sell their Units to Residents if without such sale, the status of the Partnership in relation to the Tax Act or similar statute affecting such status would be adversely affected resulting in material adverse tax consequences to the Partnership or its Unitholders. In the event that a Unitholder fails to comply with such a requirement, the General Partner has the right to sell such Unitholder's Units or to purchase the same on behalf of the Partnership at fair value as determined by an independent third party selected by the General Partner, whose determination is final and binding and not subject to review or appeal.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

A meeting of the Unitholders may be called at any time by the General Partner and shall be called by the General Partner upon written request of the Unitholders holding in the aggregate not less than 45% of the Units then outstanding, which request must specify the purpose or purposes for which such meeting is to be called. Notice of any meeting of the Unitholders will be given by the General Partner to each Unitholder. The notice will be delivered pursuant to the Limited Partnership Agreement at least 15 Business Days and not more than 40 Business Days prior to the meeting and will specify the time and place of the meeting and, in reasonable detail, the nature of all business to be transacted.

The Partnership may issue fractional Units so that subscription funds may be fully invested, however, no holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Unitholders or of a Class of Unitholders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

### **Matters Requiring Unitholder Approval**

Unless otherwise required by the Limited Partnership Agreement or by law, every question submitted to a meeting of the Unitholders will require the approval by resolution passed by more than 50% of the votes cast by Unitholders voting as a single Class thereon. Each whole Unit of a particular Class entitles the holder thereof to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders vote separately as a Class. No holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Unitholders or of a Class of Unitholders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units. If required by applicable law or if the General Partner determines that any matter would affect Unitholders holding one or more particular Class of Units of the Partnership in a manner materially different from the Unitholders as a whole of the Partnership, the General Partner shall convene separate meetings of Unitholders of that Class. The meetings may be held concurrently and the Unitholders entitled to vote at such meeting shall be entitled to vote separately as a Class with respect to those matters.

Any change to the investment restrictions of the Partnership require the approval of Unitholders given by way of Ordinary Resolution. In addition to the foregoing, unless otherwise required by law, the following acts require the approval of Unitholders at a meeting called and held for such purpose. Items (i) through (viii) require approval by an Extraordinary Resolution:

- (i) waive any default on the part of the General Partner on such terms as they may determine and release the General Partner from any claims in respect thereof;
- (ii) dissolve the Partnership for any reason other than as permitted under the Limited Partnership Agreement (see “*Unitholder Matters – Termination of the Partnership*” for additional requirements);
- (iii) amend the investment objectives of the Partnership in any material respect;
- (iv) approve an amendment to the Management Agreement increasing the fees payable to the Manager thereunder;
- (v) excluding amendments pursuant to Article 15 of the Limited Partnership Agreement that do not require Unitholder approval or that require unanimous consent, approve any amendment to the Limited Partnership Agreement, including without limitation, to change the nature of the business permitted to be carried on by the Partnership or the investment restrictions;
- (vi) remove and replace the General Partner;
- (vii) approve a reorganization in respect of or pertaining to the Partnership, the assets of the Partnership, the interests in the Partnership or the Units as proposed by the General Partner in connection with an initial public offering and all other transactions related thereto or to give effect to such reorganization or to facilitate the successful completion of the initial public offering and any amendments to the Limited Partnership Agreement relating to the foregoing, provided that, in each case, there is no material adverse effect on any of the Unitholders; and
- (viii) amend or repeal any Extraordinary Resolution.

Neither the Trust nor any Sub-Trust shall be permitted to vote its direct or indirect interest in the Partnership (i) in favour of the removal of the General Partner unless a Removal Event shall have occurred and is continuing, or (ii) to amend the Limited Partnership Agreement, in each case without the prior written consent of the General Partner.

At a meeting of Unitholders, a quorum (except for the purposes of passing an Extraordinary Resolution to remove the General Partner or to dissolve the Partnership) constitutes two or more Unitholders entitled to vote and who are present in person or by proxy at such meeting holding not less than 10% of the outstanding Units. Quorum for the purposes of passing an Extraordinary Resolution to remove the General Partner or to dissolve the Partnership constitutes two or more Unitholders entitled to vote and who are present in person or by proxy at such meeting holding not less than 50% of the outstanding Units. If no quorum is present at such meeting within 30 minutes of the time called for such meeting, if called on the requisition of a Unitholder, the meeting will be terminated and otherwise will be adjourned to be held on the day that is seven (7) days after the original meeting, at a time and place determined by the General Partner. At the reconvening of any adjourned meeting the Unitholders entitled to vote and then present in person or represented by proxy will form the necessary quorum.

### **Amendments to the Limited Partnership Agreement**

The Limited Partnership Agreement may only be amended in writing and with the consent of the Unitholders given by Extraordinary Resolution. Notwithstanding the foregoing, the following amendments may only be made with the unanimous consent of the Partners:

- (a) any amendment of the provisions relating to the amendment of the Limited Partnership Agreement; and

- (b) any amendment that gives any person the right to dissolve the Partnership, other than the General Partner's right to dissolve the Partnership (i) if Unitholders have approved an Extraordinary Resolution to do so; or (ii) if the General Partner follows the procedure set out in "Termination of the Partnership" below.

