This Offering Memorandum pertains to an offering of securities only in those jurisdictions and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon. All references herein to dollar amounts are to lawful money of Canada unless otherwise indicated.

Offering of Trust Units **March 1, 2023**

OFFERING MEMORANDUM
AVENUE LIVING REAL ESTATE CORE TRUST

Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8
Phone: (403) 984-9363 E-mail: investor-relations@avenueliving.ca
Website: www.avenuelivingam.ca

There is no Minimum or Maximum Offering

Glossary:	See Glossary for meaning of capitalized words and phrases.
Currently listed or quoted:	No. **These securities do not trade on any exchange or market.**
Reporting Issuer:	No.
SEDAR filer:	Yes, but only as required pursuant to section 2.9 of National Instrument 45-106 – *Prospectus Exemptions*. The Trust is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

THE OFFERING

Securities Offered:	The Offering consists of Class A, A-U, D, D-U, F, F-U, W, W-B, WB-U and W-U Trust Units of the Trust.
Price Per Security:	Pricing of the Trust Units is set by the Asset Manager from time to time based on the Class Trading NAV of the Trust Units. The price per Trust Unit is set forth in the subscription agreement(s) entered into between the Subscriber(s) and the Trust. See **Item 5.2 – Determination of Trading NAV and Pricing of the Trust Units.**
Minimum/Maximum Offering:	**There is no minimum or maximum to this Offering. You may be the only purchaser. Funds available under this Offering may not be sufficient to accomplish our proposed objectives.** See **Item 8 – Risk Factors**.
Minimum Subscription:	$5,000. The Asset Manager may accept lesser subscription amounts in its sole discretion.
Payment Terms:	The Trust Units are being offered both directly and through Fundserv. If purchasing directly, payment shall be made as directed by the Asset Manager or your investment advisor. If through Fundserv payment for the Trust Units must be made through the Fundserv system. See **Item 5.10 – Subscription Procedure**.
Proposed Closing Date(s):	Closings of the Offering will take place on the dates determined by the Asset Manager. It is anticipated that Closings will take place on the last Business Day of each month.
Income Tax Consequences:	There are important tax consequences relating to the ownership of these securities. See **Item 6 – Income Tax Consequences and Eligibility for Exempt Plans**.
Sellers and Finders:	The Trust Units offered for sale under this Offering will be distributed by exempt market dealers and other agents, who may receive commissions or fees for soliciting, or assisting with effecting, sales of Trust Units. See **Item 7 – Compensation Paid to Sellers and Finders.**
Redemption Matters	Redemption rights under the Trust Declaration are restricted and subject to certain conditions and limitations, including cash limits on redemptions and early redemption penalties for certain Trust Units. See **Item 5.5 Redemption of Trust Units.**
Related and Connected Issuer:	The Trust is a connected issuer of Invico Capital Corporation, which acts as the Investment Fund Manager. The Investment Fund Manager earns fees from the Trust. The Canadian Partnership is a connected issuer of the Investment Fund Manager as it borrows money from the Investment Fund Manager from time to time. See **Item 7.2 – Related and Connected Issuers**, **Item 1.4 – Fees and Expenses, Item 7 - Compensation Paid to Sellers and Finders.**

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See **Item 10 – Resale Restrictions**.

PURCHASER'S RIGHTS

You have 2 Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See **Item 11 – Purchaser's Rights**.

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

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EXECUTIVE SUMMARY

Avenue Living is a private multi-family real estate asset owner and operator based in Calgary, Alberta, with a portfolio of over 14,400 multi-family units and over $3.1 billion in total assets under management as at January 31, 2023.

With assets in both Canada and the United States, Avenue Living has strategically positioned itself to become a premier North American owner-operator of low-to-medium density residential assets that caters to a niche market within the multi-family universe called "Workforce Housing". Recent research indicates that individuals within this demographic, referred to as "Workforce Residents", may make up as much as 40% of the private rental market population[1]. Avenue Living believes a large proportion of this significant population demographic are "renters by necessity" compared to "renters by choice", due in part to individual home ownership becoming less economically viable as a result of rising asset prices and the associated lending constraints[2, 3]. Avenue Living anticipates that the result will be an increased demand for Workforce Housing in the future, suggesting that this particular asset class is likely to be a profitable investment opportunity.

Building upon its experience in the Prairie Provinces, Avenue Living has identified that a significant level of market fragmentation in multi-family asset ownership exists within many markets of the United States. This presents a substantial opportunity for the regional consolidation of undervalued, but well-performing multi-family assets throughout what Avenue Living defines as its "heartland markets". As experienced in Canada, Avenue Living also recognizes that within this segment of the multi-family universe there is a substantial "changing of the guard" presently underway, whereby many "mom-and-pop" owner-operators of unconsolidated Workforce Housing multi-family assets have become incentivized to cycle out of their well-tenanted, legacy run assets, rather than commit the necessary capital investment to adapt to a changing resident profile that increasingly favours active over passive property management.

The North American evolution of Avenue Living's investment mandate is meant to capitalize on this changing dynamic and grow its portfolio of real estate investment properties by acquiring multi-family assets with target purchase prices below replacement cost and by introducing institutional-level quality active management to passively managed operations – focusing on resident satisfaction, revenue optimization, and value-add capital projects.

Between January 1, 2022 and January 31, 2023, Avenue Living added more than 2,000 multi-family residential rental units to its portfolio, including more than 380 multi-family units in the United States, for an aggregate purchase price of approximately $357 million. Over the same period the Trust raised approximately $342 million in new equity capital. This additional equity capital allowed Avenue Living to execute on its strategy of consolidating Workforce Housing assets across target markets, while also providing the opportunity to seek continual improvements in the performance of its current portfolio of real estate investment properties and pursue strategic value-add initiatives.

Since inception, Avenue Living has grown its portfolio of real estate investment properties and increased value through improvements in property management, active revenue management, and value-add capital projects, while promoting resident safety and satisfaction. Avenue Living has built an industry network of professionals throughout Canada and the United States, providing access to off-market acquisition opportunities, typically at prices well-below replacement cost. As at January 31, 2023, Avenue Living has collectively acquired 464 properties totalling 14,467 multi-family residential rental units, located in 21 markets across three Canadian provinces and five U.S. states. Based on internal estimates, Avenue Living has identified itself as a market leader in the multi-family universe, owning more than 20% of the available rental stock in 8 of the 21 markets in which it operates[4, 5].

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[1] Wilson, G. A. & Giuffre, A. Private rental target markets: A comprehensive spectrum. International Real Estate Review. 2022 Vol. 25 No. 1: 137-159. https://www.avenuelivingam.com/wp-content/uploads/2022/05/Wilson-Giuffre-2022-003.pdf.

[2] Young, R. Canadian Housing Affordability Hurts. Scotiabank. (January 18, 2023). https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html.

[3] Beraldi, F. and Zhao, Y. The Pricing-Out Phenomenon in the U.S. Housing Market: Working Paper. International Monetary Fund (IMF). (January 2023). https://www.imf.org/en/Publications/WP/Issues/2023/01/06/The-Pricing-Out-Phenomenon-in-the-U-S-527856.

[4] Canada Mortgage and Housing Corporation (CMHC). 2022 Rental Market Survey (Alberta, Saskatchewan, Manitoba): Rental Universe. (October 2022). Frequency of measure: Annual. https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/; Avenue Living internal analysis.

[5] CoStar Group. (Accessed: January 23, 2023). U.S. Market Rental Universe (City) Suites: Apartments & Townhomes. https://www.costar.com; Avenue Living internal analysis.

FORWARD-LOOKING INFORMATION

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Trust anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "future", "may", "will", "intend", "expect", "target", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate" or other comparable terminology. Forward-looking information presented in this Offering Memorandum includes the following:

(a) the Trust's intentions or expectations about its ability to raise capital under this Offering (including the issue and sale of the Trust Units) or otherwise, including the ability of the Trust to complete this Offering;

(b) long-term or short-term plans and objectives of the Partnerships for future operations or refinancing of the properties, forecast business results and anticipated financial performance, including any targeted returns to purchasers of Trust Units;

(c) the Trust's intentions or expectations about its ability to distribute cash (if any) to Unitholders and any targeted returns to investors;

(d) intentions or expectations about the Partnerships acquiring, renovating, upgrading, repositioning, and managing real estate properties (including those in **Item 2.2 – Our Business, Item 2.2.3 – Investment Guidelines and Operating Policies** and **Item 2.2.4 – Investment Strategy**), the Partnerships' ongoing rental and management of the Properties, sources of funds and forecasts of capital expenditures; and

(e) the Trust or the Partnerships' intentions regarding payment of Selling Commissions, Offering costs and ongoing general and administrative expenses, including the fees and expenses described in **Item 1.4 – Fees and Expenses.**

Various assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions are based on information currently available to the Trust and the Partnerships, including information obtained by the Trust and the Partnerships from third party industry analysts and other arm's length sources. In some instances, material assumptions are presented or discussed elsewhere in this Offering Memorandum in connection with the forward-looking information. We caution you that the following list of material assumptions is not exhaustive. The assumptions include, but are not limited to:

(a) expectations about general economic conditions and conditions in the real estate markets where the properties are located or in which the Partnerships operate or will operate and the ability to deploy capital in those markets and generate a profit therefrom;

(b) the ability of suppliers and other counterparties to meet commitments; actions by governmental authorities and other regulators including but not limited to increases in taxes or restricted access to markets; changes and developments in environmental and other regulations; and other factors, many of which are beyond the control of Avenue Living;

(c) expectations about the availability of capital, including expectations about the successful completion of the Offering;

(d) expectations about the Trust's ability to raise sufficient funds to complete its business objectives, including the advance of funds to the Partnerships, and facilitating the Partnerships' acquisition, renovation, upgrading, repositioning, and management of properties;

(e) expectations about the ability of the Partnerships to continue to execute on their business plans, including the further expansion into the U.S.;

(f) intentions or expectations about the Partnerships' management and operation of the Properties, including the ability or opportunity to stabilize cash flows from the Properties through renovating, upgrading and repositioning, including tenant changes, improved vacancy rates or otherwise;

(g) intentions or expectations about the Partnerships' abilities or opportunities to sell, finance or refinance any Property;

(h) expectations about policies of the municipal, local, state and federal governments in respect of the renovation and use of the Properties;

(i) a stable competitive environment; and

(j) no significant event occurring outside the ordinary course of business such as a natural disaster, war, pandemic or other calamity.

The forward-looking information in this Offering Memorandum is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Partnerships, and, consequently, those of the Trust, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Trust including information obtained from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such forward-looking information. While the Trust does not know what impact any of those differences may have, the Partnerships' business, results of operations, financial condition and credit stability, and, consequently, those of the Trust, may be materially adversely affected.

Other factors which could cause actual results, performance, achievements or outcomes of the Trust and the Partnerships to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information are disclosed under **Item 8 – Risk Factors**. The Trust is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained in this Offering Memorandum.

HISTORICAL INFORMATION

Any historical information provided in this Offering Memorandum is for general information purposes and there is no assurance future performance and events will be similar to past performance or events. See **Item 8 – Risk Factors.**

NON-IFRS MEASURES

In this Offering Memorandum the terms Distributable Income, Stabilized Net Operating Income (or "**SNOI**") and Property Net Income as defined in the Glossary are used. Avenue Living management considers such non-IFRS measures to be a valuable measure for evaluating its operating performance and in achieving its objectives. Such measures are not defined under IFRS nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Subscribers should be further cautioned that Distributable Income, SNOI and Property Net Income as calculated by the Trust and the Partnerships may not be comparable to similar measures presented by other issuers.

MARKETING MATERIALS

Any "OM marketing materials" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions*) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective purchaser before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum in accordance with NI 45-106, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum are not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended or amended and restated Offering Memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective purchaser prior to the execution of the Subscription Agreement by the purchaser.

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

Information contained or otherwise accessed through the Asset Manager's website or any website does not form part of this Offering Memorandum or the Offering.

GLOSSARY

In this Offering Memorandum (including in the face pages hereof), unless the context otherwise requires, the following words and terms have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

"**ABCA**"	means *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as it may be amended from time to time, including the regulations promulgated thereunder.
"**affiliate**"	has the meaning given in NI 45-106, without limiting that definition, an issuer is an affiliate of another issuer if: (a) one issuer is controlled, directly or indirectly, by the other issuer; or (b) two or more issuers are controlled, directly or indirectly, by the same other person(s) or issuer, and in respect of such relationship, a person or issuer (first person) is considered to "control" another issuer (second person) if: (c) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the issuer carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the issuer, unless the first person holds the voting securities only to secure an obligation; or (d) the issuer is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or (e) the issuer is a limited partnership, whose general partner is the first person.
"**Alberta Partnership Act**"	means the *Partnership Act* (Alberta), R.S.A. 2000, c. P-3, as it may be amended from time to time.
"**Asset Manager**"	means Avenue Living Asset Management Ltd. See **Item 2.1 – Structure**.
"**Available Funds**"	means the Gross Offering Proceeds less the aggregate of the estimated Offering costs and Selling Commissions.
"**Avenue GP**"	means Avenue Living (2014) GP Ltd., one of the general partners of the Canadian Partnership. See **Item 2.1 – Structure**.
"**Avenue Living**"	means, collectively, the Trust, the Canadian Partnership, the Canadian General Partner, the Asset Manager and Avenue Living U.S.

"**Avenue Living U.S.**"	means, collectively, U.S. Holdings, U.S. Master Holdings, U.S. Partnership, U.S. General Partner, U.S. InvestorCo, LLC, U.S. Manager, and any wholly-owned subsidiary owned directly or indirectly by any of the foregoing.
"ALREO LP"	means Avenue Living Real Estate Opportunity Limited Partnership.
"**Avenue Living REOT**"	means Avenue Living Real Estate Opportunity Trust, a private Alberta real estate income trust with common management to the Trust.
"**Business Day**"	means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in Calgary, Alberta, for the transaction of banking business.
"**Cap Rate**"	means the capitalization rate of a property. See **Item 2.2.5 – Market Selection and Economy.**
"**Canada Bond Rate**"	means the rate (expressed as a percentage) equal to the average of the mid-market yields to maturity calculated from the applicable redemption date, of a Government of Canada bond with a term to maturity that is approximately 5 years from the date of the applicable Redemption Note, as determined by the Asset Manager and provided that the Asset Manager may choose a shorter or longer term.
"**Canadian Asset Management Agreement**"	means the amended and restated asset management agreement entered into among the Trust, the Asset Manager, the Initial GP, the Avenue GP and the Canadian Partnership dated effective October 27, 2022, as amended on March 1, 2023, and as may be further amended or restated from time to time. See Item 2.7.4 – Canadian Asset Management Agreement.
"**Canadian Asset Management Fees**"	means the fees payable by the Canadian Partnership to the Asset Manager pursuant to the Canadian Asset Management Agreement and calculated as: (i) a "base asset management fee" equal to 1.75% annually, payable monthly, of the Net Asset Value; (ii) an "acquisition fee" equal to 0.5% of the aggregate purchase price of any new real estate assets acquired by the Canadian Partnership, payable on transaction completion, provided that the fee payable in respect of any transaction between the Canadian Partnership and the Avenue Living REOT shall be the lesser of: (A) the actual direct costs of the Asset Manager, and (B) 0.5% of the aggregate purchase price of the applicable real estate assets; and (iii) a "financing fee" equal to 0.5% of the loan face value for any Canadian Partnership financings and refinancings, payable on transaction completion. See **Item 1.4.1 – Canadian Asset Management Fees**.
"**Canadian Asset Management Services"**	has the meaning given thereto in **Item 2.7.4 – Canadian Asset Management Agreement**.
"**Canadian General Partner**"	means at any time the Initial GP, if it is a general partner of the Canadian Partnership, and Avenue GP, if it is a general partner of the Canadian Partnership, or either of them, as the context may require and any other general partner of the Canadian Partnership from time to time in each case until each such entity ceases to be a general partner of the Canadian Partnership pursuant to the terms and conditions of this Canadian Partnership Agreement.
"Canadian General Partners"	means the Initial GP and the Avenue GP.
"Canadian LP Units"	means collectively, the Common Units (2014), Preferred Units (2014), the Class A LP Units, the Class B LP Units, the Class C LP Units, the Class K LP Units, the Class M LP Units and the Class O LP Units of the Canadian Partnership.
"Canadian Partnership"	means Avenue Living (2014) LP. See **Item 2.1 – Structure**.
"**Canadian Partnership Agreement**"	means the Third Amended and Restated Limited Partnership of the Canadian Partnership dated August 15, 2022, as may be further amended or restated from time to time.
"**Class A LP Units**"	means the Class A limited partnership units of the Canadian Partnership.

"**Class A Trust Units**"	means the Class A trust units of the Trust (formerly referred to as Class J trust units of the Trust).
"Class A-U Trust Units"	means the Class A-U trust units of the Trust (formerly referred to as Class J-U trust units of the Trust).
"**Class A U.S. LP Units"**	means the Class A limited partnership units of the U.S. Partnership.
"**Class B LP Units**"	means the Class B limited partnership units of the Canadian Partnership.
"**Class B U.S. LP Units"**	means the Class B limited partnership units of the U.S. Partnership.
"**Class C LP Units**"	means the Class C limited partnership units of the Canadian Partnership.
"**Class D Trust Units**"	means the Class D trust units of the Trust (formerly referred to as Class A trust units of the Trust).
"**Class D-U Trust Units**"	means the Class D-U trust units of the Trust (formerly referred to as Class A-U trust units of the Trust).
"**Class F Trust Units**"	means the Class F trust units of the Trust.
"**Class F-U Trust Units**"	means the Class F-U trust units of the Trust.
"Class K LP Units"	means the Class K limited partnership units of the Canadian Partnership.
"**Class M LP Units**"	means the Class M limited partnership units of the Canadian Partnership.
"**Class Net Asset Value**"	in respect of any particular class or series of Trust Units, means the portion of the Net Asset Value of the Trust attributed to such class or series determined in accordance with the Trust Declaration.
"**Class Net Asset Value per Unit**"	means the net asset value per Trust Unit of a particular class of Trust Units, as at the relevant date, obtained by calculating the Net Asset Value of the Trust and then allocating that Net Asset Value to each class of Trust Units and then dividing such amount by the number of outstanding Trust Units of such class (before giving effect to any issue of Trust Units of that class on that date).
"**Class O LP Units**"	means the Class O limited partnership units of the Canadian Partnership.
"**Class Trading NAV**"	in respect of any particular class or series of Trust Units, means the Trading NAV attributed to such class or series determined in accordance with the Valuation Policy. See **Item 5.2.2 – Valuation Policy.**
"**Class Trading NAV per Unit**"	means the Trading NAV per Trust Unit of a particular class of Trust Units, as at the relevant date, obtained by calculating the Trading NAV of the Trust and then allocating that Trading NAV to each class of Trust Units and then dividing such amount by the number of outstanding Trust Units of such class (before giving effect to any issue of Trust Units of that class on that date).
"**Class W Trust Units**"	means the Class W trust units of the Trust.
"Class W-B Trust Units"	means the Class W-B trust units of the Trust.
"Class WB-U Trust Units"	means the Class WB-U trust units of the Trust.
"Class W-U Trust Units"	means the Class W-U trust units of the Trust.

"**Closing**"	means the completion of the issue and sale to Subscribers of Trust Units under the Offering, which are anticipated to occur on a monthly basis.
"**Closing Date**"	means the date of a Closing.
"**Conflict of Interest Matter**"	shall have the meaning ascribed to such term in **Item 2.1.3 – Governance Matters**.
"**Common Unit (2014)**"	means a Common Unit (Series 2014) of the Canadian Partnership.
"CRA"	means the Canada Revenue Agency.
"Delaware Partnership Act"	means the *Delaware Revised Uniform Limited Partnership Act*, as it may be amended from time to time.
"**Distributable Income**"	means, for any period, the net income of the Trust for such period set out in its financial statements as determined in accordance with IFRS, subject to certain adjustments, including: (a) adding back the following items: depreciation, amortization (except for amortization of deferred financing costs, future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value); and (b) deducting the following items: future income tax recoveries, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long- term debt assumed from vendors of properties at rates of interest greater than fair value and any other adjustments determined by the Asset Manager in its discretion.
"**DRIP**"	means the Trust's distribution reinvestment plan. See also **Item 5.9.4 – Distribution Reinvestment Plan**.
"**DRIP Enrolment Form**"	means the enrolment form indicating that the Unitholder elects to participate in the DRIP (which may be included in the Unitholder's subscription agreement in respect of a subscription for Trust Units).
"**DRIP Unit Price**"	means a price per Offered Unit equal to the most recent subscription price per Offered Unit that the Trust Units were offered to Subscribers for purchase.
"**Eligible Holders**"	means Unitholders who are Canadian residents.
"**Eligible Trust Units**"	means Trust Units held by Eligible Holders.
"**Exempt Plans**"	means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account or a deferred profit-sharing plan.
"**General Partners**"	means the Initial GP and the Avenue GP and the U.S. General Partner, collectively.
"**Gross Offering Proceeds**"	means at any time, the aggregate gross proceeds realized by the Trust from the issue and sale of Trust Units under the Offering.
"**Gross Revenue**"	means rental revenues (net of vacancy and rental incentives) and ancillary rental revenue.
"**IFRS**"	means International Financial Reporting Standards.
"**Independent**"	a Trustee is "independent" if the Trustee has no Material Relationship with the Trust, the Partnerships, General Partners, Asset Manager or Property Manager.
"**Initial GP**"	means Boulevard Real Estate Equities Ltd., one of the general partners of the Canadian Partnership. See **Item 2.1 – Structure**.

"Investment Committee"	has the meaning given thereto in **Item 1.2 – Use of Available Funds.**
"**Investment Fund Management Agreement**"	means the agreement entered into between the Investment Fund Manager, the Trust and the Asset Manager dated January 1, 2023. See **Item 2.7.7 – Investment Fund Management Agreement**.
"**Investment Fund Management Fees**"	means the fees payable by the Trust to the Investment Fund Manager, pursuant to the Investment Fund Management Agreement which is an amount equal to 0.18% per annum of the aggregate capital raised through the issuance of all classes of Trust Units since inception, payable quarterly no later than thirty (30) days after the end of each quarter. See **Item 1.4.4 – Investment Fund Management Fees**.
"**Investment Fund Management Services**"	has the meaning given thereto in **Item 2.7.7 – Investment Fund Management Agreement**.
"**Investment Fund Manager**"	means the entity appointed as the investment fund manager of the Trust and which is currently Invico Capital Corporation, a corporation incorporated under the laws of Canada which provides investment fund manager services to the Trust pursuant to the Investment Fund Management Agreement.
"**Limited Partners**"	means the limited partners of the Canadian Partnership.
"**Material Relationship**"	means a material relationship which could reasonably be perceived to interfere with a Trustee's judgment regarding a Conflict of Interest Matter, provided that none of the following relationships shall constitute a material relationship: (i) ownership of Partnership Units where the Trustee holds less than 10% of the issued and outstanding Partnership Units of such class; and (ii) provision of legal services of less than $25,000 per annum, in the aggregate, to the Trust, the Partnerships, General Partners, Asset Manager or Property Manager by a Trustee or a law firm where a Trustee is, or in the past has acted as, a partner, employee or contractor.
"**Net Asset Value**"	means, with respect to the relevant entity, the net asset value of the entire entity, as at the relevant date, calculated by subtracting the entity's aggregate liabilities (including accrued expenses) from the entity's aggregate assets. See **Item 5.2.1 – Determination of Net Asset Value**.
"**Net Operating Income**"	means rental and ancillary revenues less operating expenses related to properties.
"**NI 45-106**"	means National Instrument 45-106 – *Prospectus Exemptions.*
"**Non-Registered Participant**"	means a Participant who holds Trust Units through an intermediary such as a financial institution, broker or nominee and has enrolled in the Plan through the intermediary.
"**Non-Registered Unitholders**"	means the beneficial holders of Trust Units who hold their Trust Units through an intermediary such as a financial institution, broker or nominee.
"**Non-Resident**"	means a person that is not resident in Canada or that is deemed to be not resident in Canada for the purposes of the Tax Act.
"**Offering**"	means the Trust's offering, issue and sale of the Trust Units on a private placement basis, as more particularly described in this Offering Memorandum.
"**Offering Memorandum**"	means this offering memorandum pertaining to the Offering, including any amendment, restatement or update to this offering memorandum.
"**Participant**"	means an Eligible Holder who has elected, in accordance with the terms of the DRIP, to participate in the DRIP and includes both Registered Participants and Non-Registered Participants.

"**Partnerships**"	means the Canadian Partnership and the U.S. Partnership, collectively. See **Item 2.1 – Structure.**
"**Partnership Agreements**"	means, collectively, the Canadian Partnership Agreement and U.S. Partnership Agreement. See **Item 2.7.2– Canadian Partnership Agreement and Item 2.7.3 – U.S. Partnership Agreement**.
"**Partnership Units**"	means collectively, the Canadian LP Units and the U.S. LP Units.
"**Prairie Provinces**"	means the Canadian provinces of Alberta, Saskatchewan and Manitoba.
"**Preferred Unit (2014)**"	means a Preferred Unit (Series 2014) of the Canadian Partnership.
"**Principal Holder**"	has the meaning ascribed to it in Item 3.1.
"**Properties**"	means the portfolio of multi-family residential and commercial real estate assets owned by the Partnerships, as further described in **Item 2.2.7 – Detailed Portfolio Overview**.
"**Property Manager"**	means Avenue Living Communities Ltd.
"**Property Management Agreement**"	means the amended and restated property management agreement entered into among the Property Manager, the Initial GP, the Avenue GP, the Trust and the Canadian Partnership dated effective October 27, 2022, as amended on March 1, 2023, and as may be further amended or restated from time to time. See **Item 2.7.6 – Property Management Agreement**.
"**Property Management Fees**"	means the fees payable by the Canadian Partnership to the Property Manager pursuant to the Property Management Agreement and calculated as: (i) a "base property management fee" equal to 4.00% of the Gross Revenues of the Canadian Partnership per annum, payable monthly; and (ii) reimbursement of any direct property expenses (salaries, repairs & maintenance, marketing, leasing, general and administration costs, capital expenditures and third-party property services) of the Property Manager incurred in relation to the business or operations of the Canadian Partnership on a cost plus 5.00% for administration basis. See **Item 1.4.3 – Property Management Fees**.
"**Property Management Services**"	has the meaning given thereto in **Item 2.7.6 – Property Management Agreement**.
"**Property Net Income**"	means, with respect to a particular property, the net income earned from the operation thereof, net of all expenses and without deduction of capital cost allowance (as set out in the Tax Act) or depreciation.
"**Qualified Purchaser**"	means a person that is qualified to purchase under the terms of the Subscription Agreement.
"**Redemption Date**"	has the meaning ascribed to it in **Item 5.5 – Redemption of Trust Units.**
"**Redemption Notes**"	means the unsecured subordinated promissory notes of the Trust that may be issued at the discretion of the Trust in certain circumstances, including when the monthly cash redemption limit of $50,000 is exceeded. See **Item 5.5 – Redemption of Trust Unit**s.
"**Redemption Price**"	means with respect to a redemption of any Trust Unit, the redemption price per Trust Unit of particular class or series, calculated as the higher of (i) the relevant Class Trading NAV per Unit and (ii) the relevant Class Net Asset Value per Unit for the applicable class and series of Trust Units, in either case calculated in the manner herein provided less, in the discretion of the Trustees, any redemption deduction (including any early redemption penalties), withholding tax, charge or fee as provided for in subsections 7.1 and 7.2 of the Trust Declaration.
"**Registered Participant**"	means a Participant who is a registered holder of Trust Units at any time and from time to time, as shown on the register maintained by or on behalf of the Trust for outstanding Trust Units and who has enrolled in the DRIP.
"**RRIF**"	means a registered retirement income fund within the meaning of the Tax Act.

"**RRSP**"	means a registered retirement savings plan within the meaning of the Tax Act.
"**Selling Commissions**"	means the commissions, dealer fees, marketing fees and other compensation payable to selling agents who sell or assist in selling Trust Units under the Offering and who are not precluded from receiving such commissions, dealer fees, marketing fees or other compensation under applicable securities law, but does not include any Investment Fund Management Fees. See **Item 7 – Compensation Paid to Sellers and Finders**.
"**Series 2014 Units**"	means the Preferred Units (2014) and the Common Units (2014).
"**SIFT Rules**"	has the meaning ascribed to it in **Item 6.2.1 – Status of the Trust**.
"**SIFT Trust**"	has the meaning ascribed to it in **Item 6.2.1 – Status of the Trust**.
"**Special Resolution**"	means: (a) a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the Trust Declaration and passed by more than 66⅔% of the votes cast on such resolution by Unitholders present or represented by proxy at the meeting; or (b) notwithstanding any other provision of the Trust Declaration, a resolution in writing executed by Unitholders holding more than 66⅔% votes attached to outstanding Trust Units at any time.
"**Stabilized Net Operating Income**" or "**SNOI**"	means an estimate of the net operating income of a property which considers certain stabilizing adjustments in its calculation, including but not limited to rent levels, vacancy rates, property taxes, wages, repairs and maintenance and other costs. SNOI is primarily used in the valuation methodology of the Trust and the Partnerships. See **Item 5.2.2 – Valuation Policy.**
"**Subscriber**"	means a person subscribing for and purchasing Trust Units pursuant to the Offering.
"**Subscription Agreement**"	means a subscription agreement to be executed by each Subscriber providing for the purchase of Trust Units in the form provided by the Asset Manager.
"**subsidiary**"	has the meaning given in NI 45-106. Without limiting that definition, an issuer is a subsidiary of another issuer if it is controlled, directly or indirectly, by that other issuer, and in respect of such relationship, a person or issuer (first person) is considered to "control" another issuer (second person) if: (a) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the issuers carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the issuer, unless the first person holds the voting securities only to secure an obligation; or (b) the issuer is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or (c) the issuer is a limited partnership, whose general partner is the first person.
"**Sunset**"	means the extinguishment of the Preferred Units (2014) and related transactions in accordance with the Canadian Partnership Agreement. See **Item 2.1.2 – Sunset of the Preferred Units (2014)**.
"**Tax Act**"	means the *Income Tax Act* (Canada) RSC 1985, c.1 (5th Supp.) and the regulations thereunder, as amended from time to time.
"**TFSA**"	means a tax-free savings account within the meaning of the Tax Act.
"**Trading NAV**"	means the Net Asset Value, as adjusted in accordance with the Valuation Policy. See **Item 5.2.2**

	– Valuation Policy.
"**Trust**"	means Avenue Living Real Estate Core Trust. See **Item 2.1 – Structure**.
"**Trust Declaration**"	means the declaration of trust dated as of October 27, 2017, as amended or restated from time to time, between the Trustees, as trustees, and the Unitholders, as beneficiaries, governing the Trust, as more particularly described under **Item 2.7.1 – Trust Declaration**.
"**Trustees**"	means at any time, the trustees of the Trust. See **Item 3 – Interests of Trustees, Management, Promoters and Principal Holders**.
"**Trust Unit**"	means a Class D Trust Unit, Class D-U Trust Unit, Class F Trust Unit, Class F-U Trust Unit, Class A Trust Unit, Class A-U Trust Unit, Class W Trust Unit, Class W-B Units, Class WB-U or Class W-U Trust Unit, as applicable, and as the trust units of the Trust are more particularly described under **Item 5.1 – Trust Units.**
"**Unitholder**"	means a registered holder of Trust Units at any time and from time to time, as shown on the register maintained by or on behalf of the Trust for outstanding Trust Units.
"**U.S. Asset Management Agreement**"	means the agreement entered into among the Asset Manager, U.S. Holdings, U.S. Partnership, U.S. General Partner, and Anthony Giuffre dated effective February 14, 2020.
"**U.S. Asset Management Fees**"	means the fees payable by the U.S. Partnership to the Asset Manager pursuant to the U.S. Asset Management Agreement for financial, legal, marketing and administrative services, calculated as all expenses including direct and any third-party costs, plus 5%. See **Item 1.4.2 – U.S. Asset Management Fees**.
"**U.S. Asset Management Services"**	has the meaning given thereto in **Item 2.7.5 – U.S. Asset Management Agreement**.
"**U.S. General Partner**"	means Avenue Living U.S. Real Estate GP Ltd. See **Item 2.1 – Structure.**
"**U.S. Holdings**"	means Avenue Living U.S. Real Estate Holdings Ltd. See **Item 2.1 – Structure.**
"**U.S. InvestorCo**"	means Avenue Living U.S. InvestorCo, LLC. See **Item 2.1 – Structure.**
"U.S. Limited Partner"	means a limited partner of the U.S. Partnership. See **Item 2.1 – Structure.**
"U.S. LP Units"	means Class A U.S. LP Units and Class B U.S. LP Units, as applicable.
"**U.S. Manager**"	means Avenue Living U.S. Manager Ltd. See **Item 2.1 – Structure.**
"**U.S. Master Holdings**"	means Avenue Living U.S. Real Estate Master Holdings Ltd. See **Item 2.1 – Structure.**
"U.S. Partnership"	means Avenue Living U.S. Real Estate Master LP. See **Item 2.1 – Structure.**
"U.S. Partnership Agreement"	means the limited partnership agreement of U.S. Partnership dated February 14, 2020, as amended on July 30, 2021 and December 17, 2021.
"U.S. Property Management Agreements"	has the meaning given thereto in **Item 1.4.3 – Property Management Fees.**
"U.S. Trust"	means the Avenue Living U.S. Real Estate Trust which was acquired on December 17, 2021 by the Canadian Partnership, and was subsequently dissolved on December 30, 2021.
"**Valuation Date**"	means the last business day of each month or such other day as the Trustees may designate for the Trust as a Valuation Date.

"**Valuation Policy**"	means the valuation policy of the Trust that sets out how Trading NAV is to be calculated and approved. See **Item 5.2.2 – Valuation Policy.**
"**Westcourt**"	means Westcourt Capital Corporation, a corporation existing under the laws of Canada that is a distributor of the Class W Units and Class W-U Units.
"**Westcourt Capital Agreement**"	means the distribution agreement between the Asset Manager, the Trust and Westcourt dated April 2, 2018. **See Item 2.7.8 – Westcourt Capital Agreement.**

In this Offering Memorandum, unless the context otherwise requires, grammatical variations of the words and terms in this Glossary have meanings corresponding to the meanings given in this Glossary. Without limiting the generality of the foregoing, words and terms in the Glossary that give the singular number only include the plural and vice versa, and words and terms importing the masculine, feminine or neuter gender include the other genders.

In this Offering Memorandum, unless expressly modified by the words "only" or "solely", the words "include", "includes" or "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters but rather are to be construed as meaning "include(s) without limitation" or "including without limitation" (as the context requires) and permitting such general term or statement to refer to all other items or matters that could reasonably fall within its broadest possible scope.

In this Offering Memorandum, unless the context otherwise requires, terms such as "we", "us" and "our" – are meant to refer to the Trust and the Partnerships and terms such as "you" are meant to refer to Subscribers who purchase Trust Units under the Offering, thereupon becoming Unitholders.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Funds

There is no minimum or maximum Offering amount. The Trust will conduct a continuous Offering until such time as the Asset Manager determines it is in the best interests of the Trust to terminate the Offering. Further, the Partnerships may, from time to time, conduct their own capital raising activities through the sale and issuance of limited partnership units. The table below is provided for illustrative purposes and represents an example of the Available Funds under the Offering (being Gross Offering Proceeds less Selling Commissions and estimated Offering costs) that would be available to the Trust based on an Offering of $100,000,000. The actual amounts raised by the Trust may be greater or lesser than $100,000,000.

		Illustrative Offering of 100,000,000[1]
A	Total amount to be raised by the Offering	$100,000,000
B	Selling Commissions[2]	$1,600,000
C	Estimated Offering costs[3]	$300,000
D	**Available Funds: D = A – (B + C)**[4]	**$98,100,000**
E	Additional sources of funding required	Note 4
F	Working capital deficiency	Note 5
G	**Total: G = (D+E)-F**	Note 6

Notes:

(1) There is no minimum or maximum Offering. The Trust will offer an unlimited number of Trust Units on a continuous basis with closings expected to occur on a monthly basis. It is not possible to determine the size of the Offering or the amount of Available Funds. The proceeds raised under the Offering will vary, depending on both the number of Trust Units sold and what the offering price Trust Units is determined to be at the time each Trust Unit is purchased. The offering price is determined in accordance with the Valuation Policy, as described in Item 5.2.2 – Valuation Policy. For illustrative purposes, the sample Offering assumes that $10,000,000 of each of Class D, D-U, F, F-U, A, A-U, W, W-B, WB-U and W-U Trust Units are sold. See Item 8 – Risk Factors. See **Item 1.2 – Use of Available Funds** and **Item 2.2 – Our Business**.

(2) The Trust Units will be sold by selling agents. The Trust is a connected issuer of the Investment Fund Manager. The Investment Fund Manager earns fees from the Trust. See **Item 7.2 – Related and Connected Issuer, Item 1.4 - Fees and Expenses and Item 7 – Compensation Paid to Sellers and Finders** for additional details. For illustrative purposes, the commissions calculated for the sample Offering assumes that an equal number of Class D, D-U, F, F-U, A, A-U, W, W-B, WB-U and W-U Trust Units are sold and excludes any applicable trailing fees payable on the Trust Units. The number of Trust Units of each Class will, however, vary depending on subscriptions actually received by the Trust for each Class and the Selling Commissions will differ from the amounts presented in the table for illustrative purposes. The Selling Commissions do not include any Investment Fund Management Fees.

(3) The estimated costs of up to $300,000 include costs incurred in connection with legal, advertising, marketing and accounting costs associated with the Offering.

(4) The Available Funds may not be sufficient to accomplish the Trust or the Partnerships' objectives. The Trust intends to raise sufficient funds through debt or equity financing to fund the business of the Partnerships. The Partnerships may, from time to time, raise capital through the issuance and sale of securities of the Partnerships. The Trust or the Partnerships may, to the extent available on acceptable terms, obtain debt financing. No alternate financing has been arranged for the Trust or the Partnerships. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Trust will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum. See **Item 8 – Risk Factors**.

(5) As at January 31, 2023, the Trust had a working capital deficiency of $2,215,887. As at January 31, 2023, the Canadian Partnership including the consolidated balances of U.S. Holdings, had a working capital deficiency, including the current portion of mortgages and loans payable and subordinated debt and operating lines, of $635,487,272. The current portion of mortgages and loans payable, subordinated debt and operating lines of the Partnership including the consolidated balances of U.S. Holdings, was $694,448,158. The Canadian Partnership anticipates funding its working capital requirements through a combination of ongoing reoccurring revenue, refinancings and future financing efforts. Amounts payable within 12 months are scheduled to be renewed, refinanced or repaid in the normal course of business. In the future and going forward, there is no assurance that the Trust or Canadian Partnership will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum.

(6) The total is dependent on the above items, which are not determined.

1.2 Use of Available Funds

The Asset Manager has formed a management investment committee (the "**Investment Committee**") for the purposes of reviewing and approving the following transactions as they relate to the Trust, the Partnerships and any related subsidiaries: (i) all direct or indirect real estate acquisitions or dispositions made by the Trust, the Partnerships, or any of their respective subsidiaries (the "**Trust Entities**"); (ii) all capital expenditure programs of the Trust Entities, (iii) any proposed capital expenditures of the Trust Entities that (A) are not contemplated in a capital expenditure program approved by the Investment Committee, and (B) would exceed the greater of $150,000 and 10% of the value of the assets in respect of which such capital expenditures are proposed to be made and (iv) all budgets of the Trust Entities. The Investment Committee has the responsibility to ensure that all such transactions have been made in compliance with the investment guidelines and operating policies set out in the Trust Declaration.

The Investment Committee does not have any power or authority in addition to or greater than the power and authority established by the Trust Declaration or any other governing documents and is composed of at least seven (7) members selected by the president or chief investment officer of the Asset Manager.

Any member of the Investment Committee may be removed and replaced at any time by the president or chief investment officer of the Asset Manager, and any member will automatically cease to be a member as soon as they cease to be an officer or employee of the Asset Manager or the Property Manager, as applicable. The president or chief investment officer of the Asset Manager, will fill vacancies on the Investment Committee by appointment from among qualified candidates, including qualified officers or employees of the Asset Manager or the Property Manager, where applicable. If a vacancy exists on the Investment Committee, the remaining members will exercise all of its powers.

The table below represents the estimated use of the Available Funds by the Trust, based on its present plans and present business conditions and based on an illustrative Offering of $100,000,000.

Description of intended use of Available Funds listed in order of priority	**Illustrative Offering of 100,000,000[(1)]**
To subscribe for Class A LP Units (the Canadian Partnership will in turn use such funds as more particularly described below).	**$98,100,000**
The Canadian Partnership intends to use the funds it receives (from the issuance of Class A LP Units to the Trust) in accordance with its stated investment objectives. This includes real estate acquisitions and capital improvements (either directly for its own properties or indirectly through the U.S. Partnership for properties located in the United States), redemptions, and for general working capital purposes.[(2)(3)]	**$98,100,000**

Notes:

(1) There is no minimum or maximum Offering. The Trust will offer an unlimited number of Trust Units on a continuous basis with closings expected to occur on a monthly basis. It is not possible to determine the size of the Offering or the amount of Available Funds. The proceeds raised under the Offering will vary, depending on both the number of Trust Units sold and what the offering price Trust Units is determined to be at the time each Trust Unit is purchased. The offering price is calculated in accordance with the Valuation Policy, as described in **Item 5.2.2 – Valuation Policy**). For illustrative purposes, the sample Offering assumes that an equal number of Class D, D-U, F, F-U, A, A-U, W, W-B, WB-U and W-U Trust Units are sold at current offering prices. See **Item 8 – Risk Factors**. See **Item 1.2 – Use of Available Funds** and **Item 2.2 – Our Business**.

(2) Avenue Living focuses on the acquisition of midmarket, multifamily properties in lower cost residential real estate markets in Western Canada and the United States.

(3) The foregoing represents the estimated use of the Available Funds by the Trust and the Partnerships, based on its present plans and present business conditions. In order to further capitalize the Partnerships, the Trust will use the Available Funds from the Offering to subscribe for Class A LP Units of the Canadian Partnership. See **Item 2.2 – Our Business**.

1.3 Reallocation

Avenue Living will spend the Available Funds as stated. Avenue Living has no intention of reallocating Available Funds and would only do so for sound business reasons and provided that such reallocation is approved by the Unitholders. See **Item 2.6 – Insufficient Proceeds** and **Item 2.1.3 – Governance Matters**.

1.4 Fees and Expenses

The Trust has multiple classes and series of Trust Units that have different fees associated with them. Each class of Trust Units is responsible for the fees attributable to that class. All Trust Units of a particular class are entitled to participate *pro-rata* with other Trust Units of the same class with respect to: (a) payments or distributions made by the Trust to the Unitholders of that class; and (b) upon liquidation of the Trust, in any distributions to Unitholders of that class of net assets of the Trust remaining after satisfaction of outstanding liabilities. See **Item 7.1 - Commissions and Fees**.

1.4.1 Canadian Asset Management Fees

The Canadian Asset Management Fees are the fees payable by the Canadian Partnership to the Asset Manager pursuant to the Canadian Asset Management Agreement, whereby the Asset Manager will provide the Trust with various Asset Management Services. See **Item 2.7.4 – Canadian Asset Management Agreement**.

The Asset Manager is entitled to the following Canadian Asset Management Fees for performing the Canadian Asset Management Services:

(a) a "base asset management fee" equal to 1.75% annually, payable monthly, of the Net Asset Value of the Canadian Partnership;

(b) an "acquisition fee" equal to 0.5% of the aggregate purchase price of any new real estate assets acquired by the Canadian Partnership, payable on transaction completion, provided that the fee payable in respect of any transaction between the Canadian Partnership and the Avenue Living REOT shall be the lesser of: (i) the actual direct costs of the Asset Manager, and (ii) 0.5% of the aggregate purchase price of the applicable real estate assets; and

(c) a "financing fee" equal to 0.5% of the loan face value for any Canadian Partnership financings and refinancings, payable on transaction completion.

The Asset Manager is entitled to recovery of all direct and indirect expenses, including any third-party costs, plus 5% pursuant to the Asset Management Agreement.

The Canadian Partnership pays the Canadian Asset Management Fees from Available Funds, to the extent required, and thereafter from any funds generated by the Properties.

The Asset Manager may, at its discretion, reimburse a portion of the Canadian Asset Management Fees to investors where individual selling agents meet certain sales thresholds, as follows:

(a) where a selling agent sells in the aggregate over $5 million of Trust Units, a rebate in the amount of 0.25% of the gross subscription proceeds, payable annually to the investor in Trust Units; and

(b) where a selling agent sells in the aggregate over $10 million of Trust Units, a rebate in the amount of 0.5% of the gross subscription proceeds, payable annually to the investor in Trust Units.

The Canadian Asset Management Fees are not charged with respect to U.S. properties. See **Item 2.7.5 – U.S. Asset Management Agreement** and **Item 2.7.3 - U.S. General Partner Fees.**

Holders of the Class W Units, Class W-U Units, Class W-B Units and Class WB-U Units receive a rebate of a portion of the Canadian Asset Management Fees.

In addition, 1,000 Class M LP Units have been issued to the Asset Manager, which entitle the Asset Manager to a 5% carried interest on all distributions made by the Canadian Partnership on all of the other Canadian LP Units, with the exception of the Preferred Units (2014).

The Asset Manager has set an aggregate management expense ratio ("**MER**") target for the Trust of 2.75% or less of Net Asset Value per annum. For the financial year ended December 31, 2022 the management expense ratio for the Trust was 2.24%. Since inception the average annual MER has been 2.19%.

1.4.2 U.S. Asset Management Fees

The U.S. Asset Management Fees are the fees payable by the U.S. Partnership to the Asset Manager pursuant to the U.S. Asset Management Agreement, whereby the Asset Manager will provide various Asset Management Services. See **Item 2.7.5 – U.S. Asset Management Agreement**.

The Asset Manager is entitled to recovery of all direct and indirect expenses including any third-party costs, plus 5% for all services provided pursuant to the U.S. Asset Management Agreement.

The Asset Manager may from time to time agree in writing on additional services for which the Asset Manager shall be compensated on terms to be agreed upon between the Asset Manager and such party prior to the provision of such services, acting reasonably.

1.4.3 Property Management Fees

The Property Management Fees are the fees payable by the Canadian Partnership to the Property Manager pursuant to the Property Management Agreement, whereby the Property Manager provides the Canadian Partnership with various Property Management Services. See **Item 2.7.6– Property Management Agreement**.

The Property Manager is entitled to the Property Management Fees for performing the Property Management Services which includes a "base property management fee" equal to 4% of the Gross Revenues of the Canadian Partnership per annum, payable monthly.
The Property Manager is also entitled to reimbursement of any direct property expenses (salaries, repairs and maintenance, marketing, leasing, general and administration costs, capital expenditures and third-party property services) of the Property Manager incurred in relation to the business or operations of the Canadian Partnership on a cost plus 5% basis.

The U.S. Partnership has entered into various third-party property management agreements ("**U.S. Property Management Agreements**") in relation to its properties located in the United States in order to outsource the management, operation, maintenance, repair and leasing of these properties. The fees payable by the U.S. Partnership to the third-party managers are market rates that vary from agreement to agreement.

1.4.4 Investment Fund Management Fees

The Investment Fund Management Fees are the fees payable by the Trust to the Investment Fund Manager, pursuant to the Investment Fund Management Agreement, whereby the Investment Fund Manager provides the Trust with various Investment Fund Management Services. See **2.7.7 – Investment Fund Management Agreement.**

The Investment Fund Manager is entitled to the Investment Fund Management Fees for performing the Investment Fund Management Services, which is an amount equal to 0.18% per annum of the aggregate capital raised through the issuance of all classes of Trust Units since inception, payable quarterly no later than thirty (30) days after the end of each quarter.

ITEM 2 - BUSINESS OF THE TRUST

2.1 Structure

The Trust

The Trust is an open-ended unincorporated investment trust formed under the laws of Alberta on October 27, 2017. The Trust is an inter vivos trust with an expiry date of October 27, 2113. The Trustees of the Trust are Anthony Giuffre (non-Independent), Shelley Allchurch (non-Independent), Dr. Brian Brodie (Independent), Robert Verbuck (Independent) and Catriona Le May Doan (Independent). See **Item 3 – Interest of Trustees, Directors, Management, Promoters and Principal Holders**. The Trust is governed by the Trust Declaration between the Trustees, as trustees, and the Unitholders, as beneficiaries. The Trust Declaration establishes certain rights and obligations of the Unitholders. See **Item 2.7.1 – Trust Declaration**.

The fiscal year end of the Trust is December 31. The head and registered office of the Trust is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

The Trust does not carry on active business. Rather, the Trust has a direct ownership interest in the Canadian Partnership, which carries on the business of investing in real estate properties in Western Canada. The Trust also has an indirect ownership interest in the U.S. Partnership, which carries on the business of investing in real estate properties in the United States. See **Item 2.1.1**

– Organizational Chart for an organizational chart of the Trust and its subsidiary entities. See **Item 2.2 – Our Business** for a description of the business of the Trust's subsidiary entities.

The Trust is a "mutual fund trust" as defined by the Tax Act. See **Item 6.2.3 – Taxation of the Trust.** See **Item 6.2.8 – Eligibility for Investment by Exempt Plans** and **Item 6.2.1 – Status of the Trust.** However, the Trust is not, and will not become, a "mutual fund" or "non-redeemable investment fund" as defined by applicable Canadian securities legislation and the Trust does not operate in accordance with the requirements of the Canadian securities regulations applicable to mutual funds or non-redeemable investment funds. Accordingly, certain investor protections contained in those regulations are not available to purchasers of Trust Units. In addition, the Trust is not a trust company and is not registered under applicable legislation governing trust companies.

Canadian Partnership and the Canadian General Partners

The Canadian Partnership is a limited partnership formed pursuant to the Alberta Partnership Act on December 29, 2014 and is governed by the Canadian Partnership Agreement. The fiscal year end of the Canadian Partnership is December 31. The head office of the Canadian Partnership is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y81.

The Initial GP was amalgamated pursuant to the ABCA on January 1, 2020. All of the outstanding voting shares of the Initial GP are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre, Dr. Michael Giuffre and Carl Diodati. The head office of Initial GP is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

The Avenue GP was incorporated under the *Canada Business Corporations Act* on October 17, 2017. All of the outstanding shares of the Avenue GP are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre and Jason Jogia. The head office of Avenue GP is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

The rights and obligations of the partners of the Canadian Partnership are governed by the Canadian Partnership Agreement. For a description of the Canadian Partnership Agreement see **Item 2.7.2 – Canadian Partnership Agreement**.

Asset Manager

The Asset Manager was incorporated under the *Canada Business Corporations Act* on September 1, 2017. The outstanding voting shares of the Asset Manager are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre, Jason Jogia, and Shelley Allchurch. The head and registered office of Asset Manager is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

The Asset Manager acts as the manager of the Trust in accordance with the Trust Declaration. In addition, the Asset Manager provides the Asset Management Services to the Trust and the Partnerships pursuant to the Canadian Asset Management Agreement and U.S. Asset Management Agreement. For a description of these services see **Item 2.7.4– Canadian Asset Management Agreement** and **Item 2.7.5 – U.S. Asset Management Agreement**. The Asset Manager is entitled to the Canadian Asset Management Fees and U.S. Asset Management Fees from the Partnerships from time to time for performing the Asset Management Services. See **Item 1.4.1 – Canadian Asset Management Fees** and **Item 1.4.2 – U.S. Asset Management Fees.**

Property Manager

The Property Manager was incorporated under the *Canada Business Corporations Act* on September 1, 2017. The outstanding voting shares of the Property Manager are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre, Jason Jogia, and Shelley Allchurch. The head and registered office of Property Manager is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

The Property Manager acts as the property manager of the Canadian Partnership pursuant to the Property Management Agreement and its duties consist of performing the Property Management Services. See **Item 2.7.6 – Property Management Agreement**. The Property Manager is entitled to the Property Management Fees from the Canadian Partnership from time to time for performing the Property Management Services. See **Item 1.4.3 – Property Management Fees**.

Investment Fund Manager

The Investment Fund Manager is an independent, arm's length entity that acts as investment fund manager of the Trust pursuant to the Investment Fund Management Agreement. Its duties consist of performing the various Investment Fund Management Services. See **Item 2.7.7 – Investment Fund Management Agreement**. The Investment Fund Manager is entitled to the Investment Fund Management Fees from the Trust from time to time for performing the Investment Fund Management Services.

See **Item 1.4.4 – Investment Fund Management Fees**. The Trust is a connected issuer of the Investment Fund Manager. See **Item 7 – Compensation Paid to Sellers and Finders**.

U.S. Partnership

U.S. Partnership is a Delaware limited partnership that was formed on February 14, 2020 and is governed by the U.S. Partnership Agreement dated February 14, 2020. The general partner of the U.S. Partnership is the U.S. General Partner. The current limited partners of the U.S. Partnership are U.S. Master Holdings and U.S. InvestorCo. The registered office of the U.S. Partnership is located at 1209 Orange Street, Wilmington, Delaware 19801. The mutual rights and obligations of the partners of the U.S. Partnership, are governed by the U.S. Partnership Agreement. For a description of the U.S. Partnership Agreement see **Item 2.7.3 – U.S. Partnership Agreement**.

U.S. General Partner

U.S. General Partner was incorporated under the ABCA on December 11, 2019. All of the outstanding shares of the U.S. General Partner are beneficially owned or controlled directly or indirectly by Anthony Giuffre, Jason Jogia, Michael Giuffre, Joseph Giuffre, Kabirudeen Jivraj and Shelley Allchurch. The head office of the U.S. General Partner is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

U.S. Holdings

U.S. Holdings was incorporated under the ABCA on June 10, 2019. All of the outstanding shares of U.S. Holdings are beneficially owned and controlled by the Canadian Partnership. The head office of U.S. Holdings is located at Suite #600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

U.S. Master Holdings

U.S. Master Holdings was incorporated under the laws of the State of Delaware on February 12, 2021. All of the outstanding shares of U.S. Master Holdings are beneficially owned and controlled by U.S. Holdings. The registered office of U.S. Master Holdings is located at 1209 Orange Street, Wilmington, Delaware 19801.

U.S. InvestorCo

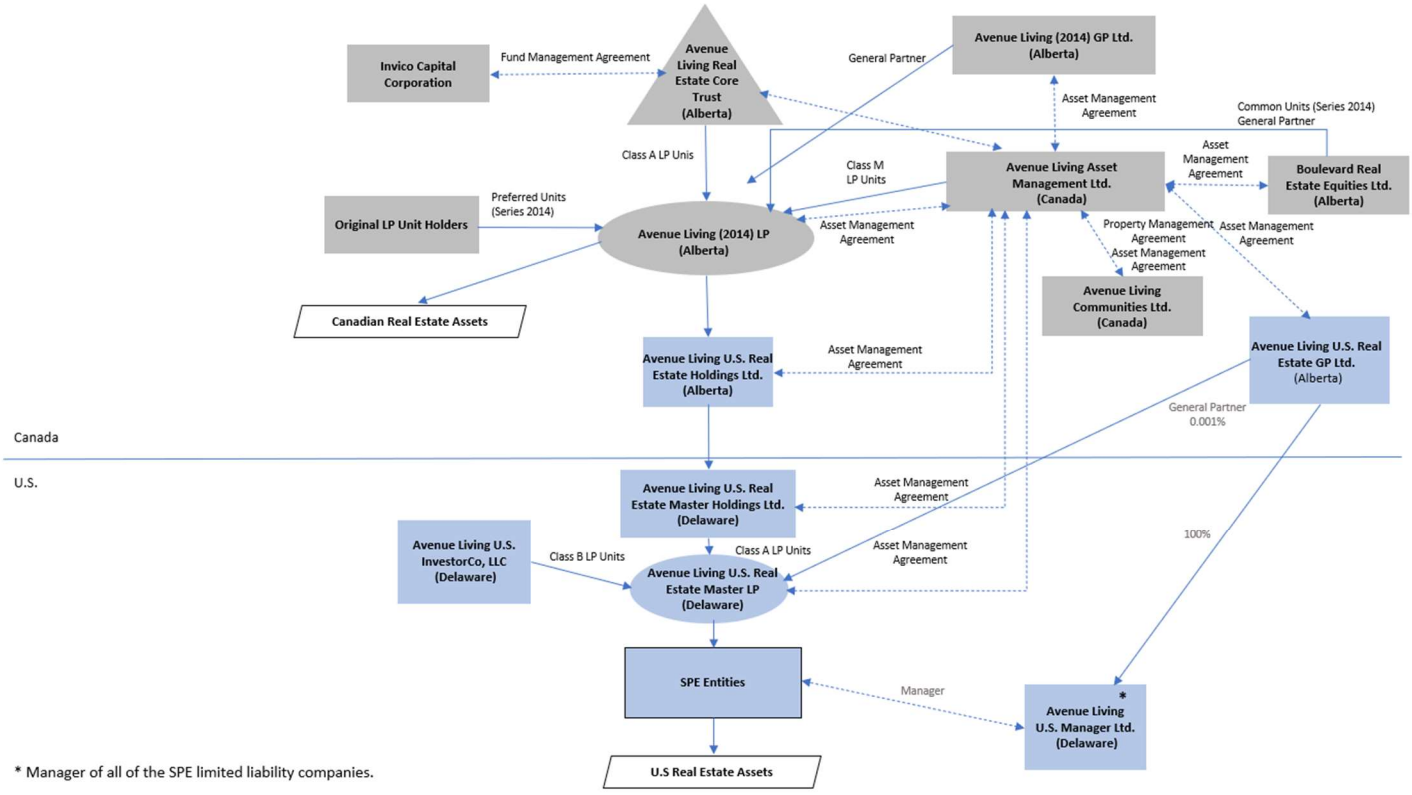
U.S. InvestorCo was incorporated under the laws of the State of Delaware on July 8, 2021. The U.S. InvestorCo was created for the purposes of raising capital from investors resident in the United States. The registered office of U.S. InvestorCo is located at 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware, 19801.

