

**OFFERING MEMORANDUM  
CETANA REAL ESTATE INVESTMENT TRUST**

DATE December 5, 2023

THE ISSUER  
Name: Cetana Real Estate Investment Trust (“**Cetana REIT**” or the “**Trust**”)

Head Office  
Address: 22 Leader Lane, Suite 409, Toronto,  
Ontario M5E 0B2, Canada  
Phone No.: (416) 568-3533  
E-Mail: andrew@cetanareit.ca

Currently listed or quoted? No – These securities do not trade on any exchange or market

Reporting Issuer? No

SEDAR Filer? No

THE OFFERING  
Securities Offered: Class A Units of Cetana REIT (the “**Units**”)

Price per security: Determined by the trustees of Cetana REIT from time to time and set forth in the subscription agreement(s) entered into between the subscriber(s) and Cetana REIT.

Minimum/Maximum offering: **There is no minimum or maximum to this offering. You may be the only purchaser. Cetana REIT will offer an unlimited number of Units on a continuous basis. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription Amount: \$1,000

Additional Subscription Amount: \$1,000

Payment terms: Certified Cheque, Bank Draft or Wire Transfer due on closing

Proposed closing dates: Periodically. To occur on a monthly basis..

Selling Agent: Ascenta Finance Corp. (“**Ascenta**”), who will be paid a fee equal to 6.0% of the gross proceeds of the gross funds processed by Ascenta. The Trust may appoint other selling agents, from time to time. See Item 7.

## RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period or for a period of 4 months and a day, depending on your province of residence. See Item 10.

## PURCHASER'S RIGHTS

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 Prospectus Exemptions you have 2 business days to cancel your agreement to purchase these securities. If there is a Misrepresentation contained in this offering memorandum, you have the right to sue for damages or to cancel the agreement. See Item 11.

**No securities regulatory authority 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.**

## HOW TO READ THIS OFFERING MEMORANDUM

This offering of Units (the "**Offering**") is being made by Cetana REIT pursuant to an exemption (the "**Offering Memorandum Exemption**") from the prospectus requirements of applicable securities laws. The Units are sold only through investment dealers, exempt market dealers or other securities registrants who are permitted to offer and sell the Units.

The Offering Memorandum Exemption requires that Cetana REIT provide investors with a prescribed form of offering memorandum. Issuers are permitted to "wrap" the prescribed form of offering memorandum around another disclosure document by attaching that other disclosure document and referring to the disclosure contained in it.

Attached as Appendix I to this Offering Memorandum is the Confidential Offering Memorandum (the "**Confidential Offering Memorandum**") of Cetana REIT used in connection with the Offering of Units to "**accredited investors**" in the Provinces and Territories of Canada. This Offering Memorandum references certain disclosures contained in the Confidential Offering Memorandum. Management of Cetana REIT believes that attaching the Confidential Offering Memorandum as Appendix I to this offering memorandum will provide investors with a better understanding of Cetana REIT.

Cetana REIT is not a "reporting issuer" within the meaning of applicable securities laws and therefore it is not required to publish, disseminate or file ongoing continuous disclosure regarding its operations and affairs. However, management of Cetana REIT has provided web links in selected sections of this Confidential Offering Memorandum to where (unaudited) updates of the information in these sections are periodically posted in an effort to keep holders of Units informed of developments involving Cetana REIT. Such information is provided for ongoing purposes and does not form a part of this Offering Memorandum.

## **FORWARD-LOOKING STATEMENTS**

**Certain statements contained in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) constitute forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Trust believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Trust) are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks (including the risks identified under “Item 8: Risk Factors”), uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The REIT (and its affiliates, as applicable) believe that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be and, except as may be required by applicable securities laws and the Trust disclaim any intent or obligation to update any forward-looking statements whether as a result of new information, future events, or results or otherwise.**

## SUBSCRIPTION PROCEDURE AND CHECKLIST

Applicable Canadian securities laws prescribe certain of the documentation that must be completed in order to subscribe for Units. The documentation that you must complete will depend on the jurisdiction in which you are resident and the prospectus exemption on which you are relying. A summary of the documentation requirements is set forth below:

**IMPORTANT: The following items must be completed and executed in connection with your subscription (as set out in the subscription agreement for Units (the “Subscription Agreement”). All references to pages and schedules below are references to the applicable page or schedule of the Subscription Agreement.**

### **All Purchasers**

- \_\_\_\_\_ Complete and execute all applicable lines on pages 1 and 2 of the Subscription Agreement.
- \_\_\_\_\_ Provide a certified cheque, or bank draft or wire transfer made payable to the Trust for the Aggregate Subscription Amount (as defined in the Subscription Agreement) indicated on page 1 of the Subscription Agreement.