The General Partner may, without the approval of or notice to the Unitholders, amend the Limited Partnership Agreement for the following purposes:

- (a) for the purpose of adding to the Limited Partnership Agreement any further covenants, restrictions, deletions or provisions which, in the opinion of counsel to the Partnership, are necessary for the protection of the Unitholders;
- (b) to cure an ambiguity or to correct or supplement any provision contained therein, which in the opinion of counsel to the Partnership, may be defective or inconsistent with any other provision contained therein, provided that such cure, correction or supplemental provision does not and will not, in the opinion of such counsel, adversely affect the interest of the Unitholders;
- (c) to make such other provisions in regard to matters or questions arising under the Limited Partnership Agreement which, in the opinion of the General Partner, does not and will not adversely affect the interests of the Unitholders;
- (d) to insert or amend existing provisions as may be required by the lenders to the Partnership provided such amendments do not change the proportionate interest of any Unitholder in the Partnership and provided such amendments do not impose a direct obligation on any Unitholder to contribute further capital to the Partnership or to give further security or assume further liabilities;
- (e) for the purpose of giving effect to an Ordinary Resolution, an Extraordinary Resolution or the unanimous consent of the Partners;
- (f) to bring the Limited Partnership Agreement into conformity with (i) applicable laws, rules and policies of Canadian securities regulators or (ii) current practice within the securities or investment fund industries, provided that any amendment contemplated by (ii) does not adversely affect the pecuniary value of the interests of the Unitholders;
- (g) create additional Classes of Units;
- (h) to change the registered office of the Partnership;
- (i) to change the name of the Partnership; or
- (j) to redesignate any Class of Units to a different Class, provided that there is no right to change the rights of such redesignated Class.

The General Partner will give the Unitholders details of any such amendment to the Limited Partnership Agreement within 30 days after the effective date of the amendment.

### **Termination of the Partnership**

The Partnership does not have a fixed termination date but may be terminated at any time upon the occurrence of the earliest of the following: (i) without the approval of the Unitholders upon not less than 120 days' written notice by the General Partner to the Unitholders, if, in the opinion of the General Partner, it is no longer economically practical to continue the Partnership or it would be in the best interests of the Partnership and the Unitholders to terminate the Partnership; provided that such date of termination may be extended upon not less than 60 days' prior written notice in circumstances where the General Partner reasonably deems it necessary to allow the orderly conversion of the Partnership's assets to cash; (ii) if the General Partner, or Unitholders holding at least 50% of the Units, make a demand in writing for dissolution and the Unitholders consent thereto by means of an Extraordinary Resolution, on the date specified in such Extraordinary Resolution; (iii) on the date which is 180 days following the date of the dissolution, liquidation, bankruptcy, insolvency or winding-up of the General Partner (other than any such dissolution, liquidation or winding-up of the General Partner or the Asset Manager that is not in relation to a bankruptcy insolvency or winding-up of the General Partner) or the nomination of a trustee, sequestrator or liquidator, or the date of any

event permitting a trustee or a sequestrator or liquidator to administer the affairs of the General Partner, provided that the trustee, sequestrator or liquidator performs his, her or its functions for 60 consecutive days, unless a new General Partner is admitted to the Partnership prior to the expiration of such 180 day period; or (iv) on December 31 of the year during which all of the property of the Partnership is sold or otherwise realized and has been settled and distributed in accordance with the Limited Partnership Agreement.

## CONFLICTS OF INTEREST

The services of the Manager, its officers, directors and affiliates are not exclusive to the Partnership. The Manager and any of its respective affiliates and associates may, at any time, engage in the promotion, management or investment management of any other fund, trust, or limited partnership and provide similar services to other funds and other clients and engage in consulting or other activities. The Manager has adopted a conflict of interest policy designed to address and minimize potential conflicts of interest that may arise from the above-stated situations. This policy states that the Manager will deal fairly, honestly and in good faith with all clients and not advantage one client over another.

The services of the Asset Manager, its officers, directors and affiliates are not exclusive to the Partnership. The Asset Manager currently acts and may in the future act as the asset manager of other funds and client accounts (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities)) and proprietary accounts and may, at any time, provide similar services to other funds and other accounts and engage in other activities. The investment programs of the Partnership and such other accounts may or may not be substantially similar.

The Partnership relies upon the Asset Manager's services and skill with respect to real estate assets. Although officers, directors and professional staff of the Asset Manager devote as much time to the Partnership as is deemed appropriate to perform its duties, the staff of the Asset Manager may have conflicts in allocating their time and services among the Partnership and the other funds and accounts managed by the Asset Manager or to which the Asset Manager provides management or asset management services. See "*Risk Factors – Allocation of Time*".

Potential conflicts of interest may arise for the Asset Manager when allocating orders among other funds and accounts for whom the Asset Manager provides asset management services, particularly in circumstances where the availability of investment opportunities is limited. These conflicts include, without limitation, the receipt of greater fees or compensation (including performance fees or similar incentive compensation) from some accounts, or may be perceived to arise because the Asset Manager may be affiliated with or have other relationships with certain accounts.

If opportunities for the purchase or sale of assets by the Asset Manager for the Partnership and for other funds or accounts for which the Asset Manager renders asset management services arise for consideration at or about the same time, it is the Asset Manager's general policy to share such investment opportunities (and sale opportunities) among the Partnership and the Asset Manager's institutional and other accounts, where permitted by the Asset Manager's existing investment mandates. In allocating such investment opportunities the Asset Manager takes into account a variety of factors including differences in legal, tax, regulatory, risk management, concentration, exposure, asset management agreements and account guideline limitations and/or mandate or strategy considerations for the relevant accounts as well as the relative amount of assets under management in each such account.