U.S. Manager

U.S. Manager was incorporated under the laws of the State of Delaware on July 29, 2020. All of the outstanding shares of U.S. Manager are beneficially owned and controlled by the U.S. General Partner. The registered office of U.S. Manager is located at 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware, 19801. The U.S. Manager acts as the manager of special purpose entities that hold the U.S. real estate.

2.1.1 Organizational Chart

The structure of the Trust, its subsidiary entities and other contractually affiliated entities is set out below:



Notes:

(1) Unitholders hold Trust Units, each of which represents a holder's proportionate undivided beneficial interest in the Trust. See Item 2.1 – Structure.

(2) The Trust owns Class A LP Units of the Canadian Partnership directly, and indirectly owns Class A U.S. LP Units of the U.S. Partnership. The Canadian General Partners of the Canadian Partnership are the Initial GP and the Avenue GP. All of the outstanding shares of the Initial GP are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre, Dr. Michael Giuffre and Carl Diodati. All of the outstanding voting shares of the Avenue GP are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre and Jason Jogia. See Item 2.1 – Structure and Item 2.7.2 – Canadian Partnership Agreement for detail on the capital structure of the Canadian Partnership.

(3) The general partner of the U.S. Partnership is the U.S. General Partner. All of the outstanding shares of the U.S. General Partner are beneficially owned or controlled, directly or indirectly, by Anthony Giuffre, Jason Jogia, Michael Giuffre, Joseph Giuffre, Kabirudeen Jivraj and Shelley Allchurch. See Item 2.1 – Structure and Item 2.7.3 – U.S. Partnership Agreement for detail on the capital structure of the U.S. Partnership.

(4) Pursuant to the Canadian Asset Management Agreement, the Asset Manager is entitled to the Canadian Asset Management Fees from the Canadian Partnership from time to time. See Item 1.4.1 – Canadian Asset Management Fees and Item 2.7.4 – Canadian Asset Management Agreement. For information on the Asset Manager see Item 2.1 – Structure. Pursuant to the Property Management Agreement, the Property Manager is entitled to the Property Management Fees from the Canadian Partnership from time to time. See Item 1.4.3 – Property Management Fees and Item 2.7.6 – Property Management Agreement. For information on the Property Manager see Item 2.1 – Structure. Pursuant to the Investment Fund Management Agreement, the Investment Fund Manager is entitled to the Investment Fund Management Fees from the Trust from time to time. See Item 1.4.4– Investment Fund Management Fees and Item 2.7.7 – Investment Fund Management Agreement. For information on the Investment Fund Manager, see Item 2.1 – Structure. For information on Avenue GP, see Item 2.1 – Structure.

(5) Pursuant to the U.S. Asset Management Agreement, the Asset Manager is entitled to the U.S. Asset Management Fees from the U.S. Partnership from time to time. See Item 1.4.2. U.S. Asset Management Fees and Item 2.7.5 U.S. Asset Management Agreement.

(6) The Canadian Partnership owns the property located at 360 Cumberland Avenue, Winnipeg, Manitoba (the "**Winnipeg Property**") indirectly through the wholly-owned subsidiaries 1587069 Alberta ULC and 1707015 Alberta ULC as follows: (i) the Canadian Partnership is the sole shareholder of 1587069 Alberta ULC; (ii) 1707015 Alberta ULC is a wholly owned subsidiary of 1587069 Alberta ULC; and (iii) 1707015 Alberta ULC is the sole owner of the Winnipeg Property.

2.1.2 Sunset of the Preferred Units (2014)

A Sunset impacting certain respective rights and attributes of the Series 2014 Units is expected to occur on December 31, 2027. Upon occurrence of the Sunset:

(a) the Preferred Units (2014) will be extinguished and subject to payout by the Canadian Partnership, subject to the holders' option to remain invested in the Canadian Partnership;

(b) certain of the terms and conditions of the Preferred Units (2014) and the Common Units (2014) will change (these changes do not impact the holders of the other classes of Canadian LP Units or the holders of Trust Units);

(c) the Initial GP shall cease to be a general partner of the Canadian Partnership; and the Avenue GP shall be the sole general partner of the Canadian Partnership. The Initial GP, if requested by the Avenue GP, will hold registered title to certain assets of the Canadian Partnership as bare trustee. The Initial GP may resign prior to the Sunset date (see **Item 2.7.2 – Canadian Partnership Agreement** – Removal or Resignation of the Canadian General Partner)

The net asset value of the Preferred Units (2014) outstanding as at January 31, 2023 was $80,238,106. Holders of the Preferred Units (2014) have the ability to redeem all or a portion of their investment before the Sunset up to an aggregate maximum total redemption of $5,000,000 per quarter. As of January 31, 2023, an aggregate of $7,318,991 of the Preferred Units (2014) have been redeemed. See **Item 8 – Risk Factors**.

The date for the Sunset (the "**Sunset Date**") to occur was deferred from December 31, 2022 until December 31, 2027 pursuant to amendments to the Canadian Partnership Agreement which became effective on August 15, 2022.

2.1.3 Governance Matters

The Trustees of the Trust are:

Name of Trustee	**Independence Status**	**Discussion of Independence**
Anthony Giuffre	Not Independent	Mr. Giuffre is not considered an Independent Trustee in that he is an officer and/or director of the Asset Manager, the Initial GP, the Avenue GP and the Property Manager and beneficially owns or controls, directly or indirectly, shares of each of the Initial GP, Avenue GP, the U.S. General Partner, the Asset Manager and the Property Manager. Further, Mr. Giuffre beneficially owns or controls, directly or indirectly, Preferred Units (2014) in the capital of the Canadian Partnership. See **Item 3.1 – Compensation and Securities Held**.
Shelley Allchurch	Not Independent	Mrs. Allchurch is not considered an Independent Trustee in that she is an officer and/or director of the U.S. General Partner, Asset Manager and the Property Manager and beneficially owns or controls, directly or indirectly, shares of each of the Asset Manager and the Property Manager. Further, Mrs. Allchurch beneficially owns or controls, directly or indirectly, Preferred Units (2014) in the capital of the Canadian Partnership. See **Item 3.1 – Compensation and Securities Held**.
Dr. Brian David Brodie	Independent	Dr. Brodie does not have any interest, business or other relationship that could or could reasonably be perceived to materially interfere with his ability to act in the best interests of the Trust. Dr. Brodie does not receive remuneration from the Trust other than Trustee's fees. Dr. Brodie beneficially owns or controls, directly or indirectly, Preferred Units (2014) in the capital of the Canadian Partnership. See **Item 3.1 – Compensation and Securities Held**.
Robert R. Verbuck	Independent	Mr. Verbuck does not have any interest, business or other relationship that could or could reasonably be perceived to materially interfere with his ability to act in the best interests of the Trust. Mr. Verbuck does not receive remuneration from the Trust other than Trustee's fees. See **Item 3.1 – Compensation and Securities Held**.

Catriona Le May Doan	Independent	Ms. Le May Doan does not have any interest, business or other relationship that could or could reasonably be perceived to materially interfere with her ability to act in the best interests of the Trust. Ms. Le May Doan does not receive remuneration from the Trust other than Trustee's fees. See **Item 3.1 – Compensation and Securities Held**.

The Trustees oversee the business and affairs of the Trust. Anthony Giuffre acts in the capacity of the Chief Executive Officer of the Trust in his role as the Chief Executive Officer of the Asset Manager. Marina Post acts in the capacity of the Chief Financial Officer of the Trust in her role as the Chief Financial Officer of the Asset Manager. Anthony Giuffre and Shelley Allchurch are also members of the board of directors of the Asset Manager and the Property Manager. See **Item 3.2 – Management's Experience**. See **Item 2.1 – Structure** for information regarding the Asset Manager.

One way the Trust facilitates the exercise of independent supervision over management is by ensuring that at least half of the Board of Trustees is composed of Trustees who are Independent from management of the Trust. The Board of Trustees currently has five Trustees, three of which are considered to be Independent (Messrs. Brodie and Verbuck and Ms. Le May Doan). As of the date of this Offering Memorandum, two of the Trustees are also directors of the Asset Manager and the Property Manager and one is also a director of the Initial GP and Avenue GP. As such, the applicable Trustees are not considered Independent of the Asset Manager. As of the date of this Offering Memorandum, two of the Trustees are also directors of the Property Manager. As such, the applicable Trustees are not considered Independent of the Property Manager.

All of the Trustees, both non-Independent and Independent, are required by the Trust Declaration and applicable law at all times to act in good faith and with a view to the best interests of the Trust and are required to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. All of the Trustees are sensitive to conflicts of interest and are required by the terms of the Trust Declaration to provide full written disclosure of any conflicts and recuse themselves from deliberations and voting in the appropriate circumstances related to any conflict of interest. See **Item 2.7.1 – Trust Declaration – Conflicts of Interest**. The extensive knowledge of the Independent Trustees of the Trust's business is beneficial to both the other Trustees and the Trust and their participation as Trustees is an important element in the overall effectiveness of the Board of Trustees. Although the Board of Trustees considers Independence from the Trust as a factor in assessing its own effectiveness as well as the qualifications of potential candidates, the Board of Trustees' primary objective is to ensure that Trustees are qualified candidates and are selected on the basis of their overall qualifications and ability to contribute to the effective governance of the Trust. It is believed that all of the Trustees make a valuable contribution to the Board of Trustees and the Trust.

Each of the Trust, the Partnerships, the Asset Manager, the Property Manager and the General Partners have adopted a conflict of interest policy that provides that the unanimous approval of the Independent Trustees shall be required to consent to or approve any of the following matters:

1. any "Conflict of Interest Matter" (as defined below) regarding the business of the Trust or Partnerships, including but not limited to any related-party transactions or contracts involving the Trust or the Partnerships and the General Partners, the Asset Manager or the Property Manager or related-party transactions or contracts involving their directors, officers, shareholders or affiliates;

2. allocations of expenses, fees or costs as between the Partnerships and the General Partners, the Trust or the Trustees and the Asset Manager;

3. allocations of expenses, fees or costs as between the Partnerships and the General Partners, the Trust or the Trustees and the Property Manager;

4. allocations of expenses, fees or costs as between the Partnerships and the General Partners, the Trust or the Trustees and the Investment Fund Manager; or

5. the acquisition of real estate properties from Avenue Living REOT, a private Alberta real estate income trust with common management.

A "Conflict of Interest Matter" means a situation where a reasonable person would consider the person or entity in question, or an entity related to such person or entity, to have an interest which may conflict with their ability to act in good faith and in the best interests of the Trust or Partnerships.

Each of the Trust, the Partnerships, the Asset Manager, the General Partners and the Property Manager has adopted the conflict of interest policy and agreed not to proceed with any Conflict of Interest Matter unless such matter has obtained the prior unanimous approval of the Independent Trustees in addition to the requisite majority of the other non-Independent Trustees. Further, each applicable director of the Asset Manager, the Property Manager and the General Partners has signed an acknowledgement agreeing to be bound by the conflict of interest policy in their capacity as a director of such applicable entity.

The Independent Trustees may, upon a request of any officer or director of the General Partners, the Asset Manager or the Trustees, or by its own initiative or that of any member, review applicable valuations required or conducted from time to time and, if it disagrees with such valuation(s) or conclusions it may refer the issue to the auditor (business valuations group) of the Partnerships and Trust or such other independent professional as deemed appropriate by the Independent Trustees in such circumstances.

In addition to the above, the Independent Trustees shall meet as requested by the directors of the General Partners, the Asset Manager, the Property Manager or the Trustees to monitor and assess the performance of the Partnerships and Trust relative to the business objectives stated herein.

The directors and officers of the General Partners, the Asset Manager, the Property Manager and the Trustees, in addition to the Independent Trustees, shall have an obligation to report any "Conflict of Interest Matters" that they may become aware of to the Independent Trustees as soon as possible to allow the Independent Trustees to consider and make such decisions as they deem necessary.

Before taking any action, the Independent Trustees may obtain legal or other advice, as to the effect of its proposed action and the reasonable expenses of such advisors shall be borne by the Partnerships as an operating expense. The Trust is not subject to National Instrument 81-107 – *Independent Review Committee for Investment Funds*, and accordingly is not subject to the same regulations as a reporting issuer; however, the Independent Trustees may look to the provisions of National Instrument 81-107 – *Independent Review Committee for Investment Funds* as guidance from time to time.

2.2 Our Business

2.2.1 Business of the Trust

The Trust is a passive investment vehicle that provides investors with exposure to the business of the Partnerships through the Trust's subscription for Class A LP Units. The operating business of Avenue Living is carried on by the Partnerships.

2.2.2 Business of Avenue Living

Avenue Living operates, manages, rents, leases, improves and/or otherwise deals with the Properties owned, from time to time, including the acquisition, renovation, or sale of such real estate investment properties, with a view to making a profit, and may exercise powers in furtherance thereof.

Avenue Living is a growing, private multi-family asset owner and operator based in Calgary, Alberta with more than 14,400 residential units located in 21 markets across Canada and the United States. Avenue Living has historically pursued opportunities within primary, secondary, and tertiary markets of the Prairie Provinces, including Alberta, Manitoba and Saskatchewan, and within certain markets of the United States, including Colorado, Georgia, Kansas, Ohio and Wisconsin. See **Item 2.3.1 – Development of Business**.

Avenue Living typically targets markets that are generally less populous and less dense than major metropolitan centers or international travel hubs – such as Toronto and Vancouver or New York City and Los Angeles – but that still have comparable amenities proportionate to the population size and demonstrate strong industry characteristics, improved affordability, an absence of substantial institutional competition, and above-average migration and economic growth rates. Within what it describes as its "heartland markets", Avenue Living is strategically positioning itself to become a premier North American owner-operator of low-to-medium density multi-family buildings, which cater to a niche market within the multi-family universe known as "Workforce Housing".

Recent research has identified six rental market segments within the multi-family universe following a survey of 16 real estate executives: (1) "Hard-to-House Occupants" and (2) "Affordability Renters" – characterized as price sensitive, low to low-medium income earners (collectively, estimated to comprise as much as ~15% of the private rental market); (3) "Returners" – characterized as ex-homeowners who return to the rental market by circumstance, rather than by choice (~5%); (4) "Transitional Millennials" – characterized as individuals born between 1982 and 1996, with above average incomes, living individually or with partners and having no dependents, typically renting temporarily before migrating to individual homeownership (~20%); (5)

"Lifestyle Residents" – characterized as renters by choice who seek "freedom from ownership", earning above average incomes with a low likelihood of having dependents, who perceive investment opportunities in renting versus homeownership (~20%); and (6) "Workforce Residents" – characterized as single- or dual-income households, whose rental decisions are largely based on location and being within close proximity to work and amenities. It is estimated that as much as ~40% of the private rental market may be comprised of this "Workforce Resident" demographic[6].

The term "Workforce Housing" originates from the concept of providing cost-competitive housing to communities with a high concentration of public-sector employees and seasonal workers, where disparity in wages and the cost of purchasing or renting homes prevents such workers from being able to afford to live in the town in which they work[7]. Not to be confused with "affordable housing"[8] – referred to in this context as private or public housing developments with government-sponsored subsidization programs – Workforce Housing caters to the segment of the population that is generally overqualified for "affordable housing", yet still may not be able to manage the expense of average market-rate homes, whether for rent or purchase. Based upon the experience of Avenue Living, the income range of individuals or households ordinarily occupying its Properties is generally between $15/hour and $50/hour, with many considered to be "renters by necessity" rather than "renters by choice", due in part to individual home ownership becoming less economically viable as a result of rising home prices and the associated lending constraints[9, 10].

Additionally, a common formula that is used to establish whether housing is considered affordable – in this context, the term "affordable" being used to describe economically manageable accommodation for a household – is total rent (including utilities, insurance, other payments, etc.) not exceeding 30% of total household income (before-tax)[11]. Avenue Living seeks to operate efficiently within this "affordability construct" by targeting rental rates that are within this 30% threshold, while also pursuing various value-add initiatives that promote high levels of resident satisfaction and retention. Avenue Living anticipates that it will continue to be able to achieve this goal through the implementation of its active property management strategies across its portfolio of real estate investment properties by investing in value-add capital expenditure programs and by leveraging the scale and resources of the Avenue Living platform. See **Item 2.2.4 – Investment Strategy**.

Consistent with the aforementioned research[12], Avenue Living has observed that residents within the described "Workforce Resident" demographic generally tend to look for clean and well-maintained buildings with fair rents that are close to nearby amenities such as schools, entertainment, retail, and transit. Home ownership in such locations, however, typically tends to be less economically viable for such individuals in these areas, with many residents favouring renting in such communities over purchasing in perhaps less desirable or geographically distant communities. Exacerbating this affordability issue is the risk of accelerating home prices continuing to outpace wage growth, which Avenue Living anticipates will place upward pressure on the demand for Workforce Housing accommodation, particularly in the face of limited housing supply. With a firm focus on value-add capital projects and operating initiatives designed to promote resident satisfaction and safety, Avenue Living believes that it brings institutional quality management to the Workforce Resident market segment.

Additionally, Avenue Living recognizes that within this segment of the multi-family universe there is a "changing of the guard" presently underway, whereby many "mom-and-pop" owner-operators of unconsolidated low-to-medium density assets have become incentivized to cycle out of their well-tenanted, legacy run properties, in order to avoid the necessary capital investment required to adapt to changing resident needs which, as Avenue Living internal research indicates, increasingly favours active over passive property management. Avenue Living uses the term "legacy run" to describe older low-to-medium density stock, typically class B/C, multi-family real estate assets that operate under a "caretaker" model, which prioritizes a passive property management approach that pays limited attention to promoting operational efficiency, sales and marketing, or resident satisfaction initiatives. Generally, based on Avenue Living's experience, many of these assets, including those deemed to be

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[6] Wilson, G. A. & Giuffre, A. Private rental target markets: A comprehensive spectrum. International Real Estate Review. (2022). Vol. 25 No. 1: 137-159. https://www.avenuelivingam.com/wp-content/uploads/2022/05/Wilson-Giuffre-2022-003.pdf.

[7] National Association of REALTORS® (NAR). Workforce Housing Forum Guide: A Strategy for Outreach and Advocacy to Identify and Address Workforce Housing Needs in Your Community. (2012). https://realtorparty.realtor/wp-content/uploads/2017/08/Resources-Community-Outreach-Workforce-Housing-Forum-Guide.pdf.

[8] Canada Mortgage and Housing Corporation (CMHC). (March 31, 2018). About Affordable Housing in Canada. https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada.

[9] Young, R. Canadian Housing Affordability Hurts. Scotiabank. (January 18, 2023). https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html.

[10] Beraldi, F. and Zhao, Y. The Pricing-Out Phenomenon in the U.S. Housing Market: Working Paper. International Monetary Fund (IMF). (January 2023). https://www.imf.org/en/Publications/WP/Issues/2023/01/06/The-Pricing-Out-Phenomenon-in-the-U-S-527856.

[11] Canada Mortgage and Housing Corporation (CMHC). (March 31, 2018). About Affordable Housing in Canada. https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada.

[12] Wilson, G. A. & Giuffre, A. Private rental target markets: A comprehensive spectrum. International Real Estate Review. (2022). Vol. 25 No. 1: 137-159. https://www.avenuelivingam.com/wp-content/uploads/2022/05/Wilson-Giuffre-2022-003.pdf.

"non-core" by larger institutional market participants, are starved of capital and demonstrate weaker occupancy or tenant retention characteristics, despite in-place rents typically being below market rate for a given area or region.

Avenue Living seeks to capitalize on this changing dynamic and grow its portfolio of real estate investment properties by acquiring assets with target purchase prices below replacement cost and by introducing institutional-level quality active management to such legacy run, passively managed operations – focusing on resident satisfaction, revenue optimization, value-add capital investment projects, and the implementation of certain property technology solutions. See **Item 2.2.4 – Investment Strategy**. Avenue Living has developed capabilities for identifying, acquiring, and enhancing mis-managed or undervalued real estate assets by:

a. implementing a value-add renovation and repositioning program encompassing structural and cosmetic renovations to the building's common areas and suites (as may be necessary), with the aim of repositioning the asset and its rents within the marketplace;

b. putting in place professional active property managers tasked with the goal of increasing margins and maximizing operational revenue by improving tenant quality as well as operations, customer service, and cleanliness of the property; and

c. careful monitoring and management of the real estate asset and resident experience, once stabilized.

On June 2, 2022, the Canadian Partnership and ALREO LP entered into a memorandum of understanding with the Canada Infrastructure Bank for a $120 million credit facility to perform deep energy retrofits in its Western Canadian multi-family portfolio.

Avenue Living engages the Asset Manager and the Property Manager, as applicable, to provide services to assist with the management of the Properties and a wide range of office and field support services. These include asset acquisition, financing, legal, accounting, marketing, IT, maintenance, sales and leasing, management and customer services. See **Item 2.7.4 – Canadian Asset Management Agreement, Item 2.7.5 – U.S. Asset Management Agreement.** and **Item 2.7.6 – Property Management Agreement**. In the United States, the services and expertise of various third-party regional property management firms are engaged to provide assistance with the management of such real estate investment properties, including a wide range of office and field support services. See **Item 2.7 – Material Agreements**. Avenue Living may, from time to time engage other service providers to provide property services related to the management of the Properties, such as supply chain management, quality assurance, compliance, and process improvements. These services may be provided both by arm's length or related parties. Any services provided by related parties are subject to the conflict-of-interest policies of the Avenue Entities. See **Item 2.1.3 Governance Matters** and **Item 2.7.1 – Trust Declaration – Conflicts of Interest**.

2.2.3 Investment Guidelines and Operating Policies

Avenue Living intends to invest the applicable proceeds from the Offering as soon as reasonably practicable after the date of each Closing.

The mandate of the Investment Committee sets forth a process to assess acquisitions made by both the Canadian Partnership and U.S. Partnership in order to ensure compliance with the investment guidelines and operating policies set out in the Trust Declaration which are as follows:

(a) the Canadian Partnership will focus on the acquisition of multi-residential real estate assets focused in North America, although the Canadian Partnership may also invest in other markets, all in accordance with the established business model of the Canadian Partnership. See **Item 2.2.4 – Investment Strategy**;

(b) no Canadian Partnership investment shall be made that would result in:

  (i) Trust Units being disqualified for any class of a Deferred Income Plan;

  (ii) the Trust ceasing to qualify as a "**mutual fund trust**" for purposes of the Tax Act; or

  (iii) the cost of any single Canadian Partnership asset (net of the amount of debt secured by such asset, except as provided for in the Trust Declaration) exceeding 15% of the Net Asset Value of the Canadian Partnership, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;

(c) Canadian Partnership investments may only be made in a joint venture arrangement if:

(i) the arrangement is in connection with the Avenue Living Investment Strategy (see **Item 2.2.4 – Avenue Living Investment Strategy**);

(ii) the arrangement is with others ("**joint venturers**") either directly or through the ownership of securities of or an interest in an entity (the "**joint venture entity**");

(iii) the interest of the Canadian Partnership in the joint venture entity is an interest of not less than 10% and is not subject to any restriction on transfer other than a right of first refusal or right of first offer, if any, in favour of the joint venturers;

(iv) the Canadian Partnership, or an entity controlled by it, has a right of first offer or a right of first refusal to buy the interests of the joint venturers in the joint venture entity;

(v) the Canadian Partnership has the ability to provide input in the management decisions of the joint venture entity; and

(vi) without limitation, any joint venture arrangement with any affiliates of the Canadian Partnership for the purposes of the conflict of interest provisions of the Trust Declaration have been entered into in accordance with such provisions;

(d) unless otherwise permitted in the Trust Declaration, the Trust shall not directly or indirectly, hold securities other than:

(i) Canadian Partnership Units;

(ii) temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada;

(iii) short-term government debt securities or in money market instruments of, or guaranteed by a Schedule I Canadian chartered bank maturing prior to one year from the date of issue;

(iv) currency, commodity or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator's *National Instrument 81-102 Investment Funds* or any successor instrument or rule;

(v) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by Canadian Partnership, or an entity wholly-owned, directly or indirectly, by Canadian Partnership formed and operated solely for the purpose of holding a particular real property or real properties; or

(vi) securities of a reporting issuer in Canada may be acquired provided that:

(A) such securities derive their value, directly or indirectly, principally from real property;

(B) the activities of the issuer are focused on activities outlined in the investment strategy (See **Item 2.2.4 – Investment Strategy)**; and

(C) in the case of any proposed investment or acquisition which would result in the beneficial ownership by the Canadian Partnership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to the Canadian Partnership, as determined by the Asset Manager, the General Partners and the Trustees;

(e) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:

(i) where revenue will be derived, directly or indirectly, principally from Avenue Living's investment strategy (See **Item 2.2.4 – Investment Strategy)**; or

(ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property;

(f) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property; and

(g) no investment shall be made in raw land (except for the acquisition of properties adjacent to real estate properties of the Canadian Partnership for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of Net Asset Value of the Canadian Partnership). Investments may be made which do not comply with the provisions of this section (g), provided that:

(i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Net Asset Value of the Canadian Partnership; and

(ii) the making of such investment would not contravene restriction (b) above,

provided that for the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the Canadian Partnership will be deemed to be those of the Canadian Partnership on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement or a limited partnership. In considering the foregoing restrictions, each investment shall be assessed immediately prior to investment. For greater certainty, restrictions (a) through (g) are intended to set out generally the investment guidelines under which the Canadian Partnership shall operate.

The operations and affairs of the Canadian Partnership are intended to be conducted in accordance with the following operating policies:

(a) the Canadian Partnership targets an overall loan-to-value ratio for the Canadian Partnership's properties on a consolidated basis of 75% or less;

(b) the target loan-to-value ratio for any single property acquired by the Canadian Partnership is 85% or less;

(c) the Canadian Partnership may engage in construction or development of real property in order to maintain its Properties in good repair or to enhance the income-producing potential of Properties that are capital property of the Canadian Partnership;

(d) title to each Property shall be held by and registered in the name of the General Partner, or in the name of a corporation or other entity owned, directly or indirectly, by the Canadian Partnership or jointly-owned, directly or indirectly, by the Canadian Partnership, with joint venturers or a corporation which is a nominee of the Canadian Partnership which holds as its only property registered title to such real property pursuant to a nominee agreement with the Canadian Partnership;

(e) unless with the prior approval of the Trustees, the Trust shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness, liabilities or other obligations of:

(i) the Canadian Partnership or any subsidiary of the Canadian Partnership or other entity wholly-owned by the Canadian Partnership;

(ii) any other entity jointly owned by the Canadian Partnership with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, liabilities or other obligation, if granted, incurred or assumed by the Canadian Partnership directly, would not cause the Canadian Partnership to otherwise contravene any restrictions set out in the Trust Declaration;

(iii) any person, provided that such guarantee is in accordance with the Trust Declaration;

(f) an engineering survey or physical review by an experienced third-party consultant will be obtained for each real property intended to be acquired with respect to the physical condition thereof;

(g) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and Canadian Partnership and the accidental loss of value of the assets of the Trust and Canadian Partnership from risks, in amounts and with such insurers, in each case as the Trustees and the General Partner consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;

(h) a Phase I environmental audit shall be conducted for each real property to be acquired by the Canadian Partnership and, if the Phase I environmental audit report recommends that further environmental audits be conducted, such further environmental audits shall be conducted, in each case by an independent and experienced environmental consultant; and

(i) the Trust and the Canadian Partnership may engage the services of an asset manager and have, as of the date hereof, engaged the Asset Manager pursuant to the terms and conditions of the Canadian Asset Management Agreement (See **Item 2.7.4 – Asset Management Agreement**),

provided that for the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by the Canadian Partnership will be deemed to be those of the Canadian Partnership on a consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be determined to include an investment in a joint venture arrangement. In addition, the term "indebtedness" means (without duplication):

(i) any obligation of the Canadian Partnership for borrowed money;

(ii) any obligation of the Canadian Partnership incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;

(iii) any obligation of the Canadian Partnership issued or assumed as the deferred purchase price of property;

(iv) any capital lease obligation of the Canadian Partnership; and

(v) any obligation of the type referred to in clauses (i) through (iv) of another person, the payment of which the Canadian Partnership has guaranteed or for which the Trust is responsible for or liable,

provided that: (A) for the purposes of (i) through (iv) above, an obligation will constitute indebtedness only to the extent that it would appear as a liability on the balance sheet of the Trust in accordance with generally accepted accounting principles; and (B) the obligations referred to in clauses (i) through (iii) shall exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business.

The investment guidelines and operating policies of the Canadian Partnership are set out in the Trust Declaration, and may only be amended by the Trustees in accordance with the terms and conditions of the Trust Declaration.

2.2.4 Investment Strategy

1. The Trust provides Unitholders with exposure to the business of the Partnerships, which consists of cash flow through rental income, potential returns through value added enhancements to the Properties, potential market growth in the rental rates of such Properties and operating expense efficiencies through active management. There is no assurance that the Trust or the Partnerships will implement their investment strategies successfully. See **Item 8 – Risk Factors**.

2. Avenue Living focuses primarily on the acquisition of midmarket, multi-family properties in markets across North America. See **Item 2.2.5 – Market Selection and Economy**.

3. For each acquisition, the Asset Manager completes in-depth financial and physical due diligence including lease and rent roll reviews, site inspections and tours, market analysis, environmental and structural assessments as well as completing legal due diligence. The typical due diligence process typically takes 45 to 60 days to complete.

4. The Asset Manager will then: (i) seek debt financing terms from lenders; (ii) finalize the financial, physical and legal due diligence processes and debt financing; and (iii) finalize the acquisition of the real estate property(ies) by Avenue Living.

5. Avenue Living's investment strategy includes acquiring stabilized, de-risked properties: (i) from ALREO LP; and (ii) on the open market by leveraging existing networks to identify and acquire mispriced properties in target markets from third parties. Properties acquired from the ALREO LP will be completed at fair market value as determined by independent appraisers. Properties acquired from third parties will largely be acquired on an "off-market" basis, as such properties are not widely marketed for sale. Conflicts of interest, regarding any purchases between Avenue Living and ALREO LP, are addressed by requiring unanimous approval of the Independent Trustees, none of whom are trustees of the ALREO LP. See **Item 2.1.3 – Governance Matters**.

6. Avenue Living has the ability to leverage the experience and skill set of each of the Property Manager, the Asset Manager and U.S. Manager. As of January 31, 2023, the Property Manager, the Asset Manager and U.S. Manager collectively employ more than 600 dedicated operational employees (property managers, operations, maintenance, security, construction, property accounting, marketing and call center) and corporate employees (executives, financial analysts, legal and fund accounting). This vertically integrated platform provides strategic oversight and property-level-execution capabilities to deliver predictable cash flow and create portfolio value through the following initiatives:

a) Customer Service: The Property Manager strives to provide responsive, efficient and thoughtful customer service to its tenant base. The Property Manager achieves this with the use of its dedicated call center to ensure all tenant inquiries are evaluated and acted upon. This approach will ensure that tenants are aware that the Property Manager is available to discuss any issue or concerns with their building or unit.

b) Tenant Relationships: The Property Manager strives to create long-term relationships with its tenant base. The Property Manager achieves this by providing an above-standard quality of living. The Property Manager employs enhanced verification of potential tenants and stronger disciplinary measures for problem tenants,

including eviction are enforced. These measures, combined with great customer service will continue to ensure that there is a sense of community within Avenue Living's portfolio of multi-family residential real estate investment properties, thereby reducing tenant turnover and vacancy. This is expected to create stability in cash flow while also creating demand for Avenue Living's multi-family residential properties.

c) Property Maintenance: The Property Manager manages Avenue Living's Canadian portfolio of multi-family residential real estate investment properties through efficient and cost-effective programs that add short-term and long-term value for Avenue Living. This includes ensuring that properties are clean, comfortable and safe environments while also ensuring accretive energy management programs are in place.

d) Internal Financial Reporting: The Property Manager and the Asset Manager employ sophisticated financial tools to maximize Avenue Living's income and measure the effectiveness of cost control and efficiency programs. The Property Manager and the Asset Manager also disclose internal financial reporting to those involved who can impact the financial success and control of those incomes and expenses.

e) Strategic Debt Management: The Asset Manager actively seeks out financing terms and arrangements that enhance the Avenue Living's levered investment returns. The Asset Manager executes on this strategy by ensuring that the Properties have mortgage financing in place with staggered rolling maturities and leverage amounts. This strategy limits exposure to fluctuating interest rates over the short-term and long-term. The Asset Manager also actively retires any existing high-interest debt through raising additional equity or refinancing, to strategically improve the weighted average cost of capital and leverage ratios.

f) Strategic Market Relationships: The Asset Manager explores strategic relationships with investment partners who share the vision and investment strategy of Avenue Living. This may include joint venture and co-investment opportunities, off-market asset and portfolio acquisition opportunities, and divestiture opportunities.

g) Strategic Value Enhancing Initiatives: The Asset Manager continues to evaluate and monitor return-enhancing initiatives such as amenity upgrades and building improvements. The Asset Manager may also recommend the sale or repositioning of individual properties that are no longer predicted to add value for Avenue Living if the market environment supports such sale or repositioning.

Avenue Living strives to position itself to be able to take advantage of opportunities presented through the various stages of the economic cycles. Avenue Living achieves this by continuously monitoring the market conditions and political environments Avenue Living operates in and by adjusting the focus on strategic priorities to maximize returns and mitigate risk factors (**See Item 8 – Risk Factors**).

Avenue Living' strategic priorities are:

(i) maintaining and optimizing the performance of the portfolio of existing Properties;

(ii) acquiring stabilized or near-stabilized real estate assets capable of generating steady, consistent cash flows; and

(iii) equity growth and liquidity optimization.

In the United States, the services and expertise of various third-party regional property management firms are engaged to provide assistance with the management of Avenue Living's U.S. properties, including a wide range of office and field support services. See **Item 2.7 – Material Agreements**.

7. By leveraging the Avenue Living shared services platform and developing a consolidation strategy targeting the acquisition of assets at prices below replacement value, Avenue Living believes that it can potentially generate higher asset-level returns compared with new build assets that located in high-cost markets. Avenue Living aims to achieve this through the implementation of its key strategic pillars:

a) Consolidation: Target legacy run, multi-family assets that exhibit strong growth characteristics, with a high degree of insulation from institutional competition in Canada and the United States. These assets are generally individually owned "mom-and-pop" properties, or legacy "non-core" portfolio assets of larger institutions that have been starved of capital, with expense reduction and optimization opportunities available. Subject to the individual characteristics and constraints of each market, Avenue Living will strive to set and seek a prescribed

long-term consolidation target within each target market's available low-to-medium density multi-family rental inventory. See **Item 2.2.5 – Market Selection and Economy**. See **Item 8 – Risk Factors**.

b) Developed Platform: Avenue Living will leverage its vertically integrated platform to access its legal, financial, accounting and marketing services, and its expertise in property management, acquisitions and investments, and asset management, as may be applicable. See **Item 2.7.4 – Canadian Asset Management Agreement** and **Item 2.7.5 – U.S. Asset Management Agreement.**

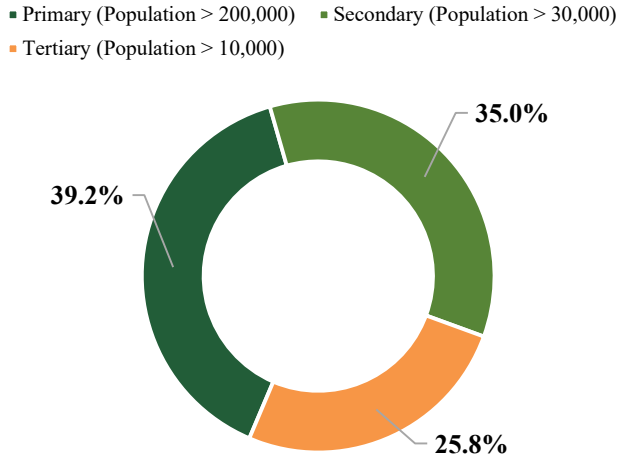
c) Internalized Operations: In Canada, Avenue Living benefits from the support of the Property Manager, which forms an integral part of its shared services platform, in the execution of its investment and repositioning strategies. In the United States, Avenue Living intends to leverage the capabilities and expertise of various third-party regional property management firms and renovation professionals in the execution of such strategies. See **Item 2.7.6 – Property Management Agreement**. However, upon reaching a level of scale satisfactory to Avenue Living within a given United States market, Avenue Living will seek to internalize its property management and renovation needs, with the aim of replicating the proven model Avenue Living has developed in Canada. Avenue Living anticipates that the planned, long-term internalization of such operations will promote further asset-level efficiencies that will, in turn, deliver the potential for additional returns for Avenue Living. See **Item 8 – Risk Factors**.

2.2.5 Market Selection and Economy

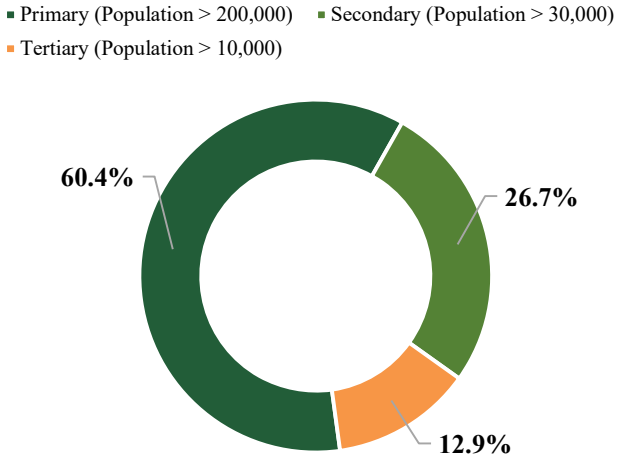
Western Canada: The Prairie Provinces

In Canada, Avenue Living invests primarily in markets across the Prairie Provinces that display strong economic fundamentals along with a well-diversified employment base to limit reliance on the performance of the natural resources sector. Avenue Living has historically purchased assets in primary, secondary, and tertiary markets within these regions. Due to favorable market dynamics and the availability of assets for purchase at prices below replacement value, Avenue Living has increased its presence within Canadian primary markets through January 31, 2023 to 60.4% of Avenue Living's Canadian multi-family portfolio.

Canadian Portfolio Diversification (2017)



Canadian Portfolio Diversification (2023)

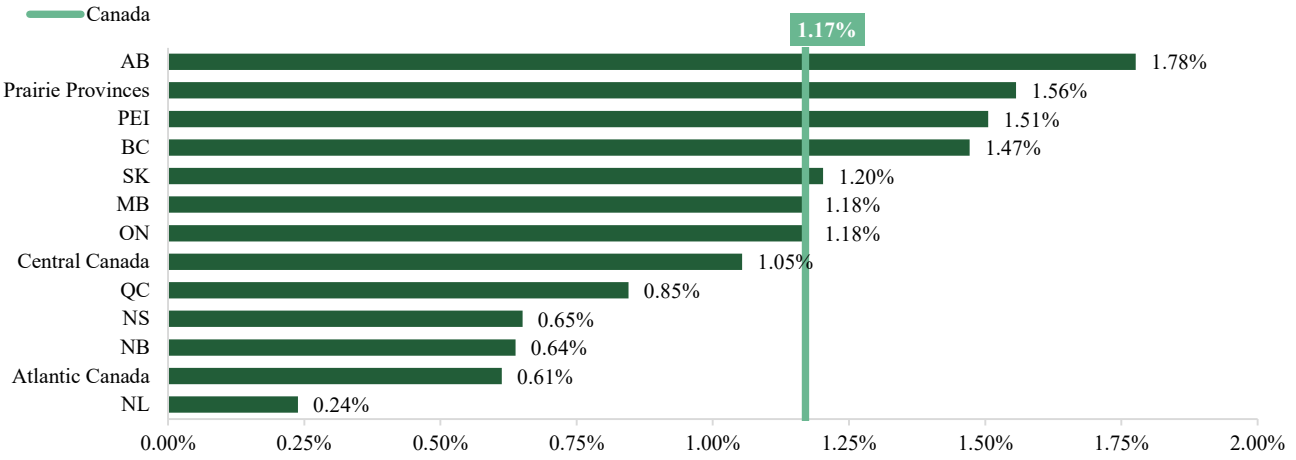


Source: Avenue Living internal data and analysis; Presented as at December 31, 2017 (2017) and as at January 31, 2023 (2023), respectively.

One of the most important drivers for Avenue Living's business in Canada is population growth. Positive net migration strengthens demand for rental properties as more people are seeking accommodation. The Prairie Provinces have historically ranked among some of the highest in Canada in terms of population growth, led by Alberta, where the population has grown by approximately 1.78% per year between 2007 and 2022, compared with the national average of approximately 1.17% (Ontario – 1.18%; British Columbia – 1.47%)[13].

[13] Statistics Canada. Table 17-10-0009-01: Population estimates, quarterly. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000901; Avenue Living internal analysis.

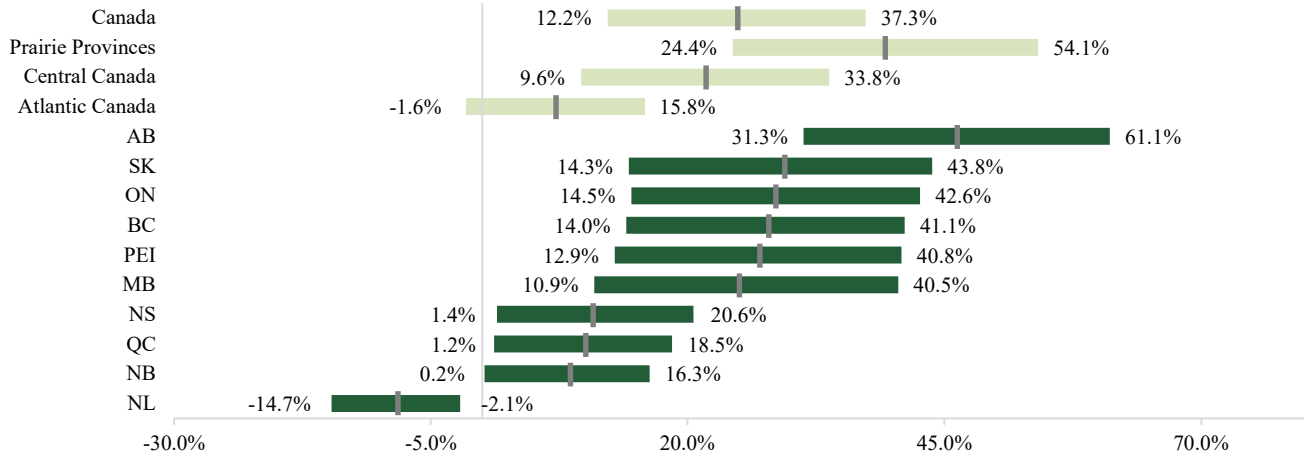
Historical Annual Population Growth Rates (2007-2022)



Source: Statistics Canada; Avenue Living internal research and analysis; "Prairie Provinces" combines Alberta, Saskatchewan, and Manitoba; "Central Canada" combines Ontario and Quebec; "Atlantic Canada" combines Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick; "Canada" includes all provinces and territories.

Avenue Living anticipates that this population growth trend will continue, driven naturally and via international and inter-provincial immigration. According to various scenarios defined by Statistics Canada (low-growth – LG; medium-growth – M1; and high-growth – HG), the population of the Prairie Provinces, once again led by Alberta, is anticipated to grow between 24.4% (LG) and 54.1% (HG) over the 2021 through 2043 period (M1 – 39.2%), outpacing population growth at the national level considerably over the same interval (LG – 12.2%; M1 – 24.9%; HG – 37.3%)[14]. Population growth is generally regarded as an important factor driving demand for rental units (defined as absorption) and improved occupancy trends.

Projected Population Growth by Province (2021 to 2043)



Source: Statistics Canada; Avenue Living internal analysis; "Prairie Provinces" combines Alberta, Saskatchewan, and Manitoba; "Central Canada" combines Ontario and Quebec; "Atlantic Canada" combines Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick; "Canada" includes all provinces and territories.

Exacerbating this potential increase in demand driven by population growth, Canada is characterized as suffering from a structural housing shortage and has the lowest population-adjusted housing stock among the Group of Seven (G7), with Alberta, Manitoba, and Ontario recording the lowest number of homes per capita, relative to other provinces, as well as the national

[14] Population Projections for Canada (2021 to 2068), Provinces and Territories (2021 to 2043). Statistics Canada. (August 22, 2022). Note: Frequency of measure: Occasional. https://www150.statcan.gc.ca/n1/pub/91-520-x/91-520-x2022001-eng.htm; Avenue Living internal analysis.

average[15]. Avenue Living anticipates that any supply-demand imbalance would continue to place upward pressure on home prices, reducing affordability, and thereby increasing the pool of renters and, ultimately, demand for rental accommodation.

United States Expansion: North American Heartland Markets

Diversifying its geographic focus beyond the Prairie Provinces, Avenue Living primarily targets legacy run, low-to-medium density assets – generally class B/C – in certain markets of the United States, which Avenue Living refers to as its "heartland markets". Expanding upon its Canadian investment thesis, Avenue Living believes that such assets can be acquired below replacement value, may offer the potential for superior risk-adjusted returns, and will generally benefit as a "flight-to-safety" during turbulent periods in the economic cycle. As Avenue Living and others have observed, during challenging economic times, where renters may place a greater emphasis on saving, such real estate assets have typically proven to be more resilient compared with highly amenitized, luxury apartment buildings, and individuals will often tend to favour more affordable low-to-medium density options as a result[16]. Further, based upon the experience of Avenue Living, these legacy run, low-to-medium density assets are expected to be relatively insulated from the effect of new supply entering the market, as the construction economics for new "Workforce Housing"-type developments are anticipated to require effective rents be priced at levels greater than what the market may be able bear.

Additionally, data indicates that during the period between 2002 and 2022 the spread between the average effective rent attributable to two-bedroom luxury, highly amenitized properties (class A), and two-bedroom legacy run, low-to-medium density assets (class B/C) in the United States has steadily increased from approximately US$640 per month (class A – US$1,551 per month; class B/C – US$911 per month) in 2002 to US$845 per month (class A – US$2,301 per month; class B/C – US$1,456 per month) in 2022, representing an increase in the spread between class A and class B/C rents of approximately 32.0%[17]. Based on internal analysis, Avenue Living estimates that only 14.1% of the United States' population of individual income earners would be able to afford two-bedroom class A accommodation[18]. Taken together, these trends suggest to Avenue Living that class A accommodation has become less affordable over time, relative to class B/C assets, and – without a major catalyst for change – may have the potential to continue for the foreseeable future.

Further, Avenue Living believes that there are multiple barriers to entry that exist in the United States which may limit the ability of many individuals to achieve home ownership, including: (i) residential real estate price inflation and borrowing constraints; (ii) the accumulation of personal debt balances; (iii) a stagnation in income growth relative to rent; and (iv) persistent supply and demand imbalance.

(i) Residential Real Estate Price Inflation and Borrowing Constraints

The median sales price of houses sold in the United States in the third quarter of 2022 was US$467,700, up from US$423,600 as at the end of the third quarter of 2021, representing an increase of approximately 10.4% year-over-year. In contrast, the median sales price of houses has grown approximately 4.7% per annum since 2000 through the third quarter of 2022[19]. Avenue Living believes that historically low mortgage rates and a chronic undersupply[20], coupled with a disruption in building material availability and skilled construction labor, have contributed to the generally sustained upward pressure in home prices over the period. Additionally, the S&P CoreLogic Case-Shiller house price index, one of the leading measures of United States residential real estate prices, which tracks changes in the value of residential real estate nationally, reported a 20.8% year-over-year gain in the month of March 2022, the highest reading in the historical series dating to January 1987, and has remained elevated through the second half of 2022 (11.3% - average, July 2022 – November 2022), relative to the historical annual growth rate over the same period (4.4% per annum, January 1987 – November 2022)[21].

[15] Perrault, J-F. Which Province Has the Largest Structural Housing Deficit? Scotiabank. (January 12, 2022). https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.housing.housing-note.housing-note--january-12-2022-.html.

[16] Robinson, J. Q2 2019 Real Estate Outlook: Value-add, Class B Multifamily Real Estate is a Durable Recession-Resistant Strategy. Bridge Investment Group. (2019). https://docplayer.net/138049193-Value-add-class-b-multifamily-real-estate-is-a-durable-recession-resistant-strategy.html.

[17] CoStar Group. (Accessed: January 24, 2023). Market Effective Rent: All States (Class A; Class B/C). https://www.costar.com; Avenue Living internal analysis.

[18] U.S. Census Bureau. Current Population Survey, 2021 Annual Social and Economic Supplement, PINC-11: Income Distribution to $250,000 or More for Males and Females, 2021; https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-11.html; Avenue Living internal analysis.

[19] U.S. Census Bureau and U.S. Department of Housing and Urban Development. Median Sales Price of Houses Sold for the United States. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/MSPUS; Avenue Living internal analysis.

[20] Khater, S. and Kiefer, L. Housing Supply: A Growing Deficit. Federal Home Loan Mortgage Corporation (Freddie Mac). (May 2021). https://www.freddiemac.com/fmac-resources/research/pdf/202105-Note-Housing_Supply-08.pdf.

[21] S&P Dow Jones Indices LLC. S&P/Case-Schiller U.S. National Home Price Index. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/CSUSHPINSA.

Avenue Living suggests that the aforementioned escalation in home prices has produced additional affordability constraints for prospective homebuyers – which constraints are, presently, further exacerbated by the recent, rapid advancement in mortgage interest rates available to individual home purchasers[22, 23] - forcing many individuals to remain in the rental pool much longer than they may have otherwise anticipated, thereby contributing to a potential long-term increase in demand for rental units.

(ii) Accumulation of Personal Debt Balances

In addition to rising residential asset prices, Avenue Living believes the accumulation of household debt has hindered many individuals from becoming homeowners. Aggregate household debt balances increased by US$394 billion in the fourth quarter of 2022 (compared with an increase of US$333 billion in the fourth quarter of 2021) and now stands at US$16.90 trillion as at the end of the fourth quarter of 2022 (US$15.58 trillion – fourth quarter of 2021), with "non-housing" balances (household debt excluding mortgage and home equity (HE) revolving debt) advancing to an aggregate US$4.64 trillion (US$4.33 trillion – fourth quarter of 2021)[24]. Further, Avenue Living suggests that for many individuals the accumulation of a substantial student debt balance – which stood at US$1.60 trillion in aggregate as at the end the fourth quarter of 2022 (US$1.58 trillion – fourth quarter of 2021) – has forced or could force many households to delay homeownership and seek alternative accommodations, including renting and shared living. With personal loan payments consuming a large portion of disposable income, Avenue Living anticipates it may become increasingly challenging for many individuals to qualify for a mortgage, placing further upward pressure on demand for rental units.

(iii) Stagnation in Income Growth Relative to Rent

Between 2001 and 2021, referencing the Consumer Price Index (CPI) index measure, average rent (primary residence) for urban consumers grew by 81.2%[25], outpacing national median household income growth (67.6% – 2001 to 2021) by 13.6%[26]. Avenue Living believes that the divergence between growth in median household income relative to rent results in many individuals delaying certain milestones, such as homeownership, and produces the set of circumstances that finds many individuals as "renters by necessity", rather than "renters by choice". This trend appears to be confirmed across the United States, with rental unit vacancy rates between 2019 and 2022 measuring, on average, at some of the lowest levels in the past 35 years[27].

(iv) Persistent Supply-Demand Imbalance

Further, as illustrated below, during the past 45 years in the United States, housing supply has generally not kept pace with population growth, with new privately owned housing starts as a share of the U.S. population steadily declining since the 1970s[28, 29, 30]. This decline became more pronounced following the peak of the early 2000s housing bubble. Additionally, the Federal Home Loan Mortgage Corporation (Freddie Mac) suggests that the inventory of both new and existing homes for sale in the United States is at historic lows, with the shortage of homes for sale in the United States having risen approximately 52%, from 2.5 million units to 3.8 million units between 2018 and 2020[31] – over the same interval the population of the United States increased by more than 4.1 million people. Freddie Mac adds that these supply-side imbalances have become more strained when examining entry-level (less than 1,400 square feet) home construction, which collapsed following the Great Recession and failed

[22] Federal Home Loan Mortgage Corporation (Freddie Mac). 30-Year Fixed Rate Mortgage Average in the United States. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/MORTGAGE30US.

[23] Board of Governors of the Federal Reserve System. Federal Funds Target Range – Upper Limit. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/DFEDTARU.

[24] Federal Reserve Bank of New York. Center for Microeconomic Data: Research and Statistics Group. Household Debt and Credit Report, 2022:Q4 (Released February 2023); https://www.newyorkfed.org/microeconomics/hhdc; Avenue Living internal analysis.

[25] U.S. Bureau of Labor and Statistics (BLS). Consumer Price Index for All Urban Consumers: Rent of Primary Residence in U.S. City Average. Retried from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/CUSR0000SEHA; Avenue Living internal analysis.

[26] U.S. Census Bureau. Median Household Income in the United States. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/MEHOINUSA646N; Avenue Living internal analysis.

[27] U.S. Census Bureau. Rental Vacancy Rate in the United States. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/RRVRUSQ156N; Avenue Living internal analysis.

[28] U.S. Census Bureau and U.S. Department of Housing and Urban Development. New Privately-Owned Housing Units Started: Total Units. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/HOUST; Avenue Living internal analysis.

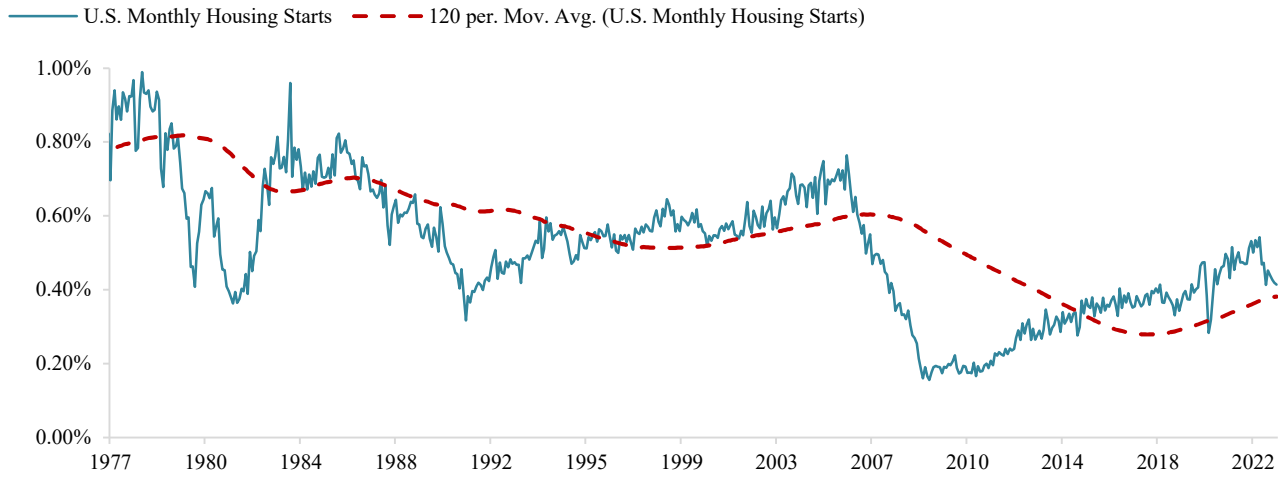
[29] U.S. Bureau of Economic Analysis (BEA). Population. Retrieved from Federal Reserve Economic Data (FRED) and Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/POPTHM; Avenue Living internal analysis.

[30] Bernstein, J., Zhang, J., Cummings, R., and Maury, M. Alleviating Supply Constraints in the Housing Market. The White House Blog. (September 1, 2021). https://www.whitehouse.gov/cea/written-materials/2021/09/01/alleviating-supply-constraints-in-the-housing-market/.

[31] Khater, S. and Kiefer, L. Housing Supply: A Growing Deficit. Federal Home Loan Mortgage Corporation (Freddie Mac). (May 2021). https://www.freddiemac.com/fmac-resources/research/pdf/202105-Note-Housing_Supply-08.pdf.

to recover. Avenue Living believes that should the supply of homes available for sale (including new construction) – particularly in the entry-level home category – continue to tighten amid increasing demand, driven in part by the expansion of the U.S. population, home prices are likely to continue to rise, further exacerbating the barriers to homeownership and potentially reinforcing an evolving consumer mindset that increasingly favours renting as an attractive alternative to homeownership.

U.S. Housing Starts as a Share of Population (1977 - 2022)



Source: U.S. Census Bureau, U.S. Department of Housing and Urban Development, U.S. Bureau of Economic Analysis (BEA); Avenue Living internal analysis.

Avenue Living anticipates that these trends disincentivizing homeownership will likely continue for the foreseeable future and will contribute to an increased demand for its multi-family accommodation, as individuals seek more affordable housing options and potentially greater value-for-money. Avenue Living believes that with its focus on active management, it will be successful in driving resident satisfaction and, in turn, improvements in asset-level economics – this outcome is expected to promote Avenue Living's reputation among residents and the communities in which it operates as a "best-in-class" owner-operator of low-to-medium density multi-family assets in each North American market in which it operates.

Avenue Living's Market Diversification

In pursuit of strategic diversification, Avenue Living's activities generally focus on target markets supported by stable industries such as government, construction, manufacturing, and agriculture. Avenue Living's preferred markets possess relatively diverse economic activity characteristics across all major sectors, thereby attempting to reduce unsystematic risk and the magnitude of potential economic shocks. In addition, Avenue Living will typically seek markets that exhibit stable and growing population bases, with income levels attributable to Avenue Living's target resident demographic, the "Workforce Resident", being generally consistent with those observed at the national level.

Avenue Living Residential Portfolio as at January 31, 2023

As at January 31, 2023, Avenue Living's Properties are located in the following 21 municipal centers across North America. Based upon the number of Avenue Living suites in each market and the rental universe (suites) information available for each respective market[32, 33], Avenue Living internal estimates suggest that it holds a market share of over 20% in 8 of its 21 markets:

Avenue Living Canada Market		Avenue Living Properties	Avenue Living Suites	Total Suites in Rental Universe[(1)]	% Share of Rental Universe[(1)]
Brooks	AB	14	316	963	32.8%
Calgary	AB	53	2,212	52,643	4.2%
Camrose	AB	25	325	1,201	27.1%
Edmonton	AB	83	3,051	87,827	3.5%

[32] Canada Mortgage and Housing Corporation (CMHC). 2022 Rental Market Survey (Alberta, Saskatchewan, Manitoba): Rental Universe. (October 2022). Frequency of measure: Annual. https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/; Avenue Living internal analysis.