### **Accredited Investor Exemption – All provinces and territories of Canada**

- \_\_\_\_\_ If an “accredited investor”, complete and execute Schedule A, indicating which category is applicable. Investors must also complete Appendix 1 to Schedule A.

### **Offering Memorandum Exemption – All provinces and territories of Canada (other than Québec)**

- \_\_\_\_\_ If relying on the “Offering Memorandum” exemption, complete and execute Schedule B and Appendix 1 to Schedule B attached thereto. If you are resident in Ontario, Alberta, New Brunswick, Nova Scotia, Québec or Saskatchewan, you must also complete Appendix 2 and Appendix 3 to Schedule B.

**All purchasers must provide a completed and originally executed copy of the Subscription Agreement, including this instruction sheet and the items required to be completed as set out above.**

## OFFERING MEMORANDUM

### GLOSSARY

Capitalized terms used and not otherwise defined herein have the meanings set out in the Confidential Offering Memorandum. See “Glossary” in the Confidential Offering Memorandum attached hereto as Appendix I.

### ITEM 1 USE OF AVAILABLE FUNDS

#### 1.1. Net Proceeds

The following tables set out the funds available to the REIT upon the completion of the Offering and the principal uses of the net proceeds of the Offering and current resources, if any:

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$150,000	\$80,000,000
B	Selling commissions and fees	\$5,000	\$2,400,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$50,000	\$600,000
D	Available funds: D = A - (B+C)	\$95,000	\$77,000,000
E.	Additional sources of funding required	\$0	\$269,000,000
F.	Working capital deficiency		
G.	Total: G = (D+E) - F	\$95,000	\$346,000,000

Notes:

- (1) Cetana REIT sells Units through securities dealers. It is expected that Cetana REIT will pay compensation to such securities dealers, up to a maximum of approximately 6% of the subscription proceeds. Accordingly, Cetana REIT will also pay trailing commissions to securities dealers in respect of Units sold by them or held in the client accounts of such securities dealers. The trailing commission will depend on the purchase option through which the Units are purchased. To the extent that Cetana REIT is responsible for the payment of compensation to securities dealers, the funds available to Cetana REIT will be reduced. See Item 7 “Compensation Paid to Sellers and Finders”.
- (2) The maximum offering assumes that Innisfil Multi-Residential 1 Limited Partnership will have budgeted costs of \$346,000,000 of which debt financing in the amount of \$269,000,000 will be sought from Canadian Housing Mortgage Corporation.

#### 1.2. Use of Available Funds

The REIT intends to use the net proceeds raised from the Offering to complete its Business Objectives as follows:

Description of intended use of available funds listed in order of priority.	Assuming min. offering	Assuming max. offering
Land deposit	\$30,000	\$ 45,000,000
Distribution Reserve	\$20,000	\$9,600,000
Development Fees	\$10,000	\$ 10,400,000
Third Party Professional Fees to Develop and Construct	\$35,000	\$12,000,000
Total: Equal to D in the Available Funds table above	\$95,000	\$77,000,000

Notes:

- (1) Distribution reserve represents 6% per annum based on total equity raised for a period of 2 years. Represents a return of capital. Development costs paid to the Canada. Low Carbon Multi-Residential General Partner (the “**General Partner**”) at 5% of total project values.
- (2) Development costs paid to the General Partner at 5% of total project values.

### **1.3. Reallocation**

The Trust intends to spend the available funds as stated above and herein. It will reallocate available funds only for sound business reasons. The Units are redeemable in accordance with the provisions of the Declaration of Trust. In the event that the Trust is required to redeem Units, the available funds may be used to satisfy any such redemptions.

## **ITEM 2: BUSINESS OF CETANA REAL ESTATE INVESTMENT TRUST**

### **2.1. Structure**

For information concerning the structure of Cetana REIT, see “REIT Structure” in the Confidential Offering Memorandum attached hereto as Appendix I.

### **2.2. Our Business**

From its inception to the date of the Confidential Offering Memorandum, Cetana REIT has had no material business. For information concerning the business of Cetana REIT and objectives of the business of Cetana REIT from its inception to the date of the Confidential Offering Memorandum, see “*Offering Summary – Business Objectives*” in Appendix I.

For information concerning the objectives of Cetana REIT, see “*Market Opportunity*” and “*Investment Strategy*” in Appendix I.

Cetana REIT does not have any material properties.

For information concerning the multi-unit residential real estate market and its effect on Cetana REIT, see “*Market Opportunity*” and “*Investment Strategy*” in Appendix I.