Notwithstanding the foregoing, any particular allocation decision among accounts is subject to various conditions set forth in the respective governing agreements of the Asset Manager's other accounts and certain investment opportunities (and certain mortgage investment opportunities, in particular) that fall within the Partnership's investment objectives or strategy may be allocated in whole to the Asset Manager's other existing accounts. No member of Forgestone Group will have any obligation to present any investment opportunity to the Partnership if it determines in good faith that such opportunity should not be presented to the Partnership for any one or a combination of the reasons specified above, or if such member of the Forgestone Group is otherwise restricted from presenting such investment opportunity to the Partnership.

The Asset Manager's sharing of investment and sale opportunities to the Partnership for consideration in the manner discussed above may result in the sharing or allocation of all or none of an opportunity to the Partnership, or a disproportional opportunity to participate and/or disproportional allocation among such persons, with such allocations or opportunities to participate being more or less advantageous to some such persons relative to other such persons.

From time to time, an opportunity may not be shared with the Partnership, or the Partnership may be precluded from participating in an opportunity that would otherwise be compatible with the Partnership's investment objectives and restrictions. There can be no assurance that all potentially suitable opportunities that come to the attention of the Asset Manager will be made available to or shared with the Partnership or that the Partnership will receive its desired amount of any such opportunity, or that the Partnership's actual allocation of an opportunity, if any, or the terms on which such allocation is made, will be as favorable as it would be if the conflicts of interest to which the Asset Manager may be subject, as noted above, did not exist. There can be no assurance that the Partnership will have an opportunity to participate in certain investments that fall within the Partnership's investment objectives.

### **Related and/or Connected Issuers**

Applicable securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, or securities of an issuer in which a "responsible person" (as defined in National Instrument 31-103) is an officer or director, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal advisor.

From time to time the Manager may deal in the securities of a "related issuer" or a "connected issuer" as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*. As of the date hereof the Manager is manager to the Partnership. As such, the Partnership may be considered to be a related issuer and/or connected issuer of, or otherwise have a connection to, the Manager, a registered exempt market dealer, in connection with the distribution of Units hereunder, which may result in potential conflicts of interest. The definitions of the terms "connected issuer" and "related issuer" can be found in National Instrument 33-105 *Underwriting Conflicts*. A "related issuer" is a person or company that influences or is influenced by, through ownership or direction and control over voting securities, another person or company. A person or company is a "connected issuer" to another person or company if, due to its relationships with such person, a prospective purchaser of securities of the person or company might question the other person or company's independence from the first person or company. Where the Manager acts as an exempt market dealer in respect of the securities of a related or connected issuer of the Manager, it will review with clients its current summary of potential conflicts of interest and obtain the specific and informed written consent of clients to the conflicts of interest. In connection with a purchase of Units of the Partnership, the consent of clients is evidenced by each client's execution of the Subscription Agreement for Units of the Partnership. In all investment decisions, the Manager will deal fairly, honestly and in good faith with each of its clients.

The decision to distribute the Partnership hereunder was made by, and the terms of such distribution were determined by, the General Partner and the Manager. The Manager acts as the manager of the Partnership and earns fees for managing the Partnership. The Manager acts as an exempt market dealer in connection with the marketing and sale of units of the Partnership. However, no commissions are paid to the Manager in connection with the sale of such Units. The Manager will earn management fees from the Partnership. The Asset Manager may earn performance fees from the Partnership. The Manager will also earn an annual stipend from the Partnership for the use of its direct client onboarding and execution platform, Midasboard. The proceeds of the Offering shall not otherwise be applied, directly or indirectly, for the benefit of the Manager.

### **MATERIAL CONTRACTS**

Contracts material to Investors in the Units offered by this Offering Memorandum that have been entered into by the Partnership are:

- (a) the Limited Partnership Agreement described under "*The Partnership - Overview of the Legal Structure of the Partnership*";
- (b) the Management Agreement described under "*Organization and Management Details of the Partnership – Duties and Services Provided by the Manager and Details of the Management Agreement*";

- (c) the Asset Management Agreement described under “*Organization and Management Details of the Partnership - Duties and Services Provided by the Asset Manager and Details of the Asset Management Agreement*”.

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Partnership during the course of distribution of the Units offered hereby.

## REPORTING OBLIGATIONS

The Partnership is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, except in limited circumstances. The Partnership will prepare its audited annual financial statements within 120 days of the end of each of its financial years, and will make them reasonably available to each Investor through their investment advisor, if their Units were purchased through an investment dealer, or directly if the Units were purchased through the Manager, acting as exempt market dealer. The Manager, on behalf of the Partnership, will prepare and file on SEDAR+ reports of exempt distribution on Form 45-106F1 within 10 days of each closing of the sale of Units (expected to be monthly).

The Partnership will make available to each Unitholder annually, within the time periods prescribed by law, information necessary to enable such Unitholder to complete an income tax return under the Tax Act with respect to Partnership matters for the preceding year. The Partnership itself is not liable for income tax and is not required to file income tax returns except for an annual information form.

## PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors. The Subscription Agreement contains detailed guidance on whether identification verification materials will need to be provided with the Subscription Agreement and, if so, a list of the documents and information required.