[33] CoStar Group. (Accessed: January 23, 2023). U.S. Market Rental Universe (City) Suites: Apartments & Townhomes. https://www.costar.com; Avenue Living internal analysis.

Lethbridge	AB	26	615	4,190	14.7%
Lloydminster	AB/SK	29	767	2,346	32.7%
Medicine Hat	AB	33	893	3,595	24.8%
Moose Jaw	SK	8	284	1,305	21.8%
Prince Albert	SK	12	265	2,291	11.6%
Red Deer	AB	21	676	7,051	9.6%
Regina	SK	35	810	14,846	5.5%
Saskatoon	SK	62	1,583	16,924	9.4%
Swift Current	SK	10	221	1,003	22.0%
Wetaskiwin	AB	21	401	1,182	33.9%
Winnipeg	MB	1	256	70,369	0.4%
Yorkton	SK	21	429	989	43.4%
Canada Portfolio Total		**454**	**13,104**	**268,725**	**4.9%**

Avenue Living U.S. Market		**Avenue Living Properties**	**Avenue Living Suites**	**Total Suites in Rental Universe[(1)]**	**% Share of Rental Universe[(1)]**
Cincinnati	OH	1	116	93,041	0.1%
Colorado Springs	CO	1	128	59,963	0.2%
Columbus	GA	1	386	22,765	1.7%
Kansas City	KS	6	437	13,612	3.2%
Madison	WI	1	296	50,100	0.6%
U.S. Portfolio Total		**10**	**1,363**	**239,481**	**0.6%**

Avenue Living Total		**464**	**14,467**	**508,206**	**2.8%**

Source: Avenue Living internal data & analysis as at January 31, 2023; CMHC; CoStar Group.

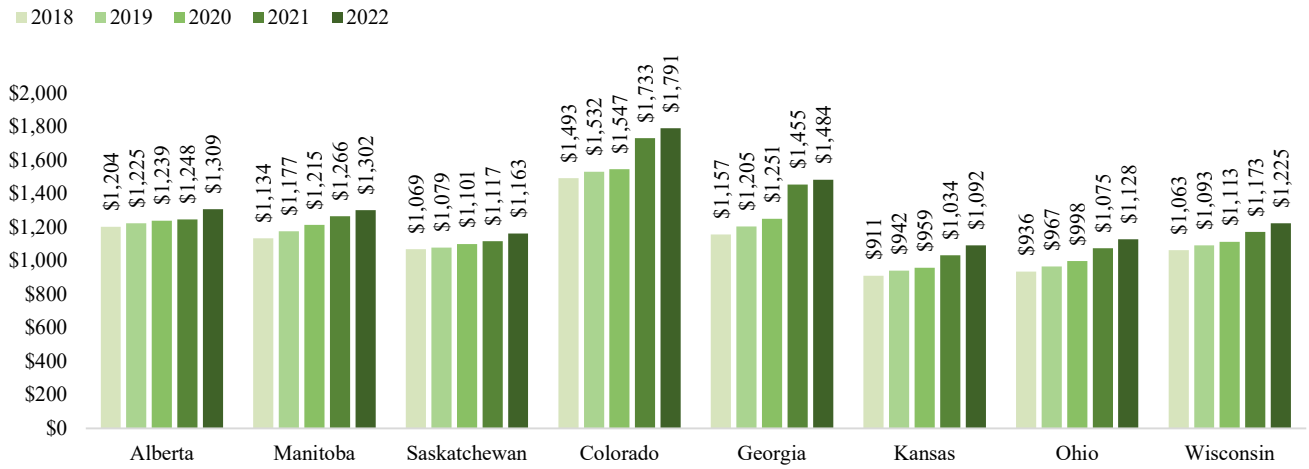
(1) "Rental Universe" is defined as all row projects and apartment structures with three or more units. The figures shown in the tables above are presented as a sum of all rental units attributable to each respective geography's primary rental market (purpose-built rental) rental universe.

The majority of Avenue Living's unit portfolio is located in primary, secondary, and tertiary markets across the Prairie Provinces, comprising approximately 90.6% (13,104 units) of Avenue Living's total international portfolio, with approximately 60.4% (7,912 units) of its Canadian multi-family residential units located in the primary markets of Calgary, Edmonton, Regina, Saskatoon, and Winnipeg. Avenue Living additionally owns 36,463 square feet of commercial space across Alberta, Manitoba and Saskatchewan. In the United States, Avenue Living's multi-family residential units are located in the states of Colorado, Georgia, Kansas, Ohio and Wisconsin, and comprise approximately 9.4% (1,363 units) of Avenue Living's total international portfolio. Avenue Living does not hold any commercial space in the United States within its portfolio.

The supporting demographics and income fundamentals in Avenue Living's target markets offer the opportunity to potentially benefit from increasing rental rates and stronger occupancy rates over the longer term while maintaining affordable communities for renter households. In Avenue Living's view, the existing portfolio of real estate investment properties owned by Avenue Living collectively represent a well-diversified portfolio of multi-family residential and commercial properties located in strategic locations. Avenue Living's target markets offer diversified industry sectors which, in turn, are believed to provide for more stable employment and are not necessarily reliant on the performance of any single economic industry or sector.

The chart below outlines historical two-bedroom rents in the Prairie Provinces and the five U.S. states in which Avenue Living operates. As demonstrated in the tables below, rents[34, 35] and vacancies[36, 37] generally demonstrate a defensive posture, with rents having increased steadily following the commodity crisis that impacted the Canadian prairie economies and throughout the COVID-19 pandemic period. Avenue Living believes that the benchmark data illustrated below provides a strong backdrop for base line growth in its target regions. For comparison purposes, average two-bedroom rent for Canada is estimated to be $1,259 per month[38], while for the United States, the average two-bedroom rent is estimated to be US$1,616 per month[39].

Historical Average Two-Bedroom Rent in Active Regions



Source: CMHC; CoStar Group; Currencies are quoted in domestic currency without conversion.

The Asset Manager actively monitors and considers statistical data and forecasts as a benchmark tool when developing its investment objectives for Avenue Living. Avenue Living targets a vacancy rate of less than 5% for its portfolio of Properties based on available units, factoring in the time required to market newly renovated units. New acquisitions are modeled during the underwriting process to reflect vacancies in line with the market and to ensure that asset-level returns meet fund-level hurdles even with higher current vacancy rates.

[34] Canada Mortgage and Housing Corporation (CMHC). 2022 Rental Market Survey (Alberta, Manitoba, Saskatchewan): Historical Average Rent. (October 2022). Frequency of measure: Annual. https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/.

[35] CoStar Group. (Accessed: January 24, 2023). Historical Market Effective Rent (Colorado, Georgia, Kansas, Ohio, Wisconsin): All Classes, Apartments & Townhomes. https://www.costar.com.

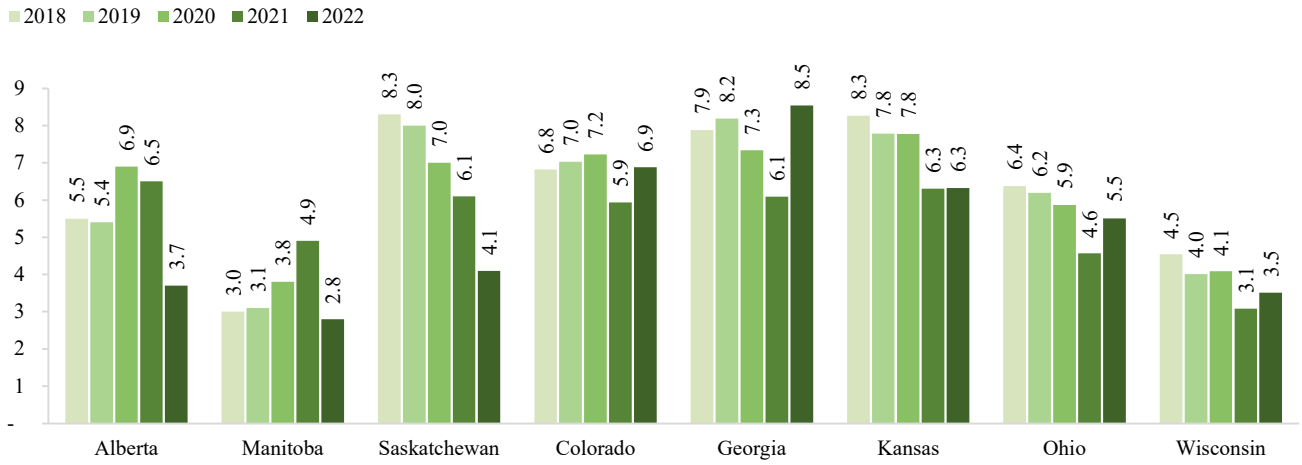
[36] Canada Mortgage and Housing Corporation (CMHC). 2022 Rental Market Survey (Alberta, Manitoba, Saskatchewan): Historical Vacancy. (October 2022). Frequency of measure: Annual. https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/..

[37] CoStar Group. (Accessed: January 24, 2023). Historical Vacancy Rates (Colorado, Georgia, Kansas, Ohio, Wisconsin): All Classes, Apartments & Townhomes. https://www.costar.com.

[38] Canada Mortgage and Housing Corporation (CMHC). 2022 Rental Market Survey (Canada): Historical Average Rent. (October 2022). Frequency of measure: Annual. https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/.

[39] CoStar Group. (Accessed: January 24, 2023). Historical Market Effective Rent (United States): All Classes, Apartments & Townhomes. https://www.costar.com.

Historical Average Vacancy in Active Regions (%)



Source: CMHC; CoStar Group.

2.2.6 Continued Acquisition Opportunities

Avenue Living believes that there continues to be acquisition opportunities for further market consolidation across Canada and the United States, as the "changing of the guard" continues to accelerate and "mom-and-pop" owner-operators that lack the critical infrastructure and scale necessary to operate effectively are increasingly incentivized to cycle out of legacy-run assets and seek liquidity. With a continued focus on attractively priced, well-located, low-to-medium density assets, Avenue Living anticipates that it will be able to capitalize on the relative fragmentation that exists in many of its target markets. In the experience of Avenue Living, many of its target assets are expected to be passively managed, providing the opportunity for operational optimization through the implementation of active management and property technology solutions, and can potentially be acquired at a significant discount to replacement value, providing a measure of insulation to competition from new rental supply. Further, while Avenue Living believes its trending operational performance and active approach to debt management has been and will continue to be successful in mitigating the acute effects of the recent escalation in interest rates, enacted by the Bank of Canada and the Federal Reserve System as a policy response to inflationary macroeconomic pressures, it anticipates that the increase in the cost of borrowing experienced by some market participants will produce additional acquisition opportunities in both Canada and the United States. Avenue Living believes that it is well-positioned to benefit from this relative arbitrage, and that its continued pursuit of value-add capital expenditure programs intended to increase rental revenues and drive incremental improvements in property-level cash flow, will continue to be supportive of property valuations.

With a portfolio of low-to-medium density assets catering to the niche demographic of Workforce Housing, Avenue Living believes that it continues to hold a relatively defensive position that is capable of weathering further economic uncertainty beyond the COVID-19 pandemic period. During challenging economic times, low-to-medium density assets, typically class B/C, have generally proven to be more resilient compared with luxury, class A apartment buildings[40]. In Avenue Living's view, this may be attributable to lower economic mobility and a higher demand for more reasonably priced accommodation. Plans to move from renting to homeownership often get postponed during times of uncertainty and the prospect of potential unemployment, keeping more people in the rental pool, placing upward pressure on demand. Avenue Living believes this "flight-to-quality" is likely to persist as affordability becomes strained, as renters migrate from higher-priced, luxury-style apartments towards more economically viable low-to-medium density assets, similar to the kind and quality operated by Avenue Living, with a greater emphasis on increasing personal savings and cash flow to manage or offset inflationary forces and credit pressures.

2.2.7 Detailed Portfolio Overview

As at January 31, 2023, Avenue Living's portfolio consisted of 464 multi-family residential apartment and townhome properties, comprising 14,467 units. Five of these properties are mixed-use buildings combining residential units with 36,463 square feet of commercial space.

[40] Robinson, J. Q2 2019 Real Estate Outlook: Value-add, Class B Multifamily Real Estate is a Durable Recession-Resistant Strategy. *Bridge Investment Group*. (2019). https://docplayer.net/138049193-Value-add-class-b-multifamily-real-estate-is-a-durable-recession-resistant-strategy.html.

In the United States, the services and expertise of various third-party regional property management firms are engaged to provide assistance with the ownership and management of Avenue Living's U.S. properties, including a wide range of office and field support services. (See **Item 2.7 – Material Agreements**).

Residential Properties Overview as at January 31, 2023

The tables below set out a summary of the residential properties owned by Avenue Living by municipality:

Avenue Living Canada Market		Avenue Living Properties	Avenue Living Suites	% Total Avenue Living Suites North America	% Total Avenue Living Suites Canada
Brooks	AB	14	316	2.2%	2.4%
Calgary	AB	53	2,212	15.3%	16.9%
Camrose	AB	25	325	2.2%	2.5%
Edmonton	AB	83	3,051	21.1%	23.3%
Lethbridge	AB	26	615	4.3%	4.7%
Lloydminster	AB/SK	29	767	5.3%	5.9%
Medicine Hat	AB	33	893	6.2%	6.8%
Moose Jaw	SK	8	284	2.0%	2.2%
Prince Albert	SK	12	265	1.8%	2.0%
Red Deer	AB	21	676	4.7%	5.2%
Regina	SK	35	810	5.6%	6.2%
Saskatoon	SK	62	1,583	10.9%	12.1%
Swift Current	SK	10	221	1.5%	1.7%
Wetaskiwin	AB	21	401	2.8%	3.1%
Winnipeg	MB	1	256	1.8%	2.0%
Yorkton	SK	21	429	3.0%	3.3%
Canada Portfolio Total		**454**	**13,104**	**90.6%**	**100.0%**

Avenue Living U.S. Market		Avenue Living Properties	Avenue Living Suites	% Total Avenue Living Suites North America	% Total Avenue Living Suites U.S.
Cincinnati	OH	1	116	0.8%	8.5%
Colorado Springs	CO	1	128	0.9%	9.4%
Columbus	GA	1	386	2.7%	28.3%
Kansas City	KS	6	437	3.0%	32.1%
Madison	WI	1	296	2.0%	21.7%
U.S. Portfolio Total		**10**	**1,363**	**9.4%**	**100.0%**

Avenue Living Total		**464**	**14,467**	**100.0%**	

Commercial Properties Overview as at January 31, 2023

The table below sets out a summary of the mixed-use, residential-commercial properties owned by Avenue Living by municipality:

City		Properties	Sq. Ft.	% Total Sq. Ft
Brooks	AB	1	6,515	17.9%
Medicine Hat	AB	1	7,150	19.6%
Regina	SK	1	3,350	9.2%
Saskatoon	SK	1	9,894	27.1%
Winnipeg	MB	1	9,554	26.2%
Total		**5**	**36,463**	**100.0%**

Avenue Living Portfolio Evolution (2017 – January 31, 2023)

The table below sets out the evolution of the Avenue Living portfolio from Trust inception through January 31, 2023:

Year	Total Suites	Investment Properties FMV ($MM)
2017	6,099	$852.46
2018	6,973	$1,052.12
2019	8,116	$1,334.14
2020	9,146	$1,632.22
2021	12,386	$2,350.17
2022	14,467	$2,980.78
January 31, 2023	**14,467**	**$2,999.57**

Avenue Living Property Summary by Canadian Province and U.S. State as at January 31, 2023

The tables below set out a summary of the properties and suites owned by Avenue Living by province and state:

Avenue Living Canada Market	Avenue Living Properties	Avenue Living Suites	% Total Avenue Living Suites North America	% Total Avenue Living Suites Canada
Alberta	294	8,909	61.6%	68.0%
Manitoba	1	256	1.8%	2.0%
Saskatchewan	159	3,939	27.2%	30.1%
Canada Portfolio Total	**454**	**13,104**	**90.6%**	**100.0%**

Avenue Living U.S. Market	Avenue Living Properties	Avenue Living Suites	% Total Avenue Living Suites North America	% Total Avenue Living Suites U.S.
Colorado	1	128	0.9%	9.4%
Georgia	1	386	2.7%	28.3%
Kansas	6	437	3.0%	32.1%
Ohio	1	116	0.8%	8.5%
Wisconsin	1	296	2.0%	21.7%
U.S. Portfolio Total	**10**	**1,363**	**9.4%**	**100.0%**
Avenue Living Total	**464**	**14,467**	**100.0%**	

The table below sets out a summary of the mixed-use, residential-commercial properties owned by Avenue Living by province:

Province	Properties	Sq. Ft.	% Total Sq. Ft
Alberta	2	13,665	37.5%
Manitoba	1	9,554	26.2%
Saskatchewan	2	13,244	36.3%
Total	**5**	**36,463**	**100.0%**

Avenue Living Property Summary by Asset Type as at January 31, 2023

The table below sets out a summary of the residential properties owned by Avenue Living by asset type:

Asset Type	Properties	Suites	% of Total
Concrete High-Rise	181	4,067	28.1%
Townhomes	46	2,459	17.0%
Low Density	237	7,941	54.9%
Total	**464**	**14,467**	**100.0%**

The table below sets out a summary of the residential properties owned by Avenue Living by suite type:

Province	Studio	1 Bed	2 Bed	3+ Bed	Total
Alberta	295	2,579	4,351	1,684	8,909
Manitoba	96	160	-	-	256
Saskatchewan	229	1,455	1,918	337	3,939
Canadian Portfolio Total	**620**	**4,194**	**6,269**	**2,021**	**13,104**
% of Canadian Portfolio	**4.7%**	**32.0%**	**47.8%**	**15.4%**	**100.0%**

State	Studio	1 Bed	2 Bed	3+ Bed	Total
Colorado	12	39	77	-	128
Georgia	-	94	246	46	386
Kansas	32	203	190	12	437
Ohio	-	47	69	-	116
Wisconsin	-	176	120	-	296
U.S. Portfolio Total	**44**	**559**	**702**	**58**	**1,363**
% of U.S. Portfolio	**3.2%**	**41.0%**	**51.5%**	**4.3%**	**100.0%**
Avenue Living Total	**664**	**4,753**	**6,971**	**2,079**	**14,467**
% of Total Portfolio	**4.6%**	**32.9%**	**48.2%**	**14.4%**	**100.0%**

2.3.1 Development of Business

Development of the Business of the Trust

The Trust was formed on October 27, 2017 pursuant to the Trust Declaration. As at January 31, 2023, the Trust has raised a total of approximately CAD$1.0 billion and US$62 million through the issuance of the Trust Units, since inception.

Development of the Business of the Partnerships

The Canadian Partnership was formed on December 29, 2014. The Canadian Partnership, through its Initial GP and the predecessor corporations of the Initial GP, has been active in the secondary and tertiary real estate markets of Western Canada since 2006.

As at January 31, 2023, the Partnerships had acquired a real estate asset portfolio consisting of: (i) 14,467 rental residential units; and (ii) 36,463 square feet of ancillary commercial space, with a combined market value of approximately $3.0 billion.

Between 2006 and 2013 the real estate assets of the Canadian Partnership were held through separate special purpose entities, each marketed and operated under the "Avenue Living" brand. The then existing portfolio of real estate assets was consolidated within the Canadian Partnership in 2014.

On December 31, 2014, the Canadian Partnership acquired a portfolio of real estate assets with a then fair market value of $673,635,616 (the "**GP Assets**") from the Initial GP in exchange for the Canadian Partnership: (i) assuming mortgages and loans totalling $513,489,593 and other liabilities net of assets of $5,715,527; and (ii) issuing 154,430,496 Common Units (2014) at $1.00 per unit to the Initial GP. A portion of the mortgages and loans were subsequently settled by the Canadian Partnership issuing 47,622,032 Preferred Units (2014) to lenders at $1.00 per Preferred Unit (2014).

On October 27, 2017, the Canadian Partnership completed a restructuring of business and operations and legal structure of the Canadian Partnership to create the Trust, the Asset Manager, the Property Manager and the Avenue GP.

On December 17, 2021, the partners of the Canadian Partnership approved a transaction whereby the Canadian Partnership acquired 100% of the beneficial interest in U.S. Trust, and the U.S. Trust was subsequently dissolved on December 30, 2021.

2.3.2 Liquidity Event

An investment in Trust Units should be considered a long-term investment. Subscribers will not have any expected liquidity event in the short-term other than receiving cash distributions from the Trust or in the case of redemptions of Trust Units. While the Trust Units have rights of redemption, those rights are subject to certain restrictions. As such, the Trust Units represent an illiquid investment. See **Item 5.5 – Redemption of Trust Units.**

At the appropriate stage in the development of Avenue Living's business, it may consider an initial public offering and listing of its Trust Units on a stock exchange or quotation system or a sale of the Properties held by the Partnerships, a sale of all Trust Units, arrangement, merger, leveraged buyout or other transaction in order to provide liquidity to Unitholders. The Trust does not presently have any such plans, however, and there is no assurance that a listing of Trust Units or other liquidity event will occur. No stock exchange or quotation system has approved the listing or quotation of the Trust Units and the Trust has not made an application to a stock exchange or quotation system in respect of the listing or quotation of the Trust Units. There is currently no market through which the Trust Units may be sold and Subscribers may not be able to resell Trust Units purchased under this Offering. Whether or not the Trust will be able to provide liquidity to Unitholders will depend upon a large number of factors applicable to the real estate industry and the capital markets, many of which are beyond the Trust's control or influence. The Trust has not developed strategies in connection with any such liquidity event and is unable to accurately quantify the time horizon for such an event. See **Item 8 – Risk Factors**.

2.4 Long Term Objectives

The long-term objectives of Avenue Living are:

(a) to continue to raise capital though the issuance and sale by the Trust of Trust Units, including through this Offering;

(b) to continue to increase the size of Avenue Living's portfolio of real estate properties in North America;

(c) to renovate, upgrade and reposition its portfolio of multi-family residential and other properties in accordance with Avenue Living's investment strategy (see **Item 2.2.4 – Investment Strategy**);

(d) to optimize the Partnerships' capital structure, through the replacement of high interest debt with lower cost debt and additional equity (see **Item 2.2.4 – Investment Strategy**); and

(e) to earn, allocate and distribute to Unitholders in accordance with the Trust Declaration, income derived from the direct investment in the Canadian Partnership (see **Item 5.9 – Cash Distributions**).

The time and cost to complete these events cannot be precisely determined, as they are dependent on the amount and timing of capital raised. There is no assurance that any of these events will occur. See **Item 8 – Risk Factors**.

2.5 Short Term Objectives

The objectives of Avenue Living for the 12 months following the date of this Offering Memorandum are to raise sufficient funds for the acquisition of additional investment properties, reposition properties as opportunities arise, improve the capital structure by reducing cost of capital, and pay distributions to Unitholders. These objectives are detailed below:

What we must do and how we will do it	**Target completion date or, if not known, number of months to complete**	**Our cost to complete**
Raise sufficient funds to complete the acquisition of additional investment properties accretive to the portfolio from an on-going pipeline of identified assets.	Ongoing (within the next 12-month period).	See Note 1
Discretionary value-add capital expenditures on new acquisitions and existing portfolio.	Ongoing (within the next 12-month period).	See Note 1
Maintain leverage ratios of < 60%.	Ongoing.	--
Pay monthly distributions to Unitholders based upon the Canadian Partnership's payment of distributions to the Trust (2).	Monthly.	Varies and is dependent on the Trust receiving distributions from the Canadian Partnership. See **Item 5.4.2 – Funds Flow from the Properties to the Trust**

Notes:

(1) The Trust raises capital on a continuous monthly basis from the issuance of Trust Units. Capital that is raised varies and it is not possible to specify a precise amount with certainty. As capital is raised, it is invested in new assets and capital improvements to existing assets in accordance with the business strategy of Avenue Living, as described in **Item 2 – Business of the Trust**. The Asset Manager has identified a pipeline of prospective assets which could be closed upon as new capital is raised and if financial metrics are accretive to Avenue Living. The time and cost to complete these acquisitions and capital expenditures cannot be precisely confirmed. For information concerning the Trust's property investment strategy, see **Item 2.2 – Our Business**.

(2) The Trust intends to make distributions of distributable cash of the Trust (if any) that the Trustees prudently determine as being available for distributions to Unitholders of record monthly. See **Item 5.9 – Cash Distributions**.

2.6 Insufficient Proceeds

The Available Funds may not be sufficient to accomplish Avenue Living's proposed objectives and there is no assurance that alternative financing will be available. There is no assurance that the Partnerships will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum. See **Item 8 – Risk Factors**.

2.7 Material Agreements

The following are the material agreements to which the Trust is currently a party or which have been entered into with a related party:

(a) Trust Declaration;

(b) Canadian Partnership Agreement;

(c) U.S. Partnership Agreement;;

(d) Canadian Asset Management Agreement;

(e) U.S. Asset Management Agreement;

(f) Property Management Agreement;

(g) Investment Fund Management Agreement; and

(h) Westcourt Capital Agreement.

A summary of the terms of each material agreement is set out below. Prospective Subscribers may obtain a copy of each of the material agreements listed above, to the extent any such agreement has been entered into by the parties thereto, by emailing the Asset Manager at investor-relations@avenueliving.ca.

2.7.1 Trust Declaration

The Trust Declaration contains the terms and conditions upon which the Trust was created and is to be governed and, further, sets out certain rights and obligations of the Unitholders, as beneficiaries of the Trust.

The following description of the Trust Declaration and the descriptions set out elsewhere in this Offering Memorandum is a summary only of certain provisions of the Trust Declaration, and does not purport to be complete and is qualified in its entirety by the Trust Declaration. Prospective Subscribers are advised to review the Trust Declaration and related matters in detail with their own legal and investment advisors and should not rely solely on the summary of the terms and conditions of the Trust Declaration in this Offering Memorandum alone.

Prospective Subscribers or Unitholders may obtain a copy of the Trust Declaration, by emailing the Asset Manager at investor-relations@avenueliving.ca.

Purpose of the Trust

The Trust Declaration provides that the purpose of the Trust is restricted to:

(a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of whatever nature or kind (other than a general partnership interest) of, or issued by, any other corporation, partnership, trust or other person involved, directly or indirectly, in the business of acquiring, holding, maintaining, improving, leasing, managing or investing in real property, including the Canadian Partnership, and such other investments as the Trustees may determine, from time to time, and to borrow funds and issue debt securities, directly or indirectly, for that purpose and enter into hedging arrangements in relation to its own indebtedness;

(b) temporarily holding cash and other short-term investments in connection with and for the purposes of the Trust's activities, including paying administration and trust expenses, paying any amounts required in connection with the redemption of Trust Units or other securities of the Trust and making distributions to Unitholders and borrowing funds and issuing debt securities for those purposes, directly or indirectly;

(c) issuing Trust Units and other securities of the Trust (including warrants, options, subscription receipts or other rights to acquire Trust Units, debt securities or other securities of the Trust), for the purposes of:

(i) obtaining funds to conduct the undertakings and activities described above, including raising funds for further investments;

(ii) repaying any indebtedness or borrowings of the Trust;

(iii) establishing and implementing unitholder rights plans, distribution reinvestment plans, Trust Unit purchase plans, incentive option plans or other compensation plans, if any, established by the Trust or an affiliate of the Trust; or

(iv) making non cash distributions to Unitholders as contemplated by the Trust Declaration, including *in specie* redemptions and distributions pursuant to distribution reinvestment plans;

(d) guaranteeing the obligations of its affiliates pursuant to any good faith debt for borrowed money or any other obligation incurred by such entity in good faith for the purpose of carrying on its business, and pledging securities and other property owned by the Trust as security for any obligations of the Trust, including obligations under any such guarantee. The Trust may only provide a guarantee in respect of the indebtedness of another person if the Trust will not, directly or indirectly, receive any fees or other consideration for providing the guarantee and the Trustees have determined that such guarantee forms part of the core investment undertakings of the Trust;

(e) granting security in any form, over any or all of the Trust assets to secure any or all of the obligations of the Trust or its affiliates;

(f) repurchasing or redeeming securities of the Trust, including Trust Units, subject to the provisions of this Trust Declaration and applicable law;

(g) carrying out any of the transactions, and entering into and performing any of the obligations of the Trust under any agreements contemplated by the Trust Declaration;

(h) engaging in all activities ancillary or incidental to any of those activities set forth in paragraphs (a) through (g) above; and

(i) undertaking such other activities or taking such other actions, including investing in securities, as approved by the Trustees from time to time.

Trustees

Under the Trust Declaration, the majority of the Trustees must be resident in Canada. The Trust must have not less than one (1) and no more than eleven (11) Trustees at all times, with the number of Trustees from time to time within such range fixed by the Asset Manager.

The Trust Declaration provides that, subject to its terms and conditions, the Trustees are to supervise the activities of and manage the affairs of the Trust and, as trustees, the Trustees have full, absolute and exclusive power, control, authority and discretion over the Trust's assets and over, and management of, the affairs of the Trust to the same extent as if the Trustees were the sole and absolute legal and beneficial owner of the Trust's assets. Subject only to express limitations in the Trust Declaration, the Trustees' powers and authorities include, but are not limited to, the following:

(a) supervising the activities and managing the investments and affairs of the Trust;

(b) maintaining records and providing reports to Unitholders;

(c) possessing and exercising all rights, powers and privileges pertaining to ownership (including voting privileges) of any securities comprising the assets of the Trust;

(d) causing securities of the Trust (including Trust Units) to be issued for such consideration as the Trustees, in their sole discretion, may deem appropriate;

(e) determining conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;

(f) determining conclusively the value of any or all of the Trust's assets from time to time and, in determining such value, considering such information and advice as the Trustees, in their sole judgment, may deem material and reliable;

(g) engaging or employing on behalf of the Trust any persons as agents, representatives, employees or independent contractors (including investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, depositories, custodians, transfer agents or otherwise) in one or more capacities;

(h) engaging in, intervening in, prosecuting, joining, defending, compromising, abandoning or adjusting, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the Trust's assets, activities or affairs, entering into agreements

therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, entering into agreements regarding the arbitration, adjudication or settlement thereof;

(i) effecting payments of distributions (if any) from the Trust to Unitholders;

(j) delegating any of the powers and duties of the Trustees to any one or more agents, representatives, officers, employees, independent contractors (including investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, depositories, custodians, transfer agents or otherwise) or other persons the doing of such things and the exercise of such powers under the Trust Declaration as the Trustees may from time to time reasonably require;

(k) causing title to any of the Trust assets to be drawn up in the name of such person on behalf of the Trust or, to the extent permitted by applicable law, in the name of the Trust, as the Trustees determine;

(l) ensuring that the Trust is at all times not a SIFT Trust pursuant to the Tax Act;

(m) guaranteeing the obligations of the Canadian Partnership, any subsidiary of the Canadian Partnership and any other subsidiary of the Trust and granting security interests in the Trust's assets as security for such guarantee;

(n) subdividing or consolidating from time to time the issued and outstanding Trust Units as permitted by the Trust Declaration;

(o) providing indemnities for the Trustees and any trustees, directors and officers of any affiliate of the Trust; and

(p) forming any subsidiary or affiliate of the Trust for the purpose of making any subsequent investment and entering into or amending any unanimous shareholders agreement or other agreement on such terms as may be approved by the Trustees.

The management of the business and affairs of the Trust resides with the Trustees. The Trustees are appointed and replaced by the Asset Manager from time to time. However, the Unitholders may remove and replace all or any of the Trustees by Special Resolution. If the Unitholders so remove and replace a Trustee by Special Resolution, then the Asset Manager shall immediately cease to have the power to appoint, remove or replace any of the Trustees for any reason. Under the Trust Declaration the Trustees may delegate certain powers and functions to a manager. Under the Canadian Asset Management Agreement the Trustees have delegated all management functions relating to the day-to-day management of the Trust to the Asset Manager.

The Trust Declaration provides that the Trustees must, as trustees, act honestly and in good faith with a view to the best interests of the Trust and will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that, as trustees, the Trustees and officers of the Trust are entitled to indemnification from the Trust in respect of the exercise of the Trustees' power and the discharge of the Trustees' duties, provided that the Trustee(s) seeking indemnity (or officer of the Trust seeking indemnity), acted honestly and in good faith with a view to the best interests of the Trust or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustees (or officer of the Trust seeking indemnity) had reasonable grounds for believing that its conduct was lawful.

Meetings and Resolutions of Unitholders

The Trust will not hold annual meetings of Unitholders or any meetings on a periodic basis. The Trustees may call special meetings of the Unitholders at any time and from time to time and for any purpose. Unitholders holding in the aggregate not less than 10% of any class or series of Trust Units may requisition and call a special meeting of the Unitholders at any time and from time to time and for any purpose.

Unitholders may attend and vote at all meetings of unitholders of the Trust either in person or by proxy and a proxyholder need not be a unitholder of the Trust. At any meeting of Trust Unitholders, a quorum consists of two or more individuals present in person either holding personally or representing by proxy not less than 5% of the votes attached to the total of the units of the Trust then outstanding and entitled to vote at the meeting.

Removal of Trustees

The Trustees are appointed, removed and/or replaced by the Asset Manager from time to time. Additionally, the Unitholders may remove and replace any or all of the Trustees by Special Resolution. In the event the Unitholders remove and replace a Trustee, then the Asset Manager ceases to have the power to appoint, remove or replace any of the Trustees for any reason.

Term of the Trust

The Trust continues for a term ending October 27, 2113 or such prior date that is the earliest of:

(a) the date the Trustees have determined by resolution for the termination and dissolution of the Trust, and specified in written notice given each Unitholder at least 90 days before the date on which the Trust is to be terminated, which notice (to be valid for the purpose hereof) is to indicate the Trustees' intention to terminate and dissolve the Trust and designate the time or times at which the Unitholders may surrender their Units for cancellation and the date on which the Register closes;

(b) the date Unitholders approve for the termination and dissolution of the Trust by Special Resolution at any meeting of Unitholders duly called for such purpose, which Special Resolution may contain such directions to the Trustees as the Unitholders approve; and

(c) the date which is one day prior to the date, if any, the Trust would otherwise be void by virtue of any applicable rule against perpetuities then in force in Alberta. For the purpose of terminating the Trust by such date, the Trustees shall commence the dissolution of the Trust on such date as may the Trustees determine, being not more than two years prior to the end of the term of the Trust.

Issuance of Trust Units

The Trust may issue new Trust Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Trust Units proposed to be issued are first offered to existing Unitholders. New Trust Units may be issued for cash through public offerings, through rights offerings to existing Unitholders or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). The Trust may also issue new Trust Units as consideration for the acquisition of new properties or assets by it (to the extent permitted) or the Canadian Partnership.

Transfer of Trust Units

Trust Units may only be transferred in accordance with applicable securities laws and the Trust Declaration. The Trust Declaration provides that no Trust Units are to be transferred without the express consent of the Trustees and otherwise in accordance with the Trust Declaration. See **Item 8 – Risk Factors** and **Item 10.2 – Transfer Restrictions in the Trust Declaration**.

Redemption of Trust Units

See **Item 5.5 – Redemption of Trust Units**.

Purchases of Outstanding Trust Units

The Trust may from time to time purchase outstanding Trust Units or other securities of the Trust in accordance with applicable securities legislation and the Trust Declaration. Any such purchase may constitute an "issuer bid" under Canadian securities legislation and must be conducted in accordance with the applicable requirements.

Conflicts of Interest

Each of the Trust, the Canadian Partnership, the Asset Manager, the Property Manager and the General Partners have adopted a conflict of interest policy (which includes a detailed register setting out related party transactions) that provides that the unanimous approval of the Independent Trustees shall be required to consent to or approve of certain matters. See **Item 2.1.3 Governance Matters** for further details on the policy.

If a Trustee or an officer of the Trust is a party to a material contract or transaction or proposed material contract or transaction with the Trust, or is a director or officer or employee of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Trust, such Trustee or officer of the Trust, as the case

may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of such interest. The disclosure required in the case of a Trustee or officer is to be made:

(a) at the meeting of Trustees at which a proposed contract or transaction is first considered;

(b) if the Trustee or officer was not then interested in a proposed contract or transaction, at the first such meeting after he or she becomes so interested;

(c) if the Trustee or officer becomes interested after a contract is made or a transaction is entered into, at the first meeting after he or she becomes so interested; or

(d) if a person who is interested in a contract or transaction later becomes a Trustee or officer, at the first such meeting of Trustees after he or she assumes that capacity.

Notwithstanding the foregoing, where these restrictions apply to any person in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the business of the Trust, would not require approval by the Trustees or the Unitholders, such person shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of his interest forthwith after that person becomes aware of the contract or transaction or proposed contract or transaction.

A Trustee or officer shall not vote on any resolution to approve such contract or transaction unless the contract or transaction is:

(a) one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of the Trust;

(b) one for indemnity of the Trustee or officer or for the purchase of liability insurance; or

(c) one with any affiliate of the Trust.

A general notice to the Trustees by a Trustee or an officer of the Trust or any other person referred to above, which discloses that he or she is a director, officer or employee of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into.

Where a material contract is made or a material transaction is entered into between the Trust and any one or more of its Trustees or officers, or between the Trust and another person of which a Trustee or officer of the Trust is a director or officer or in which he or she has a material interest:

(a) the Trustee or officer, as applicable, is not accountable to the Trust or to the Unitholders for any profit or gain realized from the contract or transaction; and

(b) the contract or transaction is neither void nor voidable,

by reason only of that relationship or by reason only that the Trustee is present at or is counted to determine the presence of a quorum at the meeting of Trustees or committee of Trustees that authorized the contract or transaction, if the Trustee disclosed his or her interest in accordance with the Trust Declaration and the contract or transaction was reasonable and fair to the Trust at the time it was so approved.

A Trustee or officer of the Trust, acting honestly and in good faith, is not accountable to the Trust or to the Unitholders for any profit or gain realized from any such contract or transaction by reason only of holding the office of Trustee or officer, and the contract or transaction, is not by reason only of the Trustee's or officer's interest therein void or voidable, where:

(a) the contract or transaction is confirmed or approved at a meeting of Unitholders duly called for that purpose;

(b) the nature and extent of the Trustee's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in any information circular required to be provided by the Trust Declaration; and

(c) the contract or transaction was reasonable and fair to the Trust at the time it was approved.

Subject to the foregoing, where any Trustee or officer of the Trust fails to disclose his or her interest in a material contract or transaction in accordance with the Trust Declaration or otherwise fails to comply with the provisions of the Trust Declaration regarding conflicts of interest, the Trustees or any Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the contract or transaction and directing that the Trustee or officer account to the Trust for any profit or gain realized.

Any Trustee may act as the trustee and/or administrator of any compensation plan (including any equity related compensation plan) for directors, officers, employees or other persons related to the Trust, the Trustees or any other affiliate of the Trust, and it will not be a conflict of interest hereunder for the Trustee to so act. Any Trustee may act as a director or officer of the Investment Fund Manager, Asset Manager or Property Manager. Each Trustee, in his or her personal capacity or any other capacity, may buy, lend upon and deal in securities of the Trust without being liable to account for any profit made thereby.

By purchasing Trust Units, each Unitholder acknowledges that the Trustees, Asset Manager, Property Manager and Investment Fund Manager and their affiliates, associates and respective directors and officers (collectively, the "**Avenue Parties**") may be and are permitted to be engaged in and continue in other businesses ventures, investments and activities in which the Trust will not have an interest and which may be competitive with the activities of the Trust and, without limitation, the Avenue Parties may be and are permitted to act as a principal, investor, partner, shareholder, director, officer, joint venturer, advisor or in any other capacity or role whatsoever of, with or to other entities, including other issuers, which may be engaged in all or some of the aspects of the business of the Trust and may be in competition with the Trust. The Avenue Parties are not required to offer or make available to the Trust any property or other business or investment opportunity which an Avenue Party may determine to acquire or engage in for its accounts and the pursuit of such other businesses, ventures, investments and activities, even if competitive with the Trust's activities, shall not be wrongful. The Unitholders agree that the activities and facts set forth in this paragraph shall not constitute a conflict of interest or breach of any fiduciary duty owed to the Trust or the Unitholders and the Unitholders hereby consent to such activities and waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Unitholders further agree that neither a Unitholder nor any Avenue Party will be required to account to the Trust or any Unitholder for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions relating thereto by reason of any conflict of interest or any fiduciary relationship unless such activity is contrary to the express terms of the Trust Declaration. In the event of a potential conflict of interest between the Avenue Parties, on the one hand, and the Trust, or any Unitholder on the other hand, any resolution or course of action in respect of such conflict of interest is permitted and deemed approved by all Unitholders, and does not constitute a breach of the Trust Declaration, or of any standard of care or duty stated or implied by law, if the resolution or course of action is reasonable to the Trust. The Trustees are authorized in connection with its resolution of any conflict of interest to consider:

(a) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests;

(b) any customary or accepted industry practices;

(c) any applicable generally accepted accounting practices or principles; and

(d) such additional factors as the Trustees determine in their sole discretion to be relevant, reasonable or appropriate under the circumstances.

Nothing contained in the Trust Declaration shall be construed, directly or indirectly, to require that a Trustee consider the interests of any person other than the Unitholders. In the absence of bad faith by a Trustee, the resolution, action or terms so made, taken or provided by the Trustees with respect to such matter are deemed to be fair and reasonable, are deemed to be in, or not opposed to, the best interests of the Trust, and do not constitute a breach of the Trust Declaration or a breach of any standard of care or duty imposed in the Trust Declaration or stated or implied under any law, rule or regulation.

Takeover Bids

The Trust Declaration contains provisions relating to takeover bids made to acquire Trust Units. Under the Trust Declaration, if a takeover bid is made to acquire Trust Units and at least 90% of the Trust Units on a fully diluted basis (other than Trust Units beneficially owned, or over which control or direction is exercised, on the date of the takeover bid, by the offeror or affiliates or associates of the offeror or any person or company acting jointly or in concert with the offeror) are taken up and paid for by the offeror then the offeror will be entitled to acquire the Trust Units held by Unitholders who did not accept the takeover bid on the terms offered by the offeror, pursuant to the procedures set out in the Trust Declaration. The Trust Declaration does not provide a mechanism for Unitholders who do not tender their Trust Units to a takeover bid to apply to a court to fix the fair value of their Trust Units.

Court Approved Arrangements

The Trust Declaration contains provisions substantially analogous to section 193 of the ABCA, which allow the Trust to be arranged by an order of the Court of Queen's Bench of Alberta. To do so, the Trust must make an application to that court for an order approving the arrangement. In such event, the Trust would hold a meeting of Unitholders to vote on the arrangement. In addition, that court may also require a meeting of other parties affected by the arrangement. In most circumstances, the securityholder approval at such meeting would be at least 66⅔% of each class or affected group, in the court's discretion. If the securityholder resolution(s) are in writing and signed by all of the persons entitled to vote, then the Trust would not need to hold the meeting and the arrangement resolution would be as valid as if it had been passed at a meeting. Upon the required securityholder approval of the arrangement, the court has discretion to approve the arrangement. The arrangement would become effective upon the filing of the articles of arrangement with the registrar.

Notices to Unitholders and Trustees

The Trust Declaration provides that any notice or other document required to be given or sent to Unitholders under the Trust Declaration is to be given or sent through ordinary post addressed to each registered holder at his or her last address appearing on the Unitholder register or in any other manner from time to time permitted by applicable law including internet based or other electronic communications; provided that if there is a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by personal service or by Internet based or other electronic communication (provided it is done in accordance with applicable law) or by publication twice in the Report on Business section of the National Edition of *The Globe and Mail* or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then by publishing twice in the business section of a newspaper in each city where the Unitholder register or a branch register is maintained. Any notice so given is deemed to have been given:

(a) on the day following that on which the letter or circular was posted;

(b) in the case of notice being given by publication, after publishing such notice twice in the designated newspaper or newspapers; or

(c) in the case of notice given by Internet based or other electronic communication, on the later of:

  (i) the business day following the day on which such notice is sent or made available; and

  (ii) the earliest time and date permissible under applicable laws governing Internet based or other electronic communications.

In proving notice was posted, it is sufficient to prove that such letter or circular was properly addressed, stamped and posted.

In addition, the Trust Declaration provides that any written notice or written communication given to the Trustees is to be given at the head office of the Trust or, if the Trust has appointed and retained a transfer agent, such notice is to be addressed to the Trustees c/o the transfer agent with a copy to the head office of the Trust, and (in any case) is deemed to have been given on the date of delivery or, if mailed, five days from the date of mailing. If any such notice or communication has been mailed and if regular mail service is interrupted by strikes or other irregularities, such notice or communication is deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service is interrupted any notice or other communication is given by personal delivery or by fax or other prepaid, transmitted or recorded communication.

Further, the Trust Declaration provides that the failure by the Trustees, by accident or omission or otherwise unintentionally, to give any Unitholder any notice provided for in the Trust Declaration does not affect the validity, effect or taking effect of any action referred to in such notice, and the Trustees are not liable to any Unitholder for any such failure. As well, service of a notice or document on any one of several joint Unitholders is deemed effective service on the other joint holders. Any notice or document sent by post to or left at the address of a Unitholder pursuant to the Trust Declaration is, notwithstanding the death or bankruptcy of such Unitholder, and whether or not the Trustees have notice of such death or bankruptcy, deemed to have been fully served and such service is deemed sufficient service on all persons having an interest in the Trust Units concerned.

Amendments to the Trust Declaration

The Trust Declaration contains provisions that allow it to be amended or altered from time to time by the Trustees with the consent of the Unitholders by a Special Resolution. However, the Trustees with the consent of the Asset Manager, without the approval of the Unitholders, are entitled to amend the Trust Declaration any time for the purpose of:

(a) adding or deleting Trust Units and classes or series of Trust Units, and to provide such other information the Trustees determine, in such manner and for any purpose permitted by the Trust Declaration;

(b) ensuring continuing compliance with applicable law, regulations or policies of any governmental authority having jurisdiction over the Trustees, the Trust or Unitholders;

(c) providing additional protection or added benefits for the Unitholders (including a change in the governing law of the Trust);

(d) providing for the creation and issue of additional classes or series of Trust Units;

(e) removing any conflicts or inconsistencies in the Trust Declaration or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;

(f) changing the situs of, or the laws governing, the Trust which, in the opinion of the Trustees, is desirable in order to provide Unitholders (if any) with the benefit of any legislation limiting their liability provided that such change does not introduce a material disadvantage to the Unitholders (if any) that did not exist prior to such change; or

(g) making additions, deletions, amendments, modifications, variations or changes that, in the Trustees' opinion, are necessary or desirable as a result of changes in taxation laws or policies of any governmental authority having jurisdiction over the Trustees, the Trust or the Unitholders; or

(h) ensuring that the Trust qualifies or continues to qualify as a "mutual fund trust" under the Tax Act,

but notwithstanding the foregoing, no such addition, deletion, amendment, modification, variation or change or any other alteration, supplement or restatement is valid under the Trust Declaration or binds the Trustees or any Unitholder (or any class or series thereof) to the extent that it purports to:

(a) modify the voting rights in the Trust Declaration without the approval or consent of the Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at a meeting called for such purpose;

(b) reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of amending the Trust Declaration, or for any other Unitholder approval or Special Resolution thereunder, without the approval or consent of the Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at the meeting called for such purpose;

(c) reduce the equal undivided interest in the Trust assets represented by any Trust Unit (of any class or series thereof) without the approval or consent of the Unitholders of the same class or series by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units of the same class or series then outstanding and represented at the meeting called for such purpose;

(d) results in the Trust failing to qualify as a "mutual fund trust" under the Tax Act at any time; or

(e) creating any class or series of Trust Units with any priority ranking, security interest or similar such attributes, without the approval or consent of the Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at a meeting called for such purpose.

Financial Disclosure

For information about the terms of the Trust Declaration regarding financial disclosure to Unitholders, see **Item 9 – Reporting Obligations**.

Fiscal Year End

The Trust's financial year end is December 31.

Other

For a description of and other information about the Trust Units, including the terms of the Trust Declaration regarding Unitholder meetings and resolutions, withholding taxes, issue and sale of Trust Units and purchases of Trust Units by the Trust, see **Item 5.1 – Trust Units**. For information regarding distributions by the Trust to Unitholders, see Item **5.9 – Cash Distributions**. For information about the terms of the Trust Declaration regarding restrictions on any transfer of Trust Units, see **Item 10.2 – Transfer Restrictions in the Trust Declaration**.

2.7.2 Canadian Partnership Agreement

The mutual rights and obligations of the partners of the Canadian Partnership are governed by the Canadian Partnership Agreement, which was amended and restated on August 15, 2022.

The following description of the Canadian Partnership Agreement and the descriptions set out elsewhere in this Offering Memorandum is a summary only of certain material terms and conditions of the Canadian Partnership Agreement, and does not purport to be complete and are qualified in their entirety by the specific terms and conditions of the Canadian Partnership Agreement. Prospective Subscribers are advised to review the Canadian Partnership Agreement and related matters in detail with their own legal and investment advisors and should not rely solely on the summary of the terms and conditions of the Canadian Partnership Agreement in this Offering Memorandum alone.

Capital of the Canadian Partnership

The interest of the Limited Partners in the Canadian Partnership is divided into different classes of Canadian LP Units. The Canadian Partnership is authorized to issue the following:

(a) an aggregate maximum of 85,000,000 Preferred Units (2014);

(b) an unlimited number of Common Units (2014);

(c) an unlimited number of Class A LP Units;

(d) an unlimited number of Class B LP Units, which may from time to time be issued in one or more series having the number of Class B LP Units comprised in each series and the designation, limitations, rights, privileges, restrictions and conditions attaching to each series of Class B LP Units as determined by the Canadian General Partner, of which an unlimited number of Class B LP Units, Series 1 issuable on the conversion of the Class C LP Units on a one-for-one basis are authorized;

(e) an unlimited number of Class C LP Units;

(f) an unlimited number of Class K LP Units;

(g) an aggregate maximum of 1,000 Class M LP Units; and

(h) an unlimited number of Class O LP Units.

The existing interest of the Canadian General Partners is held as to 50% by the Initial GP and 50% by Avenue GP; and (ii) 1,000 Class M LP Units have been issued to the Asset Manager.

The Trust will, from time to time, subscribe for Class A LP Units.

The Class A LP Units, Class B LP Units, Class C LP Units, Class K LP Units, Class M LP Units and Class O LP Units may be redeemed at the option of the holder or the Canadian Partnership for cash equal to the relevant Net Asset Value per Canadian LP Unit, as determined by the Canadian General Partner, less all applicable fees, statutory withholdings and other deductions. In order to effect a redemption the holder must provide the Canadian Partnership with notice not less than 45 days prior to a fiscal quarter end. Redemptions are irrevocable except with the consent of the Canadian General Partner. Redemptions will generally be limited to $150,000.00 per fiscal quarter, subject to waiver by the Canadian General Partner. If redemptions exceed $150,000.00 for the applicable Canadian LP Unit class in a given quarter, then the Canadian Partnership will redeem on a pro-rata basis up to $150,000.00 of Canadian LP Units. Upon receipt by the Canadian General Partner of a valid notice to redeem Canadian LP Units, the holder of such units tendered for redemption shall thereafter cease to have any rights with respect to such

units (other than to receive the redemption payment therefor), including the right to receive any distributions thereon which are declared payable on record on a date which is subsequent to the day of receipt by the Canadian General Partner of such notice.

In December 2022, the 1,468,138.6216 Class O LP Units held by the ALREO LP, a limited partnership with common ownership and management to the Asset Manager and the Initial GP, were redeemed for $17,038,999.

The Preferred Units (2014) are redeemable at the option of the holder in accordance with the terms of the Canadian Partnership Agreement. Prior to the Sunset Date, the Preferred Units (2014) are subject to a quarterly cap of $5,000,000. After the Sunset Date the Preferred Units (2014) are subject to a quarterly cap of $150,000. The Preferred Units (2014) are also redeemable at the option of the Canadian Partnership before or after the Sunset Date. On or before the Sunset Date, the redemption amount per Preferred Unit (2014) shall equal the quotient equal to the Preferred Units (2014) distribution entitlement, determined as of the applicable redemption date, divided by the number of Preferred Units (2014) outstanding, less any redemption charges or fees. After the Sunset Date, the redemption amount per Preferred Unit (2014) shall equal the applicable Net Asset Value per Preferred Unit (2014), less any redemption charges or fees.

Each of the Preferred Units (2014), the Common Units (2014), the Class A LP Units, the Class B LP Units, Series 1, the Class C LP Units, the Class K LP Units and the Class O LP Units shall be entitled to receive notice of and to attend any meetings of Limited Partners and be entitled to one vote per Canadian Partnership Unit held by the holder of such unit. The Class M LP Units shall be entitled to receive notice of and to attend any meetings of Limited Partners and all 1,000 Class M LP Units shall be entitled to, in aggregate, a number of votes equal to 5% of the total number of votes attaching to all Class A LP Units, Class B LP Units, Class C LP Units, Class K LP Units and Class O LP Units outstanding. Any other new Classes of LP Units shall be entitled to any voting rights attached to such units as determined by the Canadian General Partner at the time of issuance of such units, provided that in no event shall such units be entitled to greater than one vote per unit.

The Canadian Partnership may issue Canadian LP Units from time to time for consideration payable in cash, property or debt. The subscription price for units shall be determined by the Canadian General Partner, which price will be based on the Net Asset Value of such units. The Canadian LP Units are issued as fully paid and non-assessable. There are no restrictions on the maximum number of Canadian LP Units that any limited partner of the Canadian Partnership is entitled to hold.

A Limited Partner may only transfer its Canadian LP Units if the Canadian General Partner determines that a purchaser acceptable to the Canadian General Partner is available to purchase such units and the terms of such sale are otherwise acceptable to the Canadian General Partner.

Authority and Liability of the Canadian General Partner

Under the terms of the Canadian Partnership Agreement, the Canadian General Partner, as general partner, is given full power and authority to manage, control, administer, advise and operate the business of the Canadian Partnership, subject to the provisions of the Alberta Partnership Act.

The Initial GP and the Avenue GP are the Canadian General Partners of the Canadian Partnership until the Sunset, following which it is expected the Avenue GP will be the only Canadian General Partner. Each Canadian General Partner has full power and authority to manage, control, administer, advise and operate the business of the Canadian Partnership, however the powers of the Canadian General Partners as they relate to the Existing Properties, may only be exercised by the Initial GP until the Sunset. “Existing Properties” means each of the properties and real estate assets owned by the Canadian Partnership or by the Initial GP for and on behalf of the Canadian Partnership on the date of the amended and restated Canadian Partnership Agreement, being October 27, 2017.

In addition, the Canadian General Partner may change the name of the Canadian Partnership.

50% of the GP Interest is held by each of the Initial GP and Avenue GP. At the Sunset, the Initial GP will transfer its 50% portion of the GP Interest to Avenue GP. The Initial GP will then cease to be a Canadian General Partner and Avenue GP will be the sole Canadian General Partner of the Canadian Partnership. To the extent there is any ambiguity as to whether the power to take any action resides with Avenue GP or the Initial GP, Avenue GP will determine who may take such action.

The Canadian Partnership Agreement provides that each partner acknowledges that the Canadian General Partner and the other Limited Partners and their affiliates, associates and respective directors and officers may be and are permitted to be engaged in and continue in other business ventures, investments and activities in which the Canadian Partnership will not have an interest and which may be competitive with the activities of the Canadian Partnership and that, without limitation, the Canadian General Partner, each Limited Partner and their respective affiliates, associates and respective directors and officers may be and are permitted to act as a principal, investor, partner, shareholder, director, officer, joint venturer, advisor or in any other capacity or

role whatsoever of, with or to other entities, including limited partnerships, which may be engaged in all or some of the aspects of the business of the Canadian Partnership and may be in competition with the Canadian Partnership. The Canadian Partnership Agreement will also provide that the Canadian General Partner, any affiliate of a Canadian General Partner or any of their respective officers of directors is not required to offer or make available to the Canadian Partnership any property or other business or investment opportunity which a Canadian General Partner, such affiliate or officer or director may determine to acquire or engage in for its accounts and the pursuit of such other businesses, ventures, investments and activities, even if competitive with the Canadian Partnership's business, shall not be wrongful.

The Canadian Partnership Agreement continues to reflect that no Limited Partner of the Canadian Partnership is permitted to take part in the management or control of the business of the Canadian Partnership; a Canadian General Partner has unlimited liability for the debts, liabilities and obligations of the Canadian Partnership to the extent required by the Alberta Partnership Act and other applicable legislation; a Limited Partner will not be liable for any debts, liabilities or obligations of the Canadian Partnership in excess of such Limited Partner's paid capital contributions, any unpaid capital contributions agreed to be paid in respect of such Limited Partner's Canadian LP Units and Limited Partner's share of the undistributed assets of the Canadian Partnership, provided such Limited Partner does not take part in the control or management of the business of the Canadian Partnership; and that any action taken by a Canadian General Partner on behalf of the Canadian Partnership will be deemed to be the act of the Canadian Partnership and binds the Canadian Partnership.

Separate Capital Accounts

A Canadian General Partner will establish and maintain a separate capital account on the books of the Canadian Partnership for each partner of the Canadian Partnership, in respect of each class (or series) of Canadian LP Units held by such partner, and shall credit such account with: (a) the capital contribution of such partner in respect of such units; and (b) all net income allocated to such partner in respect of such units; and shall debit such account with: (c) the amount of any capital or income distributed or returned to such partner in respect of such units, as well as any distribution to the holders of Class M LP Units that is attributable to a distribution on that class of Units, as discussed further below; and (d) all net losses allocated to such partner in respect of such units, all in accordance with Canadian generally accepted accounting principles.

As indicated above, 1,000 Class M LP Units were issued for nominal capital in October 2017. Since that time, the Class M LP Units have been receiving distributions (as a Class) equal to 5% of the aggregate distributions paid on Classes of New Units. The capital account reduction applicable to any distribution on the Class M LP Units is borne by the Class that received the distribution that caused the distribution on the Class M LP Units.

The relative capital accounts applicable to each class of Units is important for determining allocations of net income and loss for accounting and tax purposes, amounts applicable to redemption of Canadian LP Units and entitlements upon dissolution. Further, monthly distributions are to be made by the Canadian General Partner in its discretion after considering the proportionate interests of the partners in relation to allocations of net income and loss for accounting and tax purposes. These provisions are discussed further below.