For information concerning the management of Cetana REIT, see “*Management of Cetana REIT*” in Appendix I.

For information concerning the investment guidelines and operating policies of Cetana REIT, see “*Investment Strategy*”, “*Valuation Policy*” and “*Distribution Policy*” in Appendix I.

### **2.3. Development of our Business**

From its inception to the date of the Confidential Offering Memorandum, Cetana REIT has had no material business. For information concerning the business of Cetana REIT and objectives of the business of Cetana REIT from its inception to the date of the Confidential Offering Memorandum, see “*Offering Summary – Business Objectives*” in Appendix I.

### **2.4. Long-Term Objectives**

For long-term objectives of Cetana REIT, see “*Offering Summary – Business Objectives*” in Appendix I. In order for Cetana REIT to accomplish its long-term objectives, Cetana REIT must complete its short-term objectives described under Section 2.5 below, being the completion of the Offering and the raising of sufficient funds to enable Cetana REIT to continue to acquire, expand and diversify its portfolio.

## 2.5. Short-Term Objectives and How We Intend to Achieve Them

Cetana REIT's objectives over the next twelve months are to raise sufficient funds to complete the acquisition of properties in Canada, make property capital improvements, and build its pipeline of future property acquisitions.

See "Offering Summary – Business Objectives" in Appendix I.

## 2.6. Insufficient Funds

The funds raised by Cetana REIT pursuant to the Offering may not be sufficient to accomplish all of Cetana REIT's proposed objectives and there is no assurance that alternative financings will be available.

## 2.7. Competition

The market that the Trust operates in is very competitive. There are numerous competitors that compete within the same space. Cetana REIT's competitors include individuals, real estate investment trusts, private and public investment companies and pension funds. This is certainly not an exhaustive list of competitors but provides a perspective of the competitive landscape. The primary barriers to entry into the market the Trust operates in would be capita, contacts, experience in evaluating investments and the general economic environment.

## 2.8. Material Agreements

There are no material agreements of the REIT at the time of this offering memorandum.

## ITEM 3: INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

### 3.1. Compensation and Securities Held

A person who is employed by and receives salary from Cetana REIT, or an affiliate does not receive any remuneration from Cetana REIT for serving as a Trustee or executive officer. The following chart discloses the names, municipalities of residence, positions, compensation and securities held by each of the Trustees, executive officers and principal holders of Units of Cetana REIT. Amounts disclosed are estimates.

Name and Municipality of Residence	Positions Held	Compensation Paid by Cetana REIT or a Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number and Type of Securities of Cetana REIT Held  Class 'A'
Andrew Bowerbank Alliston, ON	Managing Partner, CEO & Trustee	Nil	1
Natasha Arsenijevich Alliston, ON	Partner & CSO	Nil	Nil
Paul Ghezzi Vaughan, ON	Partner & CFO	Nil	Nil

Peter Friedmann Toronto, ON	Trustee	Nil	Nil
Adam Muggleton Oakville, ON	Trustee	Nil	Nil

For information see “*Offering Summary - Management Fees and Developments Fees Payable in Respect of IMR Limited Partnership Units Held by REIT*” in Appendix I.

### 3.2. Management Experience

For information concerning management experience, see “Management of Cetana REIT” in Appendix I.

### 3.3. Penalties, Sanctions and Bankruptcies

As at the date hereof, or within the ten years prior to the date of this Offering Memorandum, no Trustee, executive officer or control person has been a director, executive officer or control person of any company (including Cetana REIT) that:

- (a) was subject to:
  - i. a cease trade (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order);
  - ii. an order similar to a cease trade order; or
  - iii. an order that denied the relevant company access to any exemption under securities legislation;
    - that was in effect for a period of more than 30 consecutive days (an “**Order**”); or
- (b) was subject to an Order that was issued after the director, executive officer or control person ceased to be a director, executive officer or control person and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or control person.

Other than as disclosed below, as at the date hereof, no director, executive officer or control person is, or within the ten years prior to the date of this prospectus has:

- (a) been a director, executive officer or control person of any entity (including Cetana REIT), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or control person.

### 3.4. Loans

As at the date of this Offering Memorandum, Cetana REIT does not have any debentures or loans due to or from its directors, management, promoters or its principal security holders.

## ITEM 4: CAPITAL STRUCTURE

### 4.1. Share Capital

The following table sets forth the issued and outstanding equity securities of Cetana REIT as of the date hereof.