If, as a result of any information or other matter which comes to the Manager’s attention, any director, partner, officer or employee of the Manager or their respective professional advisors, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

## LANGUAGE OF DOCUMENTS

Any potential Canadian investor acknowledges and agrees that by requesting information on the issuer and any investment opportunity, and as applicable by purchasing securities of the issuer, it: (i) expressly wishes and requested that this Offering Memorandum and the Subscription Agreement and all communications, disclosure and other documents, any agreement and any form of order and confirmation, as applicable, be drawn up in the English language only; and (ii) acknowledges that the issuer is not based in the Province of Québec and that any agreement to purchase securities, as applicable, is being formed outside of the Province of Québec. *Tout souscripteur canadien potentiel reconnaît et convient qu’en demandant de l’information sur l’émetteur et toute occasion de placement et, le cas échéant, en achetant des titres de l’émetteur, il: (i) souhaite et demande expressément que la présente notice d’offre et la convention de souscription et toutes les communications, tous les documents d’information et autres documents, toute entente et toute forme de commande et de confirmation, le cas échéant, soient rédigés en anglais seulement; et (ii) reconnaît que l’émetteur n’est pas établi dans la province de Québec et que toute entente d’achat de titres, le cas échéant, est conclue à l’extérieur de la province de Québec.*

## RESALE RESTRICTIONS

### General Statement

The Units are being offered on a private placement basis in reliance upon prospectus exemptions under applicable securities legislation in each of the provinces and territories of Canada. These securities will be subject to a number

of resale restrictions, including resale restrictions that are expected to apply indefinitely. You will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation and Units may only be transferred with the consent of the General Partner.

Generally, the Units may be resold only pursuant to an exemption from the prospectus requirements of applicable securities legislation or pursuant to an order of the appropriate securities regulatory authorities granting an exemption from prospectus requirements because the Partnership is not a reporting issuer. A purchaser engaged in a resale of Units may also have reporting and other obligations. Investors are therefore advised to seek legal advice with respect to such resale of Units. Resale of Units is also restricted under the terms of the Limited Partnership Agreement, and Units may not be transferred without the prior written consent of the Manager. Accordingly, each prospective investor must be prepared to bear the economic risk of the investment in Units for an indefinite period.

Subject to applicable securities legislation, a Unitholder will be entitled, if permitted by the General Partner, to transfer all or, subject to any minimum investment requirements prescribed by the General Partner, any part of the Units registered in the Unitholder's name at any time by giving written notice to the General Partner. The proposed transferee will be required to make representations and warranties to the Partnership and the General Partner in form and substance satisfactory to the General Partner. The General Partner may prescribe the minimum dollar value of Units which may be transferred but has not currently done so.

Each purchaser of Units will be required to deliver to the General Partner and Manager a Subscription Agreement in which such purchaser will represent to the General Partner and Manager that such purchaser is an accredited investor (within the meaning of applicable Canadian securities laws) and is therefore a person or company to whom the Partnership may distribute Units without the benefit of a prospectus. Purchasers that acquire Units directly through the Manager, acting as exempt market dealer, must complete an online "know-your-client" application through Midasboard.com and will be subject to anti-money laundering and anti-terror screening. See "*Purchase of Securities - Purchase of Units Through the Manager.*"

### **Restricted Period**

Except in the Province of Manitoba, unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the later of (a) the date on which the securities are issued and (b) the date the Partnership becomes a reporting issuer in any province or territory of Canada.

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

### **PURCHASERS' RIGHTS**

Securities legislation in certain of the Canadian provinces and territories provides purchasers of securities pursuant to an offering memorandum such as this Offering Memorandum with a remedy for damages or rescission, or both, in addition to and without derogation from any other rights they may have at law, where the Offering Memorandum and any amendment to it (and in some cases, advertising and sales literature used in connection therewith) contains a Misrepresentation. Where used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not false or misleading in light of the circumstances in which it was made. Where used herein, "**material fact**" means, when used in relation to Units issued or proposed to be issued or, in New Brunswick, issued or distributed or proposed to be issued or distributed, a fact that would reasonably be expected to have a significant effect on the market price or value of the Units. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

The information set forth below is not intended to be a comprehensive summary of the rights of each purchaser, and may be subject to change. Each purchaser should refer to the complete text of the relevant provisions and to their legal

advisor for more details. The rights of action discussed below are in addition to, and without derogation from, any other rights or remedies that are available at law to a purchaser of Units.

## Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that a purchaser resident in Ontario who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the Units, for rescission against the Partnership provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Partnership;
- (b) the Partnership will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) the Partnership will not be liable for all or any portion of damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- (d) the Partnership will not be liable for a misrepresentation in “forward looking information” (“**FLI**”), as such term is defined under applicable Canadian securities laws, if it proves that:
  - (i) the Offering Memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, 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 FLI; and
  - (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and
- (e) in no case shall the amount recoverable for the Misrepresentation exceed the price at which the Units were offered.

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

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

This Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements (the “**accredited investor exemption**”) contained under section 73.3(2) of the *Securities Act* (Ontario). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply if the prospective purchaser is relying on the accredited investor exemption and is:

- (a) a Canadian financial institution 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.

## Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where this Offering Memorandum or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a Unit covered by this Offering Memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Partnership on whose behalf the distribution is made or has a right of action for damages against:

- (a) the Partnership on whose behalf the distribution is made;
- (b) every promoter and director of the Partnership 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 or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed this Offering Memorandum or the amendment thereto; and
- (e) every person who or company that sells Units on behalf of the Partnership under this Offering Memorandum or amendment to this Offering Memorandum.

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

- (a) if the purchaser elects to exercise its right of rescission against the Partnership, it shall have no right of action for damages against the Partnership;
- (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 Units resulting from the misrepresentation relied on;
- (c) no person or company, other than the Partnership, 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 Units 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 Units with knowledge of the misrepresentation.

In addition, no person or company, other than the Partnership, will be liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which 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 any advertising and sales literature disseminated in connection with the offering of Units.