The proportion that the aggregate capital accounts of all classes of Canadian LP Units (other than the Common Units (2014) and Preferred Units (2014)) represents of all capital accounts of Canadian LP Units of the Canadian Partnership as of a particular date is referred to in the Canadian Partnership Agreement as the "New Unit Investor Class Proportionate Interest" or the "Unit Proportionate Interest" (and for simplicity, we refer to it herein as the "**Unit Proportionate Interest**"). Essentially, these definitions measure the aggregate capital accounts applicable to a particular class of Canadian LP Units against all capital accounts applicable to all outstanding Canadian LP Units. For example, the "Net Asset Value per Unit", which is used to determine redemption entitlement, is determined by allocating the value of the Canadian Partnership's net assets to a particular class of Canadian LP Units based upon the "Unit Proportionate Interest" of that Class and dividing that allocated amount by the number of outstanding Canadian LP Units of that Class.

Reimbursement of Costs and Expenses

The Canadian Partnership may pay any reasonable costs and disbursements of the Canadian General Partner out of the Canadian Partnership funds. A Canadian General Partner is to be reimbursed by the Canadian Partnership for any reasonable third party out of pocket costs incurred by the Canadian General Partner on behalf of the Canadian Partnership in the ordinary course of business.

Powers of the Canadian General Partners

The Canadian General Partner is given the authority to manage, control and operate the business and affairs of the Canadian Partnership, represent the Canadian Partnership and make all decisions regarding the business of the Canadian Partnership.

Without limiting the generality of its powers, a Canadian General Partner has the authority, without further authority from the Trust or other Limited Partners, to:

1.1.1 negotiate, execute and perform all agreements, instruments, deeds, indentures or documents which require execution by or on behalf of the Canadian Partnership involving matters or transactions with respect to the Canadian Partnership's business or which the Canadian General Partner may, in its reasonable discretion, determine appropriate, necessary or advisable in pursuing the business of the Canadian Partnership (and such agreements, instruments, deeds, indentures or documents may limit the liability of the Canadian Partnership to the assets of the Canadian Partnership, with the other party to have no recourse to the assets of the Canadian General Partner, even if the same results in the terms of the agreement, instrument, deed, indenture or document being less favourable to the Canadian Partnership), and do any act, take any proceeding, make any decision which the Canadian General Partner may, in its reasonable discretion, determine appropriate, necessary or advisable in pursuing the business of the Canadian Partnership;

1.1.2 sell or otherwise dispose of any interests of the Canadian Partnership in the ordinary course of the Canadian Partnership business, including a sale or disposition of a portion of or all of the Canadian Partnership's interest in the assets of the Canadian Partnership;

1.1.3 maintain, repair, improve, upgrade, renovate, expand or otherwise better the assets of the Canadian Partnership;

1.1.4 to purchase or otherwise acquire assets on behalf of and for the sole benefit of the Canadian Partnership in the ordinary course of the Canadian Partnership business;

1.1.5 see to the management of the Canadian Partnership, and to manage, control and develop all the activities of the Canadian Partnership and take all measures necessary or appropriate for the business of the Canadian Partnership or ancillary thereto;

1.1.6 acquire securities of entities engaged primarily in businesses which are permitted businesses for the Canadian Partnership as provided in the Canadian Partnership Agreement;

1.1.7 obtain and maintain insurance in such amounts and with such coverage as in the judgment of the Canadian General Partner may be necessary or advisable with respect to the business of the Canadian Partnership;

1.1.8 open, manage and operate bank accounts for and in the name of the Canadian Partnership and designate from time to time the signatories for such accounts and spend the capital of the Canadian Partnership in the exercise of any right or power exercisable by the Canadian General Partner under the Canadian Partnership Agreement;

1.1.9 borrow money in the name of the Canadian Partnership, from time to time, in such amount or amounts, from the Canadian General Partner or its affiliates or from financial institutions or other lenders as the Canadian General Partner may determine without limitation with regard to amount, terms, cost or conditions of reimbursement, and to draw, make and execute and issue promissory notes, evidences of indebtedness and other negotiable and non-negotiable instruments;

1.1.10 mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in, by way of a debenture or otherwise, all or any property of the Canadian Partnership now owned or hereafter acquired, to secure any present and future borrowings and related expenses of the Canadian Partnership and to sell all or any of such property pursuant to a foreclosure or other realization upon the foregoing encumbrances and cause the Canadian Partnership to guarantee the obligations of the Canadian General Partner or any other person as they may relate to the business of the Canadian Partnership;

1.1.11 to invest funds of the Canadian Partnership;

1.1.12 submit to binding arbitration any disputes pertaining to the assets, undertaking or business of the Canadian Partnership;

1.1.13 oversee the distribution of the assets of the Canadian Partnership after payment or satisfaction of the liabilities of the Canadian Partnership in accordance with the Canadian Partnership Agreement;

1.1.14 commence or defend, or engage counsel to commence or defend, any action or proceeding in connection with the Canadian Partnership;

1.1.15 incur all costs and expenses in connection with the Canadian Partnership, including costs and expenses incurred in delegating any of its duties;

1.1.16 employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals or other investment participants with the powers and duties upon the terms and for the compensation as in the discretion of Canadian General Partner may be necessary or advisable in the carrying on of the business of the Canadian Partnership;

1.1.17 retain such legal counsel, experts, advisors or consultants as the Canadian General Partner considers appropriate;

1.1.18 engage agents or subcontract administrative functions, to assist the Canadian General Partner to carry out its management obligations to the Canadian Partnership;

1.1.19 act as attorney in fact or agent of the Canadian Partnership in disbursing and collecting moneys for the Canadian Partnership, paying debts and fulfilling the obligations of the Canadian Partnership and handling and settling any claims of the Canadian Partnership;

1.1.20 act for the Canadian Partnership in all matters relating to compliance by the Canadian Partnership with the Tax Act and any other applicable tax legislation;

1.1.21 make and file any and all elections, returns, determinations, designations or other documents pursuant to the Tax Act or any laws of Canada or any province, state or other jurisdiction or as the Canadian General Partner considers necessary or appropriate;

1.1.22 determine where any fees incurred by the Canadian Partnership are applicable to, or in respect of, one or more Classes of Canadian LP Units and allocate such fees to such Canadian LP Units.

1.1.23 do anything that is in furtherance of or incidental to the business of the Canadian Partnership or that is provided for in the Canadian Partnership Agreement; and

1.1.24 generally carry out the objects, purposes and business of the Canadian Partnership.

Allocation of Net Income (Loss) and Taxable Income (Tax Loss)

A Canadian General Partner will perform allocations of net income (loss). The allocation of net income/loss for accounting purposes and tax purposes follows the same methodology. Accordingly, a Canadian General Partner will allocate from time to time in each fiscal year to each partner in respect of each class of new units held by such partner a portion of the Canadian Partnership's net income (loss) that is equal to such partner's pro-rata share of the Unit Proportionate Interest applicable to that class of new units at the time of allocation in respect of such class of new units. The Series 2014 Units will be allocated net income (net loss) based on their Unit Proportionate Interest at the time of allocation, such amounts allocated to the Series 2014 Units will be allocated among the Preferred Units (2014) and Common Units (2014) as such allocations have been previously done. To the extent that a Canadian General Partner determines that any fees incurred by the Canadian Partnership are in respect of one or more Classes of New Units, rather than in respect of the entire Canadian Partnership, a Canadian General Partner will allocate such fees to the applicable Classes of New Units such that any net income (net loss) allocated to such applicable Classes of New Units will be appropriately reduced (increased) and any net income (net loss) allocated to the other Classes of Canadian LP Units will be appropriately increased (decreased). After the Sunset Date, there will be no differentiation between the Classes of Canadian LP Units, and each Class will be allocated net income/loss for accounting and tax purposes based upon its Unit Proportionate Interest, adjusted for fees that are allocable to particular Classes of Canadian LP Units. Each holder of Canadian LP Units of a Class will be allocated a share of net income/loss that is allocated to the applicable Class based upon pro-rata ownership of Canadian LP Units of the applicable Class at the time of allocation.

Distributions

In general, to the extent that the Canadian Partnership has cash on hand which, in the opinion of and in the sole discretion of the Canadian General Partner, may be distributed then, 0.001% of such cash on hand shall be distributed to the Canadian General Partner in respect of the GP Interest and the balance of such cash on hand shall be distributed, generally on a monthly basis, in priority as follows:

1.1.25 firstly, to the Canadian General Partner, Asset Manager and the Property Manager (as applicable), an amount equal to any unpaid fees, costs, expenses and incurred in managing the Canadian Partnership;

1.1.26 secondly, to the Trust in an amount equal to any unpaid fees, costs and expenses incurred in managing the Trust, which have been assumed by the Canadian Partnership under a cost-sharing agreement;

1.1.27 thirdly, to the partners of the Canadian Partnership as determined by a Canadian General Partner in its discretion after considering the proportionate interests of the partners with respect to the allocations set out in the Canadian Partnership Agreement, provided that a Canadian General Partner has the discretion to allocate cash differently among Canadian Partnership Unit Classes and further provided that any distributions in respect of the Series 2014 Units shall be made in accordance with the existing waterfall applicable to the Preferred Units (2014) and the Common Units (2014).

The Class M LP Units are held by the Asset Manager. Before the Sunset Date, in respect of any distribution on any class of new units (which is all Classes of Units, other than the Series 2014 Units), a corresponding distribution will be made to the holders of the Class M LP Units in the amount of $0.05 for every $0.95 distributed to the holders of the other Classes of Units (appropriately pro-rated for distributions less than $0.95). After the Sunset Date, this provision will apply in respect of distributions on all Classes of Canadian LP Units. This distribution entitlement of the holders of the 1,000 Class M LP Units has been applied for the benefit of the Class M LP Units since October 2017, when the Class M LP Units were first issued for nominal capital.

Removal or Resignation of the Canadian General Partner

The Initial GP may only be removed as general partner of the Canadian Partnership with the prior written approval of the holders of the Preferred Units (2014) holding not less than two-thirds of all Preferred Units (2014) held by such Limited Partners (excluding the Initial GP and its affiliates and associates, as defined in the Canadian Partnership Agreement) in the event that:

(a) there is a change of control of the Initial GP, meaning where less than 50% of the shares of the Initial GP cease to be owned by Carl Diodati, Anthony Giuffre and Michael Giuffre or their affiliates or associates (as defined in the Canadian Partnership Agreement); or

(b) the Initial GP is in default of a substantial and material obligation of the Initial GP, as general partner, contained in the Canadian Partnership Agreement and such default has continued for at least 30 days following receipt of notice from any holder of Preferred Units (2014) of the Canadian Partnership, requiring the Initial GP to remedy such default.

However, the Initial GP may only be removed in the foregoing manner if at the time, the aforesaid holders of Preferred Units (2014) of the Canadian Partnership also appoint a new general partner as successor to the Initial GP (which may be Avenue GP). The Canadian Partnership Agreement does not provide for termination payments to the Initial GP in the event of such removal.

On the Sunset Date, the Initial GP shall cease to be a Canadian General Partner of the Canadian Partnership, and all powers vested in the Initial GP as a Canadian General Partner of the Canadian Partnership shall vest in the remaining Canadian General Partner(s) of the Canadian Partnership (expected to be Avenue GP). It is expected that the Initial GP will resign prior to the Sunset Date.

Avenue GP may only be removed as general partner of the Canadian Partnership with the prior written approval of Limited Partners holding not less than two-thirds of all Canadian LP Units held by such Limited Partners (excluding Avenue GP and its affiliates and associates, as defined in the Canadian Partnership Agreement), if Avenue GP is in default of a substantial and material obligation of Avenue GP, as Canadian General Partner, contained in the Canadian Partnership Agreement and such default has continued for at least 30 days following receipt of notice from any Limited Partner of the Canadian Partnership, requiring the Avenue GP to remedy such default. However, Avenue GP may only be removed in the foregoing manner if at the time, the aforesaid Limited Partners of the Canadian Partnership also appoint a new general partner as successor to Avenue GP. The Canadian Partnership Agreement does not provide for termination payments to Avenue GP in the event of such removal.

A Canadian General Partner may resign at any time on not less than sixty (60) days written notice to the Limited Partners of the Canadian Limited Partnership.

Amendments to Canadian Partnership Agreement

The Canadian Partnership Agreement cannot generally be amended without the approval of the Canadian General Partner and holders of Canadian LP Units (excluding the Canadian General Partner and its affiliates and associates, as defined in the Canadian Partnership Agreement) carrying not less than 50% of the votes attached to all outstanding Canadian LP Units held by such holders, provided that Canadian General Partner may, without prior notice to or consent from any Limited Partner, add to, amend

or delete any provision of the Canadian Partnership Agreement from time to time: (i) where, in the opinion of the Canadian General Partner, such addition, amendment or deletion is for the protection of or otherwise for the benefit of the Limited Partners; (ii) to cure an ambiguity or to correct or supplement any provision which, in the opinion of the Canadian General Partner, may be defective or inconsistent with any other provision in the Canadian Partnership Agreement, provided such addition, amendment or deletion does not and will not, as determined by the Canadian General Partner, materially adversely affect the interests of the Limited Partners; (iii) regarding matters or questions arising which, in the opinion of the Canadian General Partner, does not and will not materially adversely affect the interests of the Limited Partners; (iv) to take into account the effect of any amendment or repeal of any applicable legislation which, in the opinion of the Canadian General Partner, does not and will not materially adversely affect the interests of the Limited Partners; or (v) where expressly provided for in the Canadian Partnership Agreement (which includes the creation of new Classes or series of Units, which a Canadian General Partner is able to implement without Limited Partner approval).

Resolutions of Conflicts of Interest

Each of the Trust, the Canadian Partnership, the Asset Manager, the Property Manager and the Canadian General Partners have adopted a conflict of interest policy with respect to Conflict of Interest Matters. Please see **Item 2.1.3 – Governance Matters**.

Unless otherwise expressly provided in the Canadian Partnership Agreement, whenever a potential conflict of interest exists or arises between a Canadian General Partner, on the one hand, and the Canadian Partnership, or any Limited Partner of the Canadian Partnership on the other hand, any resolution or course of action in respect of such conflict of interest will be permitted and deemed approved by all Limited Partners of the Canadian Partnership, and does not constitute a breach of the Canadian Partnership Agreement, or of any standard of care or duty stated or implied by law, if the resolution or course of action is reasonable to the Canadian Partnership. A Canadian General Partner will be authorized in connection with its resolution of any conflict of interest to consider:

(a) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests;

(b) any customary or accepted industry practices;

(c) any applicable generally accepted accounting practices or principles; and

(d) such additional factors as a Canadian General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances.

Nothing contained in the Canadian Partnership Agreement, however, will be intended to nor will it be construed to require a Canadian General Partner to consider the interests of any person other than the Canadian Partnership. In the absence of bad faith by a Canadian General Partner, the resolution, action or terms so made, taken or provided by the Canadian General Partner with respect to such matter are deemed to be fair and reasonable, are deemed to be in, or not opposed to, the best interests of the Canadian Partnership, and do not constitute a breach of the Canadian Partnership Agreement or a breach of any standard of care or duty imposed in the Canadian Partnership Agreement or stated or implied under the Alberta Partnership Act, any law, rule or regulation.

Dissolution

Pursuant to the Canadian Partnership Agreement, the Canadian Partnership shall be dissolved if:

1.1.28 120 days following the deemed resignation of a sole Canadian General Partner pursuant to terms and conditions of the Canadian Partnership Agreement (which means certain events related to the bankruptcy, insolvency, dissolution, liquidation or winding-up of the Canadian General Partner), unless the Limited Partners have appointed a new Canadian General Partner prior thereto;

1.1.29 a Canadian General Partner is subject of a deemed resignation (as provided in paragraph (a)) unless another general partner has been admitted to the Canadian Partnership prior to such deemed resignation or within 90 days thereafter;

1.1.30 Avenue GP declares the Canadian Partnership to be dissolved following at least two consecutive years during which the Canadian Partnership is insolvent;

1.1.31 any event which makes it unlawful for the Canadian Partnership business to be continued;

1.1.32 the Limited Partners of the Canadian Partnership pass a Special Resolution specifying that the Canadian Partnership be dissolved; or

1.1.33 subject to certain limitations, upon the occurrence of any event which, under the laws of the Province of Alberta, causes the dissolution of a limited partnership,

but the Canadian Partnership will not terminate until its assets have been distributed in accordance with the Canadian Partnership Agreement. The Canadian Partnership will not be dissolved or terminated by the admission of any new general partner or Limited Partner or by the withdrawal, removal, death, insolvency, bankruptcy or other disability of any Limited Partner of the Canadian Partnership, or upon the cancellation or transfer of any or all the Canadian LP Units or upon the amendment or the replacement of the certificate of the Canadian Partnership Agreement.

On dissolution of the Canadian Partnership, the Canadian General Partner shall settle the Canadian Partnership's accounts as soon as expeditiously possible and after provision for contingent liabilities, shall distribute the Canadian Partnership's assets to the partners in accordance with the distribution provisions described in the Canadian Partnership Agreement. If the Canadian General Partner is unable or unwilling to act in connection with the dissolution of the Canadian Partnership, there is to be appointed a liquidating trustee by the holders of Canadian LP Units by ordinary resolution (more than 50% of votes attached to outstanding units) upon the occurrence of the event triggering the dissolution.

Fiscal Year End

The Canadian Partnership's financial year-end is December 31.

2.7.3 U.S. Partnership Agreement

The U.S. Partnership Agreement was entered into on February 14, 2020 between U.S. Holdings, as initial limited partner, and the U.S. General Partner, as general partner and amended on July 30, 2021 and December 17, 2021.

The following description of the U.S. Partnership Agreement and the descriptions set out elsewhere in this Offering Memorandum is a summary only of certain material terms and conditions of the U.S. Partnership Agreement, and does not purport to be complete and are qualified in their entirety by the specific terms and conditions of the U.S. Partnership Agreement. Prospective Subscribers are advised to review the U.S. Partnership Agreement and related matters in detail with their own legal and investment advisors and should not rely solely on the summary of the terms and conditions of the U.S. Partnership Agreement in this Offering Memorandum alone.

Formation of the U.S. Partnership

The U.S. Partnership was formed as a limited partnership pursuant to the Delaware Partnership Act on February 14, 2020 and shall continue for an indefinite period until it is dissolved in accordance with the U.S. Partnership Agreement.

Business and Purpose of the U.S. Partnership

The business and purpose of the U.S. Partnership as provided for under the U.S. Partnership Agreement is to carry on the business of investing in, acquiring, developing, constructing, managing, renovating, upgrading, renting and financing real estate assets in the U.S., including, but not limited to, residential apartments, commercial and industrial properties and commercial leasing, as well as all matters and activities which are ancillary and directly related to such business and purpose.

Authority of the U.S. General Partner

The U.S. General Partner as the general partner, is authorized to carry on the business of the U.S. Partnership, with full power and authority to administer, manage, control and operate the business of the U.S. Partnership. The general partner is given all power and authority to take any actions needed to carry on the U.S. Partnership's business and affairs and to do, or cause to be done, on behalf of the U.S. Partnership any and all acts, including, without limitation to:

(a) negotiate, execute and perform all agreements, instruments, deeds, indentures or documents which require execution by or on behalf of the U.S. Partnership involving matters or transactions with respect to the U.S. Partnership's business or which the U.S. General Partner may, determine appropriate, necessary or advisable in pursuing the business of the U.S. Partnership, and do any act, take any proceeding, make any decision which the U.S. General Partner may, in its reasonable discretion, determine appropriate, necessary or advisable in pursuing the business of the U.S. Partnership;

(b) sell or otherwise dispose of any interests of the U.S. Partnership in the ordinary course of the U.S. Partnership business, including a sale or disposition of a portion of or all of the U.S. Partnership's interest in the assets of the U.S. Partnership, which may include a sale or disposition of interests in other entities;

(c) maintain, repair, improve, upgrade, renovate, expand or otherwise better the assets of the U.S. Partnership;

(d) to purchase or otherwise acquire assets on behalf of and for the sole benefit of the U.S. Partnership in the ordinary course of the U.S. Partnership business, which assets may include interests in other entities;

(e) see to the management of the U.S. Partnership, and to manage, control and develop all the activities of the U.S. Partnership and take all measures necessary or appropriate for the business of the U.S. Partnership or ancillary thereto;

(f) acquire securities of entities engaged primarily in businesses which are permitted businesses for the U.S. Partnership as provided in the U.S. Partnership Agreement;

(g) subject to the provisions of the U.S. Limited U.S. Partnership Agreement, to admit any person as a U.S. Limited Partner without the consent of the U.S. Limited Partners;

(h) to open and to manage, in the name of the U.S. Partnership, bank accounts, to name signing officers for these accounts, and to spend the funds of the U.S. Partnership in the exercise of any right or power possessed by the U.S. General Partner;

(i) to decide, in its sole and absolute discretion, any time at which the profits of the U.S. Partnership or other amounts (including a return of capital contributions) will be distributed to the partners and the amount of any such distribution, and the characterization of any distribution as a return of capital contribution;

(j) to decide the timing and amount of allocations of income and loss for accounting purposes, and of net profit and net loss and other tax allocations, to U.S. Limited Partners;

(k) obtain and maintain insurance in such amounts and with such coverage as in the judgment of the U.S. General Partner may be necessary or advisable with respect to the business of the U.S. Partnership;

(l) open, manage and operate bank accounts for and in the name of the U.S. Partnership and designate from time to time the signatories for such accounts and spend the capital of the U.S. Partnership in the exercise of any right or power exercisable by the U.S. General Partner under the U.S. Partnership Agreement;

(m) borrow money in the name of the U.S. Partnership, from time to time, in such amount or amounts, from the U.S. General Partner or its Affiliates or from financial institutions or other lenders as the U.S. General Partner may determine without limitation with regard to amount, terms, cost or conditions of reimbursement, and to draw, make and execute and issue promissory notes, evidences of indebtedness and other negotiable and non-negotiable instruments;

(n) mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in, by way of a debenture or otherwise, all or any property of the U.S. Partnership now owned or hereafter acquired (including interests in other entities), to secure any present and future borrowings and related expenses of the U.S. Partnership and to sell all or any of such property pursuant to a foreclosure or other realization upon the foregoing encumbrances and cause the U.S. Partnership to guarantee the obligations of the U.S. General Partner or any other person (including entities wholly or partially owned by the U.S. Partnership) as they may relate to the business of the U.S. Partnership;

(o) to invest funds of the U.S. Partnership;

(p) submit to binding arbitration any disputes pertaining to the assets, undertaking or business of the U.S. Partnership;

(q) oversee the distribution of the assets of the U.S. Partnership after payment or satisfaction of the liabilities of the U.S. Partnership;

(r) commence or defend, or engage counsel to commence or defend, any action or proceeding in connection with the U.S. Partnership;

(s) incur all costs and expenses in connection with the U.S. Partnership, including costs and expenses incurred in delegating any of its duties;

(t) employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals or other investment participants with the powers and duties upon the terms and for the compensation as in the discretion of U.S. General Partner may be necessary or advisable in the carrying on of the business of the U.S. Partnership;

(u) retain such legal counsel, experts, advisors or consultants as the U.S. General Partner considers appropriate;

(v) engage agents or subcontract administrative functions, to assist the U.S. General Partner to carry out its management obligations to the U.S. Partnership;

(w) act as attorney in fact or agent of the U.S. Partnership in disbursing and collecting moneys for the U.S. Partnership, paying debts and fulfilling the obligations of the U.S. Partnership and handling and settling any claims of the U.S. Partnership;

(x) act for the U.S. Partnership in all matters relating to compliance by the U.S. Partnership with the United States Internal Revenue Code of 1986, as amended (the "**Code**"), the United States federal income tax regulations promulgated under the Code (the "**Treasury Regulations**"), the Tax Act and any other applicable tax legislation;

(y) make and file any and all elections, returns, determinations, designations or other documents pursuant to the Code, the Treasury Regulations, the Tax Act or any laws of any country, state, province, municipality laws or other jurisdiction or as the U.S. General Partner considers necessary or appropriate;

(z) determine whether any fees incurred by the U.S. Partnership are applicable to, or in respect of, one or more classes or series of U.S. LP Units and allocate such fees to such U.S. LP Units.

(aa) do anything that is in furtherance of or incidental to the business of the U.S. Partnership or that is provided for in the U.S. Partnership Agreement; and

(bb) generally carry out the objects, purposes and business of the U.S. Partnership.

Removal or Resignation of the U.S. General Partner

The general partner of the U.S. Partnership may not resign or withdraw from the U.S. Partnership without (i) the approval, written consent or ratification of the U.S. Limited Partners by an ordinary resolution (50% approval); (ii) providing one or more successor general partners (to whom the resigning general partner shall assign such general partner's interest in the U.S. Partnership); and (iii) delivering to the U.S. Partnership an opinion of the U.S. Partnership's counsel that such transfer, resignation or withdrawal would not subject the U.S. Partnership to United States federal income taxation as an association taxable as a corporation and not as a partnership.

The general partner of the U.S. Partnership may only be removed for any action by it constituting fraud against the U.S. Partnership or any reckless or willful violation, or bad faith in the performance of its duties set out in the U.S. Partnership Agreement ("Cause"). The removal of the U.S. General Partner is subject to the following: (a) the removal must be approved by a special resolution (66 2/3% approval) of the Limited Partners; and (b) the U.S. General Partner must be given notice of the existence of Cause and 30 days to remedy the Cause to the reasonable satisfaction of the Limited Partners.

U.S. General Partner Fees

In consideration of the U.S. General Partner acting as general partner of the U.S. Partnership and providing financing and other services to the U.S. Partnership, the U.S. General Partner is entitled to receive the following amounts from the U.S. Partnership:

1. An amount equal to 0.5% of the purchase price of any property directly or indirectly acquired by the U.S. Partnership;

2. An amount equal to 0.5% of the amount of any loan financing or refinancing with respect to any property directly or indirectly acquired or owned by the U.S. Partnership; and

3. An amount equal to 1.75% of the Net Asset Value of the U.S. Partnership on an annual basis, which amount shall be payable on a pro-rated basis at the end of each fiscal quarter.

4. An amount equal to 5% on all distributions paid by the U.S. Partnership in respect of the Class B LP Units or any other class of Partnership Units of the U.S. Partnership that are not directly or indirectly owned by the Canadian Partnership, such fee to be payable concurrent with the payment of any such distributions, unless the U.S. General Partner agrees to defer such fee.

Reimbursement of the U.S. General Partner

The U.S. Partnership shall reimburse the U.S. General Partner for any out-of-pocket costs and expenses incurred by it in pursuing and conducting, or are otherwise related to, the business of the U.S. Partnership, professional fees and such portion of the general office, overhead and administrative costs of the U.S. General Partner as are fairly allocated to the services rendered by the U.S. General Partner.

Limited Partnership Units of the U.S. Partnership

The interests of the U.S. Limited Partners in the U.S. Partnership are divided into units. In addition to the U.S. LP Units, the U.S. General Partner may, from time to time and in its sole discretion, issue units in one or more classes. The U.S. General Partner is required to fix before the issuance of such units, the class, designation, rights, privileges, restriction and conditions to the new units issued.

Each U.S. LP Unit is entitled to one vote per unit at all meetings of U.S. Limited Partners. The number of Class A U.S. LP Units and Class B U.S. LP Units which may be issued is unlimited and such Class A U.S. LP Units and Class B U.S. LP Units may be issued at a price as determined by the U.S. General Partner.

Calculation of Net Asset Value of the U.S. Partnership

The U.S. General Partner is required to calculate the net asset value of the U.S. Partnership (a) within sixty (60) days of the end of each fiscal quarter; (b) within one hundred and twenty (120) days of each fiscal year end and (c) on such other date(s) as is determined by the U.S. General Partner. The net asset value of the U.S. Partnership is the aggregate value of the U.S. Partnership's assets less the aggregate value of the U.S. Partnership's liabilities (including contingent liabilities), all as determined by the U.S. General Partner.

With respect to any property of the U.S. Partnership, the book value will be the adjusted basis of such property for United States federal income tax purposes unless such property has been contributed to the U.S. Partnership in which event it shall be calculated by the fair market value of such property at the date of contribution minus all depreciation taken with respect to such property.

Distributions and Allocations

The net income or loss of the U.S. Partnership for accounting and tax purposes is determined by the U.S. General Partner, acting reasonably, and such determination is binding upon the Limited Partners. The U.S. General Partner is allocated 0.001% of the taxable income or tax loss in each fiscal year of the U.S. Partnership and the balance of the taxable income or tax loss in each fiscal year is allocated to the U.S. Limited Partners of record. In allocating the taxable income or tax loss, the U.S. General Partner takes into account the amount and timing of actual and anticipated distributions to each of the U.S. Limited Partners with a view to ensure that over the term of the U.S. Partnership, each U.S. Limited Partner is allocated a portion that substantially corresponds to the distributions and character of distributions a U.S. Limited Partner is entitled to receive.

After payment and reservation of all amounts necessary for payment of all U.S. Partnership expenses and reservation of such amounts as in the opinion of the U.S. General Partner are necessary having regard to the then current and anticipated resources of the U.S. Partnership and its commitments and anticipated commitments, whether resulting from revenue or income earned by the U.S. Partnership or from the proceeds of sale of all or any part of the Property or other assets of the U.S. Partnership distributions may be made from time to time, at the sole discretion of the U.S. General Partner, to the U.S. Limited Partners.

Except as otherwise provided in the U.S. Partnership Agreement, where any amount is to be allocated or distributed at any time to or among the U.S. Limited Partners in accordance with the number of U.S. LP Units held by them, such amount will be allocated or distributed to the U.S. Limited Partners equally in respect of each U.S. LP Unit held by each of them at such time.

The U.S. General Partner has the sole and absolute right to defer any distribution payment and accrue such amount until a future payment date, to be determined at the sole discretion of the U.S. General Partner, without any obligation to pay any additional amount of distributions or interest payment to the U.S. Limited Partners.

No allocations or distributions shall be made if, after such distributions were made, the assets of the U.S. Partnership would not exceed the liabilities of the U.S. Partnership, excepting liabilities to U.S. Limited Partners on account of their capital contributions.

Meetings of Limited Partners

A meeting of the U.S. Limited Partners may be called by the U.S. General Partner, at any time and from time to time for any purpose at such place as the U.S. General Partner designates.

Voting Rights of Limited Partners

Except as otherwise provided in the U.S. Partnership Agreement, any action taken or resolution passed in respect of any matter at a meeting of U.S. Limited Partners shall require approval of U.S. Limited Partners by a either a special resolution (66 2/3%) ("**LP Special Resolution**") or by ordinary resolution (at least 50%) ("**LP Ordinary Resolution**"), as the case may be, passed by votes cast at a meeting of U.S. Limited Partners duly called for such purpose. U.S. Limited Partners may pass resolutions, whether as LP Ordinary Resolutions or LP Special Resolutions (written) that bind the U.S. Partnership only with respect to the following matters or as otherwise specifically provided in the U.S. Partnership Agreement:

(a) an exchange, reclassification or cancellation of all or part of the Partnership Units;

(b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to some or all of the outstanding U.S. LP Units;

(c) waive any default on the part of the U.S. General Partner on such terms as they may determine and release the U.S. General Partner from any claims;

(d) terminate and dissolve the U.S. Partnership;

(e) remove the U.S. General Partner and appoint a replacement U.S. General Partner in accordance with the terms of the U.S. Partnership Agreement;

(f) amend, modify, alter or repeal any Special Resolution previously passed by the U.S. Limited Partners; and

(g) amend the U.S. Partnership Agreement in accordance with the terms thereof.

Liability and Indemnification

The U.S. General Partner is not liable, in damages or otherwise, to the U.S. Partnership or to any of the U.S. Limited Partners for any act or omission performed or omitted by the U.S. General Partner, or believed in good faith to be within the scope of authority of the U.S. General Partner, except if such act or omission results from gross negligence, willful misconduct, bad faith or fraud of the U.S. General Partner of its obligations under the U.S. Partnership Agreement or to the extent that the U.S. General Partner breaches its standard of care set out in the U.S. Partnership Agreement.

The U.S. Partnership Agreement provides that the U.S. General Partner shall be indemnified against all claims and liabilities incurred by the U.S. General Partner in relation to the execution of its duties under the U.S. Partnership Agreement.

Subject to the provisions of the Delaware Partnership Act, a U.S. Limited Partner is not liable for the obligations of the U.S. Partnership unless he or she is also a general partner or, in addition to the exercise of the rights and powers of a limited partner, he or she participates in the control of the business. However, if the U.S. Limited Partner does participate in the control of the business, he or she is liable only to persons who transact business with the U.S. Partnership reasonably believing, based upon the U.S. Limited Partner's conduct, that the U.S. Limited Partner is a general partner.

Dissolution of the U.S. Partnership

Under the terms of the U.S. Partnership Agreement, the U.S. Partnership will only be dissolved as a result of the occurrence of the following events:

(a) the sale, exchange, distribution, or other disposition by the U.S. Partnership of all or substantially all of the U.S. Partnership's assets;

(b) the removal, withdrawal, resignation, liquidation, dissolution or bankruptcy of the U.S. General Partner, unless the U.S. Limited Partners consent to continue the U.S. Partnership and the U.S. General Partner is replaced as provided for in the U.S. Partnership Agreement;

(c) at any time, with the written consent of the U.S. General Partner and the U.S. Limited Partners by Special Resolution; or

(d) the entry of a decree of judicial dissolution pursuant to Section 17-802 of the Delaware Partnership Act.

Upon termination of the U.S. Partnership, the net assets of the U.S. Partnership, if any, will be distributed by the U.S. General Partner or such other person as may be appointed by the U.S. Limited Partners to act as liquidator in the following priority, after all necessary payments are made in accordance with the U.S. Partnership Agreement:

(a) first, to pay all expenses incurred in the winding-up of the U.S. Partnership;

(b) second, to pay all of the liabilities of the U.S. Partnership, including any amounts owing to the U.S. General Partner in respect of costs, expenses and fees owing to it;

(c) third, to establish such reserves as the liquidator considers reasonably necessary; and

(d) fourth, as to any remaining assets, as to 0.001% to the U.S. General Partner in respect of its interest in the U.S. Partnership, and as to 99.999% to the holders of each class of U.S. LP Units such assets in an amount in proportion to their proportionate interest, and as among the holders of U.S. LP Units of each Class, in proportion to the number of U.S. LP Units of the applicable class held by them, and if a class of U.S. LP Units has been issued in series, the amount of such assets allocated to a particular class of U.S. LP Units shall be further allocated to the holders of each series of that class in proportion with their proportionate interest, and as among the holders of U.S. LP Units of each such series in proportion to the number of U.S. LP Units of the applicable series held by them.

2.7.4 Canadian Asset Management Agreement

The Trust, Initial GP, Avenue GP, the Asset Manager and the Canadian Partnership are parties to the Canadian Asset Management Agreement, whereby the Asset Manager provides advice and certain asset management and administrative services to the Canadian Partnership, the Trust and the Property Manager in consideration of receiving the Canadian Asset Management Fees. The material terms of the Canadian Asset Management Agreement are summarized below:

(a) the Asset Manager is to provide the following services to the Canadian Partnership:

(i) providing the services of a senior management team to the Canadian General Partners, including: (i) a Chief Executive Officer; (ii) a Chief Financial Officer; and (iii) a Corporate Secretary;

(ii) providing advisory and management services to the Canadian Partnership;

(iii) advising the Canadian Partnership with respect to strategic acquisitions, dispositions, financings and development of Canadian Partnership assets;

(iv) identifying, evaluating and advising on the efficient structuring of acquisitions, dispositions and other related transactions;

(v) advising the Canadian Partnership with respect to financing, borrowing, Canadian LP Unit issuances and other capital markets matters including liaising with bankers, lenders, brokers, investment dealers, institutional investors and other investors;

(vi) aiding the development of business plans and annual budgets for Canadian Partnership approval and monitoring implementation of the same;

(vii) advising the Canadian Partnership on investor relations strategies;

(viii) advising the Canadian Partnership on regulatory compliance, litigation and risk management matters;

(ix) assisting the Canadian Partnership on tax compliance and related matters under applicable federal and provincial laws; and

(x) providing such other services as are agreed to by the Asset Manager and the Canadian Partnership in writing from time to time,

provided however the Asset Manager shall not have authority to (i) make decisions concerning financing projects or acquisitions, or (ii) enter into contracts on behalf of the Canadian Partnership or the Canadian General Partners in connection therewith, such authority to remain with the Canadian General Partners;

(b) the Asset Manager is delegated the duties of the Trustees set forth in section 10.2 of the Trust Declaration, as well as:

(i) making decisions on behalf of the Trust that conform to the general principles and policies set forth in the Trust Declaration;

(ii) advising the trust with respect to financing, borrowing, securities issuances, securities law compliance, and other capital markets matters, including liaising with bankers, lenders, brokers, investment dealers, institutional investors, other investors and securities regulators;

(iii) approving the issuance of securities of the Trust;

(iv) administering and managing requests for redemption of Units, including any determination that the Trust has insufficient liquid assets to fund redemptions;

(v) entering into and executing agreements on behalf of the Trust; and

(vi) providing such other services as are agreed to by the Asset Manager and the Trust in writing from time to time,

subject to the general oversight and supervision of the Trustees. Notwithstanding the foregoing, the Trustees retain authority with respect to the distribution or transfer of trust property to, or for the benefit of, Unitholders, and approval of matters involving a conflict of interest, and the Trustees shall have the right to withdraw any authority granted to the Asset Manager if it fails to act in the best interests of Unitholders, as determined by the Trustees in their sole discretion;

(c) the Asset Manager is to provide the following services to the Property Manager:

(i) provide senior management and oversight services to the Property Manager;

(ii) setting the capital plan and operating goals for the Property Manager in compliance with annual budgets;

(iii) providing legal, human resources, accounting and tax services to the Property Manager; and

(iv) providing such other services as are agreed to by the Asset Manager and the Property Manager in writing from time to time,

the services provided by the Asset Manager to the Canadian Partnership, the Trust and the Property Manager under the Canadian Asset Management Agreement are collectively referred to herein as the "**Canadian Asset Management Services**";

(d) the Asset Manager covenants and agrees to perform the services contemplated in the Canadian Asset Management Agreement in an expeditious, ethical, honest and businesslike manner and in keeping with the

standards for commercial asset management that are customarily employed by asset managers with respect to comparable properties;

(e) in consultation with the Trust and the Canadian Partnership, the Asset Manager shall maintain an effective system of audits and controls adequate to ensure that the Asset Manager and its agents, representatives and employees are trained to and do perform their respective obligations, and meet the requirements of the Asset Manager;

(f) the Asset Manager shall have no authority to act in any manner beyond the scope of the Canadian Asset Management Agreement, without first having obtained the approval of the Trust, the Canadian Partnership or the Property Manager, as applicable;

(g) the Canadian Partnership will pay to the Asset Manager the Canadian Asset Management Fees from time to time pursuant to the Canadian Asset Management Agreement. For a description of the Canadian Asset Management Fees, see **Item 1.4.1 – Canadian Asset Management Fees**;

(h) in the event the Canadian Partnership fails or refuses, for any reason, to pay any of the Canadian Asset Management Fees to the Asset Manager, and such failure or refusal continues for five days following the Asset Manager's notice to the Canadian Partnership of such failure, the Asset Manager shall be entitled to interest on such unpaid Canadian Asset Management Fees at a rate per annum equal to the prime rate charged from time to time by the Bank of Montreal, beginning on the date of the Asset Manager's notice and continuing until all due and unpaid Canadian Asset Management Fees are paid in full;

(i) the Asset Manager will be reimbursed by the Canadian Partnership or the Trust, as applicable, for all reasonable and necessary third-party costs, out-of-pocket costs and direct expenses incurred by the Asset Manager in connection with the performance of the services described in the Canadian Asset Management Agreement with respect to the Canadian Partnership, the Trust or any particular classes of Canadian LP Units or Trust Units, including without limitation, interest and other costs of borrowed money; direct or indirect costs of any legal, accounting, investor relations, appraisers, consultants or other professional advisors; insurance costs; travel and accommodation expenses; marketing and promotional costs; expenses associated with the incorporation, organization and maintenance of subsidiaries; and any other applicable costs or expenses, plus an administration fee of 5% of such costs and expenses;

(j) the Asset Manager will be reimbursed by the Property Manager for all reasonable and necessary third-party costs, out-of-pocket costs and direct expenses incurred by the Asset Manager with respect to the Property Manager, plus an administration fee of 5% of such costs and expenses;

(k) the Property Manager will be reimbursed by the Asset Manager for all reasonable and necessary third-party costs, out-of-pocket costs and direct expenses incurred by the Property Manager on behalf of or in connection with the Asset Manager, plus an administration fee of 5% of such costs and expenses;

(l) any of the Canadian Partnership, the Trust or the Property Manager and the Asset Manager may from time to time agree in writing on additional services that are to be provided by the Asset Manager to such party for which the Asset Manager shall be compensated on terms to be agreed upon between the Asset Manager and such party prior to the provision of such services;

(m) in the event of a change in control of the client, the Asset Manager shall, if requested, perform additional work that is necessary in connection with the implementation of the change in control of the client, provided that the Asset Manager shall be paid additional compensation commensurate with such work and be reimbursed for any related costs and expenses, as agreed to by the Asset Manager, acting reasonably;

(n) the Asset Manager shall assist the Canadian Partnership in procuring, with insurance companies acceptable to the Canadian Partnership, in respect of each property, such insurance coverage as it deems appropriate, consistent with the practices of a prudent owner, in order to satisfy its obligations under the Canadian Asset Management Agreement;

(o) the Asset Manager shall, at its own expense, obtain and maintain at all times an appropriate amount of insurance coverage of all officers, employees and other persons acting in any capacity with respect to the properties or any funds, money, documents or papers related thereto;

(p) all property insurance policies maintained shall name the Canadian Partnership and any third-party lender as loss payees and the Canadian Partnership and the Asset Manager shall be named as additional insureds in connection with any liability coverages. All insurance policies shall provide that no coverages may be terminated or materially modified without 30 days prior written notice to the Canadian Partnership;

(q) the Asset Manager shall not have the right to assign its rights or interest in or delegate its duties or obligations under the Canadian Asset Management Agreement (by operation of law or otherwise) unless approved by the Trustees and the Canadian General Partners of the Canadian Partnership, each acting reasonably;

(r) any amount payable to the Asset Manager under the Canadian Asset Management Agreement, which is not remitted to the Asset Manager or its affiliates (as applicable) when so due shall remain due (whether on demand or otherwise) and interest shall accrue on such overdue amounts (both before and after judgement), at a rate per annum equal to the prime rate charged by the Canadian Partnership's principal banker from the date payment is due until the date payment is made;

(s) upon expiry or earlier termination of the Canadian Asset Management Agreement, the Canadian Partnership or the Trust, as applicable, shall assume all contracts entered into by the Asset Manager relating to the services provided if such contracts have been entered into in accordance with the provisions of the Canadian Asset Management Agreement, and indemnify the Asset Manager from and after the effective date of expiry or termination of the Canadian Asset Management Agreement against any liability by reason of anything done or required to be done under any such contracts unless such liability results from the bad faith, wilful misconduct, fraud or gross negligence of the Asset Manager or any act or omission of the Asset Manager which constitutes a breach of the Canadian Asset Management Agreement;

(t) upon internalization of management of the Canadian Partnership, the Canadian Partnership shall assume liability for and hire or cause to be hired each employee of the Asset Manager employed to provide the services on substantially similar terms of employment but only to the extent that such employment is related to the provision of the services described in the Canadian Asset Management Agreement;

(u) in respect of any such employee not hired, reimburse the Asset Manager for all severance or termination costs and payments (if any) resulting from the ensuing termination of any employee of the Asset Manager as a consequence of the termination of the Canadian Asset Management Agreement in respect of the period that each such employee has worked on Canadian Partnership matters and based on the proportion of each such employee's services attributable to Canadian Partnership matters; and

(v) the term of the Canadian Asset Management Agreement is an initial five year term with an option to extend for an additional five years upon mutual consent of the parties. The parties may terminate the Canadian Asset Management Agreement immediately in certain events of default of the other (such as an insolvency) or upon 180 days' notice.

2.7.5 U.S. Asset Management Agreement

U.S. Holdings, the U.S. Partnership, the U.S. General Partner and Anthony Giuffre as initial trustee and the Asset Manager have entered into the U.S. Asset Management Agreement dated February 14, 2020, pursuant to which the Parties have retained the Asset Manager to perform certain administrative, investment and management services with respect to the business of Avenue Living U.S. (the "**U.S. Asset Management Services**"). The U.S. Asset Management Agreement sets forth all of the rights, restrictions and limitations (including, without limitation, limitations of liability and indemnification rights) which pertain to the performance by the Asset Manager of the duties delegated to it. The duties of the U.S. Asset Manager are as follows:

(a) The Asset Manager shall have and agrees to discharge, and is hereby authorized and directed to discharge, the following duties subject to the overriding supervision and direction of the U.S. Partnership, as applicable:

(i) providing day-to-day advisory and management services;

(ii) advising the U.S. Partnership with respect to strategic acquisitions, dispositions, financings and development of the properties and other assets of the U.S. Partnership;

(iii) identifying, evaluating and advising on the efficient structuring of acquisitions, dispositions and other related transactions for the U.S. Partnership;

(iv) advising the U.S. Partnership with respect to capital markets and financing matters including issuances of securities, liaising with investors, bankers, lenders, brokers and investment dealers;

(v) advising the U.S. Partnership with respect to financing, borrowing, U.S. Partnership unit issuances and other capital markets matters including liaising with bankers, lenders, brokers, investment dealers, institutional investors and other investors;

(vi) aiding the development of business plans and annual budgets for U.S. Partnership approval and monitoring implementation of the same;

(vii) advising on investor relations strategies;

(viii) advising on regulatory compliance, litigation and risk management matters;

(ix) assisting on tax compliance and related matters under applicable federal and provincial laws; and

(x) providing such other services as are agreed to, as applicable, in writing from time to time.

The Asset Manager shall charge (as applicable) fees for services provided to such entity which amounts to all expenses including direct and indirect and any third-party costs, plus 5% (the "**Fees**"). Such Fees may be on an hourly, monthly or yearly basis, according the rates as agreed to in advance between the respective parties from time to time in writing. The Fees for services shall be on reasonable commercial terms and shall be unanimously approved by directors or trustees of the respective entity. A fee schedule setting out the details agreed to and approved by the respective parties shall be attached as a schedule to the U.S. Asset Management Agreement. Such fee schedule may be amended or replaced from time to time by agreement of the respective Parties. The Clients shall directly pay such Fees to the Asset Manager as provided for in the U.S. Asset Management Agreement.

The U.S. Asset Management Agreement remains in effect until wind-up and dissolution of Avenue Living U.S. unless terminated earlier by the occurrence of certain other events, which includes written notice by the U.S. General Partner to the Asset Manager for any reason, and events of default or the insolvency of the parties.

2.7.6 Property Management Agreement

The Trust, the Initial GP, the Avenue GP, the Asset Manager, the Property Manager and the Canadian Partnership are parties to the Property Management Agreement, whereby the Property Manager provides certain property management services to the Canadian Partnership, in consideration of receiving the Property Management Fees. The material terms of the Property Management Agreement are summarized below:

(a) the Property Manager is to provide advice and certain property management and administrative services to the Canadian Partnership in consideration for receiving the Property Management Fees, which include:

(i) handling day to day property management of the Properties including dealing with tenants, suppliers, brokers, consultants, advisors, tax authorities, governmental authorities, insurers and appraisers;

(ii) preparing an annual budget with input from the Asset Manager;

(iii) preparing an annual asset management plan outlining strategic goals and objectives for the Properties with input from the Asset Manager;

(iv) maintaining proper and complete financial and accounting records and reports for all Properties;

(v) providing monthly banking, accounting, and relevant property reports and statements to the Canadian Partnership;

(vi) retaining copies of all invoices, bills, warranties, receipts, leases, contracts, correspondences, inventories and other records pertaining to the Properties and making them available for inspection by the Canadian Partnership;

(vii) managing the operations of the Properties including (A) property inspection; (B) negotiating leases and other tenant agreements; (C) managing facilities and property security; (D) handling tenant requests, notices and negotiations; (E) arranging for, supervising and directing improvements, renovations, maintenance and repairs; (F) supervising construction and technical services; (G) overseeing maintenance of heating and cooling systems, ventilation and climate control systems; (H) maintaining interior and exterior common areas; (I) arranging for and supervising security for the properties; (J) obtaining necessary licenses and permits and purchasing required materials and supplies; (K) arranging for utilities and fixed contracts; and (L) incurring expenses and costs in line with approved annual budgets;

(viii) assisting the Asset Manager and the Canadian Partnership in procuring insurance for the Properties;

(ix) collecting rents and other charges relating to the Properties and paying all expenses and costs related to management or operation of the Properties including attending to debt collection and related litigation matters;

(x) handling all relevant banking, accounting, maintenance and administrative functions in relation to the Properties;

(xi) causing all taxes to be paid and monitoring and reviewing property tax assessments including any appeals or other related legal actions;

(xii) supervising and conducting all relevant leasing functions including negotiating and executing leases and managing lease marketing plans and attending to tenant moves;

(xiii) arranging for the services of such administrative, management, housekeeping, maintenance, property manager, building engineer, operational and other staff as are necessary for the proper operation, management, maintenance and administration of the Properties;

(xiv) providing all other services generally required for the efficient operation, management, administration and maintenance of the Properties; and

(xv) such other services as are agreed to by the Property Manager and the Canadian Partnership in writing from time to time,

collectively, the "**Property Management Services**";

(b) the Property Manager covenants and agrees to perform the services and functions to be performed by it in an expeditious, ethical, honest and businesslike manner and in keeping with the standards for commercial property management that are customarily employed by property managers with respect to comparable properties;

(c) in consultation with the Asset Manager, Trust and the Canadian Partnership, the Property Manager shall maintain an effective system of audits and controls adequate to ensure that the Property Manager and its agents, representatives and employees are trained to and do perform their respective obligations, and meet the requirements of the Property Manager;

(d) the Canadian Partnership will pay to the Property Manager the Property Management Fees from time to time pursuant to the Property Management Agreement. For a description of the Property Management Fees, see **Item 1.4.3 – Property Management Fees**;

(e) in the event the Canadian Partnership fails or refuses, for any reason, to pay any of the fees to the Property Manager, and such failure or refusal continues for five days following the Property Manager's notice to the Partnership of such failure, the Property Manager shall be entitled to interest on such unpaid fees at a rate per annum equal to the prime rate charged from time to time by the Bank of Montreal, beginning on the date of the Property Manager's notice and continuing until all due and unpaid fees are paid in full;

(f) the Canadian Partnership shall promptly make available, or cause to be made available, to the Property Manager all files in its possession pertaining to the properties and shall furnish or cause to be furnished to the Property Manager such additional information under its possession or control as the Property Manager

reasonably requests with respect to the properties or the Property Manager's performance of the services agreed to be provided from time to time between the Asset Manager, Trust or Partnership and the Property Manager;

(g) the Property Manager will be reimbursed by the Canadian Partnership and Trust for all reasonable and necessary third-party costs, out-of-pocket costs and direct expenses incurred by the Property Manager in connection with the performance of the services provided under the Canadian Property Management Agreement, plus an administration fee of 5% of such costs and expenses;

(h) any amount payable to the Property Manager under the Property Management Agreement, which is not remitted to the Property Manager or its affiliates (as applicable) when so due shall remain due (whether on demand or otherwise) and interest shall accrue on such overdue amounts (both before and after judgement), at a rate per annum equal to the prime rate charged by the Partnership's principal banker from the date payment is due until the date payment is made;

(i) the term of the Property Management Agreement is an initial five year term with an option to extend for an additional five years upon mutual consent of the parties. The parties may terminate the Property Management Agreement immediately in certain events of default of the other (such as an insolvency) or upon 180 days' notice;

(j) upon expiry or earlier termination, the Asset Manager, Partnership or the Trust shall assume all contracts entered into by the Property Manager relating to the services provided, and indemnify the Property Manager from and after the effective date of expiry or termination of the Property Management Agreement against any liability by reason of anything done or required to be done under any such contracts unless such liability results from the bad faith, wilful misconduct, fraud or gross negligence of the Property Manager or any act or omission of the Property Manager which constitutes a breach of the Property Management Agreement;

(k) upon internalization of management of the Canadian Partnership as contemplated, the Canadian Partnership shall assume liability for and hire or cause to be hired each employee of the Property Manager employed to provide the services on substantially similar terms of employment but only to the extent that such employment related to the provision of the services described in the Property Management Agreement;

(l) in respect of any such employee not hired, reimburse the Property Manager for all severance or termination costs and payments (if any) resulting from the ensuing termination of any employee of the Property Manager as a consequence of the termination of the Property Management Agreement in respect of the period that each such employee has worked on Canadian Partnership matters and based on the proportion of each such employee's services attributable to Canadian Partnership matters; and

(m) the Property Manager acknowledges that the Canadian Partnership or its affiliates will at all times possess title, ownership and exclusive control, directly or indirectly, of the properties.

2.7.7 Investment Fund Management Agreement

The Investment Fund Manager and the Trust entered into the Investment Fund Management Agreement effective January 1, 2023, whereby the Investment Fund Manager provides certain fund management services to the Trust, in consideration of receiving the Investment Fund Management Fees. The material terms of the Investment Fund Management Agreement are summarized below:

(a) Investment Fund Manager is to provide the following investment fund management services to the Asset Manager and the Trust in consideration for receiving the Investment Fund Management Fees, including:

(i) reviewing the day-to-day operations of the Trust, including review of the maintenance of proper and complete books and records in connection with the management and administration of the affairs of the Trust;

(ii) retaining and liaising with external advisors to the Trust and the Asset Manager as required in order to perform its duties hereunder, including lawyers, auditors, technical consultants and other experts,

(iii) retaining and liaising with third party service providers performing trustee, fund accounting, trust accounting and unitholder record keeping services;

(iv) reviewing income and expenses of the Trust on a monthly basis;

(v) make or incur and pay expenses on behalf of the Trust as it reasonably considers necessary in the discharge of its responsibilities thereunder;

(vi) overseeing the calculation of the Net Asset Value of the Trust (including on a per class and per unit basis) in accordance with the Trust Declaration;

(vii) reviewing and make recommendations to the Asset Manager and its management with respect to the Trading NAV in accordance with the Trading NAV Policy;

(viii) reviewing and supporting subscription and redemptions process of the Trust;

(ix) facilitating the processing of subscriptions and redemptions through the Fundserv clearing system, including the maintenance of manufacturer codes acceptable to the Asset Manager on the Fundserv platform to be made available for the use of the Trust and the Asset Manager;

(x) assisting the Asset Manager to implement, manage and amend (when and as required, once established) any distribution reinvestment plans, unit purchase plans, unit option plans or other compensation, benefit or incentive plans established by the Trustees at any time and from time to time and attend to all matters in connection with the operation of such plans;

(xi) maintain bank account(s) for the Trust to receive subscription proceeds and holding such funds in trust on behalf of the Trust;

(xii) facilitating monthly reconciliation of total number of Trust Units outstanding between fund accounting records and Fundserv records;

(xiii) ensuring proper unitholder recordkeeping is completed for orders processed through Fundserv;

(xiv) assisting the Asset Manager to identify, address and disclose conflicts of interest;

(xv) advising and supporting the Trust in relation to compliance with relevant securities law, including overseeing the Trust's compliance and risk management procedures;

(xvi) review and comment on all offering documents (including marketing materials) prepared on behalf of the Trust for the issuance of Trust Units;

(xvii) reviewing audited financial statements of the Trust;

(xviii) reviewing security holder reporting inclusive of managements' discussion and analysis of current quarter results for material holdings and comparatives versus comparable indices and prior periods, to the extent such reporting is provided by the Trust;

(xix) ensuring delivery of unitholder statements and any other required reporting, to the extent the delivery of such statements and required reporting is not completed by the Asset Manager and the Asset Manager so notifies the Investment Fund Manager;

(xx) assisting with investor communications and reporting (provided that the Investment Fund Manager, or affiliate of the Investment Fund Manager, provides accounting services to the Trust pursuant to a separate account services agreement);

(xxi) in conjunction with the Trustees and the Asset Manager, executing any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of the Investment Fund Management Agreement upon the reasonable request of the Trustees or the Asset Manager;

(xxii) providing any services that are ancillary or directly related to those services enumerated above; and

(xxiii) providing such additional services as are agreed to by Investment Fund Manager and the Trust in writing from time to time, provided that any such services will be subject to additional fees as may be agreed between the Parties from time to time, acting reasonably,

collectively, the "**Investment Fund Management Services**".

(b) The Trust will pay to Investment Fund Manager the Investment Fund Management Fees quarterly pursuant to the Investment Fund Management Agreement. For a description of the Investment Fund Management Fees, see **Item 1.4.4 – Investment Fund Management Fees**.

(c) Any amount payable to Investment Fund Manager under the Investment Fund Management Agreement, which is not remitted to Investment Fund Manager or its affiliates (as applicable) when so due shall remain due (whether on demand or otherwise) and interest shall accrue on such overdue amounts (both before and after judgement), at a rate per annum equal to the prime rate charged by the Trust's principal banker from the date payment is due until the date payment is made.

(d) The term of the Investment Fund Management Agreement expires on December 31, 2028. The parties may terminate the Investment Fund Management Agreement immediately in certain events of default of the other (such as an insolvency) or for any reason on at least six (6) months' written notice.

The Investment Fund Manager is a connected issuer of the Trust, and a lender to the Canadian Partnership from time to time. See **Item 3.4 – Loans** and **Item 7.2 – Related and Connected Issuers**.

2.7.8 Westcourt Capital Agreement

The Asset Manager, the Trust and Westcourt entered into the Westcourt Capital Agreement effective April 2, 2018, as amended, whereby Westcourt has been retained by the Trust in connection with the distribution of Class W and Class W-U Trust Units. Under the terms of the Westcourt Capital Agreement, the Trust will pay Westcourt a fee equal to 1.0% of the applicable gross proceeds raised in respect of the Class W and Class W-U Trust Units, payable on each Closing. See **Item 7.1 – Commissions and Fees.**

ITEM 3 - INTERESTS OF TRUSTEES, DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each of the trustees and promoters of the Trust, the directors and officers of the Asset Manager and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the Trust's voting securities, being the Trust Units (a "**Principal Holder**"):

Name and Municipality of Principal Residence	Position held and the date of obtaining that position	Compensation paid by the Trust or related party in the year ended December 31, 2022	Compensation anticipated to be paid by the Trust or related party in the current financial year	Number, type and percentage of securities of the Trust held
Anthony Giuffre Calgary, Alberta	Chief Executive Officer[(0)(1)], Director[(0)(1)], Non-Independent Trustee[(3)(4)] and Promoter Appointed CEO and Director on September 1, 2017 and Trustee on October 27, 2017	$430,000	$430,000	104,207.3380 Class F-U Trust Units (0.1229% of Trust)[(5)]

Name and Municipality of Principal Residence	Position held and the date of obtaining that position	Compensation paid by the Trust or related party in the year ended December 31, 2022	Compensation anticipated to be paid by the Trust or related party in the current financial year	Number, type and percentage of securities of the Trust held
Andrew Searby Calgary, Alberta	Chief Financial Officer[(0)(2)(13)] Appointed on October 17, 2017[(13)]	$79,292	Nil	3,965.5958 Class D & F Trust Units (0.0047% of Trust)[(6)]
Marina Post Calgary, Alberta	Chief Financial Officer[(0)(14)] Appointed on December 1, 2022[(14)]	$12,500	$150,000	5,460.3711 Class F & F-U Trust Units (0.0064% of Trust)[(7)]
Jason Jogia Calgary, Alberta	Chief Investment Officer and Director[(0)(2)] Appointed October 17, 2017	$260,414	$275,000	96,072.4624 Class D & F-U Trust Units (0.1133% of Trust)[(8)]
Shelley Allchurch Calgary, Alberta	Corporate Secretary[(0)(2)], Director[(2)] and Non-Independent Trustee[(3)(4)] Appointed Corporate Secretary and Director on October 17, 2017 and Trustee on October 27, 2017	$170,000	$170,000	76,026.3141 Class D & F & F-U & A-U Trust Units (0.0897% of Trust)[(9)]
Dr. Brian David Brodie Chilliwack, British Columbia	Independent Trustee[(3)(4)] Appointed on October 27, 2017	$33,000[(3)]	$33,000[(3)]	223,780.0549 Class F & F-U Trust Units (0.2640% of Trust)[(10)]
Robert R. Verbuck Calgary, Alberta	Independent Trustee[(3)(4)] Appointed on October 27, 2017	$30,000[(3)]	$30,000 [(3)]	578.7743 Class F Trust Units (0.0007% of Trust)[(11)]
Catriona Le May Doan Calgary, Alberta	Independent Trustee[(3)(4)] Appointed on February 1, 2022	$30,000[(3)]	$30,000 [(3)]	12,352.6073 Class F-U Trust Units (0.0146% of Trust)[(12)]

Notes:

(0) Officer/Director of the Asset Manager.

(1) Appointed on September 1, 2017.

(2) Appointed on October 17, 2017.

(3) Each Trustee receives an annual honorarium of $30,000. The Trust reimburses the Trustees for any expenses paid or incurred on behalf of the Trust or Partnerships, including all reasonable travel, promotional and other business expenses incurred by them in the performance of their duties.

(4) Mr. Anthony Giuffre, Mrs. Shelley Allchurch, Dr. Brian Brodie and Mr. Robert Verbuck were appointed as Trustees on October 27, 2017. Ms. Catriona Le May Doan was appointed as a Trustee on February 1, 2022.

(5) The 104,207.34 Class F-U Trust Units are held directly or indirectly by Mr. Anthony Giuffre as follows: (i) 71,791.52 Class F-U Trust Units held indirectly through Funambuli Holdings Ltd., a corporation owned and beneficially owned or controlled, directly or indirectly, by Mr. Anthony Giuffre; and (ii) 32,415.82 Class F-U Trust Units held indirectly through Giuniper Ventures Inc., a corporation owned and beneficially owned or controlled, directly or indirectly, by Mr. Anthony Giuffre. In addition, Mr. Giuffre holds, directly or indirectly, 180,856 Preferred Units (2014) of the Canadian Partnership.

(6) The 3,965.60 Class F and D Trust Units are held directly or indirectly by Mr. Andrew Searby as follows: (i) 3,763.64 Class F Trust Units held indirectly through 1386074 Alberta Ltd., a corporation owned and beneficially owned or controlled, directly or indirectly by Mr. Andrew Searby; (ii) 65.79 Class D Trust Units held indirectly through 1386074 Alberta Ltd., a corporation owned and beneficially owned or controlled, directly or indirectly, by Mr. Andrew Searby; and (iii) 136.16 Class F Trust Units held directly by Mr. Andrew Searby. In addition, Mr. Searby holds, directly or indirectly, 179,643 Preferred Units (2014) of the Canadian Partnership.

(7) The 5,460.37 Class F & F-U Trust Units are held directly or indirectly by Ms. Marina Post as follows: (i) 584.61 Class F-U Trust Units held directly by Marina Post; and (ii) 4,875.76 Class F Trust Units held directly by Ms. Marina Post. In addition, Ms. Post holds 57,097 Preferred Units (2014) of the Canadian Partnership.

(8) The 96,072.46 Class F-U and D Trust Units are held directly or indirectly by Mr. Jason Jogia as follows: (i) 96,013.74 Class F-U Trust Units held indirectly through 1991868 Alberta Inc., a corporation owned and beneficially owned or controlled, directly or indirectly, by Mr. Jason Jogia; and (ii) 58.72 Class D Trust Units held directly by Mr. Jason Jogia. In addition, Mr. Jogia holds, directly or indirectly, 100,000 Preferred Units (2014) of the Canadian Partnership.

(9) The 76,026.31 Class D and F and F-U and A-U Trust Units are held directly or indirectly by Mrs. Shelley Allchurch as follows: (i) 4,044.4966 Class A-U Trust Units held directly by Mr. Derek Allchurch, the husband of Mrs. Allchurch; (ii) 5,369.873 Class D-U Trust Units held directly by Mrs. Allchurch; (iii) 17,070.03 Class F Trust Units held directly by Mrs. Allchurch; (iv) 49,476.12 Class F-U Trust Units held indirectly through SD Allchurch Professional Corporation., a corporation owned and beneficially owned or controlled, directly or indirectly by Mrs. Shelley Allchurch; and (v) 65.79 Class D Trust Units held directly by Mrs. Allchurch. In addition, Mrs. Allchurch holds, directly or indirectly, 100,000 Preferred Units (2014) of the Canadian Partnership.

(10) The 223,780.05 Class F & F-U Trust Units are held directly or indirectly by Dr. Brian Brodie as follows: (i) 167,831.61 Class F Trust Units held indirectly through Dr. Brian David Brodie Holdings Ltd., a corporation owned and beneficially owned or controlled, directly or indirectly, by Dr. Brian Brodie; and (ii) 55,948.45 Class F-U Trust Units held indirectly through Dr. Brian David Brodie Holdings Ltd., a corporation owned and beneficially owned or controlled, directly or indirectly, by Dr. Brian Brodie. In addition, Dr. Brodie holds, directly or indirectly, 1,500,000 Preferred Units (2014) of the Canadian Partnership.

(11) The 578.77 Class F Trust Units are held directly by Mr. Robert Verbuck.

(12) The 12,352.61 Class F-U Trust Units are held directly or indirectly by Ms. Catriona Le May Doan as follows: (i) 5,885.88 Class F-U Trust Units held directly by Ms. Catriona Le May Doan; and (ii) 6,466.73 Class F-U Trust Units held indirectly through Catriona Le May Doan Consulting Corp., a corporation owned and beneficially owned or controlled, directly or indirectly, by Ms. Catriona Le May Doan.

(13) Mr. Andrew Searby resigned as Chief Financial Officer of the Asset Manager and was appointed as Treasurer on December 1, 2022.

(14) Ms. Marina Post was appointed as Chief Financial Officer of the Asset Manager on December 1, 2022.

(15) Mr. Michael Giuffre resigned as a Director of the Asset Manager on September 12, 2022.

3.2 Management's Experience

The principal occupation and business background of each Trustee and officer of the Trust is as follows:

Name	Principal Occupations and Related Experience
Anthony Giuffre Chief Executive Officer and Non-Independent Trustee	The Founder, CEO and Executive Chairman of the Avenue Living group of companies, Mr. Giuffre has more than 25 years' experience in creating, managing, and operating start-ups. Involved in over $2.8 billion of ongoing endeavors, he actively serves a variety of roles in over a dozen businesses, from CEO to mentor. This path to leadership includes diversified investments in excess of $200 million in annual recurring revenue. Mr. Giuffre's flagship venture, Avenue Living, is a vertically integrated platform that emphasizes building the core competencies of business. It focuses on investing in the everyday — in residential and commercial real estate, land, storage, food distribution, and technology education — and, ultimately, generates cash-flow and finds value-add for investors over the long term. Mr. Giuffre sits on the Patrons Council for UNICEF Alberta as well as the boards for several philanthropic organizations, including TELUS Spark Science Centre, the Canadian Olympic Foundation, and the Calgary Public Library Foundation. He has also completed 16 Ironman Triathlons. Mr. Giuffre graduated from University of Calgary with a Bachelor of Arts degree.
Marina Post Chief Financial Officer	Ms. Post is the Chief Financial Officer of the Asset Manager and the Property Manager. She has over 15 years of financial planning and reporting, compliance and taxation experience within multiple industries. Ms. Post graduated from the University of Calgary with a Bachelor of Commerce (with Distinction) and holds a Chartered Professional Accountant (CPA, CA) designation.
Jason Jogia Chief Investment Officer	Mr. Jogia serves as the Chief Investment Officer of the Asset Manager, as well as chief executive officer of the Avenue Living Real Estate Opportunity Trust. He has over 15 years of experience in real estate capital markets and has originated over $10 billion in real estate loans and $1 billion in equity. Prior to Avenue Living, he led the

	management of a $1.5 billion real estate debt portfolio at a major Canadian bank. He has extensive experience in real estate investment analysis and capital structure on various real estate asset classes. Mr. Jogia's insight and expertise in creating structures to attract capital, accessing capital markets, and alternative investments has helped Avenue Living parlay a focus on investing in the everyday to surpass $4.6 billion in assets under management. As Chief Investment Officer, he takes his fiduciary responsibility to the stakeholders earnestly. His focus remains on creating cadences that safeguard our investors, allowing them to comfortably invest in overlooked markets.
Shelley Allchurch Non-Independent Trustee and Corporate Secretary	Mrs. Allchurch has over 20 years of experience in real estate and commercial law, primarily focused on corporate governance, and the purchase, sale and financing of real estate transactions. Mrs. Allchurch acts as Corporate Secretary of the Trust, the Partnerships, the Asset Manager and the Property Manager. Mrs. Allchurch has a Bachelor of Laws degree from the University of Alberta and is a member of the Law Society of Alberta.
Dr. Brian David Brodie Independent Trustee	Dr. Brian Brodie is a retired physician living in Chilliwack B.C. Outside of medicine he has devoted much of his time to medical leadership and health policy advocacy. He held numerous offices including the presidency of Doctors of BC and retired as the longest serving Chair of the Canadian Medical Association Board in its 155 year history in 2019. Dr. Brodie was awarded the Fellowship in the Institute of Corporate Directors in recognition of his outstanding contributions to governance, ethics and professionalism through his distinguished career. Dr. Brodie is a real estate developer having experience in residential, commercial, multi-family and recreational properties in the four western provinces as well as in Nova Scotia. His ancestral roots are from the Prairies and his grandfather was the runner up saddle bronc champ in the 1929 Calgary Stampede. His latest venture is a family owned and operated Placer Gold mining operation in Northern B.C. where he has nearly 30,000 acres under claim.
Robert R. Verbuck Independent Trustee	Mr. Verbuck is the Managing Partner of the Calgary office of DS Lawyers Canada LLP, a leading national mid-market corporate law firm. His practice is focused around corporate and securities law with an emphasis on capital markets, mergers & acquisitions and corporate governance. Mr. Verbuck has over 20 years of experience advising start-ups and emerging companies across various industries and serves as a director, corporate secretary and general counsel to certain select private and public enterprises that he is passionate about, in the storage and real estate, energy, agriculture and health product sectors. Mr. Verbuck holds a Bachelor of Arts degree from Western University and a Bachelor of Laws degree from the University of Toronto and is a member of the Law Societies of Alberta and Ontario.
Catriona Le May Doan (O.C., OLY) Independent Trustee	Ms. Le May Doan is a double Olympic champion and was named the "fastest woman on ice". With three honorary degrees, she was inducted into Canada's Sports Hall of Fame and the Canadian Olympic Committee's Sports Hall of Fame and appointed an Officer of the Order of Canada. Ms. Le May Doan has been a board member with VANOC, Winsport, Calgary 2026 BidCo, Red Deer 2019, and still actively involved in the Canada Games Council as Vice Chair, Special Olympics Canada, Canadian Sport Institute Calgary, Winsport, and various other charitable organizations. Ms. Le May Doan is President and CEO of Sport Calgary.

3.3 Penalties, Sanctions and Bankruptcy

To the knowledge of management of the Trust, there has been: (a) no penalty or sanction that has been in effect during the last 10 years against a: (i) a trustee, executive officer or control person of the Trust; or (ii) an issuer of which any of the persons or companies referred to in (i) was a trustee, director, executive officer or control person, at the time; and (b) no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any trustee, executive officer or control person of the Trust or an issuer of which a trustee, executive officer or control person of the Trust was a trustee, director, executive officer or control person at that time.

3.4 Loans

As at the date of this Offering Memorandum there is no outstanding indebtedness between the Trust and its Trustees, management, promoters or Principal Holders.

ITEM 4 - CAPITAL STRUCTURE

4.1 Equity Capital

4.1.1 Equity Capital of the Trust

The following table sets out the outstanding equity capital of the Trust:

Description of Security	Number authorized to be issued	Number outstanding as at January 31, 2023	Number outstanding after Maximum Offering
Class D Trust Units (formerly Class A)[1]	Unlimited	6,725,947	See Note 2
Class D-U Trust Units (formerly Class A-U)[1]	Unlimited	816,330	See Note 2
Class F Trust Units[1]	Unlimited	7,978,169	See Note 2
Class F-U Trust Units[1]	Unlimited	1,056,495	See Note 2
Class A Trust Units (formerly Class J)[1]	Unlimited	2,614,331	See Note 2
Class A-U Trust Units (formerly Class J-U)[1]	Unlimited	64,524	See Note 2
Class W Trust Units[1]	Unlimited	60,158,324	See Note 2
Class W-U Trust Units[1]	Unlimited	3,819,703	See Note 2
Class W-B Trust Units[1]	Unlimited	2,406,891	See Note 2
Class WB-U Trust Units[1]	Unlimited	57,851	See Note 2

Notes:

(1) See **Item 4.1 – Trust Units** for a description of the Trust Units.

(2) There is no maximum Offering. The Trust will offer its Trust Units for sale on a continuous basis.

4.1.2 Equity Capital of the Partnerships

The following table sets out the outstanding equity capital of the Canadian Partnership:

Description of Security	Number authorized to be issued	Number outstanding as at January 31, 2023	Number outstanding after Illustrative Offering of $100,000,000[3]
Preferred Units (2014)[1]	85,000,000	80,238,106	80,238,106
Common Units (2014)[1]	Unlimited	158,600,497	158,600,497
Class A LP Units[1]	Unlimited	901,989,447	1,000,089,447
Class K LP Units	Unlimited	1,116,300	1,116,300
Class M LP Units[1]	1,000	1,000	1,000
Class O LP Units[1]	Unlimited	Nil[4]	Nil
GP Interest[2]	0.001% interest	0.001% interest	0.001% interest

Notes:

(1) See **Item 2.7.2 – Canadian Partnership Agreement** for a description of the Canadian LP Units.

(2) The GP interest is a general partner interest in the Canadian Partnership which entitles each of the Initial GP and the Avenue GP to a 0.0005% interest in the Canadian Partnership.

(3) There is no minimum or maximum Offering. The numbers of units set out in this column are based on an Offering size of $100,000,000 for illustrative purposes only. The actual size of the Offering may be greater or lesser than $100,000,000. Class A LP Units of the Canadian Partnership will be purchased by the Trust using the net proceeds from the Offering.

(4) 1,468,138.6216 Class O LP Units were redeemed in December 2022.

The following table sets out the outstanding equity capital of the U.S. Partnership:

Description of Security	Number authorized to be issued	Number outstanding as at January 31, 2023	Percentage of Total Equity Owned
Class A U.S. LP Units[(1)]	Unlimited	6,702,626	95.967%
Class B U.S. LP Units[(1)]	Unlimited	281,600	4.032%
GP Interest[(2)]	0.001% interest	0.001% interest	0.001%
TOTAL	**-**	**-**	**100%**

Notes:

(1) See **Item 2.7.3 – U.S. Partnership Agreement** for a description of the Partnership Units.

(2) The GP interest is a general partner interest in the U.S. Partnership which entitles U.S. General Partner to a 0.001% interest in the U.S. Partnership.

4.2 Long-Term Debt Securities

As of January 31, 2023, the Trust has no outstanding long-term debt and the Partnerships have the long-term debt set out in the following tables:

Long-Term Debt of the Canadian Partnership:

Description of long-term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at January 31, 2023	Amount Payable Within 12 Months
Mortgages and loans payable secured by real property	1.831% to 10.75%	Maturing between 2023 and 2033	$1,600,971,613	$544,905,203
Subordinated debt and operating lines secured by real property and unsecured	Bank prime + 1%	Due on demand	$5,768,670	$5,768,670

Mortgage amounts reflected in the above table which are payable within 12 months are expected to be renewed, refinanced or repaid in the normal course of business.

Long-Term Debt of the U.S. Partnership:

Description of long-term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at January 31, 2023	Amount Payable Within 12 Months
Mortgages and loans payable secured by real property	3.07% - 8.39%	Maturing between 2024 and 2032	US$113,570,527	$1,500,000

Mortgage amounts reflected in the above table which are payable within 12 months are expected to be renewed, refinanced or repaid in the normal course of business.

4.3 Prior Sales

During the last 12 months, the Trust has issued the following Class D, D-U, F, F-U, A, A-U, W, W-U, W-B and WB-U Trust Units:

Date of Issuance	Type of Security Issued	Number of Securities Issued[1]	Price Per Security	Total Funds Received[1]
2022-03-31	Class D Trust Unit (Formerly Class A)	153,969.11	$10.59	$1,630,605.55
2022-03-31	Class D-U Trust Unit (Formerly Class A-U) (USD)	204,249.34	US $10.10	US $2,062,875.32
2022-03-31	Class F Trust Unit	137,762.34	$11.13	$1,533,184.94
2022-03-31	Class F-U Trust Unit (USD)	47,121.26	US $10.13	US $477,365.02
2022-03-31[3]	Class A Trust Unit (Formerly Class J)	54,748.77	$10.99	$601,462.02
2022-03-31	Class A-U Trust Unit (Formerly Class J-U) (USD)	5,055.98	US $10.14	US $51,291.82
2022-03-31[3]	Class W Trust Unit	1,115,361.39	$11.47	$12,798,285.60
2022-03-31	Class W-B Trust Unit	466,022.19	$10.00	$4,660,217.44
2022-03-31	Class W-U Trust Unit (USD)	29,257.18	US $10.52	US $307,676.53
2022-04-01	Class W Trust Unit	2,565.22	$11.50	$29,500.00
2022-04-29	Class D Trust Unit (Formerly Class A)	304,103.95	$10.59	$3,221,932.98
2022-04-29	Class D-U Trust Unit (Formerly Class A-U) (USD)	5,837.85	US $10.09	US $58,918.48
2022-04-29	Class F Trust Unit	372,045.65	$11.14	$4,145,213.45
2022-04-29	Class F-U Trust Unit (USD)	9,594.10	US $10.05	US $96,462.50
2022-04-29	Class A Trust Unit (Formerly Class J)	42,391.86	$10.98	$465,504.21
2022-04-29	Class A-U Trust Unit (Formerly Class J-U) (USD)	7,013.18	US $10.15	US $71,152.10
2022-04-29	Class W Trust Unit	1,043,365.77	$11.47	$11,970,454.45
2022-04-29	Class W-B Trust Unit	169,675.58	$10.00	$1,696,620.66
2022-04-29	Class W-U Trust Unit (USD)	148,209.71	US $10.55	US $1,563,747.32
2022-05-31	Class D Trust Unit (Formerly Class A)	91,383.36	$10.63	$971,573.30
2022-05-31	Class D-U Trust Unit (Formerly Class A-U) (USD)	313.36	US $9.95	US $3,117.02
2022-05-31	Class F Trust Unit	239,098.59	$11.25	$2,689,073.32
2022-05-31	Class F-U Trust Unit (USD)	9,260.16	US $10.15	US $94,023.16
2022-05-31	Class A Trust Unit (Formerly Class J)	43,469.29	$11.09	$482,082.55
2022-05-31	Class A-U Trust Unit (Formerly Class J-U) (USD)	232.24	US $10.09	US $2,343.76
2022-05-31	Class W Trust Unit	799,201.41	$11.60	$9,273,470.68
2022-05-31	Class W-U Trust Unit (USD)	55,586.15	US $10.66	US $592,286.88
2022-05-31	Class W-B Trust Unit	318,163.15	$10.10	$3,213,303.47
2022-05-31	Class WB-U Trust Unit (USD)	4,950.00	US $10.00	US $49,500.00
2022-06-15	Class W-B Trust Unit	57,227.72	$10.10	$578,000.00
2022-06-15	Class WB-U Trust Unit (USD)	10,000.00	US $10.00	US $100,000.00
2022-06-30	Class D Trust Unit (Formerly Class A)	188,455.21	$10.64	$2,005,257.09
2022-06-30	Class D-U Trust Unit (Formerly Class A-U) (USD)	314.43	US $9.95	US $3,127.67
2022-06-30	Class F Trust Unit	114,910.63	$11.23	$1,290,380.56
2022-06-30	Class F-U Trust Unit (USD)	4,406.59	US $10.04	US $44,264.21
2022-06-30	Class A Trust Unit (Formerly Class J)	35,161.72	$11.08	$389,759.78
2022-06-30	Class A-U Trust Unit (Formerly Class J-U) (USD)	209.06	US $10.05	US $2,099.99
2022-06-30	Class W Trust Unit	931,462.40	$11.61	$10,812,650.22
2022-06-30	Class W-U Trust Unit (USD)	102,783.74	US $10.67	US $1,096,315.74
2022-06-30	Class W-B Trust Unit	33,010.92	$10.09	$333,182.10
2022-07-29	Class D Trust Unit (Formerly Class A)	259,469.96	$10.64	$2,761,559.27
2022-07-29	Class D-U Trust Unit (Formerly Class A-U) (USD)	15,094.33	US $10.15	US $153,143.34
2022-07-29	Class F Trust Unit	273,707.96	$11.25	$3,078,217.61
2022-07-29	Class F-U Trust Unit (USD)	5,161.38	US $10.07	US $51,996.03

Date of Issuance	Type of Security Issued	Number of Securities Issued[(1)]	Price Per Security	Total Funds Received[(1)]
2022-07-29	Class A Trust Unit (Formerly Class J)	110,017.55	$11.10	$1,221,367.03
2022-07-29	Class A-U Trust Unit (Formerly Class J-U) (USD)	5,088.17	US $10.24	US $52,110.64
2022-07-29	Class W Trust Unit	1,772,499.38	$11.62	$20,601,834.16
2022-07-29	Class W-U Trust Unit (USD)	52,811.84	US $10.65	US $562,694.84
2022-07-29	Class W-B Trust Unit	262,190.69	$10.10	$2,647,563.43
2022-07-29	Class WB-U Trust Unit (USD)	6,027.73	US $10.00	US $60,271.78
2022-08-11	Class F Trust Unit	88,809.95	$11.26	$1,000,000.00
2022-08-31	Class D Trust Unit (Formerly Class A)	429,979.75	$10.65	$4,577,357.13
2022-08-31	Class D-U Trust Unit (Formerly Class A-U) (USD)	206,357.10	US $10.15	US $2,094,460.10
2022-08-31	Class F Trust Unit	578,799.01	$11.25	$6,513,457.45
2022-08-31	Class F-U Trust Unit (USD)	4,434.66	US $10.05	US $44,551.16
2022-08-31	Class A Trust Unit (Formerly Class J)	489,496.47	$11.11	$5,437,335.85
2022-08-31	Class A-U Trust Unit (Formerly Class J-U) (USD)	42,174.63	US $10.25	US $432,246.18
2022-08-31	Class W Trust Unit	3,080,209.70	$11.63	$35,823,626.70
2022-08-31	Class W-U Trust Unit (USD)	604,527.43	US $10.68	US $6,455,009.86
2022-08-31	Class W-B Trust Unit	663,471.40	$10.10	$6,700,485.95
2022-08-31	Class WB-U Trust Unit (USD)	52.74	US $9.80	US $516.81
2022-09-08	Class W Trust Unit	28,049.83	$12.15	$340,805.40
2022-09-29	Class D Trust Unit (Formerly Class A)	102,126.05	$10.96	$1,119,743.71
2022-09-29	Class D-U Trust Unit (Formerly Class A-U) (USD)	316.04	US $10.24	US $3,236.59
2022-09-29	Class F Trust Unit	110,670.96	$11.66	$1,290,878.04
2022-09-29	Class F-U Trust Unit (USD)	4,268.90	US $10.44	US $44,554.49
2022-09-29	Class A Trust Unit (Formerly Class J)	146,028.80	$11.50	$1,679,016.18
2022-09-29	Class A-U Trust Unit (Formerly Class J-U) (USD)	231.65	US $10.44	US $2,417.78
2022-09-29	Class W Trust Unit	847,636.19	$12.11	$10,268,087.00
2022-09-29	Class W-U Trust Unit (USD)	30,558.61	US $11.11	US $339,361.98
2022-09-29	Class W-B Trust Unit	121,508.91	$10.49	$1,275,226.63
2022-09-29	Class WB-U Trust Unit (USD)	14,473.92	US $10.40	US $150,518.19
2022-10-03	Class W Trust Unit	57,325.10	$12.15	$696,500.00
2022-10-31	Class D Trust Unit (Formerly Class A)	190,057.03	$10.93	$2,077,028.44
2022-10-31	Class D-U Trust Unit (Formerly Class A-U) (USD)	38,772.40	US $10.45	US $405,068.11
2022-10-31	Class F Trust Unit	89,205.90	$11.65	$1,039,560.84
2022-10-31	Class F-U Trust Unit (USD)	21,193.46	US $10.61	US $224,796.19
2022-10-31[(4)]	Class A Trust Unit (Formerly Class J)	55,011.09	$11.52	$633,893.23
2022-10-31	Class A-U Trust Unit (Formerly Class J-U) (USD)	3,724.77	US $10.64	US $39,615.39
2022-10-31[(4)]	Class W Trust Unit	583,925.19	$12.09	$7,062,379.78
2022-10-31[(4)]	Class W-U Trust Unit (USD)	6,375.88	US $10.92	US $69,632.93
2022-10-31	Class W-B Trust Unit	125,132.53	$10.49	$1,312,973.73
2022-10-31	Class WB-U Trust Unit (USD)	2,700.16	US $10.40	US $28,070.00
2022-11-30	Class D Trust Unit (Formerly Class A)	208,182.77	$10.93	$2,275,275.79
2022-11-30	Class D-U Trust Unit (Formerly Class A-U) (USD)	997.08	US $10.35	US $10,315.14
2022-11-30	Class F Trust Unit	146,664.29	$11.67	$1,711,746.70
2022-11-30	Class F-U Trust Unit (USD)	3,970.16	US $10.44	US $41,442.23
2022-11-30	Class A Trust Unit (Formerly Class J)	595,678.34	$11.55	$6,878,550.76
2022-11-30	Class A-U Trust Unit (Formerly Class J-U) (USD)	3,180.46	US $10.63	US $33,818.16

Date of Issuance	Type of Security Issued	Number of Securities Issued[1]	Price Per Security	Total Funds Received[1]
2022-11-30	Class W Trust Unit	683,089.15	$12.10	$8,267,041.06
2022-11-30	Class W-U Trust Unit (USD)	122,974.16	US $11.14	US $1,369,698.61
2022-11-30	Class W-B Trust Unit	42,195.82	$10.48	$442,071.03
2022-11-30	Class WB-U Trust Unit (USD)	4,932.18	US $10.39	US $51,268.74
2022-12-16	Class D Trust Unit (Formerly Class A)	158,032.76	$10.93	$1,726,565.13
2022-12-16	Class D-U Trust Unit (Formerly Class A-U) (USD)	3,514.36	US $10.41	US $36,590.52
2022-12-16	Class F Trust Unit	74,605.19	$11.64	$868,574.70
2022-12-16	Class F-U Trust Unit (USD)	11,276.71	US $10.57	US $119,235.03
2022-12-16	Class A Trust Unit (Formerly Class J)	26,320.24	$11.49	$302,404.89
2022-12-16	Class A-U Trust Unit (Formerly Class J-U) (USD)	1,676.85	US $10.62	US $17,801.23
2022-12-16	Class W Trust Unit	360,159.76	$12.06	$4,343,614.54
2022-12-16	Class W-U Trust Unit (USD)	15,474.35	US $11.06	US $171,076.27
2022-12-16	Class W-B Trust Unit	36,411.99	$10.47	$381,239.42
2022-12-16	Class WB-U Trust Unit (USD)	4,933.27	US $10.39	US $51,279.91
2022-12-28	Class D Trust Unit (Formerly Class A)	110,099.36	$10.94	$1,204,487.00
2022-12-28	Class D-U Trust Unit (Formerly Class A-U) (USD)	27,272.73	US $10.45	US $285,000.00
2022-12-28	Class F Trust Unit	36,837.61	$11.70	$431,000.00
2022-12-28	Class A Trust Unit (Formerly Class J)	93,854.93	$11.55	$1,084,024.48
2022-12-28	Class W Trust Unit	454,556.38	$12.15	$5,522,860.00
2022-12-28	Class WB-U Trust Unit (USD)	4,807.69	US $10.40	US $50,000.00
2023-01-09	Class F Trust Unit	174,615.38	$11.70	$2,043,000.00
2023-01-09	Class W Trust Unit	29,041.33	$12.15	$352,852.20
2023-01-31	Class D Trust Unit (Formerly Class A)	176,082.68	$10.93	$1,923,950.68
2023-01-31	Class D-U Trust Unit (Formerly Class A-U) (USD)	11,926.74	US $10.44	US $124,494.98
2023-01-31	Class F Trust Unit	95,330.25	$11.65	$1,111,032.73
2023-01-31	Class F-U Trust Unit (USD)	8,791.15	US $10.55	US $92,753.19
2023-01-31	Class A Trust Unit (Formerly Class J)	84,207.96	$11.53	$970,764.91
2023-01-31	Class A-U Trust Unit (Formerly Class J-U) (USD)	282.58	US $10.44	US $2,949.27
2023-01-31	Class W Trust Unit	687,885.35	$12.10	$8,325,016.10
2023-01-31	Class W-U Trust Unit (USD)	49,158.14	US $11.12	US $546,790.99
2023-01-31[5]	Class W-U Trust Unit (USD)	1,345.29	US $11.15	US $15,000.00
2023-01-31[5]	Class A-U Trust Unit (Formerly Class J-U) (USD)	(1,408.45)	US $10.65	US $(15,000.00)
2023-01-31	Class W-B Trust Unit	5,298.21	$10.29	$54,518.62
2023-01-31	Class WB-U Trust Unit (USD)	4,973.81	US $10.39	US $51,693.10
2023-02-06	Class D Trust Unit (Formerly Class A)	29,698.64	$10.94	$324,903.12
2023-02-06	Class F Trust Unit	22,159.91	$11.70	$259,271.00
2023-02-06	Class A Trust Unit (Formerly Class J)	865.80	$11.55	$10,000.00
2023-02-06	Class W Trust Unit	80,687.98	$12.15	$980,358.91
2023-02-06	Class W-B Trust Unit	38,095.24	$10.50	$400,000.00
2023-02-28	Class D Trust Unit (Formerly Class A)	334,863.38	$10.93	$3,660,943.16
2023-02-28	Class D-U Trust Unit (Formerly Class A-U) (USD)	19,923.57	US $10.44	US $208,037.24
2023-02-28[6]	Class F Trust Unit	156,830.80	$11.67	$1,830,573.81
2023-02-28	Class F-U Trust Unit (USD)	4,161.00	US $10.44	US $43,436.18
2023-02-28	Class A Trust Unit (Formerly Class J)	374,888.28	$11.54	$4,328,030.41
2023-02-28	Class A-U Trust Unit (Formerly Class J-U) (USD)	10,291.72	US $10.64	US $109,546.47

Date of Issuance	Type of Security Issued	Number of Securities Issued[(1)]	Price Per Security	Total Funds Received[(1)]
2023-02-28[(6)]	Class W Trust Unit	1,082,403.33	$12.12	$13,118,181.79
2023-02-28	Class W-U Trust Unit (USD)	176,524.10	US $11.14	US $1,966,932.20
2023-02-28	Class W-B Trust Unit	16,782.26	$10.43	$175,098.31
2023-02-28	Class WB-U Trust Unit (USD)	204.47	US $10.20	US $2,084.91

Notes:

(1) The Class D-U, A-U, F-U, W-U and WB-U Trust Units and corresponding values are denominated in USD.

(2) Effective January 1st, 2021, the trust initiated a DRIP discount program. Participants may purchase additional Trust Units at a discount of 2% of the Net Asset Value per Unit of the same class with the cash distributions paid on the Eligible Trust Units which are registered in the name of the Registered Participant or held in a Non-Registered Participant's account maintained pursuant to the DRIP.

(3) Includes 7,174 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 6,862 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for March 31, 2022. The aggregate amount of these redemptions was $78,911.00.

(4) Includes 4,943.9965 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 4,699.8485 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for October 31, 2022. The aggregate amount of these redemptions was $57,103.16. Also includes 15,454.5455 Class W-U Trust Units that were exchanged for 19,400.3292 Class W Trust Units using an exchange rate of 1.37. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for October 31, 2022. The amount of the redemption was $172,318.18 in Class W-U Trust Units with a corresponding subscription of $236,200 in Class W Trust Units.

(5) Includes 1,408.4507 Class A-U Trust Units (formerly Class J-U Trust Units) that were exchanged for 1,345.2915 Class W-U Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for January 31, 2023. The aggregate amount of these redemptions was $15,000.00.

(6) Includes 4,454.7157 Class F Units that were exchanged for 4,289.7262 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for February 28, 2023. The aggregate amount of these redemptions was $52,120.17.

ITEM 5 - SECURITIES OFFERED

The Trust is offering Class D Trust Units, Class D-U Trust Units, Class F Trust Units, Class F-U Trust Units, Class A Trust Units, Class A-U Trust Units, Class W Trust Units, Class W-B Trust Units, Class WB-U Trust Units, and Class W-U Trust Units for issue and sale under the Offering, which are collectively referred to in this Offering Memorandum as the "Trust Units". Subscribers under the Offering will purchase the Trust Units upon the Trust's acceptance of the Subscriber's Subscription Agreement and related documents and payment of the applicable subscription amounts for the Trust Units, as the case may be. See **Item 5.10 – Subscription Procedure**.

The material terms of the Trust Units are summarized below. Other rights, privileges, restrictions, conditions and characteristics attaching to each Offered Unit are contained in the Trust Declaration. See also **Item 2.7.1 – Trust Declaration**.

Effective January 1, 2023, the Trust Declaration was amended to rename certain classes of the Trust Units. Pursuant to this amendment, the Class A and A-U units were renamed as Class D and D-U Trust Units and the Class J and J-U units were renamed as Class A and Class A-U Trust Units. Only the names or designations of these Trust Units changed – all rights and terms of such classes of Trust Units remained unchanged.

Prospective Subscribers are advised that the description of the Trust Units and their rights and restrictions in this Offering Memorandum is a summary only of the material terms of such Trust Units and is subject to the Trust Declaration. Prospective Subscribers are advised to review in detail the Trust Declaration and the rights and restrictions of the Offered Unit set out therein with their own legal, tax and investment advisors.

5.1 Trust Units

The Trust Declaration governs the rights and obligations of the Unitholders and the Trustees. The following is a summary of certain material provisions of the Trust Declaration as they relate to the Trust Units. **This summary does not purport to be complete and reference should be to the Trust Declaration itself, a copy of which is available by emailing the Asset Manager at investor-relations@avenueliving.ca.**

The beneficial interests in the Trust are represented and constituted by Trust Units, which may be issued in more than one class and series, and each series may be subject to different fees and rights. The Trust may create additional classes and series of Trust Units without notice to existing Unitholders. See **Item 2.7.1 – Trust Declaration**.

The Trust may issue fractional Trust Units. Outstanding Trust Units of any class may be subdivided or consolidated in the Trustees' discretion from time to time.

The Asset Manager will determine the number of classes of Trust Units and establish the attributes of each class, including investor eligibility, the designation and currency of each class, the initial closing date and initial offering price for the first issuance of Trust Units of the class, any minimum initial or subsequent investment thresholds, any minimum account balances, valuation frequency, fees and expenses of the class, sales or redemption charges payable in respect of the class, redemption rights, convertibility among classes and any additional class specific attributes. Additional classes may be offered in the future on different minimum subscription levels provided that the Asset Manager shall not create any class or series of Trust Units with any priority ranking, security interest or similar such attributes, without the approval or consent of the Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at a meeting called for such purpose.

Each whole Trust Unit of a particular class entitles the Unitholder to the same rights and obligations as a holder of any other Trust Unit of the same class and no holder of Trust Units of a particular class is entitled to any privilege, priority or preference in relation to any other holder of Trust Units of the same class.

No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust. Unitholders cannot transfer their Trust Units except in very limited circumstances. See **Item 8 – Risk Factors – Trust Units are Not Liquid**.

The Class D-U Trust Units, Class F-U Trust Units, Class A-U Trust Units, Class W-U Trust Units, and Class WB-U Trust Units are denominated in U.S. dollars.

The Class F Trust Units and Class F-U are intended for subscribers holding through fee-based accounts offered by eligible investment dealers (i.e. IIROC dealers). If a Unitholder ceases to be eligible to hold either Class F Trust Units and Class F-U Trust Units, the Asset Manager may, in its sole discretion, require the redemption of the fee-based Trust Units and offer the reinvestment of funds in an appropriate Class of Trust Units. For a description of the commissions payable in connection with the purchase of such Trust Units, see **Item 7.1 – Fees and Commissions**.

5.2 Determination of Trading NAV and Pricing of the Trust Units

The Asset Manager determines the offering price for the Trust Units on a monthly basis in accordance with the Valuation Policy. The Valuation Policy, as described below in Item 5.3, is a metric for determining the Class Trading NAV of each class of Trust Units. The Trading NAV of a particular class of Trust Units applies specific adjustment factors using a consistent methodology to the Class Net Asset Value of that Class as described below. The description of the methodology of investment property valuations and the calculation of the Class Trading NAV reflects the methodology used by the Asset Manager in calculating the Trading NAV in order to establish the offering price and redemption amounts for the Trust Units. Pricing of the Trust Units is set by Asset Manager from time to time and the price per Trust Unit is set forth in the subscription agreement entered into between the Subscriber and the Trust.

5.2.1 Determination of Net Asset Value

The Net Asset Value of the Trust is calculated from the financial statements that are prepared in accordance with IFRS as at the close of business on each Valuation Date by or under the authority of the Trustees. The Trustees have engaged the Asset Manager to calculate the Net Asset Value of the Trust. The Net Asset Value of the Trust shall be calculated within 31 days of each Valuation Date. The Net Asset Value of the Trust calculated in respect of a Valuation Date shall remain in effect until the determination of the next Net Asset Value of the Trust.Net Asset Value shall be calculated by subtracting the Trust's aggregate liabilities (including accrued expenses) from the Trust's aggregate assets.

Class Net Asset Value per Unit on a Valuation Date is obtained by calculating the Net Asset Value of the Trust and then allocating that Net Asset Value to each class of Trust Units and then dividing such amount by the number of outstanding Trust Units of such class. Net Asset Value and Class Net Asset Value per Unit shall be expressed in Canadian dollars.

In calculating the Net Asset Value, the aggregate assets of the Trust are to be determined as follows:

(a) all cash or its equivalent on hand, on deposit or on call, including any interest accrued thereon;

(b) all bills, demand notes and accounts receivable;

(c) all shares, debt obligations, subscription rights and other securities owned or contracted for by the Trust;

(d) all stock and cash dividends and cash distributions to be received by the Trust and not yet received by it but declared to securityholders of record on a date on or before that time;

(e) all interest accrued on any fixed interest-bearing securities owned by the Trust that is included in the quoted price;

(f) all contractual rights to the receipt of money or property; and

(g) all other property of every kind and nature, including prepaid expenses and derivatives,

less the aggregate liabilities of the Trust as follows:

(a) all bills, notes and accounts payable;

(b) all fees and expenses incurred or payable by the Trust (for the purpose of determining Net Asset Values, however, such fees and expenses shall not include Series Expenses, which are deducted only from each respective Series Net Asset Value);

(c) all contractual obligations for the payment of money or property, including the amount of any unpaid distribution declared upon Units and payable to Unitholders of record of the Trust prior to the time as of which the Net Asset Value of the Trust is being determined;

(d) all allowances authorized or approved by the Trustees for taxes (if any) or contingencies; and

(e) all other liabilities of the Trust of whatsoever kind and nature, except liabilities represented by outstanding Units and the balance of any undistributed income or capital gains.

5.2.2 Valuation Policy

The Trustees have adopted a formal Valuation Policy which sets out the process and methodology under which the Asset Manager will determine and approve the Trading NAV for its Trust Units. The Trading NAV is required to be calculated using reasonable methods applied on a consistent basis in accordance with the Valuation Policy

Investment Property Valuation

- The Asset Manager will account for the Partnerships' investment properties using the fair value model in accordance with IAS 40 – Investment Properties. Investment properties are initially recorded at cost, including related transaction costs. Subsequent to initial recognition, investment properties will be measured at fair value, which shall reflect market conditions at the reporting date.

- The Asset Manager shall apply judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third-party inspection reports associated with a purchase) related to property acquisitions not considered business combinations are capitalized in accordance with IAS 40.

- Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

- The fair value of investment properties shall be determined using a detailed valuation framework developed by the Asset Manager's internal and external valuation teams and based on qualified appraisals. Each of these teams includes experts in the industry.

- The valuation teams shall consider the following approaches in determining the fair value: 1. Consideration of recent prices of similar properties within similar market areas; 2. The direct capitalization method, which is based on the conversion of current and future normalized earnings potential directly into an expression of market value.

- The Stabilized Net Operating Income ("**SNOI**") for the year is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimate of fair value.

The Asset Manager shall engage an external team (including valuators, accountants and others) to support the valuation process. Third party support shall include, but is not limited to, the following:

Ongoing:

- Determining the capitalization rates that are to be used in valuing the properties
- Providing charts of comparable sales and supporting relevant market information

Annually (or more frequently):

- Determining the capitalization rates that are to be used in valuing the properties
- Providing charts of comparable sales and supporting relevant market information
- Determining the appropriate industry standard "set off" and normalization assumptions used in the calculation of SNOI
- Reviewing the valuation framework to determine whether any changes or updates are required
- Reviewing for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40
- Supplying a "Fair Value" report for financial statement purposes
- Reviewing the valuation framework to determine reasonability
- Evaluating the work of the valuator including assumptions and comparisons to market
- Reviewing the controls over the underlying data provided to the valuator from the Asset Manager's accounting system

On an ongoing basis, with the support of external information the internal team, comprised of the management and financial employees of the Asset Manager, shall be responsible for:

- Assembling the property specific data used in the valuation model based on the process set forth in the valuation framework
- Reviewing the valuation framework to determine whether any changes or updates are required;
- Inputting the capitalization rates, "set offs" and normalization assumptions provided by the valuators
- Delivering the completed valuation framework to the external team for review at year-end for the audited financial statements

Investment properties shall be derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the income statement in the year of retirement or disposal.

Calculation of the Trust Trading NAV and Selling Prices

The Trading NAV of the Trust Units shall be calculated monthly based on the IFRS statement of financial position carrying values plus certain adjustments ("**Adjustment Factors**"). The Trading NAV shall be calculated by adding IFRS balance sheet assets, subtracting IFRS balance sheet liabilities, adding appropriate non-IFRS Adjustment Factors and dividing by the total number of outstanding Trust Units for each class of Units. The Adjustment Factors that may be applied are:

Portfolio Premium

A portfolio premium may be added to IFRS valuations to account for the difference that buyers may pay for a portfolio of properties over individual component properties considered on their own. This premium is substantiated by third parties.

Factors that should be considered are:

- Cost efficiencies
- Synergies of management
- Reduction of risk due to property type or geographic diversification
- The time, expense and difficulty of assembling a portfolio

Amortization of Expenses

Certain other expenses may have a lasting value and should be amortized over a reasonable period, including but not limited to capital raising and retention costs, marketing costs and other reasonable organizational costs.

Add-back and Amortization of Commissions

Class D and D-U Trust Units have a significant marketing cost and nets only 92% of an investment to the Trust. However, an early redemption penalty for any redemption within three years of investment is deducted, which is intended to compensate the fund for any investment that is provided for only a short term. The Trading NAV is adjusted for the net difference between the sales commission and the early redemption penalty remaining at that point in time on a weighted average basis.

Exclude Unrealized Foreign Currency Gains and Losses

The Asset Manager monitors foreign currency exposure and utilizes various forms of financial instruments and derivative products to manage unfavorable fluctuations. To the extent that they are not offset by derivatives or financial instruments, foreign currency gains and losses may be excluded in the calculation of Trading NAV, so long as the value at risk to the Trading NAV is deemed immaterial (i.e. less than 1%).

Approval Process

Under the Valuation Policy the Asset Manager is responsible for calculating the Trading NAV for each class of Trust Units of the Trust on a monthly basis. The Asset Manager presents the proposed calculation to the Investment Fund Manager for its review and oversight. Once approved by the Asset Manager, the Trading NAV is used as the subscription and redemption price for the respective classes of Trust Units for the following month.

5.3 Net Asset Value and Fees

The Trust has multiple classes and series of Trust Units that have different fees associated with them. Each class of Trust Units is responsible for the fees attributable to that class. All Trust Units of a particular class are entitled to participate pro-rata with other Trust Units of the same class with respect to: (a) payments or distributions made by the Trust to the Unitholders of that class; and (b) upon liquidation of the Trust, in any distributions to Unitholders of that class of net assets of the Trust remaining after satisfaction of outstanding liabilities.

Each class of Trust Units will be subject to different fees charged at the Trust level and, as a result, the Class Net Asset Value and Class Net Asset Value per Unit of each class of Trust Units will differ over time. Subscribers that hold Canadian LP Units or U.S. LP Units, will be assessed fees at the relevant partnership level. See **Item 7.1 – Commissions and Fees** for a description of the commissions associated with the Class D Trust Units, Class D-U Trust Units, Class F Trust Units, Class F-U Trust Units, Class A Trust Units, Class A-U Trust Units, Class W Trust Units, Class W-B Trust Units, WB-U Trust Units and Class W-U Trust Units.

5.4 Distributions by the Trust

For information regarding distributions of cash by the Trust to Unitholders, see **Item 5.9 – Cash Distributions**.

5.5 Redemption of Trust Units

Redemption rights under the Trust Declaration are restricted and provide limited opportunity for Subscribers to liquidate their investment in Trust Units.

Each Unitholder may require the Trust to redeem the Unitholder's Trust Units. Redemptions are currently completed on a monthly basis and Unitholders are entitled to redeem their Units as at the last day of each month or on such other date as the Trustees may in their discretion determine from time to time (each, a "**Redemption Date**").

Redemption requests must be given in writing to the Trustees, in the form approved by the Trustees, at least forty-five (45) days **prior** to the relevant Redemption Date (the "**Notice Period**").

Upon redemption of a Trust Unit, the Unitholder will receive proceeds of redemption equal to the Redemption Price. Payment of the Redemption Price will be delivered to the redeeming Unitholder not later than 60 days following the Redemption Date specified for such redemption, in accordance with the terms and conditions of the Trust Declaration. Upon payment to the redeeming Unitholder of the Redemption Price of the Trust Units redeemed, the Trust and Trustees shall be discharged from all liability to the Unitholder in respect of the Trust Units redeemed.

Early Redemption Penalties for Class D Trust Units

If the subscriber redeems Class D Trust Units or Class D-U Trust Units prior to the following anniversaries of the issuance date of the Class D Trust Unit or Class D-U Trust Unit, then the following early redemption penalties would apply to all such units redeemed:

- 1st year = 8.0%
- 2nd year = 5.0%
- 3rd year = 3.0%
- Afterwards = 0.0%

The Asset Manager has the absolute discretion to waive any conditions in respect of one or more redemption requests from time to time.

There are no early redemption penalties applicable to Class F, F-U, A, A-U, W, W-B, WB-U and W-U Trust Units.

Cash Limit on Redemptions

In accordance with the terms of the Trust Declaration, the entitlement of a Unitholder to receive cash upon the redemption of such holder's Trust Units is subject to limitations, including where:

(a) the total amount payable by the Trust for Trust Units tendered for redemption in the same calendar month exceeds $50,000 (the "**Redemption Limit**"); provided that the Trustees may, in their absolute discretion, waive such limitation in respect of all Trust Units tendered for redemption in any period; or

(b) the redemption of the Trust Units validly tendered for redemption would result in a return of capital or a distribution otherwise out of the Trust assets to the Unitholder, unless all liabilities of the Trust have been paid or sufficient Trust assets remain to pay them; or

(c) in the Asset Manager's opinion (in its absolute discretion), the Trust has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of or adversely affect the remaining Unitholders or the Trust generally.

Trust Units tendered for redemption during any calendar month in which the total amount payable by the Trust exceeds the Redemption Limit may be redeemed, in the discretion of the Asset Manager, subject to any waiver of the Redemption Limit, for cash and Redemption Notes on a pro rata basis (see disclosure below regarding Redemption Notes).

The Asset Manager will suspend the calculation of the Net Asset Value per Trust Unit, and the right to surrender Trust Units for redemption, when required to do so under any applicable securities legislation or under any exemptive relief granted by the local securities authorities from such securities legislation. The Asset Manager may also suspend the calculation of the Net Asset Value per Trust Unit, and the right to surrender Trust Units for redemption, at such times as would be permitted if the Fund were subject to National Instrument 81-102 *Investment Funds* (as it may be amended or replaced from time to time).

The Asset Manager will advise the Unitholders who have requested a redemption if redemptions will be suspended on a requested Redemption Date. Redemption requests which are rejected as at a Redemption Date will be accepted on the next Redemption Date on which redemption requests are honoured in priority to redemption requests made after the deadline for redemption requests in respect of such earlier Redemption Date. Partial redemptions on a Redemption Date will be made on a pro rata basis. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

The Trust has the right to require a Unitholder to redeem some or all of the Trust Units owned by that Unitholder on a Redemption Date at the Net Asset Value per Trust Unit thereof, by notice in writing to the Unitholder given at least 10 days before the designated Redemption Date, which right may be exercised by the Trust in its absolute discretion.

Trust Units held by a Unitholder may be redeemed by or under the authority of the Asset Manager to satisfy the payment of fees or charges to which such Unitholder has agreed to be subject, such agreement by the Unitholder to be conclusively evidenced by the purchase of any Trust Unit that gives rise to such fee or charge being levied, provided the nature and amount of such fee or charge was disclosed in the Offering Document of the Trust or in an agreement between the Unitholder and the Trustees (or an associate or affiliate) at the time of such purchase.

The Trust may from time to time purchase for cancellation some or all of the Trust Units (or other securities of the Trust which may be issued and outstanding from time to time) by private agreement or pursuant to tenders received by the Trust upon request for tenders addressed to all holders of record of Trust Units, provided in each case that the Trustees have determined that such purchases are in the best interests of the Trust and are completed in accordance with applicable law (including applicable securities laws).

The Redemption Price for Trust Units may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the Trust. Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust. Any Redemption Notes issued by the Trust will be an unsecured subordinated promissory note of the Trust having a maturity date of 10 years or less and an interest rate equal to the Canada Bond Rate. The terms of the Redemption Note would provide that the Trust has the ability at any time to prepay all or any part of the outstanding principal without notice or bonus. The Trust will create a reserve fund for interest payable with respect to Redemption Notes issued by the Trust. Notwithstanding the aforesaid, circumstances may arise resulting in the Trust not having funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued. Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Trust Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists. To date the Trust has not issued any Redemption Notes and all redemption requests have been satisfied in cash.

Subscribers should note that Redemption Notes will not be a qualified investment for tax-exempt subscribers. **See Item 6.2.4 – "Taxation of Unitholders" and Item 8 – "Risk Factors – Redemption Right" and "Risk Factors – Eligibility for Investment by Exempt Plans"**.

To date, all redemption requests submitted to the Trust have been fully paid. The following is a summary of redemption requests received and paid by the Trust as of January 31, 2023:

2018	**Redemptions Requested**	**Redemptions Paid**
January	Nil	Nil
February	Nil	Nil
March	Nil	Nil
April	Nil	Nil
May	Nil	Nil
June	Nil	Nil
July	Nil	Nil
August	Nil	Nil
September	$14,098.00	$14,098.00
October	Nil	Nil
November	$25,911.00	$25,911.00
December	Nil	Nil
Total	**$40,009.00**	**$40,009.00**

2019	**Redemptions Requested**	**Redemptions Paid**
January	$21,780.00	$21,780.00
February	Nil	Nil
March	$10,000.00	$10,000.00
April	$113,361.86	$113,361.86
May	$3,980.00	$3,980.00
June	Nil	Nil
July	$56,286.04	$56,286.04
August	$84,327.50	$84,327.50
September	$83,634.43	$83,634.43
October	$3,654,891.06 (1)	$3,654,891.06(1)
November	$5,407,900.23	$5,407,900.23
December	$1,138,207.52	$1,138,207.52
Total	**$10,574,368.64**	**$10,574,368.64**

2020	Redemptions Requested	Redemptions Paid
January	$3,414,064.86[2]	$3,414,064.86[2]
February	$4,304,362.16[3]	$4,304,362.16[3]
March	$13,426,196.51[4]	$13,426,196.51[4]
April	$916,709.85	$916,709.85
May	$4,418,468.96[5]	$4,418,468.96[5]
June	$4,113,201.81	$4,113,201.81
July	$2,647,107.51	$2,647,107.51
August	$2,774,758.93[6]	$2,774,758.93[6]
September	$2,066,092.52	$2,066,092.52
October	$2,674,143.65	$2,674,143.65
November	$2,296,292.83	$2,296,292.82
December	$446,569.40	$446,596.40
Total	**$43,497,968.99**	**$43,497,968.99**

2021	Redemptions Requested	Redemptions Paid
January	$3,629,582.59	$3,629,582.59
February	$7,195,544.51	$7,195,544.51
March	$3,530,656.73	$3,530,656.73
April	$4,001,997.39[7]	$4,001,997.39[7]
May	$738,666.02[8]	$738,666.02[8]
June	$491,815.66[9]	$491,815.66[9]
July	$656,950.07[10]	$656,950.07[10]
August	$3,661,494.14[11]	$3,661,494.14[11]
September	$2,912,206.25[12]	$2,912,206.25[12]
October	$740,280.92[13]	$740,280.92[13]
November	$686,695.21	$686,695.21
December	$1,289,334.85	$1,289,334.85
Total	**$29,535,224.34**	**$29,535,224.34**

2022	Redemptions Requested	Redemptions Paid
January	$5,955,271.46[14]	$5,955,271.46[14]
February	$ 297,646.73[15]	$ 297,646.73[15]
March	$4,160,172.55 [16]	$4,160,172.55[16]
April	$713,480.02	$713,480.02
May	$649,449.28	$649,449.28
June	$443,317.00	$443,317.00
July	$1,153,402.30	$1,153,402.30
August	$17,346,098.45	$17,346,098.45
September	$1,792,249.59	$1,792,249.59
October	$2,844,560.33 [17]	$2,844,560.33 [17]
November	$1,423,395.57	$1,423,395.57
December	$2,567,124.96	$2,567,124.96
Total	**$39,346,168.24**	**$39,346,168.24**

2023	Redemptions Requested	Redemptions Paid
January	$4,678,544.33[18]	$4,678,544.33[18]
Total	$4,678,544.33	$4,678,544.33

Notes:

(1) Includes 344,256 Class W Trust Units that were re-issued to an affiliated entity of the subscriber. The transaction was processed as a redemption and corresponding new subscription by the affiliated entity and, as such, is reflected in the redemption totals for October, 2019. The aggregate amount of this redemption was $3,597,465.

(2) Includes 11,352 Class F Trust Units and 296,395 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 289,211 Class W Units. The exchanges were processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for January, 2020. The aggregate amount of these new redemptions was $3,094,558.

(3) Includes 99,484 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 96,229 Class W Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for February, 2020. The aggregate amount of this redemption was $1,029,654.

(4) Includes 1,239,801 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 1,199,247 Class W Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for March, 2020. The aggregate amount of the proceeds of this redemption was $12,831,941.

(5) Includes 5,108 Class A Trust Units (formerly Class J Trust Units) and 187,606 Class F Trust Units that were exchanged for 183,781 Class W Trust Units. The exchanges were processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for May, 2020. The aggregate amount of these redemptions was $1,966,456.

(6) Includes 35,274 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 33,625 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for August, 2020. The aggregate amount of these redemptions was $359,792.

(7) Includes 7,532.06 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 7,193.15 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for April 2021. The aggregate amount of these redemptions was $78,333.46.

(8) Includes 6,470 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 6,179 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for May, 2021. The aggregate amount of this redemption was $67,292. And includes 19,865 Class W Trust Units that were exchanged for 20,801 Class A Trust Units (formerly Class J Trust Units). The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption totals for May, 2021. The aggregate amount of this redemption was $216,328. Also includes 2,865 Class W Trust Units that were re-issued to an affiliated entity of the subscriber. The transaction was processed as a redemption and corresponding new subscription by the affiliated entity and, as such, is reflected in the redemption totals for May, 2021. The aggregate amount of this redemption was $31,203.