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 a Unit purchased and the verbal statement is made either before or contemporaneously with the purchase of the Unit, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

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

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

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

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

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

The Saskatchewan Act also provides a purchaser who has received an amended Offering Memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the Units by delivering a notice to the Partnership, 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 a purchaser is resident in Manitoba and if this Offering Memorandum contains a misrepresentation, each purchaser in Manitoba to whom this Offering Memorandum has been sent or delivered and who purchases Units, will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, and such purchaser has a right of action for damages against the Partnership, and, subject to certain additional defences, against every director of the Partnership (who were directors at the date of this Offering Memorandum) and any person or company who signed this Offering Memorandum, but may elect instead to exercise a right of rescission against the Partnership, in which case such purchaser will have no right of action for damages against the Partnership or the directors of the Partnership (who were directors at the date of this Offering Memorandum) or any other person or company who signed this Offering Memorandum, provided that, among other limitations:

- (a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;

- (b) in an action for damages, the Partnership will not be held liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable under the right of action described above exceed the price at which the Units were offered.

In addition, no person or company other than the Partnership is liable if the person or company proves that:

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

In addition, no person or company other than the Partnership is liable with respect to any part of this 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:

- (a) failed to conduct a reasonable investigation sufficient 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 is liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to such 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 the conclusion or making the forecast or projection; 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.

Subject to *The Securities Act* (Manitoba), no action shall be commenced to enforce these rights more than:

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

The rights discussed above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

## **New Brunswick**

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) (“**Section 150**”) apply to information relating to an offering memorandum, such as this Offering Memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on various prospectus exemptions, including the “accredited investor” prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action against the issuer of securities for rescission or damages in the event that an offering memorandum provided to the purchaser contains a Misrepresentation.

Where this Offering Memorandum is delivered to a prospective purchaser of Units in connection with a trade made in reliance on Section 2.3 or Section 2.10(2) of NI 45-106, and this document contains a Misrepresentation, a purchaser who purchases the Units will be deemed to have relied on the Misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Partnership a selling security holder of whose behalf such trade is made, every person who was a director of the Partnership on the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, while still the owner of Units, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences an action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any 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.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the Partnership. In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the Units with knowledge of the Misrepresentation when the purchaser purchased the Units. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the Units were offered under this Offering Memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the Misrepresentation.

## **Nova Scotia**

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”) provides, in relevant part, that in the event that this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the Nova Scotia Act) contains a misrepresentation, as defined in the Nova Scotia act, the purchaser will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Partnership and, subject to certain additional defences, every director of the Partnership at the date of this Offering Memorandum and every person who signed this Offering Memorandum or, alternatively, while still the owner of the Units purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the Partnership, in which case the purchaser shall have no right of action for damages against the Partnership, directors of the Partnership or persons who have signed this Offering Memorandum, provided that, among other limitations:

- (a) no action shall be commenced more than, 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, in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action. Notwithstanding the foregoing, no action shall be commenced to enforce the

right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the Units;

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

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

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

Furthermore, no person or company, other than the Partnership, will be liable with respect to any part of this Offering Memorandum or amendment to this Offering Memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

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

## **Nunavut**

The right of action for damages or rescission described herein is conferred by section 112 of the *Securities Act* (Nunavut). Under section 112 of the *Securities Act* (Nunavut), when an offering memorandum, such as this Offering Memorandum, is delivered to an investor to whom securities are distributed in reliance upon a prospectus exemption under Nunavut securities laws, a purchaser resident in Nunavut who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation (being an untrue statement of a material fact, an omission to state a material fact that is required to be stated by the *Securities Act* (Nunavut), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made), a right of action for damages or, alternatively, while still the owner of the Units, for rescission against the Partnership provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Partnership;
- (b) the Partnership will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) the Partnership will not be liable for all or any portion of damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable for the misrepresentation exceed the price at which the Units were offered.
- (e) Section 121 of the Securities Act (Nunavut) provides that no action shall be commenced to enforce these rights more than:
- (f) 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
- (g) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

#### **Northwest Territories**

The right of action for damages or rescission described herein is conferred by section 112 of the *Securities Act* (Northwest Territories). Under section 112 of the *Securities Act* (Northwest Territories), when an offering memorandum, such as this Offering Memorandum, is delivered to an investor to whom securities are distributed in reliance upon a prospectus exemption under Northwest Territories securities laws, a purchaser resident in Northwest Territories who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation (being an untrue statement of a material fact, an omission to state a material fact that is required to be stated by the *Securities Act* (Northwest Territories), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made), a right of action for damages or, alternatively, while still the owner of the Units, for rescission against the Partnership provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Partnership;
- (b) the Partnership will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) the Partnership will not be liable for all or any portion of damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable for the misrepresentation exceed the price at which the Units were offered.

Section 121 of the *Securities Act* (Northwest Territories) provides that no action shall be commenced to enforce these rights more than:

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

## **Rights for Purchasers in British Columbia, Alberta, Quebec, Newfoundland and Labrador, Prince Edward Island and Yukon**

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta), and the *Securities Act* (Québec) and the *Securities Act* (Newfoundland and Labrador) do not provide, or require the Partnership to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Partnership hereby grants to such purchasers contractual rights of action, subject to the same defences and limitations, that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

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

### **General**

The foregoing summary is subject to the express provisions of the securities acts of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories, respectively, and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Partnership may rely.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

## GLOSSARY OF TERMS

“\$” means Canadian dollars.