(9) Includes 5,251 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 5,201 Class F Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for June, 2021. The aggregate amount of these redemptions was $54,612.

(10) Includes 9,226 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 8,811 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for July, 2021. The aggregate amount of these redemptions was $95,950.

(11) Includes 27,183 Class F Trust Units that were exchanged for 26,278 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for August, 2021. The aggregate amount of these redemptions was $292,216.

(12) Includes 12,381 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 11,858 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for September, 2021. The aggregate amount of these redemptions was $131,861.

(13) Includes 1,560 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 1,494 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for October 28, 2021. The aggregate amount of these redemptions was $16,614.

(14) Includes 2,637 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 2,525 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for January 31, 2022. The aggregate amount of these redemptions was $28,639.

(15) Includes 1,514 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 1,448 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for February 28, 2022. The aggregate amount of these redemptions was $16,654.72.

(16) Includes 7,174.00 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 6,862.00 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for March 31, 2022. The aggregate amount of these redemptions was $78,911.00.

(17) Includes 4,943.9965 Class A Trust Units (formerly Class J Trust Units) that were exchanged for 4,699.8485 Class W Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for October 31, 2022. The aggregate amount of these redemptions was $57,103.16. And includes 15,454.5455 Class W-U Trust Units that were exchanged for 19,440.3292 Class W Trust Units using a rate of 1.37. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for October 31, 2022. The amount of the redemption was $172,318.18 in Class W-U Trust Units with a corresponding subscription of $236,200 in Class W Trust Units.

(18) Includes 1,408.4507 Class A-U Trust Units (formerly Class J-U Units) that were exchanged for 1,345.2915 Class W-U Trust Units. The exchange was processed as a redemption and corresponding new subscription and, as such, is reflected in the redemption total for January 31, 2023. The aggregate amount of these redemptions was $15,000.00.

5.6 Withholding Taxes

The Trust Declaration provides that the Trustees may deduct or withhold from distributions payable to any Unitholder (including distributions *in specie* or proceeds distributed from the redemption of Trust Units) all amounts required by law to be withheld from such distribution. Unitholders who are required by applicable law to pay withholding taxes are required to pay all withholding taxes payable in respect of any distributions (including distributions *in specie* or proceeds distributed from the redemption of Trust Units) by the Trust, whether such distributions are in the form of cash or additional Trust Units. To the extent that amounts are deducted or withheld, such amounts are treated for all purposes of the Trust Declaration as having been paid to the Unitholders. If a Unitholder, who is required by applicable law to pay withholding taxes, fails to pay all withholding taxes payable in respect of any distribution in the form of additional Trust Units, the Trustees may, on behalf of the Trust, sell Trust Units of such Unitholder to pay such withholding taxes and pursuant to the Trust Declaration, the Trustees have the power of attorney of such Unitholder to do so. Upon such sale, the affected Unitholder ceases to be the holder of such Trust Units.

5.7 Transfers of Trust Units

Unitholders cannot transfer their Trust Units except in very limited circumstances. See **Item 2.7.1 – Trust Declaration – Transfer of Trust Units**, **Item 8 – Risk Factors** and **Item 10 – Resale Restrictions**.

5.8 Rights of Unitholders

Unitholders are NOT shareholders and do not enjoy the rights and privileges generally offered to shareholders of a corporation incorporated under the ABCA or a similar statute such as the *Canada Business Corporations Act* or the *Business Corporations Act* (Ontario). Although the Trust Declaration confers upon Unitholders some of the same protections, rights and remedies that a Subscriber would have as a shareholder of a corporation governed by the ABCA or a similar corporate statute, significant differences do exist.

The Trust Units will not generally vote, except in cases where a fundamental change to the Trust (such as an amendment to the Trust Declaration) is required. Where the general nature of the business to be transacted at a Unitholder meeting concerns an issue relevant to all Unitholders of the Trust, all classes will be voted together. Where an issue may affect the Unitholders of a particular class in a manner that is materially different from another class, only Unitholders of those classes to which such business is relevant will be entitled to vote and such Trust Units will be voted separately as a class.

Many of the provisions of the ABCA respecting the governance and management of a corporation have been incorporated in the Trust Declaration. For example, the management of the business and affairs of the Trust resides with the Trustees, which have generally similar duties under the Trust Declaration to that of directors of an ABCA corporation. In addition, Unitholders are entitled to exercise voting rights in certain circumstances in respect of their Trust Units in a manner comparable to non-voting shareholders of an ABCA corporation.

However, unlike an ABCA corporation, the Trustees will not be elected by Unitholders but rather will be appointed and replaced by the Asset Manager. However, the Unitholders may remove and replace all or any of the Trustees by Special Resolution. If the Unitholders so remove and replace a Trustee by Special Resolution, then the Asset Manager shall immediately cease to have the power to appoint, remove or replace any of the Trustees for any reason. Further, unlike an ABCA corporation, Unitholders do not have the right to appoint the Trust's auditor; rather such right is held by the Trustees.

The Trust Declaration also includes provisions modeled after comparable provisions of the ABCA dealing with the calling and holding of meetings of Unitholders and the right of Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Unitholder approval is required under the Trust Declaration are generally less extensive than the rights conferred on the shareholders of an ABCA corporation. Certain of those Unitholder approval rights may be supplemented by provisions of applicable securities laws.

Other than as described in the Trust Declaration, Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares. However, Unitholders have a right to dissent in respect of an arrangement (described below).

Unless dissent rights that are comparable or analogous to dissent rights under the applicable corporate legislation are provided to Unitholders in connection with an arrangement, a Unitholder may dissent if a Special Resolution is passed or adopted to approve an arrangement pursuant to which: (a) the Trust Declaration is amended to add, change or remove any provisions

restricting or constraining the issue or transfer of Trust Units; (b) the Trust Declaration is amended to add, change or remove any restrictions on the business or businesses that the Trust may carry on; (c) the Trust Declaration is amended to add an express statement establishing the unlimited liability of Unitholders or to add or change any provision whereby the limited liability of Unitholders under applicable legislation is compromised or diminished to a material extent; (d) the Trust Units of each Unitholder are to be exchanged for securities issued by another person; or (e) the Trust sells, leases or exchanges all or substantially all its property.

Unitholders do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an ABCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders could rely only on the general provisions of the Trust Declaration, which permit the termination of the Trust with the approval by Special Resolution. Shareholders of an ABCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Declaration does not include a comparable right of Unitholders to commence or participate in legal proceedings with respect to the Trust.

For further information on terms contained in the Trust Declaration which affect the rights of Unitholders, including provisions regarding activities of the Trust, the Trustees and amendments to the Trust Declaration, see **Item 2.7.1 –Trust Declaration**. For information with respect to the terms of the Trust Declaration regarding the transfer of Trust Units, see **Item 2.7.1 – Trust Declaration – Transfer of Trust Units**. For information regarding distributions by the Trust to Unitholders, see **Item 5.9 – Cash Distributions**.

5.9 Cash Distributions

5.9.1 Distributions to Unitholders

The Trust intends to make cash distributions on a monthly basis to Unitholders of record on the last day of each month. The cash distributions may be a return of capital, a distribution of income or a combination thereof.

All Trust Units of a particular class are entitled to participate *pro-rata* with other Trust Units of the same Class with respect to payments or distributions made by the Trust to the Unitholders of that class. Each Class will be subject to different fees charged at the Trust level and, as a result, the distributions to each class will differ over time.

The Trust intends to target monthly distributions equal to: (i) $0.60 per Trust Unit per annum for Class D Trust Units and Class A Trust Units; (ii) $0.70 per Trust Unit per annum for Class F Trust Units and Class W Trust Units; (iii) US$0.654 per Trust Unit per annum for Class W-U Trust Units; (iv) US$0.60 per Trust Unit per annum for Class D-U Trust Units; (v) US$0.638 per Trust Unit per annum for Class F-U Trust Units; (vi) US$0.552 per Trust Unit per annum for Class A-U Trust Units; $0.62 per Trust Unit per annum for Class W-B Trust Units; and US$0.62 per Trust Unit per annum for Class WB-U Trust Units. When a distribution of cash is declared by the Trust, such distribution will be made on a day within 30 days of the date of distribution. The Trust intends to target ten-year net investor return of 8% to 12%. As of January 31, 2023, the Trust has made distributions since inception to Unitholders totalling approximately $126,977,092 (inclusive of cash and DRIP amounts). See **Item 5.9.4 – Distribution Reinvestment Plan**. Distributions depend on the operations of the Properties held and acquired by the Partnerships and will be subject to various factors including those referenced in **Item 8 – Risk Factors**.

The Trustees have the discretion to suspend distributions at any time and there is no assurance that a distribution will be paid each month. The Trust may also distribute distributable cash for any distribution period, as the Trustees determine, in their discretion, from time to time. Distributions are not guaranteed or assured. The ability of the Trust to distribute cash and the actual amount distributed depends on the operations of the Partnerships' Properties and will be subject to various risk factors.

In respect of each fiscal year of the Trust, the Trust will allocate to the Unitholders not less than such amount of income (in respect of the taxable income and net realized capital gains, if any, of the Trust for such year) as is necessary to ensure that the Trust will not be liable for ordinary income taxes under the Tax Act in such year. In this regard, the Trust intends to distribute cash to Unitholders that, to the extent possible, matches the income allocated to Unitholders. However, if the Trust does not have sufficient cash to distribute in respect of such income, then Unitholders would receive an income allocation through a distribution of Trust Units to the extent necessary to ensure that the Trust does not have an income tax liability under Part I of the Tax Act, which would result in Unitholders receiving an income allocation without a corresponding cash distribution. Unless the Trustees determine otherwise, immediately after any *pro-rata* distribution of these additional Trust Units, the number of outstanding Trust Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Trust

Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder's share of the distribution.

To the extent distributions are calculated in respect of a distribution period and payable at the end of such distribution period, if for any reason, including the termination of the Trust, such distribution period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened distribution period and be payable at the end of such shortened distribution period. In addition, in the event that a Unitholder has held its Trust Unit for less than the entire distribution period for which a distribution is payable, the Unitholder is only entitled to a proportionate share of the distributions based on the proportion that the number of days between the date of first issue of its Trust Unit and the last day of the distribution period bears to the aggregate total number of days in such distribution period.

The Trustees have the right but not the obligation to distribute and allocate distributable cash, income, capital gains and any other applicable amounts among Unitholders in such a manner so as to ensure where possible that they are treated equitably taking into account differences that may arise as a result of the acquisition of Trust Units at different times in a fiscal year or in different fiscal calendar years.

The Trust has established the DRIP, which is a distribution reinvestment plan for the purposes of offering Eligible Holders a convenient method to reinvest distributions on Trust Units declared and payable to them. See **Item 5.9.4 – Distribution Reinvestment Plan**.

The return on an investment in the Trust Units is not comparable to the return on an investment in fixed income securities. Cash distributions to Unitholders are not guaranteed and are not fixed obligations of the Trust. Any receipt of cash distributions by a Unitholder is at any time subject to the terms of the Trust Declaration. Any anticipated return on investment is based upon many performance assumptions. Although the Trust intends to distribute distributable cash to Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Trust to make cash distributions and the actual amount distributed depends on the operations of the portfolio of properties held and acquired by the Partnerships and will be subject to various factors including those referenced in **Item 8 – Risk Factors**. The value of the Trust Units may decline if the Trust is unable to meet its cash distribution targets in the future and that decline may be significant.

5.9.2 Funds Flow from the Properties to the Trust

The Trust is a limited partner of the Canadian Partnership. This structure allows the Trust, through the Canadian Partnership, to be allocated net income (loss) derived from the investment in the portfolio of Properties owned by the Canadian Partnership. The amount of distributable cash distributed by the Trust will equal the amount earned or receivable by the Trust in the distribution period and received on or before the payment date in respect of the distribution period less amounts the Trust estimates will be required for expenses and other obligations of the Trust, cash redemptions (if any) or repurchases of Trust Units, any tax liability and any reserves established by the Trustees and any other amounts determined by the Trustees in their sole discretion.

The Canadian Partnership may, from time to time, make monthly distributions to its partners (being the Trust, the General Partners and the other Limited Partners). See **Item 8 – Risk Factors**

<u>Distributions from the Partnership to the Trust, the General Partner(s) and other Limited Partners</u>

In general, it is anticipated that once cash flows are sufficiently stabilized from its investment in the portfolio of Properties and sufficient cash flows are available to the Partnership, the Partnership will distribute the Partnership's distributable cash, as determined by the General Partners, to its partners, in accordance with the Partnership Agreement, no later than 30 days following the end of the distribution period, to the extent available, less any tax required to be withheld, as at the applicable distribution date in the following manner and priority:

(a) firstly, to the General Partners, the Asset Manager and the Property Manager (as applicable), an amount equal to any unpaid fees, costs and expenses incurred in managing the Partnership;

(b) secondly, to the Trust in an amount equal to any unpaid fees, costs and expenses incurred in managing the Trust, which have been assumed by the Partnership under a cost-sharing agreement;

(c) thirdly, to the partners of the Partnership as determined by the Avenue GP in its discretion after considering the proportionate interests of the partners with respect to the income allocations set out in the Partnership Agreement provided that the Avenue GP has the discretion to allocate cash differently among Partnership

Units on the basis that units that do not receive cash would receive a growth in their proportionate interest in the Partnership.

It is anticipated that the Trust will in turn, distribute the distributable cash received from the Partnership to the Unitholders, although there is no assurance that any such distributions will occur. In addition, on an annual basis, the Partnership will allocate net income (net loss) and taxable income (tax loss) for Canadian tax purposes to its partners. See **Item 2.7.2 – Partnership Agreement – Allocation of Net Income (Net Loss) and Taxable Income (Tax Loss)**.

5.9.3 Prior Distributions to Unitholders

Presented below is a summary of distributions per Trust Unit made to the holders of Trust Units to date. Since inception, the Trust has paid $126,977,092 in distributions to the holders of Trust Units (including Class D, D-U, F, F-U, A, A-U, W, W-U, W-B and WB-U Trust Units) in both cash and DRIP units (as of January 31, 2023). The information in this Item is provided for general information purposes and there can be no assurance that future distributions to holders of the Trust Units will be the same or similar to past distributions.

Distributions Per Class D Trust Unit (formerly Class A)

	2018	2019	2020	2021	2022	2023
January	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500
February	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
March	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
April	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
May	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
June	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
July	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
August	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
September	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
October	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
November	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
December	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	

Distributions Per Class D-U Trust Unit (formerly Class A-U)

	2021	2022	2023
January	-	$0.0500	$0.0500
February	-	$0.0500	
March	-	$0.0500	
April	-	$0.0500	
May	-	$0.0500	
June	-	$0.0500	
July	$0.0500[(2)]	$0.0500	
August	$0.0500	$0.0500	
September	$0.0500	$0.0500	
October	$0.0500	$0.0500	
November	$0.0500	$0.0500	
December	$0.0500	$0.0500	

Distributions Per Class F Trust Unit

	2018	2019	2020	2021	2022	2023
January	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833
February	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
March	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
April	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
May	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
June	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
July	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
August	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
September	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
October	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
November	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
December	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	

Distributions Per Class F-U Trust Unit

	2021	2022	2023
January	-	$0.05317[(2)]	$0.05317
February	-	$0.05317	
March	-	$0.05317	
April	-	$0.05317	
May	-	$0.05317	
June	-	$0.05317	
July	-	$0.05317	
August	-	$0.05317	
September	-	$0.05317	
October	-	$0.05317	
November	-	$0.05317	
December		$0.05317	

Distributions Per Class A Trust Unit (Formerly Class J)

	2018	2019	2020	2021	2022	2023
January	-	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500
February	-	$0.0500	$0.0500	$0.0500	$0.0500	
March	-	$0.0500	$0.0500	$0.0500	$0.0500	
April	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
May	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
June	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
July	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
August	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
September	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
October	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
November	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	
December	$0.0500	$0.0500	$0.0500	$0.0500	$0.0500	

Distributions Per Class A-U Trust Unit (Formerly Class J-U)

	2021	2022	2023
January	-	$0.0460[(2)]	$0.0460
February	-	$0.0460	
March	-	$0.0460	
April	-	$0.0460	
May	-	$0.0460	
June	-	$0.0460	
July	-	$0.0460	
August	-	$0.0460	
September	-	$0.0460	
October	-	$0.0460	
November	-	$0.0460	
December		$0.0460	

Distributions Per Class W Trust Unit

	2018	2019	2020	2021	2022	2023
January	-	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833
February	-	$0.05833	$0.05833	$0.05833	$0.05833	
March	-	$0.05833	$0.05833	$0.05833	$0.05833	
April	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
May	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
June	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
July	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
August	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
September	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
October	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
November	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	
December	$0.05833	$0.05833	$0.05833	$0.05833	$0.05833	

Distributions Per Class W-U Trust Unit

	2021	2022	2023
January			
February	$0.0545[(2)]	$0.0545	$0.0545
March	$0.0545	$0.0545	
April	$0.0545	$0.0545	
May	$0.0545	$0.0545	
June	$0.0545	$0.0545	
July	$0.0545	$0.0545	
August	$0.0545	$0.0545	
September	$0.0545	$0.0545	
October	$0.0545	$0.0545	
November	$0.0545	$0.0545	
December	$0.0545	$0.0545	

Distributions Per Class W-B Trust Unit

	2022	2023
January	-	$0.05167
February	-	
March	$0.05167	
April	$0.05167	
May	$0.05167	
June	$0.05167	
July	$0.05167	
August	$0.05167	
September	$0.05167	
October	$0.05167	
November	$0.05167	
December	$0.05167	

Distributions Per Class WB-U Trust Unit

	2022	2023
January	-	$0.05167
February	-	
March	-	
April	-	
May	$0.05167[(2)]	
June	$0.05167	
July	$0.05167	
August	$0.05167	
September	$0.05167	
October	$0.05167	
November	$0.05167	
December	$0.05167	

Note:

(1) The distributions reflected in the tables above reflect the payment date, not the distribution record date.

(2) The Class D-U, F-U, A-U, W-U and WB-U Trust Unit distribution rate is denominated in USD.

5.9.4 Distribution Reinvestment Plan

The Trust has established the DRIP, which is a distribution reinvestment plan with an effective date of October 27, 2017, for the purposes of offering Eligible Holders a convenient method to reinvest distributions on Trust Units declared and payable to them.

Features

Under the DRIP, a Participant may purchase additional Trust Units at a discount of 2% of the Trading NAV per Unit of the same class with the cash distributions paid on the Eligible Trust Units which are registered in the name of the Registered Participant or held in a Non-Registered Participant's account maintained pursuant to the DRIP. The price at which Trust Units will be issued

from treasury under the DRIP will be calculated by reference to the DRIP Unit Price. No commissions, service charges or brokerage fees are payable by Participants in connection with the DRIP.

The Asset Manager shall determine the number of Trust Units available to be issued under the DRIP at any time.

Participation and Enrolment in the DRIP

Provisions of the DRIP apply to all Participants, but are subject to the administrative practices and requirements of intermediaries through whom Trust Units are held by Non-Registered Unitholders. Those administrative practices and requirements may vary, and Non-Registered Unitholders should contact their intermediary to determine the requirements of such intermediary regarding participation in the DRIP.

In order to be eligible to participate in the DRIP, a holder must be an Eligible Holder. An Eligible Holder who is a registered holder of Trust Units of record may enrol in the DRIP at any time by duly completing and returning a DRIP Enrolment Form to the Asset Manager by Close of Business on the fifth Business Day prior to a distribution record date for it to be effective on such distribution payment date. Any DRIP Enrolment Form received after such time will be applied to the next applicable distribution record date.

Eligible Holders who are Non-Registered Unitholders may request Enrolment in the DRIP through such broker or investment dealer. Once a Participant has enrolled in the DRIP, participation continues automatically unless terminated in accordance with the terms of the DRIP.

Once a Participant is enrolled, on each distribution payment date, the Asset Manager, on behalf of the Trust, shall promptly pay to the account of the Participants, all cash distributions paid on their Trust Units, which shall be immediately applied to purchase additional Trust Units from treasury (with no action upon the part of the Unitholder) at the then applicable DRIP Unit Price as determined by the Asset Manager. The Trust shall retain such portion of the cash concurrently with the issuance of additional Trust Units from treasury to the Participants.

A DRIP Enrolment Form may be obtained from the Asset Manager any time upon written request addressed to the Asset Manager.

No interest will be paid to Participants on any funds held for investment under the DRIP.

Transfer of Participation Rights

The right to participate in the DRIP may not be transferred by a Participant.

Termination of Participation

Participation in the DRIP may be terminated by a Registered Participant by providing notice to the Asset Manager. Non-Registered Participants can terminate their participation in the DRIP by notifying the broker or other investment dealer with whom they hold their Trust Units. In either case, notice must be received at least thirty (30) days in advance of the next distribution payment date. If the notice of termination is received after such date, then termination of the Participant's participation in the DRIP will be effective in respect of the distribution payment date of the following calendar month. The Asset Manager may, at its discretion, waive the notice period requirement.

After termination of participation in the DRIP, all subsequent distributions will be paid to the former Participant in cash rather than Trust Units.

Termination by a Participant will not prevent such Unitholder from participating in the DRIP again at a later date.

Amendment, Suspension or Termination of the DRIP

The Asset Manager reserves the right to amend, suspend or terminate the DRIP at any time, but such action shall have no retroactive effect that would prejudice the interest of the Participants. Participants will be sent written notice of any such amendment, suspension or termination.

In the event of suspension or termination of the DRIP by the Asset Manager, no investment in additional Trust Units on behalf of Participants will be made on the distribution payment date immediately following the effective date of such suspension or termination.

Any Trust Unit distribution subject to the DRIP and paid after the effective date of any such suspension or termination will be remitted by the Asset Manager to the Participants in cash only, in the usual manner.

Rules and Regulations

The Asset Manager may from time to time adopt rules and regulations to facilitate the administration of the DRIP. The Asset Manager also reserves the right to regulate and interpret the DRIP as it deems necessary or desirable to ensure the efficient and equitable operation of the DRIP.

Proration in Certain Events

The Asset Manager reserves the right to determine, promptly following each distribution record date, the amount of new equity, if any, to be made available under the DRIP on the distribution payment date to which such record date relates. No assurances can be made that new Trust Units will be made available under the DRIP on a regular basis, or at all.

If on any distribution payment date the Asset Manager determines not to issue any equity through the DRIP, or the availability of new Trust Units is prorated in accordance with the terms of the DRIP, or for any other reason a Distribution cannot be reinvested under the DRIP, in whole or in part, then Participants will be entitled to receive from the Trust the full amount of the regular Distribution for each Trust Unit in respect of which the Distribution is payable but cannot be reinvested under the DRIP in accordance with the applicable election.

Price of Trust Units

On each distribution payment date, the Asset Manager, on behalf of the Trust, shall promptly pay to the account of the Participants, all cash distributions paid on their Trust Units, which shall be immediately applied to purchase additional Trust Units from treasury (with no action upon the part of the Unitholder) at the then applicable DRIP Unit Price as determined by the Trust. The Asset Manager shall retain such portion of the cash concurrently with the issuance of additional Trust Units from treasury to the Participants.

Costs

There shall not be any commissions, service charges or brokerage fees payable in connection with the issuance of Trust Units under the DRIP. All administrative costs of the DRIP shall be borne by the Trust.

No Certificates

No certificates representing Trust Units issued pursuant to the DRIP will be provided to Participants, unless requested by the Participant.

Withdrawals

Registered Participants:

Trust Units purchased under the DRIP will be issued to the Participants by the Trust and evidenced on the Trust's register of Trust Units. Certificates for such Trust Units will not be issued to Participants unless specifically requested in writing.

A Participant that is a registered holder of Trust Units may request a certificate for any number of Trust Units held by the Participant without terminating participation in the DRIP in writing from the Trust. Normally, a certificate will be sent to a Participant within three weeks of receipt by the Trust of a Participant's request. Any remaining Trust Units will continue to be held for the Participant's account under the DRIP.

Non-Registered Unitholders:

Unitholders who have enrolled in the DRIP should contact their intermediary to determine the procedures for withdrawing their participation in the DRIP.

Responsibilities of the Trust

The Trust shall not be liable for any act, or any omission to act, in connection with the operation of the DRIP including, without limitation, any claims for liability:

(a) relating to the prices at which Trust Units are purchased or sold for the Participant's account and the times such purchases are made; and

(b) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants in connection with their participation in the DRIP.

Participants should recognize that the Trust cannot assure a profit or protection against a loss on the Trust Units purchased or sold under the DRIP.

Compliance with Laws

The operation and implementation of the DRIP is subject to compliance with all applicable legal requirements, including obtaining all appropriate regulatory approvals and exemptions from registration and prospectus requirements. The Trust may limit the Trust Units issuable under the DRIP in connection with discretionary exemptive relief relating to the DRIP granted by any securities regulatory authority.

5.10 Subscription Procedure

The securities being offered pursuant to the Offering are Class D, D-U, F, F-U, A, A-U, W, W-B, WB-U and W-U Trust Units at a price determined on a monthly basis based on the Class Trading NAV per Trust Unit. Each Subscriber must subscribe for a minimum of $5,000 of Trust Units, unless waived by the Asset Manager.

Subscribers wishing to subscribe for Trust Units are required to enter into a Subscription Agreement with the Trust, containing, among other things, representations, warranties, certifications, acknowledgments and covenants by you, as the Subscriber. The procedure for your subscription for the Trust Units is set out in the Subscription Agreement. Please read the instructions in the Subscription Agreement closely.

Closings may be held at such dates as determined by the Asset Manager until the Offering is terminated. The Asset Manager anticipates that Closings will occur on the last business day of each calendar month.

The Trust Units are being offered both directly and through Fundserv. If purchasing directly, payment shall be made as directed by the Asset Manager or your investment advisor. If you are subscribing through Fundserv payment for the Trust Units must be made through the Fundserv system.

The Trust has established a DRIP that provides for the automatic reinvestment of distributions into the class of Trust Units subscribed for. If you want to register in the DRIP you may do so at the time of your subscription for Trust Units or at a later time. See **Item 5.9.4 – Distribution Reinvestment Plan** for further information.

Subject to the rights of rescission (if any) described in **Item 11 – Purchaser's Rights**, your subscription, as evidenced by your completed and executed Subscription Agreement delivered to the Asset Manager, is irrevocable. No prospective investor has any right to withdraw his subscription for Trust Units unless the Trust terminates the Offering or does not accept the subscription.

At any Closing of the Offering proceeds from subscriptions for Trust Units will be made available to the Trust for its use, as described in this Offering Memorandum and your investment advisor will provide you with a confirmation of your completed subscription and issuance of the Trust Units in accordance with your registration instructions. The Trust uses an electronic book-entry system for its register of Trust Units and will not issue you a physical certificate for your Trust Units unless specifically requested.

No interest will be paid to or accrued for the benefit of the subscriber for Trust Units on any portion of your aggregate subscription price held prior to Closing. Any interest earned on such funds belongs to the Trust irrespective of its acceptance or rejection of your subscription for Trust Units.

By purchasing Trust Units pursuant to the Offering, you have consented to and requested that all documents evidencing or relating in any way to the sale of the Trust Units be drawn up in the English language only. *En souscrivant à des titres en vertu*

de ce placement, chaque souscripteur reconnaît et convient par les présentes qu'il ou elle a consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à ce placement d'unités soient rédigés en anglais seulement.

The Asset Manager may close the subscription books at any time without notice. Any subscription funds for subscriptions that the Trust does not accept will be returned promptly after the Asset Manager has determined not to accept such subscription without interest or deduction.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

5.11 Auditors, Transfer Agent and Registrar

The auditors of the Trust are Ernst & Young LLP, Chartered Professional Accountants.

The Asset Manager has not currently appointed a transfer agent or registrar for the Trust.

ITEM 6 - INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR EXEMPT PLANS

6.1 Tax Advice

You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

6.2 Certain Canadian Federal Income Tax Considerations

In the opinion of DS Lawyers Canada LLP, counsel to the Trust ("**Counsel**"), the following is a fair summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to a person who acquires, as beneficial owner, Trust Units pursuant to this Offering Memorandum and who, for the purposes of the Tax Act and at all relevant times: (a) is or is deemed to be resident in Canada; (b) deals at arm's length with the Trust; (c) is not affiliated with the Trust; and (d) holds the Trust Units as capital property (a "**Holder**").

Trust Units will generally be considered to be capital property unless the Holder acquires or holds the Trust Units in the course of carrying on a business or is engaged in an adventure in the nature of trade with respect to the Trust Units.

Certain Holders (other than certain traders or dealers in securities) who are resident in Canada for the purposes of the Tax Act and whose Trust Units might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Trust Units (provided that the Trust is a "mutual fund trust" for the purposes of the Tax Act), and any other "Canadian security" (as defined in subsection 39(6) of the Tax Act), owned or subsequently acquired by them, deemed to be capital property for the purposes of the Tax Act. Holders contemplating making such an election should first consult with their own tax advisors.

This summary is not applicable to a Holder: (a) that is a "financial institution", as defined in subsection 142.2(1) of the Tax Act for the purpose of the mark-to-market rules; (b) that is a "specified financial institution", as defined in subsection 248(1) of the Tax Act; (c) an interest in which is a "tax shelter", as defined in subsection 237.1(1) of the Tax Act, or a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act; (d) that reports its "Canadian tax results", as defined in subsection 261(1) of the Tax Act, in a currency other than Canadian currency; (e) who has entered into or will enter into, in respect of the Trust Units, a "derivative forward agreement", as defined in subsection 248(1) the Tax Act; (f) that is a partnership; or (g) that is exempt from tax under Part I of the Tax Act, except for the limited discussion under the heading "Eligibility for Investment". Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of the Trust Units acquired pursuant to this Offering Memorandum. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Trust Units under this Offering.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Tax Regulations**") in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") made publicly available prior to the date hereof, and a certificate as to certain matters from a Trustee of the Trust. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA's administrative policies and assessing practices, nor does it take into account or consider any other federal tax

considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Proposed Amendments will be enacted as currently proposed, but no assurance can be given that this will be the case. There can be no assurance that the CRA will not change its administrative policies or assessing practices. The Trust has not obtained, nor sought, an advance tax ruling from the CRA in respect of any of the matters discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. Accordingly, each investor should obtain independent advice regarding the income tax consequences of investing in Trust Units with reference to the investor's particular circumstances.

6.2.1 Status of the Trust

This summary assumes that the Trust will, at all relevant times, qualify as a "mutual fund trust" for the purposes of the Tax Act.

Counsel has been advised that the Trust meets and intends to continue to meet, the requirements necessary for it to qualify as a mutual fund trust for the purposes of the Tax Act. If the Trust were to not qualify as a mutual fund trust at any particular time, the tax considerations for the Trust and Holders could, in some respects, be materially and adversely different from those contained herein.

6.2.2 The SIFT Rules

This summary is also based on the assumption that the Trust will at no time be a "SIFT trust", as defined in subsection 122.1(1) of the Tax Act (a "**SIFT Trust**"). Counsel has been advised that the Trust intends to meet the requirements to not be a SIFT Trust on the basis that no Trust Units or other investments in the Trust will be listed or traded on any stock exchange or public market, as defined in subsection 122.1(1) of the Tax Act.

If the Trust were a SIFT Trust, certain rules would apply that would effectively tax certain income of the Trust that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders (the "SIFT Rules"). Pursuant to the SIFT Rules, a SIFT Trust is not permitted to deduct any amount that it pays or makes payable to its unitholders in respect of its aggregate: (a) net income from businesses it carries on in Canada; (b) net income (other than taxable dividends received by the SIFT Trust) from its non-portfolio properties; and (c) net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT Trust is unable to deduct will be taxed in the SIFT Trust at rates of tax which approximate the combined federal and provincial corporate tax rates. Distributions of a SIFT Trust's income that are not deductible to the SIFT Trust will be treated as taxable dividends received from taxable Canadian corporations. A Holder who is an individual (other than certain trusts) and receives such a distribution will be required to include the distribution in income as a dividend, subject to the enhanced gross-up and dividend tax credit rules normally applicable to "eligible dividends" received from a taxable Canadian corporation. In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The remainder of this summary is based on the assumption that no Trust Units or other interests in the Trust will be listed or traded on any stock exchange or other public market and, accordingly, the Trust will not be a SIFT Trust. However, there can be no assurance that subsequent investments or activities undertaken by the Trust will not result in the Trust becoming a SIFT Trust subject to the SIFT Rules.

6.2.3 Taxation of the Trust

The Trust is subject to tax on its income in each taxation year, including net realized taxable capital gains, dividends and interest received or receivable, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Trust in computing its income for the purposes of the Tax Act. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Trust or such Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the Trust is December 31 of each year.

In computing its income, the Trust will be entitled to deduct reasonable current administrative and other expenses incurred by it to earn income. Financing expenses incurred in respect of the issuance of Trust Units generally may be deducted by the Trust on a five-year, straight-line basis.

Counsel has been advised that the Trust's current intention is to make payable to Holders each year sufficient amounts such that the Trust is not expected to be liable for any material amount of tax under Part I of the Tax Act. However, there can be no assurance that the Trust will not adopt a different approach.

6.2.4 Taxation of Unitholders

Trust Distributions

A Holder will generally be required to include in computing the Holder's income for a particular taxation year, as income from property, the portion of the net income of the Trust, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Holder in that taxation year, whether that amount is paid or payable in cash, additional Trust Units, Trust assets or otherwise. Accordingly, a Holder's allocation of income for the purposes of the Tax Act in a particular year may exceed the amount of cash distributions received by such Holder. Any loss of the Trust cannot be allocated to or treated as a loss to a Holder.

Provided that appropriate designations are made by the Trust, certain types of income of the Trust from certain sources are deemed to have been received by a Holder as income from such sources, so that such income generally retains its character for tax purposes in the hands of the Holder. Sources of income that may be so designated include taxable dividends from taxable Canadian corporations, net taxable capital gains and income from foreign sources.

The non-taxable portion of net realized capital gains of the Trust that is paid or payable to a Holder in a taxation year generally will not be included in computing the Holder's income for the year and will not reduce the adjusted cost base of the Holder's Trust Units. Any other amount (other than as proceeds of disposition in respect of the redemption of Trust Units) in excess of the net income of the Trust that is paid or payable by the Trust to a Holder in a year will generally not be included in the Holder's income for the year. However, where any such other amount is paid or payable to a Holder (other than as proceeds of disposition of Trust Units) the adjusted cost base of the Trust Units held by such Holder will be reduced by such amount. To the extent that the adjusted cost base to a Holder of a Trust Unit is less than zero at any time in a taxation year, such negative amount will be deemed to be a capital gain of the Holder from the disposition of the Trust Unit in that year, and immediately thereinafter the amount of such capital gain will be added to the adjusted cost base of such Trust Unit.

Purchases of Trust Units

A Holder who purchases Trust Units during a particular taxation year of the Trust may become taxable on a portion of the net income of the Trust that is accrued or realized by the Trust in a period before the time the Trust Unit was purchased but which was not paid or made payable to Unitholders until the end of the period and after the time the Trust Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by the Trust in a year before the time the Trust Unit was purchased but which is paid or made payable by the Trust at year end and after the time the Trust Unit was purchased by the Holder.

Disposition of Trust Units

On the disposition or deemed disposition of Trust Units, a Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition (excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Holder's income as described herein, including any capital gain or income realized by the Trust in connection with a redemption which the Trust has designated to the redeeming Holder) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Trust Units and any reasonable costs incurred by the Holder in connection with the disposition. The taxation of capital gains or capital losses is described below under "Capital Gains and Capital Losses".

The adjusted cost base of a Trust Unit to a Holder will include all amounts paid or payable by the Holder to purchase the Trust Unit, with certain adjustments provided for under the Tax Act. Trust Units issued to a Holder as a non-cash distribution of income (including net capital gains) will have a cost amount equal to the amount of such income (including the applicable non-taxable portion of net capital gains). A Holder will generally be required to average the cost of all newly acquired Trust Units with the adjusted cost base of Trust Units held by the Holder as capital property in order to determine the adjusted cost base of the Holder's Trust Units at any particular time. The adjusted cost base of Trust Units disposed of is based on such average calculation immediately prior to the disposition.

Where the Trust redeems Trust Units by distributing Redemption Notes or other property of the Trust to a Holder, the Holder will also be required to include in income any income, and the taxable portion of any capital gain, that the Trust realizes on or in connection with such in specie distribution of Redemption Notes or other property and designates to such Holder. The proceeds of disposition to the redeeming Holder will be equal to the fair market value of the Redemption Notes or other property of the Trust so distributed, less any income or capital gain realized by the Trust in connection with such redemption to the extent the Trust designates such income or capital gain to the redeeming Holder. The cost of any Redemption Notes or other property distributed in specie by the Trust to a Holder upon the redemption of Trust Units will be equal to the fair market value of that property at the time of distribution.

The Holder will thereafter be required to include in income interest or other income derived from the Redemption Notes or other property in accordance with the provisions of the Tax Act.

The consolidation of Trust Units will not result in a disposition of Trust Units by Holders. The aggregate adjusted cost base to a Holder of all of the Holder's Trust Units will not change as a result of a consolidation of Trust Units, although the adjusted cost base per Trust Unit will increase.

6.2.5 Capital Gains and Capital Losses

A Holder must include in income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by the Holder on a disposition or deemed disposition of a Trust Unit in the year, and the amount of any net taxable capital gains designated by the Trust to the Holder in the year. The Holder generally must deduct one-half of the amount of any capital loss ("**allowable capital loss**") realized by the Holder in a taxation year on the disposition or deemed disposition of a Trust Unit against the Holder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by the Holder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent year, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Holder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Trust Unit may be reduced by the amount of any dividend that the Trust receives and designates to the Holder, except to the extent that a loss on a previous disposition of a Trust Unit has been reduced by such amount. Holders to whom these rules may be relevant should consult their own tax advisors.

6.2.6 Refundable Tax

A Holder which is a Canadian-controlled private corporation ("**CCPC**"), as defined in the Tax Act, will be subject to a refundable tax in respect of its aggregate investment income for the year, which may include certain income and capital gains distributed to the Holder by the Trust and any capital gains realized on a disposition of Trust Units.

Certain provisions of the Tax Act limit the extent to which a CCPC can claim a refund of a refundable tax in certain circumstances. These provisions also limit the availability of the small business deduction for CCPCs earning "adjusted aggregate investment income" exceeding $50,000 in a taxation year that begins after 2018. CCPCs acquiring Trust Units should consult their own tax advisors with respect to the implications of these provisions as they relate to the acquisition, holding and disposition of Trust Units.

6.2.7 Minimum Tax

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Trust Units and net income of the Trust paid or payable, or deemed to be paid or payable, to the Holder and that is designated as taxable dividends or net taxable capital gains.

6.2.8 Eligibility for Investment by Exempt Plans

Provided that the Trust qualifies as a "mutual fund trust" for the purposes of the Tax Act, the Trust Units will be a "qualified investment" under the Tax Act for Exempt Plans.

Notwithstanding the foregoing, if the Trust Units are a "prohibited investment" for a particular trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") or tax free savings account ("**TFSA**") for the purposes of the Tax Act, the annuitant under the RRSP or RRIF, the subscriber of an RESP or the holder of the RDSP or TFSA, as the case may be, will be subject to a penalty tax under the Tax Act. The Trust Units will generally not be a "prohibited investment" (as defined in subsection 207.01(1) of the Tax Act) for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA if the annuitant, beneficiary or holder thereunder: (a) deals at arm's length with the Trust for the purposes of the Tax Act; and (b) does not hold a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Trust. In addition, Trust Units will not be a prohibited investment if the Trust Units are "excluded property" (as defined in subsection 207.01(1) of the Tax Act). Unitholders should consult their own tax advisors regarding whether Trust Units would be a prohibited investment under the Tax Act having regard to their own particular circumstances.

Assets received as a result of a distribution or redemption of Trust Units may not be a qualified investment for Exempt Plans, which may give rise to adverse tax consequences to an Exempt Plan or the annuitant, holder or beneficiary thereunder. Unitholders should consult their own tax advisors in this regard.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

7.1 Commissions and Fees

To assist with effecting sales of Trust Units, the Trust has retained several non-exclusive selling agents to assist with effecting sales of Trust Units, including exempt market dealers or investment dealers (i.e. IIROC dealers) and such other persons that are appointed from time to time by the Trust. The Trust compensates such selling agents with a commission that varies depending on the class of Trust Unit purchased. The Trust may pay commissions of up to 7% of the gross proceeds realized on the sale of Class D Trust Units and Class D-Trust U Units for soliciting, or assisting with effecting, sales of Trust Units.

The Trust will pay a fee of 1% of the gross proceeds realized on the sale of Class W and Class W-U Trust Units to Westcourt for soliciting, or assisting with effecting, sales of Class W and Class W-U Trust Units.

The Trust may issue Trust Units from time to time to individuals within the personal networks of the founders, directors and officers for cash consideration or services in lieu of cash on and subject to the same terms and conditions as other Trust Units are issued. The Manager engages a registered dealer to process these trades and may pay a compliance fee of up to 1.5% of the invested amount to such dealer to provide know-your-product (KYP), know-your-client (KYC) and suitability advice.

The Trust will pay a trailer fee on the Class D Trust Units and Class D-U Trust Units to the applicable advisor in the amount of 0.75% of the Class Trading NAV, which is paid quarterly. The Trust will pay a trailer fee on the Class A Trust Units and Class A-U Trust Units to the applicable advisor in the amount of 1.00% of the Class Trading NAV, which is paid quarterly.

The Investment Fund Manager Fees are described in **Item 1.4.4**.

7.2 Related and Connected Issuers

Securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities in certain other issuers to which they, or certain other parties related to them, are related or connected, 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 relationship 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 adviser.

The Trust is a connected issuer of Invico Capital Corporation, which acts as the Investment Fund Manager. The Investment Fund Manager is registered to carry on business as an investment fund manager and a portfolio manager. See **Item 7.1- Commissions and Fees**. The Investment Fund Manager is registered as an investment fund manager in Alberta, Ontario, Newfoundland and Labrador, Quebec, and as a portfolio manager in Alberta, British Columbia, Ontario and Saskatchewan.

The Investment Fund Manager may from time to time be deemed to be related or connected to one or more issuers for purposes of the disclosure and other rules of the securities laws referred to above, including the one to which this Offering Memorandum relates. The Investment Fund Manager is prepared to act as an adviser and as a dealer in the ordinary course of its business to and in respect of securities of any such related or connected issuer. In any such case, these services shall be carried out by the Investment Fund Manager in the ordinary course of its business as an adviser and a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

The Investment Fund Manager is a connected issuer of the Partnerships in that it is a creditor of the Partnerships from time to time and acts as a lender while also providing services to the Trust as Fund Manager.

The Asset Manager may pay a portion of its fees to the Investment Fund Manager, or an affiliate of the Investment Fund Manager, in respect of services provided by the Investment Fund Manager, or an affiliate, to the Asset Manager from time to time.

ITEM 8 - RISK FACTORS

The purchase of Trust Units pursuant to the Offering should only be made after consulting with independent and qualified investment, legal and tax advisors. The risks discussed in this Offering Memorandum can adversely affect the Trust's prospects, results and financial condition. These risks could cause the value of the Trust Units to decline, cause the Trust to be unable to pay distributions on the Trust Units, and also cause Subscribers to lose part or all of their investment. In addition to the risk factors set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Trust is not presently aware may also harm the Trust's business and its investments. Unitholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the Trustees, the Asset Manager and its management.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of Trust Units. The following risk factors include risk factors that are inherent to the Offering as a result of the Partnerships' business. Such risks may not only affect the Partnerships, but also, the Trust because the Trust's primary asset is the investment in the Partnerships and the Partnerships' primary asset will be a portfolio of Properties in North America. The following is a summary only of the risk factors involved in an investment in the Trust Units. Prospective Subscribers should review the risks with their financial, legal and tax advisors.

8.1 Risks Associated with an Investment in the Trust

Highly Speculative

The purchase of Trust Units is highly speculative. A potential subscriber should purchase Trust Units only if it is able to bear the risk of the entire loss of its investment. An investment in the Trust Units should not constitute a significant portion of a subscriber's portfolio.

No Guarantee that Investment will be Successful

Net Asset Value will vary directly with the market value and return on all or part of the portfolio of Properties of the Trust (through the Partnerships). There is no guarantee that Subscribers will not realize losses from an investment in Trust Units and there can be no assurance that the Trust's objective of earning a profit on its investment in properties (through the Partnerships as a holder of Partnership Units) will be achieved. The success of the Trust depends to a certain extent on the efforts and abilities of the management of the Trust, and on external factors such as, among other things, the real estate markets where properties are located and the general political and economic conditions that may prevail from time to time, which factors are out of the Trust's control. A return on investment for a purchaser of Trust Units depends upon the net income received by the Partnerships from their investment in the properties. As a result, there is no guarantee that the Trust and, correspondingly, the Unitholders will earn a return on their investment.

Once the Trust distributions are paid in a given distribution period, the Trustees may, in their discretion, make other distributions on the Trust Units. However, the Trustees are under no obligation to make any such other distributions. Once the Trust distributions have been fully satisfied in a given distribution period, the Unitholders have no entitlement to other distributions.

Nature of the Trust Units and Trust Units are Not Direct Investments in Real Estate

The Trust Units do not represent a direct investment in properties and should not be viewed by Unitholders as a direct interest in properties, but instead as an investment in equity securities, namely the Trust Units. The Trust will not be investing in properties or other real estate, but will be subscribing for Class A LP Units of the Canadian Partnership. The Trust will not have a direct interest in any Properties. As holders of Trust Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

Trust Units are Not Insured

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation or any other insurance company or program.

Income Tax Risks

Canadian federal and provincial tax aspects and local tax aspects should be considered prior to purchasing Trust Units under the Offering. Unitholders are urged to consult their own tax advisors, prior to purchasing Trust Units, with respect to the specific tax consequences to them. No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. The Trust has not received a legal opinion with respect to the income tax consequences described in this Offering Memorandum.

There can be no assurance that Canadian federal income tax laws or the judicial interpretation thereof or the administrative or assessing practices of the CRA respecting the treatment of trusts or limited partnerships will not be changed in a manner that adversely affects Unitholders or fundamentally alters the income tax consequences of investing in, holding or disposing of the Trust Units. There is also a risk that the CRA may reassess the returns of Unitholders relating to their investments in the Trust Units. Any successful tax reassessment by the CRA may adversely impact the value of the Trust Units.

The taxation of corporations, trusts and limited partnerships is complex. In the ordinary course of its activities, the Trust may be subject to ongoing audits by tax authorities. In addition, tax legislation may change periodically.

While the Trust believes that its tax filing position is appropriate and supportable, and that the Trust is not subject to the SIFT Rules, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. If such challenge were to succeed, it could have a material adverse effect on the Trust's tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could materially adversely affect the Trust's tax position. As a consequence, the Trust is unable to predict with certainty the effect of the foregoing on its effective tax rate and net earnings. The Trust reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes differ materially from the provisions, the Trust's effective tax rate and net earnings may be affected positively or negatively in the period in which the matters are resolved.

Unitholders should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Trust Units.

Although the Trust is of the view that all expenses to be claimed by it in the determination of its net income under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act and that the allocations of income and losses to be made for purposes of the Tax Act will be reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the CRA will agree with the expenses claimed. If the CRA successfully challenges the deductibility of expenses or the allocation of income and losses, the Trust's allocation of taxable income and losses to the Unitholders may change.

The possibility exists that a Unitholder will receive allocations of income without receiving cash distributions from the Trust in the year sufficient to satisfy the Unitholder's tax liability for the year arising from its status as a Unitholder.

If any Unitholder is not a resident of Canada, there may be adverse Canadian income tax consequences to the Trust, the Trustees and or Unitholders, including that at the time of a dissolution of the Trust, any distribution of undivided interests in the assets of the Trust may not be effected on a tax deferred basis.

Unitholders Have Limited Voting Rights

Unitholders are not shareholders and do not enjoy the rights and privileges offered to shareholders under corporate statutes. The Trust is not generally regulated by established corporate law and Unitholders' rights are governed primarily by the specific provisions of the Trust Declaration.

The Trust Units will not generally vote, except in cases where a fundamental change to the Trust (such as an amendment to the Trust Declaration) is required. Where the general nature of the business to be transacted at a Unitholder meeting concerns an issue relevant to all Unitholders of the Trust, all classes will be voted together. Where an issue may affect the Unitholders of a particular class in a manner that is materially different from another class, only Unitholders of those classes to which such business is relevant will be entitled to vote and such Trust Units will be voted separately as a class.

The Trust may but is not required to hold annual meetings of Unitholders or any Unitholder meetings on a periodic basis. The Trust does not, at this time, intend to call annual meetings for the election of Trustees or otherwise. Consequently, Unitholders will not vote to appoint the Trustees on an annual or periodic basis. Further, unlike an ABCA corporation, Unitholders do not have the right to appoint the Trust's auditor; rather such right is held by the Trustees and/or Asset Manager. Unitholders holding in the aggregate not less than 10% of any class or series of Trust Units may requisition and call a special meeting of the Unitholders at any time and from time to time and for any purpose.

No Review of Offering Memorandum by Regulatory Authorities

Subscribers will not have the benefit of a prior review of this Offering Memorandum, the Trust Declaration, the Partnership Agreements, the Asset Management Agreements or any other documents in relation to the Offering by any regulatory authorities.

Liability of Unitholders

There is a risk that a party may seek to assert that Unitholders be held personally liable for the obligations of the Trust or in respect of claims against the Trust. Such risks are expected to be limited since the Trust intends to limit its investments to Class A LP Units of the Canadian Partnership and the Trust does not intend to carry on any active business. However, there is no assurance that Unitholders will not be personally liable for the obligations of the Trust.

Pursuant to the Trust Declaration, if any Unitholder is held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of the Trust, or any action taken on behalf of the Trust, such Unitholder is entitled to indemnity and reimbursement out of the Trust assets to the full extent of such liability for all costs of any litigation or other proceedings in which such liability has been determined, including all fees and disbursements of counsel. The rights accruing to a Unitholder do not exclude any other rights to which such Unitholders may be lawfully entitled, nor does anything contained in the Trust Declaration restrict the right of the Trustees to indemnify or reimburse a Unitholder out of the Trust's assets in any appropriate situation not specifically provided herein but, for greater certainty, the Trustees have no liability to reimburse a Unitholder for taxes assessed against them by reason of or arising out of his ownership of Trust Units.

No Independent Counsel for Unitholders

Legal counsel that assisted in preparing the documentation in connection with the Offering, including the Trust Declaration, acted as legal counsel for the Trust. No independent counsel was retained on behalf of the Unitholders. There has been no review by independent counsel on behalf of the Unitholders of this Offering Memorandum, the Trust Declaration or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Unitholders by counsel. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing the Units and the suitability of investing in the Trust.

Dilution/Concentration

The Trust is authorized to issue an unlimited number of Trust Units. Any issuance of additional Trust Units may have a dilutive or concentrative effect on the value of Trust Units. However, no additional class or series of Trust Units will be created which are/or will be detrimental to the current Trust Units. Further, the Trustees cannot create any class or series of Units with any priority ranking, security interest or similar such attributes, without the approval or consent of the Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at a meeting called for such purpose. Unitholders who invest after a particular property is acquired will be entitled to receive the same distributions as a Unitholder who invested before such property was acquired and will therefore be entitled to the equivalent benefits or disadvantages as each other Unitholder.

Statutory Remedies

The Trust is not generally regulated by established corporate law and Unitholders' rights are governed primarily by the specific provisions of the Trust Declaration.

Unitholders are not shareholders and do not enjoy the rights and privileges generally offered to shareholders of a corporation incorporated under the ABCA. Although the Trust Declaration confers upon Unitholders some of the same protections, rights and remedies that a Subscriber would have as a non-voting shareholder of a corporation governed by the ABCA, significant differences do exist.

However, unlike an ABCA corporation, the Trustees will not be elected by Unitholders but rather shall be appointed, removed and replaced by the Asset Manager. The Unitholders may remove and replace all or any of the Trustees by Special Resolution. If the Unitholders remove and replace a Trustee hereunder, then the Asset Manager shall immediately cease to have the power to appoint, remove or replace any of the Trustees for any reason. Further, unlike an ABCA corporation, Unitholders do not have the right to appoint the Trust's auditor; rather such right is held by the Trustees and/or the Asset Manager. In addition, the matters in respect of which Unitholder approval is required under the Trust Declaration are generally less extensive than the rights conferred on the shareholders of an ABCA corporation.

Other than as described in the Trust Declaration, Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on, or (b) the issue, transfer or ownership of shares.

Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an ABCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders could rely only on the general provisions of the Trust Declaration, which permit the termination of the Trust with the approval by Special Resolution. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of

a court. The Trust Declaration does not include a comparable right of Unitholders to commence or participate in legal proceedings with respect to the Trust.

In the event of an insolvency or restructuring of the Trust, the rights of Unitholders will be different from those of shareholders of an insolvent or restructuring corporation.

SIFT Legislation

It is intended that the Trust not become a SIFT Trust for the purposes of the SIFT Rules because this could cause the Trust to be subject to taxation at the Trust level.

If at any time the Trust Units become listed or traded on any stock exchange or other public market, within the meaning of the SIFT Rules, the Trustees will use their reasonable commercial efforts to operate the Trust to ensure that the Trust qualifies as a "real estate investment trust" or not be characterized as a SIFT Trust for purposes of the Tax Act, including by restricting the Trust from making investments or undertaking activities prohibited by the SIFT Rules and that would cause the Trust not to meet those revenue and asset conditions set out in the SIFT Rules that exempt a "real estate investment trust" from "specified investment flow-through trust" treatment. To mitigate this risk the transfer of Trust Units is restricted unless the trustees consent to such transfer. The trustees intend to consent to reasonable transfer requests from time to time, provided in all cases such transfer(s) would not reasonably be expected to cause the Trust to become a SIFT Trust. There is no assurance that the Trust will not otherwise become a SIFT Trust.

8.2 Risks Involving Redemptions

Redemption Right – Cash Limit on Paying Redemptions

Redemption rights under the Trust Declaration are restricted and provide only a limited opportunity for Subscribers to liquidate their investment in the Trust Units. In accordance with the terms of the Trust Declaration, the entitlement of a Unitholder to receive cash upon the redemption of such holder's Trust Units is subject to limitations. See **Item 5.5 – Redemption of Trust Units.**

Cash Distributions

There is no assurance that there will be adequate cash flow of the Trust to meet the anticipated obligations and economic objectives described in this Offering Memorandum. The Trust's sources of capital are primarily subscriptions for Trust Units and distributions from the Partnerships. The Trust may not have any available funds to distribute cash or pay expenses, even where it has established and funded a working capital reserve (if any) for such purposes. The Trust will rely on the cash flow of the Trust to fund, in the Trustees' discretion, distributions (if any) of distributable cash (if any).

Cash distributions of the Trust will substantially depend upon the success of the investment in the Properties. There can be no assurance that the Trust's income from the distributions from the Partnerships will sufficiently fund distributions (if any) to Unitholders, including the Trust's payment of Trust distributions during each distribution period.

If, for any reason, the Trust is unable to meet its obligations to distribute distributable cash (if any), the Trust will need to find other sources of financing to pay for its ongoing costs and expenses or to fund distributions (if any), which other sources of financing may not be available or may not be available under terms that are acceptable to the Trust. There is no assurance regarding the actual levels of distributable cash by the Trust. In addition, the composition of distributable cash for tax purposes may change over time and may affect after tax returns for Unitholders.

The return on an investment in the Trust Units is not comparable to the return on an investment in fixed income securities. Cash distributions to Unitholders are not guaranteed and are not fixed obligations of the Trust; any receipt of cash distributions by a Unitholder is at any time subject to the terms of the Trust Declaration. Any anticipated return on investment is based upon many performance assumptions. Although the Trust intends to distribute distributable cash to Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Trust to make cash distributions and the actual amount distributed depends on the operations of the Partnerships' portfolio of Properties, and will be subject to various factors including the other factors referenced in **Item 8 - Risk Factors.** The value of the Trust Units may decline if the Trust is unable to meet its cash distribution targets in the future and that decline may be significant.

Redemption Price

The Redemption Price per Trust Unit of particular class or series shall be calculated as the higher of (i) the relevant Class Trading NAV per Trust Unit and (ii) the relevant Class Net Asset Value per Trust Unit for the applicable class and series of Trust Units, in either case calculated in the manner provided in the Trust Declaration less, in the discretion of the Trustees, any redemption deduction (including any deferred sales charge), withholding tax, charge or fee as provided for in ss. 7.1 and 7.2 of the Trust Declaration. There is a risk that the Redemption Price may not accord with the fair market value of the Trust Units.

Limitation on Payment of Redemption Price in Cash

The total cash amount available for the payment of the Redemption Price in the same calendar month is limited to $50,000; provided that the Trustees may, in their absolute discretion, waive such limitation in respect of all Trust Units tendered for redemption in any period. There is a risk that Unitholders may not be able to redeem the full amount of their Trust Units within the same calendar month.

Payment of Redemption Price by Issuance of Redemption Notes

The Redemption Price for Trust Units may be satisfied by way of Redemption Notes by the Trust. Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust.

Redemption Notes will not be liquid and will not be a qualified investment for Exempt Plans and will be a prohibited investment for Exempt Plans. Adverse tax consequences generally may apply to a Unitholder, or Exempt Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Trust Units. Accordingly, investors that propose to invest in Trust Units through Exempt Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Trust Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists. Subscribers should note that Redemption Notes will not be a qualified investment for tax-exempt subscribers.

Payment of Redemption Notes

The Trust will create a reserve fund for interest payable with respect to Redemption Notes issued by the Trust. In the event that the Trust is unable to pay out a Redemption Note on maturity it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the aforesaid circumstances may arise resulting in the Trust may not have funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued.

Trust Units are Not Liquid

There is currently no market through which the Trust Units may be sold and it is very unlikely that one will develop. The Trust intends to restrict the transfer of Trust Units to prevent the development of a market for the Trust Units. None of the Trust Units will be listed or posted for trading on a recognized stock exchange or other trading or quotation system. The Trust has not prepared, filed or delivered to potential Unitholders a prospectus. The Trust Units are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Trust Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation and the Trust Declaration.

Unless permitted under securities legislation, no Unitholder can trade Trust Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada. The Trust is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore the Trust Units will be subject to an indefinite hold period. The Trust Units may only be transferred under limited exemptions under applicable securities laws. Consequently, Unitholders may not be able to sell the Trust Units readily or at all, and they may not be accepted as collateral for a loan. Unitholders should be prepared to hold the Trust Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Trust Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

As stated above, none of the Trust Units may be sold, assigned or transferred by a Unitholder, in whole or in part: (a) without prior written consent of the Trustees; or (b) as otherwise expressly provided in the Trust Declaration, subject to compliance with applicable law (including applicable securities laws and regulatory policy) and the transfer requirements in the Trust Declaration.

8.3 Risks Associated with the Trust and the Partnerships

Valuation of the Trust's Investments

Valuation of the Partnerships' portfolios of Properties may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value and the Class Net Asset Value per Unit could be adversely affected. Certain pricing information may not at times be available regarding certain of the properties. Valuation determinations will be made in good faith in accordance with the Trust Declaration.

The Partnerships may own properties which by their very nature may be difficult to value accurately. To the extent that the value assigned to any such property differs from the actual market value, the Class Trading NAV per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of his or her Trust Units while the Trust (through the Partnerships) holds such properties will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such properties is higher than the value designated by the Asset Manager. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Trust in respect of a redemption. In addition, there is risk that an investment in the Trust by a new investor (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Trust. Further, there is a risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Trust. The Trust does not intend to adjust the Class Trading NAV or the Class Trading NAV per Unit retroactively.

Vacancy Risk

The Partnerships may be subject to tenant vacancy risk due to a number of economic or other factors. Increased vacancy rates generally results in decreased rental income cash flow which may affect the value of the Trust's investment in the Partnerships.

Renovation/Maintenance Risks

The Partnerships may be subject to the financial risk of having unoccupied units during extended periods of renovations or maintenance. During renovations or periods of extensive maintenance, these properties are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, interest payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. Delays in the renovation of the buildings or individual suites would delay the renting of such building or individual suites resulting in an increased period of time where that building is not producing revenue or produces less revenue than a fully-tenanted building.

Conflicts of Interest

Each of the Trust, the Partnerships, the Asset Manager, the Property Manager and the General Partners have adopted a conflict of interest policy in order to address Conflict of Interest Matters.

There may be situations where the interests of the Trust or the Trustees conflict with the interests of the Trust's affiliates and/or the officers and directors of various other entities managed by the Trustees, including the Asset Managers.

The Trustees and management of the Trust may in the future be involved with other persons or entities that may also participate in a business that directly competes with that of the Trust. Although none of the Trustees and officers of the Trust will devote their full time to the business and affairs of the Trust, they will devote as much time as is necessary for the management of the business and affairs of the Trust.

Nevertheless, the Trust Declaration includes a covenant of the Trustees to exercise their powers in good faith and in the best interests of the Trust, and in connection therewith, to exercise the care, diligence and skill of a reasonably prudent person. Similar to corporate law, if a Trustee or an officer of the Trust is party to a material contract or transaction with the Trust creating a possible conflict of interest, such Trustee or officer is required under the terms of the Trust Declaration to provide full written disclosure and refrain from voting on any resolution relating thereto, subject to certain exemptions relating to remuneration, indemnities or liability insurance.

Transactions between the Trust and the Trustees and one or more of the affiliates or associates of the Trustees may be entered into without the benefit of arm's length bargaining. Therefore, situations may arise in which the Trustees may be making determinations which could benefit themselves, affiliates or their respective associates, officers or directors to the detriment of

the Trust. Unitholders must rely on the standard of care owed by the Trustees to all Unitholders as set out in the Trust Declaration to prevent overreaching by others in transactions with the Trust.

Other than the standard of care specified in the Trust Declaration, the Trustees and their affiliates are not in any way limited or affected in their ability to carry on business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Trust. There is no obligation on the Trustees or officers of the Trust or their affiliates to present any particular property to the Trust and such persons may recommend to others such investment opportunity to the exclusion of the Trust. In addition, the Trustees or officers of the Trust may establish, in the future, other limited partnerships or other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Trust and to act as adviser, manager, trustee and/or general partner to such entities. The Independent Trustees of the Trust will not be directors or officers of the Asset Manager. Anthony Giuffre and Shelley Allchurch, Trustees of the Trust, are also directors or officers of the Asset Manager. Although the two Trustees and officers of the Trust will not devote their full time to the business and affairs of the Trust, they will devote as much time as is necessary for the management of the business and affairs of the Trust.

The Independent Trustees will provide advice and assistance to the Trustees and directors of the General Partners, the Asset Manager and the Property Manager regarding actual and potential conflicts of interest as defined in National Instrument 81-107 – *Independent Review Committee for Investment Funds*. See **Item 2.1.3 – Governance Matters**.

Non-Arm's Length Transactions

Certain transactions contemplated by the Trust's structure involve non-arm's length parties. As such, certain contractual terms usually contained in documentation that is negotiated at arm's length are not necessarily included in the agreements among the Trust and the Partnerships as those terms would not have the same effect as they would have in transactions between unrelated parties. In particular, all of the agreements described in **Item 2.7 – Material Agreements** involve non-arm's length parties. In addition, as of the date of this Offering Memorandum, 2 of the Trustees are also directors of the Asset Manager. As such, the Trustees are not considered Independent of the Asset Manager. Further, the Asset Manager may be considered a promoter of the Trust under applicable securities legislation for having taken the initiative in the founding of the Trust. Accordingly, the Asset Manager and the Trust are not considered to be at arm's length. However, the Independent Trustees of the Trust will not be directors or officers of the Asset Manager.

Avenue Living (2014) Sunset

Upon the occurrence of the Sunset on December 31, 2027 holders of Preferred Units (2014) are entitled to have such units extinguished. The Canadian Partnership will have an obligation to pay an extinguishment amount to holders of Preferred Units (Series 2014) who do not elect to remain invested. The financial obligation of the Canadian Partnership associated with such payment could be as much as $80M, although management expects the extinguishment amount to be significantly less. To satisfy such amount, the Canadian Partnership may need to source funds from available cashflows, new equity, refinancing of existing loans, obtaining new credit facilities, disposition of assets or some combination thereof.

Disclosure Obligations

The Trust is not a reporting issuer and does not have any continuous disclosure obligations of a reporting issuer. As an issuer that uses the Offering Memorandum exemption, the Trust will make reasonably available to Unitholders such information as required by applicable securities laws for a non-reporting issuer that distributes securities using the "offering memorandum" exemption (including audited annual financial statements, annual notices of use of proceeds and notices of certain key events, if any, and when applicable). See **Item 9 – Reporting Obligations**.

Reliance upon the Partnerships

The Trust is an open-ended limited purpose investment trust that will entirely depend upon the success of the Partnerships, since the Trust's primary asset is its ownership interest in the Partnerships, as a limited partner, directly and indirectly. Distributions, if any, to Unitholders will depend upon numerous factors, including profitability, fluctuations in working capital, the sustainability of margins and capital expenditures of the Partnerships. The portfolio of Properties of the Partnerships will represent the primary assets of the Partnerships. The Trust's financial performance is directly tied to the performance of the Partnerships and their portfolio of Properties. Neither the Partnerships nor the Trust have any other investments of significance; therefore, the Trust's success depends solely on the success of the Partnerships.

Removal of the Initial GP and the Avenue GP as General Partner of the Canadian Partnership

Under the terms of the Canadian Partnership Agreement the Initial GP and the Avenue GP may only be removed in limited circumstances. The Initial GP may only be removed as a general partner of the Canadian Partnership with the approval of holders of the Preferred Units (2014) carrying two-thirds of the votes attached to all Preferred Units (2014). The Avenue GP may only be removed as a general partner of the Canadian Partnership with the prior written approval of holders of Canadian LP Units carrying two-thirds of the votes attached to all Canadian LP Units. Unitholders do not have a direct right to appoint or remove the General Partner. Additionally, the removal or resignation of the Initial GP as the general partner of the Canadian Partnership could have a material adverse effect on the Canadian Partnership and, consequently, the Trust.

Removal of the U.S. General Partner as General Partner of the U.S. Partnership

Under the terms of the U.S. Partnership Agreement, the U.S. General Partner may only be removed in limited circumstances. The U.S. General Partner may be removed with the approval of the U.S. Limited Partners carrying two-thirds of the votes or due to any action by the U.S. General Partner constituting fraud against the U.S. Partnership or any reckless or willful violation, or bad faith. Unitholders do not have a direct right to appoint or remove the U.S. General Partner. Additionally, the removal or resignation of the U.S. General Partner as the general partner of the U.S. Partnership could have a material adverse effect on the U.S. Partnership and, consequently, the Trust.

Securities Regulatory Risks

In the ordinary course of business, the Trust may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

While the Asset Manager believes that its position regarding compliance with securities laws is appropriate and supportable, it is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Trust. There can be no assurance that applicable securities laws or the securities regulators interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Trust

Reliance upon the Asset Manager

The Trust depends upon the Asset Manager to provide the Partnerships with the services outlined in the Asset Management Agreements and, in particular, the Trust depends upon the expertise of the Asset Manager's management. In the event that the Asset Manager experiences a material adverse change in its business, such change may have an impact on the Trust. In addition, Anthony Giuffre and Shelley Allchurch are directors, officers, shareholders and employees of the Asset Manager. The two Trustees and officers of the Trust will not devote their full time to the business and affairs of the Trust; rather, they will also be involved in the business and affairs of the Asset Manager.

The Trust has Limited Assets and Working Capital

The Trust has limited assets other than the Class A LP Units and will undertake no activities, other than as described in this Offering Memorandum. The Trust's proportional interest in the Properties of the Partnerships represents the primary asset of the Trust. The Trust does not carry on an active business and has limited sources of working capital. There is no assurance that the Trust will have adequate working capital to meet the anticipated requirements. In addition, there is no assurance that the Trust will have access to additional debt or equity financing when needed or at all, or on acceptable terms.

Financing

There is no minimum offering size. There can be no assurance that any particular level of subscription by investors or any level of proceeds under the Offering will be reached. The proceeds raised by the Offering may not be sufficient to accomplish all of the Trust's objectives and there is no assurance that alternative financing to pay for such objectives will be available. The real estate industry is highly capital intensive. The Partnerships will require access to capital to maintain properties, as well as to fund their growth strategies and significant capital expenditures from time to time. There can be no assurance that the Partnerships will have access to sufficient capital or access to capital on terms favourable to the Trust for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes.

Acquisitions

The Partnerships' growth of Trust investment capital depends in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such acquisitions. The real estate assets may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect the Partnerships' operations and financial condition and results. The representations and warranties, if any, given by arm's length third parties to the Partnerships may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, real estate assets acquired by the Partnerships may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

Funds from the Offering used for Purchase of Properties may be made without Security

Available Funds from the Offering may be used (through the Partnerships) as deposits on the purchase price of one or more properties. If the Partnerships use Available Funds as a deposit on the purchase price of a property, such funds will be at risk, whether such deposit is refundable or non-refundable as those deposit funds will be held by a third party who, generally, will not have granted any security interest or charge over any collateral in favour of the Trust or the Partnerships.

Key Personnel

The Trust's success depends in large measure on certain key executive personnel of the Asset Manager, the Property Manager and the Investment Fund Manager. The loss of services of such key personnel could have a material adverse effect on the Trust. The Trust does not have key person insurance in effect for management of the Trust. The contributions of these individuals to the immediate operations of the Trust are likely to be of central importance. In addition, the competition for qualified personnel in the industry is intense and there can be no assurance that it will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Subscribers must rely upon the ability, expertise, judgment, discretions, integrity and good faith of the Trustees and management of the Asset Manager.

Interest Rate Fluctuations

Financing by the Partnerships may include indebtedness with interest rates which may fluctuate over time and which will result in fluctuations in the Partnerships' cost of borrowing, if any.

Environmental Matters

Under various environmental laws, ordinances and regulations, the current or previous owner or operator of properties acquired or refinanced by the Partnerships, may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such properties. These costs could be substantial. Such laws could impose liability whether or not the Partnerships knew of, or were responsible for, the presence of such hazardous or toxic substances.

The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, or restrictions imposed by environmental laws on the manner in which such properties may be operated or developed could adversely affect the Partnerships' ability to sell such properties and pay cash distributions and could potentially also result in claims against the Partnerships.

Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property or of paying personal injury claims could be substantial and reduce cash distributions to the Trust.

The Partnerships may be subject to liability for undetected pollution or other environmental hazards against which they cannot insure, or against which they may elect not to insure where premium costs are disproportionate to the Partnerships' perception of relative risk. Such factors may impact the Partnerships' ability to pay cash distributions, which in turn will have an adverse impact on the Trust.

Credit Risk

The Partnerships are exposed to credit risk in that tenants in the properties may become unable to pay their rents or that such properties, where offered for sale, might remain unsold. The Partnerships' income and, consequently, cash distributions, may be adversely affected if one or more major tenants or a significant number of tenants become unable to meet their rental obligations if the Partnerships are unable to rent a significant number of such properties on commercially favourable terms, or if such properties are not sold at commercially favourable prices. In the event of default by a tenant, the Partnerships may experience delays or limitations in enforcing rights as lessor and may pay substantial costs in protecting their investment(s). Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs, property management cots and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. If the Partnerships are unable to meet mortgage payments or other financing costs (if any) on any property that they own or operate, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. However, the Partnerships minimize possible risks by conducting an in-depth credit assessment of all tenants.

Utilities Risk

The Partnerships' business is exposed to fluctuating utility and energy costs such as electricity and natural gas (heating) prices.

Uninsured Losses

The Partnerships carry comprehensive general liability, fire, flood, extended coverage, rental loss, vacancy and business interruption insurance with policy specifications, limits and deductibles customarily carried for similar properties. However, there are certain types of risks, generally of a catastrophic nature, such as wars, terrorist attacks, pandemics or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the Partnerships could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

From time to time the Partnerships may be subject to lawsuits as a result of the nature of their business. The Partnerships maintain business and property insurance policies in amounts and with such coverage and deductibles as are deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. However, there can be no assurance that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the Partnerships that is not covered by, or in excess of, the Partnerships' insurance could materially affect such entity's operating results and financial condition, which would have an adverse effect on Unitholders. Claims against the Partnerships, regardless of their merit or eventual outcome, will require management to devote time to matters unrelated to the operation of the business.

Litigation Risks

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

Debt Financing

The Partnerships will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by their properties will not be able to be refinanced or that the terms of refinancing will not be as favourable as the terms of existing indebtedness.

General Economic Conditions

Changes in general economic conditions may affect the Trust and the Partnerships. The Trust and the Partnerships are exposed to local, regional, national and international economic conditions and other events and occurrences beyond their control, including, but not limited to the following: the Russian invasion of Ukraine, credit and capital market volatility, business investment levels, government spending levels, consumer spending levels, trade barriers, credit availability, job security and

unemployment, national and international political circumstances (including wars, terrorist acts or security operations), the rate and direction of economic growth, and general economic uncertainty. Fluctuations in the rate of inflation can cause the value of assets or income from investments to be worth less in the future. As inflation increases, the value of the Trusts' assets can decline as can the value of the Trusts' distributions. Changes in any of the above may have a material adverse effect on the performance of the investments.

Subordinated Debt and Operating Lines

The Partnerships currently have subordinated debt and operating lines. This debt bears interest at the bank prime rate plus 1% and is due on demand, and unless refinanced must be fully repaid. The Partnerships are exposed to the risk that such mezzanine debt will not be able to be refinanced or that the terms of refinancing will not be as favourable as the terms of existing mezzanine debt.

Rent Control

The Partnerships may be subject to legislation that exists or is enacted in certain jurisdictions, which restricts the right of landlords to increase rents charged to tenants. As a result, the inability to adjust rents to address higher operating costs or to improve margins on certain properties may have an adverse effect on the returns available from such properties.

Information Technology Governance and Security, Including Cyber Security

In the ordinary course of the Trust's business, the Trust collects, stores, processes and/or transmits sensitive data belonging to subscribers, Unitholders, partners, vendors, employees and contractors, as well as proprietary business information and intellectual property of the Trust. The secure processing, maintenance and transmission of this information is critical to the business of the Trust. The Trust has implemented a secure operating framework which includes policies and governance, prevention and detection technologies, backup and recovery processes and other procedures and technology in the protection of its data, software and infrastructure assets from loss, theft, unauthorized access, vandalism, cyber-attacks, or events such as power outages or surges, floods, fires or other natural disasters. The Trust has also implemented a company-wide mandatory cyber-security training and a major incidents process whereby breaches or unauthorized access to its systems are assessed and reported based on established communication protocols. Despite such security measures, data, systems and infrastructure may be vulnerable to cyber-attacks or breached due to employee error, malfeasance or other disruptions. These security breaches could materially compromise information, disrupt business operations or cause the Trust to breach obligations, thereby exposing the Trust to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of information whether by third parties or as a result of employee malfeasance could result in significant remediation and other costs, fines, litigation or regulatory actions against the Trust, as well as cause reputational harm, negatively impact the Trust's competitive position and affect financial results. The Trust is increasingly relying on third party data storage providers, including cloud storage solution providers, resulting in less direct control over data and system processing. Such third parties may also be vulnerable to security breaches for which the Trust may not be indemnified, and which could cause materially adverse harm to the Trust's reputation and competitive position or affect the Trust's financial results.

Employee Errors or Misconduct

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the investment industry in recent years and, notwithstanding the measures we intend to take to deter and prevent such activity, there is the risk that employee misconduct could occur. Misconduct by employees could include binding us to transactions that exceed authorized limits or present unacceptable risks, or concealing from us unauthorized or unsuccessful activities, which in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. The Trust and the Partnerships are also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions taken to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the Trust and the Partnerships.

Disclosure of Personal Information

Subscribers are advised that their names and other specified information, including the number and aggregate value of the Trust Units owned: (a) will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (b) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; (c) is being collected for the purposes of the administration and

enforcement of the applicable Canadian securities legislation; and (d) is disclosed to the Investment Fund Manager in its role as investment fund manager of the Trust.

8.4 Industry Risks Associated with the Partnerships' Business

Risks of Real Property Ownership

Real estate developments, speculation and investments are, generally, subject to numerous risks depending on the nature and location of the property that can affect attractiveness and sale ability to potential purchasers or other investors, or the owner's use of such properties, all of which are beyond the control of the Trust and Partnerships. Such risks include:

- the highly competitive nature of the real estate industry;
- changes in general economic conditions (such as the availability and cost to the Partnerships or widespread fluctuations in adjacent property values);
- changes in general or local conditions (such as the supply of competing properties or the possibility of competitive overbuilding or the inability to obtain full occupancy or other usage of any properties);
- governmental regulation, rules or policies (such as increased taxation on the sale of or profits from real property, environmental legislation or municipal approvals for usage, development or subdivision); and
- changes in costs or operating expenses anticipated for properties.

Each segment in the real estate industry is capital intensive and is typically sensitive to interest rates. Any proceeds generated by the sale of real estate assets depend upon general economic conditions and, accordingly, the ability of the Partnerships to repay their financing may be affected by changes in those conditions. The Partnerships will be required to make certain significant expenditures in respect of their business including, but not limited to, the payment of property taxes, mortgage payments, property management costs, insurance costs and related charges which must be made regardless of whether or not real estate assets are producing sufficient income to service such expenses. If the Partnerships are unable or unwilling to meet the payment obligations on such loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale. As a result, the Partnerships' ability to make interest payments or distributions of cash to the Trust, could be adversely affected. In such case, the Trust's ability to make cash distributions to its Unitholders would be adversely affected.

Market Risks

The economic performance and value of the Partnerships' investments in real estate properties will be subject to all of the risks associated with investing in real estate, including, but not limited to:

- changes in the national, regional and local economic climate;
- changes in property values;
- changes in access to debt and equity capital;
- changes to revenues from properties due to fewer tenants or lower rental rates;
- local conditions, including an oversupply of properties similar to the Partnerships' portfolio of Properties, or a reduction in demand for such properties;
- the attractiveness of all or parts of the properties to renters or purchasers;
- competition from other available properties; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

The Partnerships' performance will be affected by the supply and demand for property in its geographic area(s) of ownership. Key drivers of demand include employment levels, population growth, rents and consumer confidence. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes overabundant thereby driving down prices for properties.

Real Estate Investments are Relatively Illiquid

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of, the investment. Such illiquidity may tend to limit the Partnerships 'ability to vary their asset base promptly in response to changing economic or investment conditions. If the Partnerships are unable to sell an asset, the Partnerships may not be able to realize profits and/or minimize losses with respect to the asset and this in turn may adversely affect the Trading NAV of the Trust and the return on investment in securities of the Trust.

In the markets the Trust (through the Partnerships) may target for future acquisition of multi-family properties, there may be considerable buying competition from other real estate companies, some of which may have greater resources, experience or expertise. In many cases, this competition for acquisition properties has resulted in an increase in property prices and a decrease in property yields. If the proceeds to the Partnerships from the rental, refinancing or sale of a property are significantly less than the total cost of its investment, in whole or in part, on a timely basis, the Trust's ability to pay distributions to Unitholders could be adversely affected.

COVID-19 and other Contagious Diseases

A local, regional, national or international outbreak of a contagious disease, including, but not limited to, COVID-19, SARS, H1N1 influenza virus, avian flu, or any other similar illness could result in: a general or acute decline in economic activity in the regions the Partnerships operate in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the Partnerships' properties. Contagion in one of the Partnerships' properties or a market in which the Partnerships operate could negatively impact such investment's occupancy, its reputation or the attractiveness of that market. All of these occurrences may have a material adverse effect on the business, financial condition and results of operations of the Trust's and the Partnerships' investments. With respect to the coronavirus outbreak, the COVID-19 pandemic has had a manageable yet notable impact on Avenue Living's operations, including an increased requirement to invest in protective and other safety equipment for our employees, transition to a remote work environment in the general operation of our headquarters and making certain other operational changes to the ways in which employees work, and seek out new business opportunities.

As of the date of this Offering Memorandum, the Asset Manager continues to monitor operations in the context of all government recommendations and has adopted several operational measures in respect thereto, including limiting employee travels, cancellation of physical participation in meetings, events and conferences and we may take further actions as required by government authorities or that we determine are in the best interests of our employees and investors. Further, the Manager has developed and implemented a comprehensive business continuity plan which will continue to evolve with the coronavirus outbreak. There is no certainty that all such measures will be sufficient to mitigate the risks related to the continuing spread of the disease and that we will not be subject to third-party claims arising from actual or alleged failures to implement any such measures adequately, or at all, thus resulting in a potential increase in legal, advisory and other costs in relation thereto.

It is not possible to know with certainty the duration of the COVID-19 pandemic and its continuing effects on economic, market and business conditions. The business of Avenue Living may be impacted in ways that are not currently anticipated or foreseeable. The ability of suppliers and other counterparties to meet commitments, actions by governmental authorities and other regulators, including but not limited to, increases in taxes or restricted access to markets, changes and developments in environmental and other regulations, changes in lending requirements or access to capital and other factors may impact the business of Avenue Living in a material way. The impact of the COVID-19 pandemic could have a material adverse effect on our business, financial position, Trading NAV, Trading NAV per Unit, results of operations and/or cash flows. While we will take action to protect our business, many of effects of the COVID-19 pandemic are beyond the control of Avenue Living and its management.

Legislative Changes

Legal, tax and regulatory changes may occur that can adversely affect the Trust or the Trust Units. There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Trust or the Trust Units. Likewise, increases in real estate taxes, service and transfer taxes, or introductions of new taxes, cannot always be passed through to residents or users in the form of higher rents, and may adversely affect the Partnerships' ability to make interest payments or distributions of cash to the Trust and, in turn, the Trust's ability to make cash distributions to its Unitholders. Similarly, changes or interpretations of existing laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which could also have an adverse effect on the

Partnerships' ability to make interest payments or distributions of cash to the Trust and in turn, the Trust's ability to make cash distributions to its Unitholders.

Currency Risk

As the Trust expands its business into the United States, the Partnerships will be making acquisitions, and paying for services and collecting rents in both US and Canadian dollars. Any fluctuation in the exchange rate of these foreign currencies may negatively impact the business, financial condition and operating results of the Trust and the Partnerships.

The Trust and the Partnerships intend to hedge against fluctuation in the exchange rate of the U.S. dollar to minimize the impact on the business, financial conditions and operating results. This strategy to hedge foreign currency exposure may not be completely effective due to, among other things, lack of experience, unreasonable costs or illiquid markets.

Non-Canadian unitholders may be subject to foreign currency risk associated with the Trust's distributions. The Trust's distributions are denominated in Canadian dollars but may be settled in the local currency of the unitholder receiving the distribution. For each non-Canadian unitholder, the value received in the local currency from the distribution will be determined based on the exchange rate between the Canadian dollar and the applicable local currency at the time of payment. As such, if the Canadian dollar depreciates significantly against the local currency of the non-Canadian shareholder, the value received by such unitholder in its local currency will be adversely affected.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing the Trust Units. Potential Subscribers should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in the Trust Units.

ITEM 9 - REPORTING OBLIGATIONS

The Trust is not, and has no current intention of becoming, a reporting issuer (or holding an equivalent reporting status) in any jurisdiction in Canada or the United States and, accordingly, is not required to report, financially or otherwise, to the Unitholders (except as otherwise provided in the Trust Declaration). As a result, the Trust is not subject to the continuous disclosure requirements under applicable securities laws, and is not required, among other things, to prepare, file, disseminate or send to securities holders audited annual financial statements, unaudited interim financial statements, annual or interim versions of management's discussion and analysis of financial condition and operating results, news releases disclosing material changes or facts about the activities of the Trust.

Pursuant to the Trust Declaration, the Trust will send, or make reasonably available if sending is not required under applicable law (including securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities in Canada) to Unitholders within 120 days after the end of each fiscal year of the Trust (or within such shorter time as may be required by applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities in Canada), the annual financial statements of the Trust for the fiscal year ended immediately prior to such date, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Trust's auditor thereon. The Trust will prepare such financial statements in accordance with IFRS; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable law, including securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

The Trust will make reasonably available to Unitholders such information as required by applicable securities laws for a non-reporting issuer that distributes securities using the "offering memorandum" exemption (including audited annual financial statements, annual notices of use of proceeds and notices of certain key events, if any, and when applicable).

On or before March 31 in each year (or within such other time required by the Tax Act), the Trust will provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

The Trust will file, on behalf of itself and the Unitholders, annual trust information returns and any other information returns required to be filed under the Tax Act and any other applicable tax legislation in respect of the Trust.

Financial or other information relating to the Trust and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.

Certain information regarding the Trust's distribution of securities from time to time may be publicly available at the offices of applicable securities regulatory authorities and online at www.sedar.com.

The Asset Manager prepares a year-in-review summary that is available to Unitholders. This report will not be available on www.sedar.com but will instead be available to Unitholders on the Avenue Living website www.avenueliving.ca.

ITEM 10 - RESALE RESTRICTIONS

10.1 General

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

For trades in any province of Canada other than Manitoba, unless permitted under securities legislation, you cannot trade the Trust Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada. **The Trust is not, and has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore the Trust Units will be subject to an indefinite hold period and may only be transferred under limited exemptions under applicable securities laws.**

For trades in Manitoba, unless permitted under securities legislation, you must not trade the Trust Units without the prior written consent of the regulator in Manitoba unless:

(a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Trust Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the Trust Units 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.

10.2 Transfer Restrictions in the Trust Declaration

Unitholders may only transfer their Trust Units in accordance with the provisions of the Trust Declaration. A Unitholder is not entitled to transfer (whether by sale, assignment or otherwise) any of its Trust Units except:

(a) with the prior, written consent of the Trustees or Asset Manager;

(b) as otherwise expressly provided in the Trust Declaration,

subject always to compliance with applicable law (including applicable securities laws and regulatory policy) and the transfer requirements in the Trust Declaration. Any attempted transfer (whether by sale, assignment or otherwise) of Trust Units in contravention of the Trust Declaration is null and void and the Trustees will not approve any transfer of Trust Units in contravention of the Trust Declaration. The Trustees and the Asset Manager are authorized to make, in their discretion, such rules and regulations as they may from time to time consider necessary or desirable in connection with the transfer (whether by sale, assignment or otherwise) of Trust Units.

In addition, the Trust Declaration limits the ownership of Trust Units by non-residents of Canada to 45% and the Trust will not consent to transfers to non-residents that would result in a breach of such provision.

There is no market over which the Trust Units can be transferred and it is very unlikely that one will develop. A Subscriber is encouraged to seek independent advice from its legal advisors. **See Item 8 – Risk Factors**.

ITEM 11 - PURCHASERS' RIGHTS

The securities laws in your jurisdiction may provide you with the statutory right, in certain circumstances, to seek damages or to cancel your agreement to buy Trust Units. Most often, those rights are available, if we make a misrepresentation in this Offering Memorandum but, in some jurisdictions, you may have those rights in other circumstances, including if we fail to deliver the Offering Memorandum to you within the required time or if we make a misrepresentation in any advertisements or sales literature

regarding Trust Units. Generally, a "misrepresentation" means an untrue statement about a material fact or the failure to disclose a material fact that is required to be stated or that is necessary in order to make a statement not misleading in light of the circumstances in which it was made. The meaning of "misrepresentation" may differ slightly depending on the law in your jurisdiction.

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

11.1 Two-day Cancellation Right

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

11.2 Statutory Rights of Action

The following is a summary of the rights of rescission and damages, available to Subscribers under the securities legislation of certain provinces of Canada. Subscribers should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of rights available to them, or consult with a legal adviser. The rights described below are in addition to and without derogation from any other rights or remedies available at law to a Subscriber.

11.2.1 Subscribers in British Columbia, Alberta or Manitoba

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to cancel your agreement to buy these Trust Units; or

(b) for damages against the Trust, every person who was a Trustee of the Trust at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Trust Units as a result of the misrepresentation. Further, the amount recoverable in an action for damages will not exceed the price at which the Trust Units were offered.

There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, the defendant will not be liable for a misrepresentation in forward-looking information if the defendant proves that:

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

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

However, in Alberta the above defence does not relieve a person of liability respecting forward-looking information in a financial statement.

These rights are subject to more defences as more particularly described in securities legislation of Alberta, British Columbia and Manitoba (as applicable to the Subscriber).

<u>Statutory rights for failure to deliver the Offering Memorandum</u>

If you reside in British Columbia, Alberta or Manitoba and you do not receive a copy of this Offering Memorandum before you sign your Subscription Agreement, you have a right to sue for damages, or if you still own your Trust Units, you can choose to cancel your agreement instead of suing for damages.

Time Limitations

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations.

In British Columbia or Alberta you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

In Manitoba, you must commence your action to cancel your agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) two years after the day of the transaction.

11.2.2 Subscribers in Saskatchewan

If this Offering Memorandum together with any amendment hereto or advertising or sales literature used in connection therewith delivered to a Subscriber resident in Saskatchewan contains a misrepresentation, the Subscriber has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the Trust, every person acting in a capacity with respect to the Trust which is similar to that of a director or promoter of the Trust, and every person who or company that sells the Trust Units on behalf of the Trust under this Offering Memorandum or amendment thereto, or, alternatively, a Subscriber may elect to exercise a right of rescission against the Trust, provided that among other limitations:

(a) no person or company is liable, nor does a right of rescission exist, where the person or company proves that the Subscriber purchased the Trust Units with knowledge of the misrepresentation;

(b) in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Trust Units as a result of the misrepresentation relied on;

(c) in no case shall the amount recoverable exceed the price at which the Trust Units were sold to the Subscriber; and

(d) no action shall be commenced to enforce these rights more than:

(i) in the case of an action for rescission, 180 days after the date of the acceptance of the Subscriber's Subscription Agreement by the Trust; or

(ii) in the case of any action, other than an action for rescission, the earlier of one year after the Subscriber first had knowledge of the facts giving rise to the cause of action or six years after the date of the acceptance of the Subscriber's Subscription Agreement by the Trust.

A person or company is not liable in an action for a misrepresentation in forward-looking information if the person or company proves that:

(a) this Offering Memorandum contains, proximate to that information:

(i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

These rights are subject to more defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

11.2.3 Subscribers in Ontario

If this Offering Memorandum, together with any amendment or supplement to this Offering Memorandum, delivered to an Subscriber resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of Trust Units by such Subscriber, the Subscriber will have, without regard to whether the Subscriber relied on such misrepresentation, a right of action against the Trust for damages or, while still the owner of the Trust Units purchased by that Subscriber, for rescission, in which case, if the Subscriber elects to exercise the right of rescission, the Subscriber will have no right of action for damages against the Trust, provided that:

(a) the Trust shall not be held liable pursuant to either right of action if the Trust proves the Subscriber purchased the Trust Units with knowledge of the misrepresentation;

(b) in an action for damages, the Trust is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Trust Units acquired by the Subscriber as a result of the misrepresentation relied upon;

(c) the Trust will not be liable for a misrepresentation in forward-looking information if the Trust proves that:

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

(ii) the Trust has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;

(d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Trust Units acquired.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations. You must commence your action:

(a) in the case of an action for rescission, 180 days after the date of the acceptance of the Subscriber's Subscription Agreement by the Trust; or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the Subscriber first had knowledge of the facts giving rise to the cause of action, or

(ii) three years after the date of the acceptance of the Subscriber's Subscription Agreement by the Trust.

The foregoing rights do not apply if the Subscriber purchased Trust Units of the Trust using the "accredited investor" exemption and is:

(a) a Canadian financial institution (as defined in Ontario Securities Commission Rule 45-501) 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.

These rights are subject to more defences as more particularly described in the *Securities Act* (Ontario).

11.2.4 Subscribers in Quebec

In addition to any other right or remedy available to you at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a misrepresentation, the investor will have: (1) statutory rights under Québec legislation; or (2) contractual rights in circumstances where the Québec legislation does not provide such rights, as follows:

(a) a right of action for damages against the Trust, every person acting in a capacity with respect to the Trust which is similar to that of a director of officer of a company, any expert whose opinion, containing a misrepresentation, appeared, with his consent, in this Offering Memorandum, the dealer (if any) under contract to the Trust and any person who is required to sign the certificate of attestation in this Offering Memorandum; or

(b) a right of action against the Trust for rescission of the purchase contract or revision of the price at which Trust Units were sold to the investor.

However, there are various defences available to the persons or companies that an investor has a right to sue. Among other defences, no person or company will be liable if it proves that:

(a) the Subscriber purchased the Trust Units with knowledge of the misrepresentation; or

(b) in an action for damages, that they acted prudently and diligently (except in an action brought against the Trust).

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

(a) for rescission or revision of price more than three years after the date of the purchase; or

(b) for damages later than the earlier of:

(i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser; or

(ii) five years from the filing of this Offering Memorandum with the Autorité des marchés financiers de Québec.

11.2.5 Subscribers in Nova Scotia

In the event that this Offering Memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (in this **Item 11.2.5 – Subscribers in Nova Scotia**, a "**misrepresentation**"), a purchaser of the Trust Units is 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 issuer or other seller of such Trust Units, the directors of the seller at the date of the Offering Memorandum and every person who signed the Offering Memorandum or, alternatively, while still the owner of the Trust Units, may elect instead to exercise a statutory right of rescission against the issuer or other seller, in which case the purchaser will have no right of action for damages against the issuer or other seller, the directors of the seller or the persons who have signed the Offering Memorandum, provided that, among other limitations:

(a) no action will 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 payment was made for the Trust Units (or after the date on which initial payment was made for the Trust Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Trust 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 Trust Units; and

(d) in no case will the amount recoverable in any action exceed the price at which the Trust Units were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

These rights are subject to more defences as more particularly described in the *Securities Act* (Nova Scotia).

11.2.6 Subscribers in New Brunswick

If this Offering Memorandum contains a misrepresentation, a purchaser who purchases the Trust 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 Trust, the selling security holder on whose behalf the distribution was made, every person who was a trustee of the Trust at the date of the Offering Memorandum, or every person who signed the Offering Memorandum for damages or, a right of rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. "**Misrepresentation**" in this **Item 11.2.6 – Subscribers in New Brunswick** 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 a statement not misleading in the light of the circumstances in which it was made.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Trust Units with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Trust Units as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Trust Units were offered.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations. You must commence your action:

(a) not more than 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action other than an action for rescission, the earlier of:

(i) one year after you 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.

These rights are subject to more defences as more particularly described in the *Securities Act* (New Brunswick).

ITEM 12 - FINANCIAL STATEMENTS

The following financial statements are included in this Offering Memorandum:

1. Audited financial statements of the Trust for the years ending December 31, 2022 and December 31, 2021.

2. Audited consolidated financial statements of the Canadian Partnership for the years ending December 31, 2022 and December 31, 2021.

Avenue Living Real Estate Core Trust

Financial Statements

December 31, 2022

Independent auditor's report

To the Unitholders of
Avenue Living Real Estate Core Trust

Opinion

We have audited the financial statements of **Avenue Living Real Estate Core Trust** [the "Income Trust"], which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of net income and total comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Income Trust as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Income Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Income Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Income Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
February 28, 2023

Avenue Living Real Estate Core Trust

Statements of Financial Position

As at December 31, 2022

	Note		2022		2021
Assets					
Non-current assets					
Investments	**3**	**$**	**981,074,215**	$	656,330,446
Advances to affiliated entities	**4**		**2,415,435**		**-**
			983,489,650		656,330,446
Current assets					
Prepaid expenses			**14,410**		**-**
Derivative asset			**-**		185,385
Restricted cash			**-**		1,192,377
Cash and cash equivalents			**4,151,235**		872,092
			4,165,645		2,249,854
Total assets		**$**	**987,655,295**	$	658,580,300
Liabilities					
Current liabilities					
Advances from affiliated entities	**4**	**$**	**-**	$	2,893,720
Trade and other payables	**5**		**4,658,738**		3,054,904
Total liabilities excluding net assets attributable to unitholders			**4,658,738**		5,948,624
Net assets attributable to unitholders		**$**	**982,996,557**	$	652,631,676

See accompanying notes to the financial statements

Avenue Living Real Estate Core Trust

Statements of Net Income and Total Comprehensive Income
For the year ended December 31, 2022

	Note		2022		2021
Revenue					
Investment income	**3**	**$**	**49,100,161**	$	29,719,974
Expenses					
Commissions			**4,317,562**		3,393,994
General and administrative			**7,895,851**		3,098,458
			12,213,413		6,492,452
Income before other items			**36,886,748**		23,227,522
Fair value gain on investments	**3**		**55,392,648**		13,484,562
Net income and total comprehensive income for the year		**$**	**92,279,396**	$	36,712,084

See accompanying notes to the financial statements

Avenue Living Real Estate Core Trust

Statements of Changes in Net Assets Attributable to Unitholders

As at December 31, 2022

	Note		Total net assets attributable to unitholders
Balance, December 31, 2020		$	379,509,433
Units issued			280,972,802
Units redeemed			(29,535,224)
Reinvestments of distributions by unitholders			14,692,555
Distributions to unitholders			(29,719,974)
Net income for the year			36,712,084
Balance, December 31, 2021		$	652,631,676
Units issued	**6**		**303,206,046**
Units redeemed	**6**		**(39,346,168)**
Reinvestments of distributions by unitholders	**6**		**23,325,768**
Distributions to unitholders	**6**		**(49,100,161)**
Net income for the year			**92,279,396**
Balance, December 31, 2022		**$**	**982,996,557**

See accompanying notes to the financial statements

Avenue Living Real Estate Core Trust

Statements of Cash Flows
For the year ended December 31, 2022

		2022		2021
Operating activities				
Net income	**$**	**92,279,396**	**$**	36,712,084
Item not affecting cash:				
Fair value gain on derivatives		**-**		(172,644)
Fair value gain on investments		**(55,392,648)**		(13,484,562)
		36,886,748		23,054,878
Changes in working capital related to:				
Prepaid expenses		**(14,410)**		15,570
Derivative asset		**185,385**		**-**
Trade and other payables		**1,603,834**		2,143,649
Cash provided by operating activities		**38,661,557**		25,214,097
Financing activities				
(Repayments to) advances from affiliated entities		**(2,893,720)**		2,558,645
Proceeds from issuance of trust units		**303,206,046**		280,972,802
Redemption of trust units		**(39,346,168)**		(29,535,224)
Distributions to unitholders		**(25,774,393)**		(15,027,419)
Cash provided by financing activities		**235,191,765**		238,968,804
Investing activities				
Acquisition of limited partnership units		**(308,114,781)**		(291,318,121)
Redemption of limited partnership units		**38,763,660**		28,582,018
Investment in restricted cash		**1,192,377**		(1,192,377)
(Advances to) repayments from affiliated entities		**(2,415,435)**		257,203
Cash used in investing activities		**(270,574,179)**		(263,671,277)
Net increase in cash		**3,279,143**		511,624
Cash and cash equivalents, beginning of year		**872,092**		360,468
Cash and cash equivalents, end of year	**$**	**4,151,235**	**$**	872,092

See accompanying notes to the financial statements

1 GENERAL

Avenue Living Real Estate Core Trust (the "Income Trust") is an unincorporated, open-ended private investment trust which was created pursuant to a Declaration of Trust dated October 27, 2017 ("Declaration of Trust") and is governed by the laws of the Province of Alberta.

The Income Trust acquires and manages limited partnership units of Avenue Living (2014) LP, which invests predominantly in multi-family real estate in Western Canada and in primary and secondary markets across the United States. The registered office and head office of the Income Trust are located at 600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements of the Income Trust have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

These financial statements have been prepared based on the historical cost basis except for investments, derivative assets, and derivative liabilities, which are measured at fair value. The financial statements are prepared on a going concern basis and have been prepared in Canadian dollars. The accounting policies set out below have been applied consistently in all material respects.

c) Investments

Investments are recorded at fair value. The costs of acquisition are expensed as incurred. Distribution payments from the Partnerships' investments are recognized as declared and are recorded in the statement of net income and total comprehensive income as investment income. Changes in the fair value of investments are recorded in the statement of net income and total comprehensive income.

d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Income Trust and the revenue can be reliably measured. Investment income is comprised of distributions from Avenue Living (2014) LP for which the Income Trust holds an investment (described in note 3) and is recorded when declared.

e) Net assets attributable to unitholders

i) Balance Sheet Presentation

In accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), puttable instruments are generally classified as financial liabilities. Income Trust units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, the Income Trust units do not meet the exception requirements. Therefore, no instrument qualifies for equity classification on the Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net operating results attributable to unitholders.

ii) Statement of Financial Position Measurement

Income Trust units are carried on the Statement of Financial Position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets attributable to unitholders reflects that, in total, the interests of the unitholders is limited to the net assets of the Income Trust.

f) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Income Trust has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation.

Provisions are re-measured at each reporting date using a current and relevant discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

g) Financial instruments

Financial instruments are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, which are recognized immediately in profit and loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories, which are defined and measured as follows:

Classification	Definition	Measurement
Financial assets at amortized cost	Non-derivative financial assets within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at amortized cost using the effective interest rate method less impairment. (1) (2)
Financial asset at fair value through other comprehensive income	Non-derivative financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at fair value through other comprehensive income.
Financial assets at fair value through profit or loss ("FVTPL")	Either held for trading or designated as at FVTPL as discussed below: i. Classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Income Trust manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. ii. Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group that is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.

(1) The effective interest rate method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Income Trust to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

The Income Trust's financial assets are as follows:

Financial assets	Classification	Measurement
Investments	FVTPL	Fair value
Advances to affiliated entities	Amortized cost	Amortized cost
Cash and cash equivalents	Amortized cost	Amortized cost
Restricted cash	Amortized cost	Amortized cost
Derivative assets (3)	FVTPL	Fair value

(3) These contracts have not been designated as an effective hedge, and therefore hedge accounting is not applied.

The Income Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the assets to another entity or when the carrying value is reduced by impairment loss.

Financial liabilities

Financial liabilities are classified into the following specified categories which are defined and measured as follows:

Classification	Definition	Measurement
Financial liabilities at amortized cost	All financial liabilities as subsequently measured at amortized cost.	Measured at amortized cost using the effective interest rate less impairment. (4)
Financial liabilities at FVTPL	Either held for trading or designated as at FVTPL as discussed below: - Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Income Trust manages together and has a recent actual pattern of short-term profit taking; or it is a derivative that is not designated and effective as a hedging instrument. - Classified as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liabilities form part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.

(4) The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Income Trust's financial liabilities are as follows:

Financial liabilities	Classification	Measurement
Advances from affiliated entity	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Derivative liabilities (5)	FVTPL	Fair value

(5) Derivative liabilities are included on the Statements of Financial Position as part of trade and other payables. These contracts have not been designated as an effective hedge, and therefore hedge accounting is not applied.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term interest-bearing deposits with an original maturity date of 90 days or less.

Restricted cash consists of balances held in escrow.

i) IFRS developments

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Income Trust is currently assessing the impact of these amendments.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Income Trust.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Income Trust is currently assessing the impact of the amendments to determine the impact they will have on the Income Trust's accounting policy disclosures.

3 INVESTMENTS

The Income Trust invests in Avenue Living (2014) LP, which invests predominantly in multi-family real estate in Western Canada and in primary and secondary markets across the United States. Avenue Living (2014) LP is considered to be related to the Income Trust by virtue of common key management. The Income Trust received $49,100,161 in distributions (2021 – $29,719,974) from Avenue Living (2014) LP in 2022.

	Number of units		$
Balance, December 31, 2020	358,891,706	$	380,109,781
Class A limited partnership units acquired	291,318,121		291,318,121
Class A limited partnership units redeemed	(28,582,018)		(28,582,018)
Fair value gain	-		13,484,562
Balance, December 31, 2021	621,627,809	**$**	656,330,446
Class A limited partnership units acquired	308,114,781		308,114,781
Class A limited partnership units redeemed	(38,763,660)		(38,763,660)
Fair value gain	-		55,392,648
Balance, December 31, 2022	890,978,930	**$**	981,074,215

4 ADVANCES TO (FROM) AFFILIATED ENTITIES

Advances to affiliated entities consists of amounts owing for certain expenses of Avenue Living Asset Management Ltd. (“Asset Manager”), a company controlled by one of the trustees, paid for by the Income Trust. Advances to affiliated entities have no fixed terms of repayment. As of December 31, 2022, the balance owing from Asset Manager is $5,001 (2021 – $nil). $2,406,684 (2021 – $nil) is owing from Avenue Living (2014) LP, which relates to the redemption of Class A Limited Partnership units, net of payments made by Avenue Living (2014) LP for various general costs of the Income Trust. A further $3,750 (2021 – $nil) is owing from Avenue Living US Real Estate Master LP, an entity related by virtue of common control, for miscellaneous expenses.

Advances from affiliated entities consists of amounts owing to Avenue Living (2014) LP of $nil (2021 – $2,513,713), which relates to payments made by Avenue Living (2014) LP for various general and administrative costs of the Income Trust. $Nil (2021 – $380,007) was owing to Asset Manager for various equity raising costs incurred on behalf of the Income Trust.

5 TRADE AND OTHER PAYABLES

		December 31, 2022		December 31, 2021
Trade payables	**$**	**1,006,754**	$	579,205
Refundable deposits		**108,000**		1,170,610
Redemptions payable		**3,543,984**		1,276,735
Derivative liability		**-**		28,354
	$	**4,658,738**	$	3,054,904

6 TRUST UNITS

Authorized:

Unlimited Class A Units
Unlimited Class F Units
Unlimited Class J Units
Unlimited Class W Units
Unlimited Class WB Units
Unlimited Class A-U Units
Unlimited Class F-U Units
Unlimited Class J-U Units
Unlimited Class W-U Units
Unlimited Class WB-U Units

All classes of units are voting, redeemable and puttable and share in the earnings or loss of the Income Trust in accordance their proportionate share of net contributed capital.

During the year, the Income Trust issued Class A, Class F, Class J, Class W, Class WB, Class A-U, Class F-U, Class J-U, Class W-U, and Class WB-U Units for consideration as follows:

	Number of Class A Units		$
Balance, December 31, 2020	2,384,144	$	21,729,552
Class A Units issued	1,597,575		16,505,829
Reinvestments of distributions by Class A unitholders	56,930		574,911
Class A Units redeemed	(50,669)		(514,396)
Distributions to Class A unitholders	-		(1,727,122)
Balance, December 31, 2021	3,987,980	$	36,568,774
Class A Units issued	2,621,084		28,067,059
Reinvestments of distributions by Class A unitholders	100,804		1,061,520
Class A Units redeemed	(158,441)		(1,700,214)
Distributions to Class A unitholders	-		(2,984,194)
Balance, December 31, 2022	6,551,427	$	61,012,945

	Number of Class F Units		$
Balance, December 31, 2020	2,292,258	$	19,950,266
Class F Units issued	3,273,257		34,742,767
Reinvestments of distributions by Class F unitholders	123,936		1,288,057
Class F Units redeemed	(496,448)		(5,327,258)
Distributions to Class F unitholders	-		(2,466,966)
Balance, December 31, 2021	5,193,003	$	48,186,866
Class F Units issued	2,908,778		32,703,908
Reinvestments of distributions by Class F unitholders	183,513		2,048,502
Class F Units redeemed	(363,788)		(4,102,635)
Distributions to Class F unitholders	-		(4,498,218)
Balance, December 31, 2022	7,921,506	$	74,338,423

Avenue Living Real Estate Core Trust

Notes to the Financial Statements

For the year ended December 31, 2022

	Number of Class J Units		$
Balance, December 31, 2020	494,448	$	4,284,500
Class J Units issued	469,180		4,908,711
Reinvestments of distributions by Class J unitholders	30,297		312,892
Class J Units redeemed	(84,859)		(892,016)
Distributions to Class J unitholders	-		(403,374)
Balance, December 31, 2021	909,066	$	8,210,713
Class J Units issued	1,739,272		19,686,737
Reinvestments of distributions by Class J unitholders	55,011		607,612
Class J Units redeemed	(163,459)		(1,848,150)
Distributions to Class J unitholders	-		(733,308)
Balance, December 31, 2022	2,539,890	$	25,923,604

	Number of Class W Units		$
Balance, December 31, 2020	30,604,089	$	276,631,257
Class W Units issued	16,519,211		182,229,308
Reinvestments of distributions by Class W unitholders	1,126,127		12,154,601
Class W Units redeemed	(2,083,395)		(22,719,323)
Distributions to Class W unitholders	-		(24,392,709)
Balance, December 31, 2021	46,166,032	$	423,903,134
Class W Units issued	14,298,636		166,419,851
Reinvestments of distributions by Class W unitholders	1,525,976		17,583,963
Class W Units redeemed	(2,400,422)		(27,905,358)
Distributions to Class W unitholders	-		(36,450,564)
Balance, December 31, 2022	59,590,222	$	543,551,026

	Number of Class WB Units		$
Balance, December 31, 2021	-	$	-
Class WB Units issued	2,397,673		24,263,428
Reinvestments of distributions by Class WB unitholders	25,348		257,556
Distributions to Class WB unitholders	-		(618,397)
Balance, December 31, 2022	2,423,021	$	23,902,587

	Number of Class A-U Units		$
Balance, December 31, 2020	-	$	-
Class A-U Units issued	280,648		3,570,706
Distributions to Class A-U unitholders	-		(31,468)
Balance, December 31, 2021	280,648	$	3,539,238
Class A-U Units issued	519,794		6,822,153
Reinvestments of distributions by Class A-U unitholders	3,961		52,772
Distributions to Class A-U unitholders	-		(388,747)
Balance, December 31, 2022	804,403	$	10,025,416

	Number of Class F-U Units		$
Balance, December 31, 2020	-	$	-
Class F-U Units issued	914,929		11,796,367
Balance, December 31, 2021	914,929	$	11,796,367
Class F-U Units issued	175,737		2,282,661
Reinvestments of distributions by Class F-U unitholders	49,265		653,205
Class F-U Units redeemed	(92,226)		(1,338,781)
Distributions to Class F-U unitholders	-		(844,978)
Balance, December 31, 2022	1,047,705	$	12,548,474

	Number of Class J-U Units		$
Balance, December 31, 2020	-	$	-
Class J-U Units issued	14,038		180,539
Balance, December 31, 2021	14,038	$	180,539
Class J-U Units issued	85,924		1,142,766
Reinvestments of distributions by Class J-U unitholders	2,200		29,619
Class J-U Units redeemed	(36,513)		(530,754)
Distributions to Class J-U unitholders	-		(34,171)
Balance, December 31, 2022	65,649	$	787,999

	Number of Class W-U Units		$
Balance, December 31, 2020	150,000	$	1,929,600
Class W-U Units issued	2,133,147		27,038,575
Reinvestments of distributions by Class W-U unitholders	29,031		362,094
Class W-U Units redeemed	(6,366)		(82,231)
Distributions to Class W-U unitholders	-		(698,335)
Balance, December 31, 2021	2,305,812	$	28,549,703
Class W-U Units issued	1,525,510		21,101,512
Reinvestments of distributions by Class W-U unitholders	74,029		1,025,039
Class W-U Units redeemed	(136,151)		(1,920,276)
Distributions to Class W-U unitholders	-		(2,537,610)
Balance, December 31, 2022	3,769,200	$	46,218,368

	Number of Class WB-U Units		$
Balance, December 31, 2021	-	$	-
Class WB-U Units issued	52,440		715,971
Reinvestments of distributions by Class WB-U unitholders	437		5,980
Distributions to Class WB-U unitholders	-		(9,974)
Balance, December 31, 2022	52,877	$	711,977

The Income Trust enters into foreign currency forward contracts to economically hedge the variability of future cash flows caused by movements in foreign exchange rates for the Class A-U, F-U, J-U, WB-U, and W-U Units, which are issued and redeemed in US Dollars ("USD"). Under the terms of the foreign currency forward contracts, the Income Trust buys or sells a currency against another currency at a set price on a future date.

As at December 31, 2022, the Income Trust has a portion of its net assets attributable to unitholders denominated in USD and entered into forward contracts to purchase USD in 2021. All forward contracts matured in 2022. As at December 31, 2022, the Income Trust has USD forward contracts with an aggregate notional value of $nil USD (December 31, 2021 – $18,991,398 USD) at forward contract rates of $nil (December 31, 2021 – $1.2362 to $1.2807).

Distributions to Income Trust unitholders

Pursuant to the Declaration of Trust, holders of Income Trust units are entitled to receive distributions if and when declared by the Trustees. The Trustees declare and pay periodic distributions to unitholders at the sole discretion of the Trustees.

7 FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value of financial assets and liabilities

The Income Trust's financial assets and liabilities are comprised of cash and cash equivalents, restricted cash, derivative assets, investments, advances to (from) affiliated entities, and trade and other payables, including derivative liabilities. Fair values of financial assets and liabilities, summarized information related to risk management positions, and discussion of risks associated with financial assets and liabilities are presented as follows.

The fair values of cash and cash equivalents, restricted cash, derivative assets, advances from affiliated entities and trade and other payables approximate their carrying amounts due to the short-term maturity of those instruments.

The fair value of advances to affiliated entities cannot be determined as they have no fixed terms of repayment.

The fair value of investments is derived by assessing the proportionate share of the underlying investments net assets (deficit) attributable to the units held as at December 31, 2022 and 2021.

In identifying the appropriate level of fair value, the Income Trust performs a detailed analysis of the financial assets and liabilities. The inputs used to measure fair value determine different levels of the fair value hierarchy categorized as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3: Values based on valuation techniques for which any significant input is not based on observable market data.

The fair values of financial assets and liabilities and fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the Statement of Financial Position are as follows:

		December 31, 2022		December 31, 2021	
	Hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets:					
Investments	Level 3	**$ 981,074,215**	**981,074,215**	$ 656,330,446	656,330,446
Cash	N/A	**4,151,235**	**4,151,235**	872,092	872,092
Restricted cash	N/A	**-**	**-**	1,192,377	1,192,377
Advances to affiliated entities	N/A	**2,415,435**	**2,415,435**	-	-
Derivative assets	Level 2	**-**	**-**	185,385	185,385
Financial liabilities:					
Advances from affiliated entities	N/A	**-**	**-**	2,893,720	2,893,720
Trade and other payables (excluding derivative liabilities)	N/A	**4,658,738**	**4,658,738**	3,026,550	3,026,550
Derivative liabilities	Level 2	**-**	**-**	28,354	28,354

8 RISK ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

The Income Trust is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risk relating to interest rates, credit risk, liquidity risk, currency risk and capital risk management.

Market risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices. Most of the Income Trust's financial assets are investments in Avenue Living (2014) LP which is invested in multi-family real estate and subject to market fluctuation. Other financial assets and liabilities are short term in nature and, therefore, the fluctuation in the fair values is minimal.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in a financial loss for the Income Trust. The Income Trust believes that its exposure to credit risk is low as its cash and cash equivalents are placed only with reputable Canadian chartered financial institutions. The Income Trust's exposure to credit risk related to advances to affiliated entities is low given the assured collection of these balances.

Liquidity risk

Liquidity risk is the risk the Income Trust will encounter difficulties in meeting its financial liability obligations. The Income Trust manages its liquidity risk by monitoring cash forecasts and cash flows on a regular basis to meet expected operational expenses, by maintaining adequate banking facilities, and by matching the maturity profiles of financial assets and liabilities.

Capital risk management

Units issued and outstanding are considered to be the capital of the Income Trust. The Income Trust does not have any specific capital requirements on the subscription and redemption of units. There is no minimum offering.

Geopolitical and pandemic risk

Geopolitical events in Eastern Europe and continuing events and conditions related to the COVID-19 pandemic are driving disruption of business operations and a significant increase in economic uncertainty and inflationary pressure. Inflation and the rising interest rate environment have not materially impacted the operations of the Income Trust to date. The Income Trust continues to actively monitor its investment in Avenue Living (2014) LP, specifically regarding the collection of receivables from tenants, relationships with lenders, loan covenants, leasing and retention activity, and liquidity requirements for ongoing operations.

9 GUARANTEES, CONTINGENCIES, COMMITMENTS

In the normal course of business, the Income Trust may enter into various agreements that may contain features that meet the definition of guarantees, contingencies, and commitments in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* that contingently requires the Income Trust to make payments to the guaranteed party based on:

i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty;
ii) failure of another party to perform under an obligating agreement; or
iii) failure of a third party to pay its indebtedness when due.