“**Adjusted Net Asset Value**” or “**Adjusted NAV**” has the meaning attributed thereto under “Fees and Expenses - Performance Fees on the Units Offered”.

“**Adjustment Factors**” has the meaning attributed thereto under “Calculation of Net Asset Value – Valuation Policies and Procedures of the Partnership”.

“**Administration Agreement**” has the meaning ascribed thereto under “Organization and Management Details of the Partnership - Administrator, Transfer Agent and Registrar”.

“**Administrator**” means Apex Fund Services (Canada) Ltd., the administrator for the Partnership, which is responsible for providing administration services to the Partnership, including record keeping, register management, Unit transaction and similar services as may be provided to the Partnership by the administrator or by such other party as may be retained from time to time by the Partnership.

“**Asset Manager**” means Forgestone DREF LP or any successor thereto.

“**Asset Management Agreement**” has the meaning attributed thereto under “Organization and Management Details of the Partnership - Duties and Services Provided by the Asset Manager and Details of the Asset Management Agreement”.

“**Asset Manager Key Person**” means Trevor Blakely.

“**Asset Manager Key Person Event**” means Trevor Blakely ceases to devote sufficient time and attention to the affairs of the Funds.

“**Base Series**” has the meaning ascribed thereto under “Calculation of Net Asset Value - Series Roll-Up”.

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

“**Capital Gains Changes**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – Computation of Income”.

“**CBCA**” means the Canada Business Corporations Act.

“**Change in Manager Event**” has the meaning ascribed thereto under “Organization and Management Details of the Partnership - Cooperation Agreement - Change in Manager Event”.

“**Change in Non-Portfolio Assets**” for the Partnership on a Valuation Date means:

- (a) the aggregate of all revenue accrued by the Partnership on that Valuation Date, including cash dividends and distributions, interest and compensation; plus or minus
- (b) any change in the value of any non-portfolio assets or liabilities stated in any foreign currency accrued on that Valuation Date, including, without limitation, cash, accrued dividends or interest and any receivable or payables; plus or minus
- (c) any gain or loss resulting from transfers of currencies accrued on that Valuation Date; plus or minus
- (d) any other item accrued on that Valuation Date determined by the General Partner to be relevant in determining a Change in Non-Portfolio Assets.

“**Class**” means a class of Units of the Partnership.

“**Class A Units**” means the class of redeemable units of the Partnership designated as the “Class A Units”.

“**Class B Units**” means the class of redeemable units of the Partnership designated as the “Class B Units”.

“**Class Expenses**” means those expenses of the Partnership that are attributable to a particular Class of Units of the Partnership other than Common Expenses, as determined by the General Partner acting in good faith.

“**Class F Units**” means the class of redeemable units of the Partnership designated as the “Class F Units”.

“**Class G Units**” means the class of redeemable units of the Partnership designated as the “Class G Units”.

“**Class I Units**” means the class of redeemable units of the Partnership designated as the “Class I Units”.

“**Class NAV**” or “**Class Net Asset Value**” means in respect of any particular Class of Units of the Partnership on any particular Valuation Date, the portion of the Net Asset Value of the Partnership attributed to the Units of such Class.

“**Class NAV per Unit**” or “**Class Net Asset Value per Unit**” has the meaning attributed thereto under “Calculation of Net Asset Value – Class Net Asset Value per Unit”.

“**Class R Units**” means the class of redeemable units of the Partnership designated as the “Class R Units”.

“**Class S Units**” means the class of redeemable units of the Partnership designated as the “Class S Units”.

“**Class T Units**” means the class of redeemable units of the Partnership designated as the “Class T Units”.

“**Class U Units**” means the class of redeemable units of the Partnership designated as the “Class U Units”.

“**Closing Date**” has the meaning ascribed to it under “Purchase of Securities – Units Offered and Subscription Price”.

“**Common Expenses**” means those expenses of the Partnership other than Class Expenses that are determined by the General Partner to be “Common Expenses”.

“**Cooperation Agreement**” has the meaning ascribed thereto under “Organization and Management Details of the Partnership - Cooperation Agreement - Change in Manager Event”.

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

“**Distribution Payment Date**” has the meaning ascribed thereto under “Distribution Policy”.

“**Distribution Record Date**” has the meaning ascribed thereto under “Distribution Policy”.

“**DRIP**” means the Distribution Reinvestment Plan adopted by the Partnership on October 28, 2025, as may be amended from time to time. See description under “Distribution Reinvestment Plan”.

“**Eligible Holders**” has the meaning attributed thereto under “Distribution Reinvestment Plan”.

“**EMD**” means exempt market dealer.

“**Extraordinary Resolution**” means a resolution passed by 66 ⅔% or more of the votes cast at a duly constituted meeting, or an adjournment thereof, of Unitholders called for the purpose of considering such resolution, or, alternatively, a written resolution signed in one or more counterparts by Unitholders holding 66 ⅔% or more of the Units outstanding entitled to vote on such resolution at a meeting.

“**Fair Market Value**” has the meaning attributed thereto under “Calculation of Net Asset Value – Valuation Policies and Procedures of the Partnership”.

“**FATCA**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – International Tax Information Reporting”.

“**FATCA Tax**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – International Tax Information Reporting”.

“**Foreign Tax Credit Generator Rules**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – Computation of Income”.

“**Forgestone**” means, collectively, Forgestone Capital, the Asset Manager and their affiliates.

“**Forgestone Capital**” means Forgestone Capital Management LP.

“**Founder Investors**” means those Unitholders that purchase and are issued Class B Units and Class G Units.