In the ordinary course of business, the Income Trust provides indemnification commitments to counterparties in transactions such as service arrangements, director and officer indemnification agreements and sales of assets. These indemnification agreements require the Income Trust to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by a counterparty as a consequence of the transaction. The terms of these indemnification agreements will vary based on the contract and do not provide any limit on the maximum potential

liability. The Income Trust has not made any significant payments under such indemnifications and no amount has been accrued in these financial statements with respect to these indemnification commitments.

In the normal course of operations, the Income Trust may become subject to a variety of legal and other claims against the Income Trust. Management and the Income Trust's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the estimated costs to satisfy such claims.

As of December 31, 2022, and 2021, no amounts have been recorded and none are required to be disclosed in the financial statements with respect to guarantees, contingencies and commitments.

10 SUBSEQUENT EVENTS

Subsequent to December 31, 2022, in order to be consistent with industry standard, the Income Trust changed the name for several unit classes. Effective January 3, 2023, the following unit class name changes were implemented:

- Class A renamed to Class D
- Class A-U renamed to Class D-U
- Class J Class A
- Class J-U renamed to Class A-U

Subsequent to December 31, 2022, the Income Trust issued the following units (net of units redeemed):

	Issued for cash		Issued pursuant to the distribution reinvestment plan		Total	
	#	$	#	$	#	$
Class D Units	500,558	5,481,466	22,194	237,944	522,752	5,719,410
Class F Units	189,687	2,219,339	37,084	425,211	226,771	2,644,550
Class A Units	427,439	4,936,916	16,304	184,545	443,743	5,121,461
Class W Units	1,155,139	14,032,573	270,821	3,224,668	1,425,960	17,257,241
Class W-B Units	28,138	295,444	10,610	109,173	38,748	404,617
Class D-U Units	30,398	428,536	1,452	20,034	31,850	448,570
Class F-U Units	4,732	67,282	8,221	115,500	12,953	182,782
Class A-U Units	8,600	124,651	566	7,949	9,166	132,600
Class W-U Units	204,738	3,090,350	11,811	173,723	216,549	3,264,073
Class WB-U Units	4,812	66,814	366	5,027	5,178	71,841
	2,554,241	30,743,371	379,429	4,503,774	2,993,670	35,247,145

Proceeds (net of redemptions, commissions and fees) totaling $34,592,796 have been invested in Avenue Living (2014) LP Class A units at a cost of $1 per unit.

Total distributions (net of reinvestments) of $5,303,811 have been paid subsequent to December 31, 2022.

11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements are approved by the Trustees and authorized for issue on February 28, 2023.

Avenue Living (2014) LP

Consolidated Financial Statements

December 31, 2022

Independent auditor's report

To the Unitholders of
Avenue Living (2014) LP

Opinion

We have audited the consolidated financial statements of **Avenue Living (2014) LP** [the "Limited Partnership"], which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of net income and total comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Limited Partnership as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

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

Other information

Management is responsible for the other information, which includes the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Limited Partnership's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limited Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Limited Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Limited Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
February 28, 2023

Avenue Living (2014) LP

Consolidated Statements of Financial Position

As at December 31	Note		2022		2021
Assets					
Non-current assets					
Investment properties	**4,17**	**$**	**2,980,777,646**	$	2,350,165,306
Property and equipment			**210,416**		223,131
Advances to affiliated entities	**5,17**		**32,773,475**		31,490,227
			3,013,761,537		2,381,878,664
Current assets					
Prepaid assets and deposits	**6**		**4,831,172**		6,438,192
Trade and other receivables	**7**		**3,846,555**		2,732,356
Derivative assets	**8**		**1,622,046**		104,591
Restricted cash – tenants' security deposits			**7,412,119**		6,035,346
Restricted cash – savings	**8,9**		**40,425,879**		6,046,994
Cash and cash equivalents			**48,572,886**		38,212,869
			106,710,657		59,570,348
Total assets		**$**	**3,120,472,194**	$	2,441,449,012
Liabilities					
Non-current liabilities					
Mortgages and loans payable	**8**	**$**	**1,073,057,587**	$	860,166,175
Deferred tax liabilities	**10**		**1,340,132**		1,569,251
			1,074,397,719		861,735,426
Current liabilities					
Current portion of mortgages and loans payable	**8**		**678,733,947**		560,182,426
Subordinated debt and operating lines	**9**		**8,506,600**		35,992,269
Lease obligations			**-**		8,107
Trade and other payables	**11**		**29,892,350**		19,432,555
Refundable – tenants' security deposits			**7,412,119**		6,035,346
Advances from affiliated entities	**5,17**		**7,838,359**		1,654,958
			732,383,375		623,305,661
Total liabilities excluding net assets		**$**	**1,806,781,094**	$	1,485,041,087
Net assets		**$**	**1,313,691,100**	$	956,407,925
Net assets attributable to LP unitholders		$	1,308,798,325	$	953,317,155
Net assets attributable to non-controlling interest	**13**	$	4,892,775	$	3,090,770

See accompanying notes to the consolidated financial statements

Avenue Living (2014) LP

Consolidated Statements of Net Income and Total Comprehensive Income

For the years ended December 31	Note		2022		2021
Rental revenue	**19**	**$**	**154,417,989**	$	98,635,596
Ancillary rental income	**20**		**17,306,874**		12,921,218
			171,724,863		111,556,814
Property operating expenses	**17**		**58,542,259**		45,907,378
Net operating income			**113,182,604**		65,649,436
Interest income			**2,364,103**		939,086
			115,546,707		66,588,522
Interest expense			**58,210,170**		38,131,500
Amortization of deferred financing costs			**14,699,170**		14,447,886
General and administrative expenses			**4,486,103**		2,328,510
Depreciation			**61,086**		41,973
			77,456,529		54,949,869
Income before other items and income tax recovery (expense)			**38,090,178**		11,638,653
Fair value gain (loss) on derivatives			**1,465,096**		(2,991)
Fair value gain on investment properties	**4**		**101,740,574**		59,821,305
Profit before income tax recovery (expense)			**141,295,848**		71,456,967
Deferred income tax recovery (expense)	**10**		**229,119**		(88,877)
Net income			**141,524,967**		71,368,090
Other comprehensive income (loss)					
Unrealized gain (loss) from translation of foreign operations			**4,999,691**		(762,905)
Net income and total comprehensive income			**146,524,658**		70,605,185
Net income (loss) and total comprehensive income (loss) attributable to:					
LP unitholders			**145,197,399**		70,631,343
Non-controlling interest	**13**		**1,327,259**		(26,158)
Net income and total comprehensive income		**$**	**146,524,658**	**$**	70,605,185

See accompanying notes to the consolidated financial statements

Avenue Living (2014) LP

Consolidated Statements of Changes in Net Assets

	Note	Total net assets attributable to LP unitholders	Total net assets attributable to non-controlling interest	Total net assets
Balance, January 1, 2021		$ 655,541,736	$ -	$ 655,541,736
Units issued		279,132,767	-	279,132,767
Reinvestments of distributions by unitholders		14,692,555	-	14,692,555
Units redeemed		(28,582,019)	-	(28,582,019)
Distributions to unitholders		(38,099,227)	-	(38,099,227)
Non-controlling interest acquired	**3,13**	-	3,116,928	3,116,928
Net income (loss) for the year		71,394,248	(26,158)	71,368,090
Other comprehensive loss for the year		(762,905)	-	(762,905)
Balance, December 31, 2021		**$ 953,317,155**	**$ 3,090,770**	**$ 956,407,925**
Units issued	**12,17**	**301,552,899**	**713,538**	**302,266,437**
Reinvestments of distributions by unitholders	**12**	**23,325,768**	**-**	**23,325,768**
Units redeemed	**12**	**(56,002,659)**	**-**	**(56,002,659)**
Distributions to unitholders	**12**	**(58,592,237)**	**(238,792)**	**(58,831,029)**
Net income for the year		**140,197,708**	**1,327,259**	**141,524,967**
Other comprehensive income for the year		**4,999,691**	**-**	**4,999,691**
Balance, December 31, 2022		**$ 1,308,798,325**	**$ 4,892,775**	**$ 1,313,691,100**

See accompanying notes to the consolidated financial statements

Avenue Living (2014) LP

Consolidated Statements of Cash Flows

For the years ended December 31	2022	2021
Operating activities		
Net income	**$ 141,524,967**	$ 71,368,090
Items not affecting cash:		
Interest expense	**58,210,170**	38,131,500
Interest paid	**(56,150,223)**	(36,902,372)
Amortization of deferred financing costs	**14,699,170**	14,447,886
Depreciation	**61,086**	41,973
Fair value (gain) loss on derivatives	**(1,465,096)**	2,991
Fair value gain on investment properties	**(101,740,574)**	(59,821,305)
Deferred income tax (recovery) expense	**(229,119)**	88,877
	54,910,381	27,357,640
Changes in working capital related to:		
Prepaid assets and deposits	**1,761,982**	(4,241,380)
Trade and other receivables	**(1,076,419)**	169,272
Trade and other payables	**8,258,016**	(4,068,337)
Cash provided by operating activities	**63,853,960**	19,217,195
Financing activities		
Advances from (repayments to) affiliated entities	**5,707,309**	(3,050,623)
Proceeds from mortgage financing	**709,711,370**	830,705,054
Mortgages and loans scheduled principal repayments	**(25,001,373)**	(21,636,007)
Mortgages and loans repayments	**(360,341,555)**	(423,666,596)
Repayments of subordinated debt and operating lines (net)	**(24,083,908)**	(21,689,500)
Deferred financing costs incurred	**(18,683,354)**	(15,843,611)
Capital lease repayments	**(8,107)**	(11,615)
Distributions to unitholders	**(35,505,261)**	(23,406,672)
Issuance of limited partner units	**285,502,611**	279,132,767
Unit issuance cost	**(299,173)**	-
Redemption of limited partner units	**(56,002,659)**	(28,582,019)
Cash provided by financing activities	**480,995,900**	571,951,178
Investing activities		
Acquisition of foreign subsidiary, net of cash acquired (note 3)	**-**	(46,541,160)
Purchase of investment properties	**(352,142,271)**	(392,678,840)
Additions to investment properties	**(147,386,081)**	(109,872,416)
Purchase of property and equipment	**(41,694)**	(3,217)
Advances to affiliated entities	**(928,433)**	(7,296,511)
Investment in restricted cash	**(34,360,148)**	-
Cash used in investing activities	**(534,858,627)**	(556,392,144)
Net increase in cash	**9,991,233**	34,776,229
Effects of foreign exchange adjustments on cash	**368,784**	114,344
Cash and cash equivalents, beginning balance	**38,212,869**	3,322,296
Cash and cash equivalents, ending balance	**$ 48,572,886**	$ 38,212,869

See accompanying notes to the consolidated financial statements

1 GENERAL

Avenue Living (2014) LP (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership became a limited partnership effective on December 29, 2014, the date of filing of its registration of Limited Partnership. The General Partner of the Limited Partnership is Boulevard Real Estate Equities Ltd. ("Boulevard" or the "GP"), a corporation formed under the laws of the Province of Alberta. The Limited Partnership was established on December 29, 2014.

The Limited Partnership acquires and manages mid-market multi-family residential rental properties in primary and secondary markets across the Canadian Prairies, as well as commercial properties in the same markets. Also, through the acquisition of a subsidiary in the United States ("US") on December 17, 2021 (note 3), the Limited Partnership acquires and manages multi-family residential rental properties in primary and secondary markets across the US. The registered office and head office of the Limited Partnership are located at Suite 600, 1201 Glenmore Trail SW, Calgary, Alberta T2V 4Y8.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The consolidated financial statements of the Limited Partnership have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative assets and liabilities, which are measured at fair value. The consolidated financial statements are prepared on a going concern basis and have been prepared in Canadian dollars. The accounting policies set out below have been applied consistently in all material respects.

c) Basis of consolidation

The consolidated financial statements include the accounts of the Limited Partnership, and its wholly owned subsidiaries Avenue Living U.S. Real Estate Holdings Ltd. ("US Holdings") and 1587069 Alberta ULC, which have ownership of certain underlying residential rental properties. The ownership of these residential rental properties is often held through other wholly owned entities.

All inter-entity transactions, balances, revenue and expenses have been eliminated on consolidation.

d) Foreign currency translation

The consolidated financial statements of the Limited Partnership and its subsidiaries are measured using the currency of the primary economic environment in which the individual entities operate (the "functional currency"). These consolidated financial statements are presented in Canadian dollars.

Assets and liabilities related to properties held in a foreign subsidiary with a functional currency other than the Canadian dollar are translated at the rate of exchange at the consolidated statement of financial position dates. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income.

Transactions completed in a currency other than an individual entity's functional currency are translated into the functional currency using the foreign currency exchange rate prevailing at the time of the transaction. Each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in the consolidated statement of financial position at the foreign currency exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign currency exchange rate at the date of the transaction. Foreign exchange gains and losses related to transactions and balances are recognized in the consolidated statements of net income (loss) and total comprehensive income (loss).

e) Revenue recognition

Rental revenue from an investment property is recognized when a tenant begins occupancy of a rental unit and rent is due. Any rental incentive offered is amortized over the term of the tenancy lease. Residential leases are typically for one-year terms or less and the Limited Partnership retains all of the benefits and risks of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases.

Ancillary rental income comprises revenue from laundry facilities, parking income, and other miscellaneous income and is recognized as earned. IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (notes 21 and 22).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Limited Partnership and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is scoped out of IFRS 15 and addressed under IFRS 9, *Financial Instruments* ("IFRS 9") (as discussed in note 2(m)).

Gain or loss from the sale of investment properties is recognized when the title passes to the purchaser and all or substantially all of sale proceeds are receivable.

f) Investment properties

Investment properties include multi-family residential properties and commercial properties held to earn rental income and capital appreciation and are initially measured at cost. Cost includes purchase price, any directly attributable expenditure related to the acquisition (excluding transaction costs related to a business combination) and improvements made to the properties. All costs associated with upgrading and extending the economic life of the investment properties are capitalized as an additional cost of the investment properties.

Subsequent to initial recognition, investment properties are recorded at fair value, determined based on valuations performed by independent third-party qualified appraisers or available market evidence in accordance with International Account Standards ("IAS") 40, *Investment Property* ("IAS 40"). Fair value is determined based on a combination of internal and external processes. Gains and losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs, as described above, are recorded in profit and loss in the period in which they arise.

The fair values of investment properties are assessed and reassessed by independent third-party qualified appraisers in normal course as part of the Limited Partnership's acquisition and refinancing activities. In addition, the Limited Partnership has established an internal valuation model, which applies the estimated changes in market conditions of the underlying assumptions used since the last appraisal, based on newer appraisals and other market transactions in the same markets, to determine the fair value of investment properties for subsequent reporting periods.

Investment properties are reclassified to non-current assets held for sale when the criteria set out in IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* are met.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value is adjusted to reflect the fair value as outlined in the purchase and sale agreement. This adjustment shall be recorded as a fair value gain (loss). Any remaining gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Limited Partnership located contiguous to land included as investment property. The Limited Partnership has the ability to develop additional multi-family residential buildings or commercial buildings on this land or sell it separately from the investment property at a later date. Excess land is held for capital appreciation, therefore treated as investment property and recorded in accordance with IAS 40 as outlined above.

g) Business combinations

In accordance with IFRS 3, *Business Combinations*, the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to the Limited Partnership. Building and other asset acquisitions that meet the above definition are recorded as business combinations and the acquisition method of accounting for these transactions is applied. The cost of the acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Limited Partnership elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. Building and other asset acquisitions that do not meet the above definition are recorded as an asset addition based on the purchase price.

h) Net assets

i) Statement of Financial Position Presentation
In accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), puttable instruments are generally classified as financial liabilities. Limited Partnership units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, the Limited Partnership units do not meet the exception requirements. Therefore, no instrument qualifies for equity classification on the Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets does not alter the underlying economic interest of the unitholders in the net assets and net operating results attributable to unitholders.

ii) Statement of Financial Position Measurement
Limited Partnership units are carried on the Consolidated Statement of Financial Position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets reflects that, in total, the interests of the unitholders is limited to the net assets of the Limited Partnership. Distributions to unitholders are recorded in the Consolidated Statement of Changes in Net Assets in the period that they are declared.

i) Property and equipment

Tangible assets that are held for use in the production or supply of goods and services, for rent to others, or for administrative purposes and are expected to be used during more than one period, except when other accounting standards require or permit a different accounting treatment, are recorded using the cost model in accordance with IAS 16, *Property, Plant and Equipment* ("IAS 16") which requires, after initial recognition that the tangible assets be carried at their costs less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the assets are expected to be realized and consumed by the Limited Partnership.

Property and equipment are depreciated at rates designed to depreciate the cost of the assets over their estimated useful lives as follows:

Equipment	25% to 30% – declining balance
Furniture	20% – declining balance
Computer	30% – declining balance
Vehicle	25% – declining balance

The method of depreciation and estimated useful lives of property and equipment are periodically evaluated by management and any changes are accounted for as a change in accounting estimates in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

j) Impairment of assets

All assets, except for those identified as not within the scope of IAS 36, *Impairment of Assets* ("IAS 36") are assessed for indications of impairment at the end of each financial reporting period. Should an indication of impairment exist, the recoverable amount of the asset is estimated. The recoverable amount is defined in IAS 36 as the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the statement of comprehensive income and the remaining useful life of the assets will be re-assessed. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in profit or loss. The reversal of an impairment loss will not increase the carrying value of the assets to a value greater than its original carrying value (net of amortization).

k) Income taxes

The Limited Partnership is not a taxable entity and all of its taxable income is distributed to its partners. This exemption does not apply to the corporate subsidiaries of the Limited Partnership that are subject to income tax.

Income taxes include current and deferred income taxes of subsidiaries. Current tax is the expected tax payable or receivable in the taxable profit or loss for the current reporting period and any adjustment in respect of previous periods. Taxable profit differs from profit as reported in the statement of net profit and total comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates used in calculating current income tax have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax bases used for income tax purposes. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that deduction, tax credits and tax losses can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to temporary differences when they reverse. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered. Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income, respectively.

l) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Limited Partnership has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation.

Provisions are re-measured at each reporting date using a current and relevant discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

m) Financial instruments

Financial instruments are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, which are recognized immediately in profit and loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories, which are defined and measured as follows:

Classification	Definition	Measurement
Financial assets at amortized cost	Non-derivative financial assets within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at amortized cost using the effective interest rate method less impairment. (1) (2)
Financial asset at fair value through other comprehensive income	Non-derivative financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at fair value through other comprehensive income.
Financial assets at fair value through profit or loss ("FVTPL")	Either held for trading or designated as at FVTPL as discussed below: - Classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Limited Partnership manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. - Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group that is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.

(1) The effective interest rate method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Limited Partnership to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

The Limited Partnership's financial assets are as follows:

Financial assets	Classification	Measurement
Trade and other receivables	Amortized cost	Amortized cost
Restricted cash – savings	Amortized cost	Amortized cost
Restricted cash – tenants' security deposits	Amortized cost	Amortized cost
Advances to affiliated entities	Amortized cost	Amortized cost
Cash and cash equivalents	Amortized cost	Amortized cost
Derivative assets (3)	FVTPL	Fair value

(3) These contracts have not been designated as an effective hedge, and therefore hedge accounting is not applied.

The Limited Partnership derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the assets to another entity or when the carrying value is reduced by impairment loss.

Financial liabilities

Financial liabilities are classified into the following specified categories which are defined and measured as follows:

Classification	Definition	Measurement
Financial liabilities at amortized cost	All financial liabilities as subsequently measured at amortized cost.	Measured at amortized cost using the effective interest rate less impairment. (4)
Financial liabilities at FVTPL	Either held for trading or designated as at FVTPL as discussed below: - Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Limited Partnership manages together and has a recent actual pattern of short-term profit taking; or it is a derivative that is not designated and effective as a hedging instrument. - Classified as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liabilities form part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.

(4) The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Limited Partnership's financial liabilities are as follows:

Financial liabilities	Classification	Measurement
Mortgages and loans payable	Amortized cost	Amortized cost
Subordinated debt and operating lines	Amortized cost	Amortized cost
Lease obligations	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Advances from affiliated entities	Amortized cost	Amortized cost
Refundable - tenants' security deposits	Amortized cost	Amortized cost
Derivative liabilities (5)	FVTPL	Fair value

(5) Derivative liabilities are included on the consolidated statements of financial position as part of trade and other payables. These contracts have not been designated as an effective hedge, and therefore hedge accounting is not applied.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term redeemable interest-bearing deposits with a maturity date of one year or less.

Restricted cash consists of refundable deposits, balances held in escrow to fund certain investment property expenses and short-term redeemable interest-bearing deposits with a maturity date of two years or less.

o) Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see note 2(p) below) that have been made in applying the Limited Partnership's accounting policies that have the most significant effect on the reported amounts in the consolidated financial statements:

a. Determining the extent and frequency of engaging independent, third party appraisals and establishing an internal valuation model to measure fair value of investment properties;
b. Determining whether the acquisition of investment properties represents the acquisition of an asset or a business; and
c. Determining the tax rate applicable to the Limited Partnership's current and deferred income taxes and identifying the temporary differences in respect of which deferred income taxes are recognized.

p) Key accounting estimates and assumptions

The following are the key accounting estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

a. Significant estimates used in determining the fair value of investment properties include capitalization rates and net operating income. A change to any one of these inputs could significantly alter the fair value of an investment property (see note 4 for sensitivity analysis);
b. Management reviews the aging profile of trade receivables on a customer-by-customer basis at least at the end of each reporting year and a provision for impairment loss on trade receivables is maintained based on the expected credit loss calculation. Specific allowance may be created for individual tenants in exceptional circumstances. Bad debts are written off against the provision; and
c. The amount of temporary differences between the book carrying value of the assets and liabilities versus the tax base values and the future income tax rate at which these differences will be realized.

q) IFRS developments

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Limited Partnership is currently assessing the impact of these amendments.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Limited Partnership.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Limited Partnership is currently assessing the impact of the amendments to determine the impact they will have on the Limited Partnership's accounting policy disclosures.

3 ACQUISITIONS

On December 17, 2021, the Limited Partnership acquired $46,541,160 (USD$36,091,848) of Class B units in the Avenue Living US Real Estate Trust ("US Trust") for cash. Concurrent with acquisition of the Class B units, the US Trust redeemed all other investors in all classes of the US Trust for cash resulting in the Limited Partnership obtaining control of the US Trust (the "Acquisition"). The Class B units were subsequently exchanged for the US Trust's interest in US Holdings, a wholly owned subsidiary, to the Limited Partnership. The U.S. Trust was subsequently dissolved on December 30, 2021.

The change in control is effective December 17, 2021 and has been accounted for using the acquisition method pursuant to IFRS 3. Under the acquisition method, assets and liabilities are recorded at their fair values on the date of acquisition and the total consideration is allocated to the tangible and intangible assets acquired and liabilities assumed. The Limited Partnership has elected to measure non-controlling interest (note 13) at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

The final purchase price allocation is based on Management's best estimate of fair value and has been retrospectively adjusted to reflect new information obtained between December 17, 2021 and December 31, 2021 about conditions that existed at the acquisition date.

The summary of assets acquired and the liabilities assumed at the date of the Acquisition are as follows:

		US Dollars		Canadian Dollars
Investment properties	$	121,873,362	$	157,158,137
Mortgages		(82,799,713)		(106,771,886)
Other assets (liabilities), net		(198,065)		(255,408)
Net assets acquired	**$**	**38,875,584**	**$**	**50,130,843**
Non-controlling interest acquired (note 15)		(2,417,123)		(3,116,928)
Cash acquired		(366,613)		(472,755)
Consideration paid	**$**	**36,091,848**		**46,541,160**

4 INVESTMENT PROPERTIES

The fair values of investment properties are assessed and re-assessed by third party qualified appraisers in normal course as part of the Limited Partnership's acquisition and refinancing strategies. The appraisers are independent valuation firms not related to the Limited Partnership and employ valuation professionals who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. For the year ended December 31, 2022, appraisals were performed for 46% (2021 – 55%) of the portfolio. These appraisals are a significant input into the model used for the year-end valuation. The appraisal value may be adjusted to incorporate improvements to the asset and changes to market conditions subsequent to the appraisal date.

In determining the appropriate classes of investment properties in order to determine the fair value measurement, the Limited Partnership has considered the nature, characteristics and risk of its properties. The classification of investment properties is based primarily on the geographical location of the asset. Below is a continuity schedule based on investment property classes:

	Canada	United States	Total
December 31, 2020	$ 1,632,214,643	$ -	$ 1,632,214,643
Acquisitions	393,747,125	157,158,137	550,905,262
Building improvements	109,872,416	-	109,872,416
Fair value gain	59,717,154	104,151	59,821,305
Unrealized foreign exchange adjustment	-	(2,648,320)	(2,648,320)
December 31, 2021	$ 2,195,551,338	$ 154,613,968	$ 2,350,165,306
Acquisitions	**299,382,030**	**69,823,241**	**369,205,271**
Building improvements	**133,494,716**	**13,891,365**	**147,386,081**
Fair value gain	**83,682,266**	**18,058,308**	**101,740,574**
Unrealized foreign exchange adjustment	**-**	**12,280,414**	**12,280,414**
December 31, 2022	**$ 2,712,110,350**	**$ 268,667,296**	**$ 2,980,777,646**

The direct capitalization method is used to convert an estimate of a single year's stabilized net operating income ("SNOI") expectancy into an indication of value in one direct step by dividing the SNOI estimated by an appropriate capitalization rate ("Cap Rate"). In addition, the Limited Partnership has established an internal valuation model, which applies the estimated changes in market conditions to the underlying assumptions used since the last appraisal based on newer appraisals and other market transactions in the same markets to determine the fair value of investment properties for its subsequent reporting periods.

The average range of capitalization rates used in determining the fair value of investment properties are set out below:

December 31, 2021	Range		Weighted
	Low	High	Average
Alberta	4.20%	6.75%	5.19%
Saskatchewan and Manitoba	4.58%	6.37%	5.25%
United States	5.25%	6.08%	5.71%
Overall	4.20%	6.75%	5.23%

December 31, 2022	**Range**		**Weighted**
	Low	**High**	**Average**
Alberta	**4.56%**	**6.22%**	**5.12%**
Saskatchewan and Manitoba	**5.01%**	**6.10%**	**5.53%**
United States	**5.55%**	**6.45%**	**5.85%**
Overall	**4.56%**	**6.45%**	**5.26%**

The direct capitalization method requires that an estimated forecasted SNOI be divided by a Cap Rate to determine a fair value. Accordingly, changes in both SNOI and Cap Rate would significantly alter the fair value of investment properties. The tables below show the impact of changes in both SNOI and Cap Rate and the resulting increase (decrease) in fair values of investment properties as at each date indicated:

December 31, 2022

			- 3.0 %	- 1.0 %	As estimated	+ 1.0 %	+ 3.0 %
Stabilized net operating income		**$**	**152,085,237**	**155,221,015**	**156,788,904**	**158,356,793**	**161,492,571**
Capitalization rate							
- 0.25 %	**5.01%**		**54,885,827**	**117,446,206**	**148,741,400**	**180,036,586**	**242,626,965**
Cap Rate used	**5.26%**		**(89,423,330)**	**(29,807,779)**	**Nil**	**29,807,772**	**89,423,324**
+ 0.25%	**5.51%**		**(220,610,005)**	**(163,699,334)**	**(135,243,995)**	**(106,788,662)**	**(49,877,991)**

All investment properties are pledged as security against the Limited Partnership's mortgages payable (note 8).

5 ADVANCES TO (FROM) AFFILIATED ENTITIES

As at December 31, 2022, $32,773,475 (2021 – $31,490,227) was receivable from affiliated entities, and $7,838,359 (2021 – $1,654,958) was payable by the Limited Partnership to affiliated entities (note 17). Included in advances to affiliated entities at December 31, 2022 and 2021 are $2.5 million of promissory notes at 4.00% interest due from Avenue Living Communities Ltd. ("Communities") and a promissory note for $1.0 million at 4.00% interest due from Avenue Living Asset Management Ltd. ("Asset Manager"). Communities and Asset Manager are related to the Limited Partnership by virtue of common control.

Refer to note 15 for the Limited Partnership's exposure to credit risk in relation to its loan balances with affiliated entities.

6 PREPAID ASSETS AND DEPOSITS

		December 31, 2022		December 31, 2021
Prepaid expenses	**$**	**3,687,030**	$	2,175,294
Other deposits		**1,144,142**		4,262,898
	$	**4,831,172**	$	6,438,192

7 TRADE AND OTHER RECEIVABLES

Trade and other receivables

Trade receivables comprise amounts due from tenants and other receivables comprise other amounts due in the next 12 months. Other receivables include refundable deposits made for the acquisition of investment properties that had not been completed as of the reporting date.

Aging profile		December 31, 2022		December 31, 2021
Less than 30 days	**$**	**594,814**	$	418,376
Past due for between 31 and 90		**500,253**		394,076
Past due 91 days or longer		**3,298,630**		7,302,067
Other receivables		**2,375,233**		895,044
Total gross trade receivables		**6,768,930**		9,009,563
Provision for impairment of trade receivables		**(2,922,375)**		(6,277,207)
Current trade and other receivables, net	**$**	**3,846,555**	$	2,732,356

Provision for impairment of trade receivables

A reconciliation of the beginning and ending carrying amounts of the Limited Partnership's provision for impairment of trade receivables is as follows:

		December 31, 2022		December 31, 2021
Balance at beginning of year	**$**	**(6,277,207)**	$	(3,305,992)
Provision for impairment recognized during the year		**(4,027,291)**		(2,862,352)
Trade receivables written off (recovered) during the year		**7,382,123**		(108,863)
Balance at end of year	**$**	**(2,922,375)**	$	(6,277,207)

Refer to note 15 for the Limited Partnership's exposure to credit risk in relation to its trade and other receivables and how the Limited Partnership accounts for past due balances.

8 MORTGAGES AND LOANS PAYABLE

Mortgages and loans payable bear interest at rates ranging from of 1.83% – 10.50% per annum as at December 31, 2022 (2021 – 1.83% – 8.50%) and mature from 2023 to 2033 and are secured by specific charges against specific investment properties, having a fair value of $2,980,777,646 (2021 – $2,350,165,306). As at December 31, 2022, unamortized deferred financing charges totaled $17,551,607 (2021 – $13,413,145). Certain of these mortgages and loans payable contain financial covenants. On an ongoing basis, the Limited Partnership monitors these financial covenants for compliance.

MORTGAGES AND LOANS PAYABLE		December 31, 2022		December 31, 2021
Non-current	**$**	**1,073,057,587**	$	860,166,175
Current		**678,733,947**		560,182,426
	$	**1,751,791,534**	$	1,420,348,601

Estimated principal mortgage and loan payments required as of December 31, 2022 are as follows:

Year		Amount
2023	$	544,539,256
2024		257,182,265
2025		141,207,964
2026		247,503,534
2027		74,254,636
Subsequent		504,655,486
	$	**1,769,343,141**
Deferred financing charges		(17,551,607)
	$	**1,751,791,534**

The Limited Partnership has an on demand revolving credit facility with a chartered bank. This credit facility is secured by cash and a first or second mortgage charge on specific real estate assets. The maximum amount available varies with the value of pledged assets to a maximum not to exceed $200 million. The credit facility requires monthly interest payments and is renewable annually subject to the mutual consent of the lender and the Limited Partnership. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement. As at December 31, 2022, $171.5 million (2021 – $nil) was drawn on the credit facility.

In accordance with the terms of various mortgage agreements, the Limited Partnership entered into derivative contracts to partially economically hedge the variability of future cash flows caused by movements in interest rates, which are impacted by changes in benchmark rates. Under the terms of the interest rate swap contract, the Limited Partnership pays a fixed interest rate while receiving variable payments, in certain cases in exchange for a premium. As at December 31, 2022, the Limited Partnership has the following fixed to floating interest rate swaps (note 14).

	Notional value	Rate received	Rate paid	Currency	Maturity	Fair Value as at December 31, 2022
$	10,588,302	CDOR + 1.32%(1)	4.32%	CAD	March 1, 2027	$334,620
$	11,820,273	CDOR+ 1.35%(1)	4.35%	CAD	March 1, 2027	$382,913
$	6,250,000	3.95% + SOFR(1,2)	4.95%(2)	USD	May 10, 2024	$446,666
$	11,800,000	3.70% + SOFR(1,2)	4.70% (2)	USD	September 15, 2023	$457,847

(1) Canadian Dollar Offered Rate ("CDOR") and Secured Overnight Financing Rate ("SOFR")

(2) This agreement limits the interest paid to the higher of SOFR and 1.00%. If the one-month SOFR rate is below 1.00%, no amount is received under the agreement. If the rate exceeds 1.00%, then the swap provides for floating payments to the Partnership for the incremental difference.

9 SUBORDINATED DEBT AND OPERATING LINES

The Limited Partnership has overdraft and operating facilities totaling $50 million (2021 – $40 million) which are due on demand. As part of the terms of these facilities, the Limited Partnership is required to hold $15 million of restricted cash in an account (2021 – $5 million) which is included along with other escrow balances in Restricted cash – savings in the Consolidated Statements of Financial Position. As of December 31, 2022, $8.5 million was drawn on these facilities (2021 – $9.5 million), which is included in subordinated debt and operating lines.

As at December 31, 2022, included in the subordinated debt and operating lines balance is $nil (2021 – $3,401,761) of unsecured promissory notes. The promissory notes were due on demand maturing in 2022 and bore interest rates of nil (2021 – 6.00% - 12.00%).

10 INCOME TAXES

On July 31, 2015 through the acquisition of 1587069 Alberta ULC, the Limited Partnership acquired certain deferred tax liabilities. During the year ended December 31, 2022 the Limited Partnership recognized a deferred tax recovery of $229,119 (2021 – expense of $88,877) related to changes in the tax basis of its assets. The majority of the deferred tax balances are for book to tax differences.

11 TRADE AND OTHER PAYABLES

		December 31, 2022		December 31, 2021
Trade payables	**$**	**19,392,317**	$	10,678,562
Accrued interest		**6,473,898**		4,383,673
GST payable		**3,018**		3,573
Unearned revenue		**3,823,117**		4,365,222
Redemptions of Preferred Units (Series 2014) payable (note 12)		**200,000**		-
Derivative liability		-		1,525
	$	**29,892,350**	$	19,432,555

12 PARTNERS' CAPITAL

Authorized:

Class	**Authorized**	**Issued**
Preferred Units (Series 2014)	85,000,000	80,238,106
Common Units (Series 2014)	Unlimited	158,600,497
Class A Units	Unlimited	890,988,349
Class B Units	Unlimited	Nil
Class C Units	Unlimited	Nil
Class K Units	Unlimited	1,116,300
Class M Units	1,000	1,000
Class O Units	Unlimited	Nil

The Limited Partnership Agreement as amended and restated on August 15th, 2022 amended various terms of the existing Limited Partnership Agreement. Namely, the extinguishment date related to the Preferred Units (Series 2014) was extended from December 31, 2022 to December 31, 2027 (the "Sunset Date") and the terms of the Common Units (Series 2014) were amended to no longer provide for automatic extinguishment.

Preferred Units (Series 2014) may remain unitholders on the terms applicable to those Units after the Sunset Date. If no notice is provided by the holder during the specified period as outlined in the Amended and Restated Limited Partnership Agreement, the Preferred Units (Series 2014) will be extinguished after December 31, 2027. Extinguished units will be exchanged for cash at a value and on such date as determined pursuant to the Amended and Restated Limited Partnership Agreement. Under the amendments approved in 2022, the Preferred Units (Series 2014) contain a redemption feature which allows those holders who wish to redeem all or a portion of their investment before December 31, 2027 to do so up to an aggregate maximum total redemption of $5,000,000 per quarter. During the year ended December 31, 2022, 200,000 Preferred Units (Series 2014) were redeemed (2021 – nil) for total consideration of $200,000 (2021 – $nil), of which $200,000 (2021 – $nil) was payable at December 31, 2022. During the year ended December 31, 2022, nil Preferred Units (Series 2014) were issued (2021 – 757,097) for total consideration of $nil (2021 – $757,097). Preferred Units (Series 2014) outstanding at December 31, 2022 are 80,238,106 (2021 – 80,438,106).

Common Units (Series 2014) are not redeemable. After December 31, 2027 Common Units (Series 2014) may be re-designated from time to time at the option of the holder into Class C Units at a value determined pursuant to the Amended and Restated Limited Partnership Agreement. The Class C Units are redeemable at the option of the holder. Common Units (Series 2014) outstanding at December 31, 2022 are 158,600,497 (2021 – 158,600,497).

Class A Units are redeemable. The redemption feature is limited to a maximum of $150,000 per quarter and is subject to the discretion of the GP. During the year ended December 31, 2022, 284,789,073 Class A units were issued (2021 – 276,625,670) for total consideration of $284,789,073 (2021 – $276,625,670), and 38,763,660 units were redeemed (2021 – 28,582,019) for total consideration of $38,763,660 (2021 – $28,582,019). During the year ended December 31, 2022, 23,325,768 Class A units were issued (2021 – 14,692,555) as part of reinvestments by unitholders for proceeds of $23,325,768 (2021 – $14,692,555). Class A Units outstanding at December 31, 2022 are 890,988,349 (2021 – 621,637,228).

The rights, restrictions and privileges of each series of Class B Units will be determined at time of issue.

Class C Units will be issued in exchange for the equivalent value of Class B Units, Common Units (Series 2014) or another series of Class B units and are redeemable with limitations.

Class K Units are redeemable. The redemption feature is limited to a maximum of $150,000 per quarter and is subject to the discretion of the GP. During the year ended December 31, 2022, 1,116,300 Class K units were issued (2021 – nil) for total consideration of $11,162,999 (2021 – $nil) in connection with certain property acquisitions. Class K Units outstanding at December 31, 2022 are 1,116,300 (2021 – nil).

The Asset Manager, as holder of the Class M Units, is entitled to a 5.0% carried interest on all distributions made by the Partnership on all of the other units, with the exception of the Preferred Units (Series 2014). Class M units are not entitled to an interest in the capital of the Partnership of any other class of units other than the Class M units. Class M units are redeemable at the option of the holder.

Class O Units are redeemable. The redemption feature is limited to a maximum of $150,000 per quarter and is subject to the discretion of the GP. In connection with the property acquisitions from Avenue Living Real Estate Opportunity LP ("ALREO"), 548,479 Class O Units were issued (2021 – 172,075) to ALREO for total consideration of $5,900,000 (2021 - $1,750,000) (note 17). ALREO is related through common control. During the year ended December 31, 2022, 1,468,138 Class O units were redeemed (2021 – nil) for total consideration of $17,038,999 (2021 – $nil). Class O Units outstanding at December 31, 2022 are nil (2021 – 919,660).

All classes of units share in the net income or loss of the Limited Partnership in accordance with their proportionate interest.

Distributions to limited partnership unitholders

Pursuant to the Amended and Restated Limited Partnership Agreement, holders of limited partnership units are entitled to receive distributions monthly with unpaid amounts compounded quarterly, made on each distribution date at the sole discretion of the GP. For the year ended December 31, 2022 the Limited Partnership made distributions of $58,592,237 (2021 – $38,099,227).

Distributions to general partnership unitholders

Pursuant to the Amended and Restated Limited Partnership Agreement, holders of general partnership units are entitled to receive distributions. For the year ended December 31, 2022 the Limited Partnership made distributions of $nil (2021 – $nil).

13 NON-CONTROLLING INTEREST

Pursuant to the Acquisition (note 3), the Limited Partnership acquired the non-controlling interest of US Holdings. The operating entities of US Holdings acquire and manage mid-market multi-family residential rental properties in primary and secondary markets in the US. All voting interests of US Holdings are held by the Limited Partnership.

14 FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value of financial assets and liabilities

The Limited Partnership's financial assets and liabilities are comprised of restricted cash – savings, trade and other receivables, derivative assets, restricted cash – tenants' security deposits, advances to affiliated entities, cash and cash equivalents, mortgages and loans payable, subordinated debt and operating lines, lease obligations, advances from affiliated entities, trade and other payables including derivative liabilities, and refundable - tenants' security deposits. Fair values of financial assets and liabilities, summarized information related to risk management positions, and discussion of risks associated with financial assets and liabilities are presented as follows.

The fair values of trade and other receivables, restricted cash – tenants' security deposits, cash and cash equivalents, trade and other payables (excluding derivative liabilities), advances from affiliated entities, and refundable - tenants' security deposits approximate their carrying amounts due to the short-term maturity of those instruments.

The fair value of advances to affiliated entities cannot be determined as they are due on demand and have no fixed terms of repayment.

The fair values of mortgages and loans payable and subordinated debt and operating lines are determined using the current market interest rates as discount rates, the net present value of principal balances and future cash flows over the terms of the mortgages and loans payable and subordinated debt and operating lines.

In identifying the appropriate level of fair value, the Limited Partnership performs a detailed analysis of the financial assets and liabilities. The inputs used to measure fair value require different levels of the fair value hierarchy categorized as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3: Values based on valuation techniques for which any significant input is not based on observable market data.

The fair values of financial assets and liabilities and fair value hierarchy of assets and liabilities in the consolidated statement of financial position are as follows:

		December 31, 2022		December 31, 2021	
	Hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Non-financial assets:					
Investment properties	Level 3	**$ 2,980,777,646**	**$ 2,980,777,646**	$ 2,350,165,306	$ 2,350,165,306
Financial assets:					
Trade and other receivables	N/A	**3,846,555**	**3,846,555**	2,732,356	2,732,356
Derivative asset	N/A	**1,622,046**	**1,622,046**	104,591	104,591
Restricted cash – tenants' security deposits	N/A	**7,412,119**	**7,412,119**	6,035,346	6,035,346
Restricted cash – savings	N/A	**40,425,879**	**40,425,879**	6,046,994	6,046,994
Cash and cash equivalents	N/A	**48,572,886**	**48,572,886**	38,212,869	38,212,869
Financial liabilities:					
Mortgages and loans payable	Level 3	**1,751,791,534**	**1,747,298,268**	1,420,348,601	1,395,726,403
Subordinated debt and operating lines	Level 3	**8,506,600**	**8,506,600**	35,992,269	35,992,269
Lease obligations	N/A	**-**	**-**	8,107	8,107
Trade and other payables	N/A	**29,892,350**	**29,892,350**	19,431,030	19,431,030
Derivative liability	Level 2	**-**	**-**	1,525	1,525
Refundable – tenants' security deposits	N/A	**7,412,119**	**7,412,119**	6,035,346	6,035,346

15 RISK ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

The Limited Partnership is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risk relating to interest rates, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices.

Interest rate risk

The Limited Partnership is exposed to interest rate risk to the extent of any upward or downward revision in lending rates. Mortgages and loans payable and subordinated debt and operating lines totaling $520,768,366 are subject to renewal in the next 12-month period. Changes in interest rates have the potential to adversely affect the profitability of the Limited Partnership. However, the Limited Partnership attempts to mitigate this risk by staggering the maturity dates for its mortgages and entering into derivative contracts to partially economically hedge the variability of future cash flows caused by movements in interest rates, which are impacted by changes in benchmark rates (note 8).

Approximately 14.05% (2021 – 4.73%) of the Limited Partnership's mortgages are insured by CMHC under the National Housing Association mortgage program. This added level of insurance offered to lenders allows the Limited Partnership to receive the best possible financing and interest rates, and significantly reduces the potential for a lender to call a loan prematurely. A 1.0% change in the prime lending rate would have resulted in a change of $5,882,028 interest expense for the year ended December 31, 2022.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in a financial loss for the Limited Partnership. The Limited Partnership is exposed to credit risk as a result of its advances to affiliated entities, and trade and other receivables. These balances comprise loans with affiliated entities due on demand and promissory notes, as well as accounts receivable from tenant receivables. As at December 31, 2022, no balance relating to loans and promissory notes with affiliated entities was past due (2021 – $nil).

In relation to loans with affiliated entities due on demand and promissory notes, the Limited Partnership's exposure to credit risk is low given the assured collection of these balances.

In regard to tenant receivables, the Limited Partnership is exposed to credit risk as some tenants may experience financial difficulty and may default on payment of rent. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Limited Partnership attempts to minimize possible risks by conducting in depth credit assessments of all prospective tenants, collecting security deposits from tenants, and utilizing internal and third-party collection services. The Limited Partnership's tenants are numerous which reduces the concentration of credit risk. As tenants' rent is due at the beginning of the month, all amounts in accounts receivable are considered overdue by the Limited Partnership. As of December 31, 2022, rents due from current tenants amounted $4,393,697 (2021 – $8,114,519). The possibility of not receiving payment of rent due from current tenants was covered by provisions for impairment of $2,922,375 (2021 – $6,277,207) as well as by security deposits held related to overdue accounts.

The Limited Partnership uses a provision matrix to measure the expected credit loss of trade receivables from tenants, which comprise a very large number of small balances. A provision matrix specifies fixed provision rates depending on the number of days that a trade receivable is past due. These rates are based on historical data and management's view of economic conditions over the expected lives of the receivables. Management will review and assess past due receivables to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. Tenant receivable balances exceeding 90 days are typically written off to bad debt expense. The amount written off is recognized in the consolidated statement of net income and total comprehensive income under property operating expenses. Subsequent recoveries of amounts previously written off are credited against property operating expenses during the period of settlement.

In relation to cash, the Limited Partnership believes that its exposure to credit risk is low. The Limited Partnership places its cash and cash equivalents only with reputable Canadian and American chartered financial institutions.

Liquidity risk

Liquidity risk is the risk the Limited Partnership will encounter difficulties in meeting its financial liability obligations. The Limited Partnership manages its liquidity risk by monitoring forecasts and cash flows on a regular basis to meet expected operating expenses, by maintaining adequate banking facilities, and by matching the maturity profiles of financial assets and liabilities.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

	1 year	2 years	3 years	4 years	Thereafter	Total
Mortgages and loans payable	$ 544,539,256	$ 257,182,265	$ 141,207,964	$ 247,503,534	$ 578,910,122	$ 1,769,343,141
Trade and other payables	29,892,350	-	-	-	-	29,892,350
Refundable – tenants' security deposits	7,412,119	-	-	-	-	7,412,119
Subordinated debt and operating lines	8,506,600	-	-	-	-	8,506,600
Advances from affiliated entities	7,838,359	-	-	-	-	7,838,359

Currency risk

The Limited Partnership is exposed to currency risk as a result of certain expenses being denominated in a foreign currency. Financing and operating activities are exposed to currency risk, primarily in US Holdings (see note 3), where certain operating expenses are incurred in Canadian dollars. The majority of currency risk is mitigated as debt and operating expenses are incurred in the same currency as the related revenue. As at December 31, 2022, changes in foreign currency rates would not have a significant impact on net income.

Geopolitical and pandemic risk

Geopolitical events in Eastern Europe and continuing events and conditions related to the COVID-19 pandemic are driving disruption of business operations and a significant increase in economic uncertainty and inflationary pressure. Inflation and the rising interest rate environment have not materially impacted the operations of the Limited Partnership to date. The Limited Partnership continues to actively monitor its collection of receivables from tenants, relationships with lenders, loan covenants, leasing and retention activity, and liquidity requirements for ongoing operations.

16 GUARANTEES, CONTINGENCIES, COMMITMENTS

In the normal course of business, the Limited Partnership may enter into various agreements that may contain features that meet the definition of guarantees, contingencies, and commitments in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* that contingently requires the Limited Partnership to make payments to the guaranteed party based on:

i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty;
ii) failure of another party to perform under an obligating agreement; or
iii) failure of a third party to pay its indebtedness when due.

In the ordinary course of business, the Limited Partnership provides indemnification commitments to counterparties in transactions such as credit facilities, leasing transactions, service arrangements, director and officer indemnification agreements and sales of assets. These indemnification agreements require the Limited Partnership to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by a counterparty as a consequence of the transaction. The terms of these indemnification agreements will vary based on the contract and do not provide any limit on the maximum potential liability. Historically, the Limited Partnership has not made any significant payments under such indemnifications and no amount has been accrued in these consolidated financial statements with respect to these indemnification commitments.

In the normal course of operations, the Limited Partnership will become subject to a variety of legal and other claims against the Limited Partnership. Management and the Limited Partnership's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the estimated costs to satisfy such claims. Management believes that the outcome of legal and other claims filed against the Limited Partnership will not be material.

As of December 31, 2022 and 2021, no amounts have been recorded and none are required to be disclosed in the consolidated financial statements with respect to guarantees, contingencies and commitments.

17 RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of business and unless otherwise noted, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All related party balances are interest bearing at the published Canadian bank prime rate except as otherwise disclosed.

Effective October 27, 2017, Communities was contracted to provide property management services to the Limited Partnership and its subsidiaries. Certain of the fees and expenditures related to these services are included in property operating expenses on the consolidated statement of income and total comprehensive income, and costs of a capital nature are included in investment properties on the consolidated statement of financial position.

Also, effective October 27, 2017, Asset Manager was contracted to provide strategic asset management services to the Limited Partnership. The Asset Manager holds 1,000 Class M Units in the Limited Partnership (see note 12).

The Limited Partnership incurs certain expenses on behalf of Avenue Living Real Estate Core Trust.

During 2022, the Limited Partnership acquired certain properties from ALREO for total purchase price of $24,400,000 (2021 – $14,540,000). A portion of the consideration for these assets was settled via the issuance of Class O Units (note 12) to ALREO.

The Limited Partnership has certain balances owing from Boulevard and its amalgamated entities. These entities are related by virtue of common control.

Advances to affiliated entities at December 31, 2022 are comprised of the following:

Affiliated entities	December 31, 2021	Increases/ Expenses Paid by Limited Partnership	Repayments/ Fees Charged to Limited Partnership	December 31, 2022
Avenue Living Real Estate Core Trust	$ 2,513,713	$ -	$ (2,513,713)	$ -
Avenue Living Estate Opportunity LP	7,179,888	-	(7,179,888)	-
Avenue Living Communities Ltd.	5,267,903	-	(5,267,903)	-
Avenue Living Asset Management Ltd.	10,856,510	36,408,847	(21,002,107)	26,263,250
Boulevard Real Estate Equities Ltd. (including amalgamated entities)	5,072,305	1,789,791	(1,827,000)	5,035,096
Mini Mall U.S. Storage Properties Master LP	-	21,588,882	(20,812,201)	776,681
Other affiliated entities	599,908	2,134,040	(2,035,500)	698,448
Advances to affiliated entities	**$ 31,490,227**	**$ 61,921,560**	**$ (60,638,312)**	**$ 32,773,475**

Advances from affiliated entities at December 31, 2022 are comprised of the following:

Affiliated entities	December 31, 2021	Decreases/ Expenses Paid by Limited Partnership	Increases/ Fees Charged to Limited Partnership	December 31, 2022
Avenue Living Asset Management Ltd.	$ 1,095,358	$ (2,231,766)	$ 3,158,672	$ 2,022,264
Avenue Living Communities Ltd.	559,600	(31,636,696)	33,641,400	2,564,304
Avenue Living Real Estate Core Trust	-	(200,160,180)	202,570,613	2,410,433
Avenue Living Estate Opportunity LP	-	(16,266,758)	17,039,000	722,242
Other affiliated entities	-	(1,692,950)	1,762,066	69,116
Advances from affiliated entities	**$ 1,654,958**	**$ (251,988,350)**	**$ 258,171,751**	**$ 7,838,359**

Advances to affiliated entities at December 31, 2021 are comprised of the following:

Affiliated entities	December 31, 2020	Increases/ Expenses Paid by Limited Partnership	Repayments/ Fees Charged to Limited Partnership	December 31, 2021
Avenue Living Real Estate Core Trust	$ 335,075	$ 2,178,638	$ -	$ 2,513,713
Avenue Living Estate Opportunity LP	5,416,888	2,005,740	(242,740)	7,179,888
Avenue Living Communities Ltd.	12,880,910	2,010,658	(9,623,665)	5,267,903
Avenue Living Asset Management Ltd.	-	28,777,514	(17,921,004)	10,856,510
Boulevard Real Estate Equities Ltd. (including amalgamated entities)	5,089,654	-	(17,349)	5,072,305
Other affiliated entities	1,471,476	196,717	(1,068,285)	599,908
Advances to affiliated entities	$ 25,194,003	$ 35,169,267	$ (28,873,043)	$ 31,490,227

Advances from affiliated entities at December 31, 2021 are comprised of the following:

Affiliated entities	December 31, 2020	Decreases/ Expenses Paid by Limited Partnership	Increases/ Fees Charged to Limited Partnership	December 31, 2021
Avenue Living Asset Management Ltd.	$ 3,751,052	$ (3,751,052)	$ 1,095,358	$ 1,095,358
Avenue Living Communities Ltd.	-	-	559,600	559,600
Advances from affiliated entities	$ 3,751,052	$ (3,751,052)	$ 1,654,958	$ 1,654,958

18 KEY MANAGEMENT PERSONNEL

Key management personnel of the Limited Partnership, during the year ended December 31, 2022, comprised three Directors (2021 – one Director). The remuneration of the Limited Partnership's key management personnel for the years ended December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Short-term benefits	**$ 1,331,937**	$ 420,000

19 RENTAL REVENUE

As lessor, the Limited Partnership leases residential rental properties under operating leases generally with a term of not more than 12 months. As such, rental revenue represents all lease revenue earned from the Limited Partnership's operating leases and totaled $154,417,989 for the year ended December 31, 2022 (2021 – $98,635,596).

The breakdown of rental revenue between lease and non-lease components is as follows:

	December 31, 2022	December 31, 2021
Lease component of rental revenue	**$ 137,628,459**	$ 85,557,362
Non-lease component of rental revenue	**16,789,530**	13,078,234
	$ 154,417,989	$ 98,635,596

20 ANCILLARY RENTAL INCOME

Ancillary rental income comprises the following:

		December 31, 2022		December 31, 2021
Revenue from coin laundry machines	$	**1,801,470**	$	1,388,161
Parking revenue		**1,391,976**		890,074
Move-out revenue		**2,011,581**		2,466,358
Other ancillary rental income (fees and charges)		**12,101,847**		8,176,625
	$	**17,306,874**	$	12,921,218

21 OPERATING LEASES

As lessor, the Limited Partnership leases multi-family residential rental properties and commercial properties. Residential leases are typically for one-year terms or less. Commercial property leases typically have terms between 3 to 5 years, with an option to extend for a further period.

The future minimum lease payments to be received by the Limited Partnership under operating leases in the aggregate and for each of the following periods are as follows:

		2022
2023	**$**	89,208,485
2024		1,729,709
2025		1,478,910
2026		1,355,391
Thereafter		463,258
	$	**94,235,753**

22 CAPITAL MANAGEMENT

The Limited Partnership defines capital that it manages as the aggregate of its mortgages and loans payable and subordinated debt and operating lines net of surplus cash and on occasion, bank loan or lines of credit when drawn on. The Limited Partnership's total capital resources amounted to $1,671,299,369 (2021 – $1,412,081,007).

The Limited Partnership sets the amount of capital in proportion to risk. The Limited Partnership manages the capital structure and makes adjustments based on changes in economic conditions and the risk characteristics of the underlying assets. Generally, the Limited Partnership uses short term financing during the stabilization process when acquiring new investment properties. Once stabilized, the Limited Partnership refinances the investment property using longer term mortgage financing.

The total managed capital for the Limited Partnership is summarized below:

		December 31, 2022		December 31, 2021
Mortgages and loans payable and subordinated debt and operating lines	**$**	**1,760,298,134**	$	1,456,340,870
Less: Surplus cash		**(88,998,765)**		(44,259,863)
Managed capital	**$**	**1,671,299,369**	$	1,412,081,007

The Limited Partnership's policy for capital risk management is to maintain a debt to fair value of investment properties ratio of no greater than 75%. The market value basis for the policy is based on investment properties and investment in joint venture.

		December 31, 2022		December 31, 2021
Investment properties	**$**	**2,980,777,646**	$	2,350,165,306
Managed capital		**1,671,299,369**		1,412,081,007
Excess fair value over debt	**$**	**1,309,478,277**	$	938,084,299
Debt to fair value ratio		**56.1%**		60.1%

In managing the capital requirement, management assesses the capital and liquid resources required to ensure the going concern of the Limited Partnership's operations. As of December 31, 2022, the Limited Partnership has a cash balance of $48,572,886 (2021 – $38,212,869). Management believes that the existing liquid resources and funds raised through refinancing and issuances of units are sufficient to support the Limited Partnership's operation on a going concern basis.

23 SUBSEQUENT EVENTS

Subsequent to year-end, the Limited Partnership issued (net of units redeemed) 30,089,024 Class A Units for proceeds of $30,089,024. The Limited Partnership also issued 4,503,772 Class A units pursuant to the distribution reinvestment plan for proceeds of $4,503,772.

Total distributions of $11,511,691 have been paid subsequent to December 31, 2022.

The Limited Partnership also issued 400,000 Preferred Units (Series 2014) for proceeds of $400,000.

Subsequent to year-end, the Limited Partnership refinanced certain mortgages for net proceeds of $5,929,681. The new mortgages bear interest at 4.11% per annum maturing July 2033 and are secured by specific charges against specific investment properties.

Subsequent to year end, a further $8 million was drawn on the demand revolving credit facility (note 8).

24 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

25 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on February 28, 2023.

ITEM 13 - DATE AND CERTIFICATE

Dated: **March 1, 2023**

This Offering Memorandum does not contain a misrepresentation.

AVENUE LIVING REAL ESTATE CORE TRUST, by its Manager,
AVENUE LIVING ASSET MANAGEMENT LTD.

(signed) *"Anthony Giuffre"*
ANTHONY GIUFFRE
President

(signed) *"Marina Post"*
MARINA POST
Chief Financial Officer

BY THE TRUSTEES

(signed) *"Anthony Giuffre"*
ANTHONY GIUFFRE
Trustee

(signed) *"Shelley Allchurch"*
SHELLEY ALLCHURCH
Trustee

(signed) *"Dr. Brian Brodie"*
DR. BRIAN BRODIE
Trustee

(signed) *"Robert Verbuck"*
ROBERT VERBUCK
Trustee

(signed) *"Catriona Le May Doan"*
CATRIONA LE MAY DOAN
Trustee

BY THE PROMOTERS

(signed) *"Anthony Giuffre"*
ANTHONY GIUFFRE

(signed) *"Anthony Giuffre"*
For BOULEVARD REAL ESTATE EQUITIES LTD.