“**Founders Class Units**” means the Class B Units and Class G Units of the Partnership and any other class of redeemable units of the Partnership so designated from time to time by the General Partner.

“**Founders Issue Cap**” means an aggregate of \$100,000,000 of Founder Series Trust Units and Founders Class Units.

“**Founders Series Trust Units**” means Series B Units and Series G Units of the Trust and any other series of redeemable units of the Trust so designated from time to time by the Manager-Trustee.

“**Funds**” means, collectively, the Partnership and the Trust.

“**Fundserv**” means Fundserv Inc.

“**General Partner**” means FSC Diversified GP Inc., or any other party that may become the general partner of the Partnership in place of, or in substitution for, FSC Diversified GP Inc., from time to time, in each case until such General Partner ceases to be the general partner of the Partnership under the terms of the Limited Partnership Agreement.

“**High Watermark**” has the meaning attributed thereto under “Fees and Expenses – Performance Fees on the Units Offered”.

“**Hold Period**” means the 12-month period following the purchase of Units (excluding Units acquired through the DRIP) during which such Units will be subject to an early redemption charge equal to 5% of the Net Asset Value of Units so redeemed.

“**IFRS**” means *International Financial Reporting Standards*, issued by the International Accounting Standards Committee, and as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time.

“**IGA**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – International Tax Information Reporting”.

“**intermediary**” has the meaning attributed thereto in the “Distribution Reinvestment Plan”.

“**Investor**” means a person who subscribes for Class A Units, Class B Units, Class F Units, Class G Units, or Class I Units pursuant to the Offering.

“**Limited Partnership Agreement**” has the meaning attributed thereto under “The Partnership – Overview of the Legal Structure of the Partnership”.

“**Management Agreement**” has the meaning attributed thereto under “Organization and Management Details of the Partnership – Duties and Services Provided by the Manager and Details of the Management Agreement”.

“**Management Fee**” has the meaning attributed thereto under “Fees and Expenses – Management Fees on the Units Offered”.

“**Manager**” means Altrust Investment Solutions Inc. or any successor thereto.

“**Manager-Trustee**” means Altrust Investment Solutions Inc. in its capacity as trustee of the Trust and in its capacity as investment fund manager and portfolio adviser of the Trust.

“**Manager Change of Control**” means any transaction that results directly or indirectly in the Manager Key Persons ceasing to control the Manager, provided that the Manager shall promptly notify the Asset Manager of any transfer by either of the Manager Key Persons of their control of the Manager; and “**control**” as used in this definition with respect to any Person, means beneficial ownership or control or direction over securities carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the Manager, unless that the voting securities are only held to secure an obligation.

“**Manager Key Person**” means each of Henry Kneis and Wilson Tow and any replacement for any of them following a Manager Key Person Event.

“**Manager Key Person Event**” means in the event that (i) either Manager Key Person ceases to devote sufficient time and attention to the affairs of the Funds for any reason, including death, disability, or retirement; or (ii) there is a Manager Change of Control.

“**material fact**” has the meaning ascribed thereto under “Purchasers’ Rights”.

“**Maturity Date**” has the meaning ascribed thereto under “Redemption Notes”

“**Minister**” means the Minister of Finance (Canada).

“**Misrepresentation**” has the meaning ascribed thereto under “Purchasers’ Rights”.

“**Mortgage Custodial Agreement**” means the custodial services agreement between the Partnership and the Custodian, as amended and/or restated from time to time.

“**Mortgage Custodian**” means Computershare Trust Company of Canada, in its capacity as mortgage custodian under the Mortgage Custodial Agreement.

“**Net Asset Value**” or “**NAV**” on a particular date will be equal to (i) the Total Assets of the Partnership, less (ii) the consolidated liabilities of the Partnership, as more fully described under “Calculation of Net Asset Value”.

“**Net Asset Value per Trust Unit**” means, for a particular Trust Series, the amount obtained by dividing the NAV attributable to that Trust Series as of a particular date by the total number of Trust Units of such Trust Series outstanding on that date.

“**Net Income**” or “**Net Loss**” means, with respect to any fiscal period of the Partnership, the net income or net loss, as the case may be, of the Partnership, as determined by the General Partner in accordance with Canadian generally accepted accounting principles or IFRS (or any other applicable accounting principles as deemed appropriate by the Manager), as applicable.

“**NI 45-106**” or “**National Instrument 45-106**” means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators (Regulation 45-106 respecting prospectus exemptions in Québec), as amended from time to time.

“**Non-Residents**” means a partnership other than a “Canadian partnership” as defined in the Tax Act and a person who, for the purposes of the Tax Act, and at all relevant times, is not resident in Canada and is not deemed to be resident in Canada.

“**Nova Scotia Act**” has the meaning attributed thereto under “Purchasers’ Rights – Nova Scotia”.

“**Offered Units**” means the Class A Units, Class B Units, Class F Units, Class G Units and Class I Units.

“**Offering**” means the offering of the Class A Units, Class B Units, Class F Units, Class G Units and Class I Units pursuant to this Offering Memorandum.

“**Offering Memorandum**” means this final confidential offering memorandum dated October 28, 2025.

“**Ordinary Resolution**” means a resolution passed by more than 50% of the votes cast at a duly constituted meeting of Limited Partners, or an adjournment thereof, or, alternatively, a written resolution signed in one or more counterparts by Unitholders holding more than 50% of the Units outstanding entitled to vote on such resolution at a meeting.

“**original Unit**” has the meaning ascribed to it under “Certain Canadian Income Tax Considerations – Redesignation of Units”.

“**Partners**” means, collectively, the General Partner and the Unitholders.

“**Partnership**” has the meaning attributed thereto under “The Partnership – Overview of the Legal Structure of the Partnership”.

“**Performance Fee**” has the meaning attributed thereto under “Fees and Expenses – Performance Fees on the Units Offered”.

“**Performance Valuation Date**” has the meaning attributed thereto under “Fees and Expenses – Performance Fees on the Units Offered”.

“**Plan Participants**” has the meaning attributed thereto under “Distribution Reinvestment Plan”.

“**Proportionate Share**” when used to describe a Unitholder’s interest in any amount, means the portion of that amount obtained by multiplying that amount by a fraction, the numerator of which is the number of Units of a Class of Units of the Partnership registered in the name of that Unitholder and the denominator of which is the total number of Units of that Class of the Partnership then outstanding.

“**Real Estate Portfolio**” has the meaning attributed thereto under “Partnership Objectives”.

“**Redemption Amount**” has the meaning attributed thereto under “Redemptions – Exercise of Redemption Privileges” and is subject to the deduction of Extraordinary Expenses.

“**Redemption Cap**” has the meaning attributed thereto under “Redemptions – Limitation and Suspension of Redemptions”.

“**Redemption Costs**” has the meaning attributed thereto under “Redemptions – Redemptions by Unitholders”

“**Redemption Date**” has the meaning ascribed thereto under “Redemptions – Redemptions by Unitholders”.

“**Redemption Notice**” has the meaning attributed thereto under “Redemptions – Exercise of Redemption Privileges”.

“**Redemption Notice Deadline**” has the meaning attributed thereto under “Redemptions – Exercise of Redemption Privileges”.

“**Redesignation Request**” has the meaning attributed thereto under “Redesignation of Units”

“**Redesignation Right**” has the meaning attributed thereto under “Redesignation of Units”

“**Registered Plan**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations – Registered Plans”.

“**Regulations**” means the regulations under the Tax Act.

“**Requested Class**” has the meaning attributed thereto under “Redesignation of Units”

“**Resident**” means a person that is resident or deemed to be resident in Canada for purposes of the Tax Act.

“**Saskatchewan Act**” has the meaning attributed thereto under “Purchasers’ Rights – Saskatchewan”.

“**Series**” means a particular series of a Class of Units.

“**Series A Trust Units**” means the series of redeemable units of the Trust designated as the “Series A Units”.

“**Series B Trust Units**” means the series of redeemable units of the Trust designated as the “Series B Units”.

“**Series F Trust Units**” means the series of redeemable units of the Trust designated as the “Series F Units”.

“**Series G Trust Units**” means the series of redeemable units of the Trust designated as the “Series G Units”.

“**Series I Trust Units**” means the series of redeemable units of the Trust designated as the “Series I Units”.

“**Series NAV**” or “**Series Net Asset Value**” means in respect of any particular Series of a Class of Units of the Partnership on any particular Valuation Date, the portion of the Net Asset Value of the Partnership attributed to the Units of such Series. See “Calculation of Net Asset Value – Series Net Asset Value per Unit”.

“**Series NAV per Unit**” or “**Series Net Asset Value per Unit**” means the Series Net Asset Value attributable to each Unit in such Series. See “Calculation of Net Asset Value – Series Net Asset Value per Unit”.

“**Series Roll-Up**” has the meaning attributed thereto under “Calculation of Net Asset Value - Series Roll-Up”.

“**SIFT Measures**” means provisions contained in the Tax Act relating to the taxation of publicly listed or traded trusts and partnerships, and their investors.

“**SIFT partnership**” has the meaning attributed thereto under “Certain Canadian Income Tax Considerations”.

“**standard of care**” has the meaning attributed thereto under “Organization and Management Details of the Partnership – Duties and Services Provided by the Manager and Details of the Management Agreement”.

“**Sub-Trust**” means a subsidiary of the Trust.

“**Subscription Agreement**” means the subscription agreement for a specified Class in the form prescribed by the Partnership from time to time and available from the Manager.

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

“**Tax Proposals**” has the meaning ascribed thereto under “Certain Canadian Income Tax Considerations”.

**“Temporary Investment”** means any of the following: (i) short-term investments of cash, which investments have a rating at the time of purchase of not less than R-1 (high) from Dominion Bond Rating Service Limited, not less than Aaa from Moody’s Investor Service, or the equivalent rating from another recognized rating agency; (ii) Canadian or U.S. dollar deposits or promissory notes, bills of exchange or other debt securities of or unconditionally guaranteed or accepted by the Government of Canada or by Canadian Schedule I chartered banks under the Bank Act (Canada) or by any province of Canada; or (iii) money market mutual funds that invest principally in investments described in one or more of the foregoing clauses (i) or (ii).

**“Total Assets”** means the aggregate value of the assets of the Partnership.

**“Trailer Fee”** has the meaning attributed thereto under “Fees and Expenses”.

**“Trust”** means Forgestone Diversified Real Estate Trust.

**“Trust Series”** means a series of Units of the Trust.

**“Trust Units”** means, collectively, Series A Units, Series B Units, Series F Units, Series G Units, and Series I Units of the Trust.

**“Unitholders”** means the holders of the Units.

**“Units”** means, collectively, the Offered Units together with the Class R Units, Class S Units, Class T Units and Class U Units of the Partnership that are reserved for issuance to the Trust, as the context requires.

**“Valuation Date”** has the meaning attributed thereto under “Calculation of Net Asset Value – Calculation of Net Asset Value”.