Description of Security	Number Authorized to be Issued	Number Outstanding as at October 31, 2023
Class 'A' Units (1)	Unlimited	2,031

For information concerning the material terms of the Class A, see “*Declaration of Trust and Description of Units*” in Appendix I.

#### 4.2. Long-Term Debt

For information regarding the loans and indebtedness of Cetana REIT see *Appendix "II" – Audited Financial Statements* of the Confidential Offering Memorandum attached hereto to Appendix I. Such loans and indebtedness are summarized as at September 11, 2023. The actual amount of the loans and indebtedness of Cetana REIT may vary from that set forth in *Appendix "A"* of the Confidential Offering Memorandum attached hereto as Appendix I based upon principal repayments and any refinancing(s) which may occur. In addition, to the extent that additional properties are acquired, Cetana REIT expects to partially finance such acquisitions through mortgage loans and/or other long-term indebtedness. Any acquisitions and the incurring of long-term indebtedness will comply with investment guidelines and operating policies of Cetana REIT as set forth in the Declaration of Trust.

For information concerning the investment guidelines and operating policies of Cetana REIT, see “*Investment Strategy*” and “*Valuation Policy*” in Appendix I.

#### 4.3. Prior Sales

The following table sets forth the securities of Cetana REIT that were issued within the last 12 months of the date hereof.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
September 11, 2023	REIT Units	1	\$100	\$100
October 31, 2023	REIT Units	2,030	\$100	\$203,000

### ITEM 5: SECURITIES OFFERED

#### 5.1. Terms of Securities

For information concerning the material terms of the Units, see “*Declaration of Trust and Description of Units*” in Appendix I.

#### 5.2. Subscription Procedure

For a detailed summary of the subscription procedures, see “*Subscription Procedure and Checklist*” of this Offering Memorandum.

Where Units are being issued in reliance on the Offering Memorandum Exemption, the consideration will be held in-trust pending the closing of the Offering (and in any event until midnight on the date that is two business days following the date your completed and signed subscription documentation and funds are received by Cetana REIT), which will occur on a date determined by Cetana REIT. In the event that a closing does not occur in respect of a subscription, Cetana REIT will return the subscription funds to the subscriber, without interest or deduction.

### ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

For a summary of certain Canadian federal income tax considerations, see the following sections of the Confidential Offering Memorandum attached hereto as Appendix I:

“*Eligibility for Investment*”; and

“*Certain Canadian Federal Income Tax Considerations*”.

***You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.***

**ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS**

Upon closing and distribution, Cetana REIT will pay to Ascenta a fee equal to 6.0% of the gross proceeds processed by Ascenta. For additional details of the compensation paid to sellers and finders, see “*Dealer Compensation*” in Appendix I. **Applicable securities laws in certain jurisdictions prohibit a fee or commission from being paid to persons other than securities registrants in connection with sales made pursuant to the offering memorandum exemption in section 2.9 of National Instrument 45-106. The REIT will not pay any commissions to persons to whom the REIT is not permitted to pay a commission, notwithstanding the purchase option selected by the purchaser.**

**ITEM 8: RISK FACTORS**

See “*Risk Factors*” in Appendix I.

**ITEM 9: REPORTING OBLIGATIONS**

For details with respect to the information that Cetana REIT must provide to holders of Units (“**Unitholders**”), or that Unitholders have a right to receive upon demand, see “*Declaration of Trust and Description of Units – Information and Reports*” in Appendix I.

**ITEM 10: RESALE RESTRICTIONS**

For purchasers in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon these 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 securities unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date Cetana REIT becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator unless:

- (a) Cetana REIT has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the 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.

**ITEM 11: PURCHASERS' RIGHTS**

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

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Units. Applicable securities laws in certain jurisdictions provide purchasers, or require purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Units are deemed to be incorporated by reference in this Offering Memorandum.

## TWO DAY CANCELLATION RIGHT

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus Exemptions*, you can cancel your agreement to purchase the Units offered pursuant to this Offering Memorandum. To do so, you must send a notice to the REIT by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

### Ontario

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

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) the issuer will not be liable for a Misrepresentation in forward-looking information if the issuer proves:
  - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

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

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

This Offering Memorandum may be delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of

Canada Act (Canada); or

- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### **Saskatchewan**

*Securities Act*, 1988 (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

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

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

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

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

- (a) the offering memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person’s or company’s consent to it and gave reasonable general notice of the person’s or company’s withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made

on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum is not liable for damages or rescission as provided in 138(1) or 138(2) of the Saskatchewan Act if that person can establish that he, she or it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment or the offering memorandum.

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

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

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

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

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

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

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

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

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

## **New Brunswick**

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

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

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

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence on its action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

### **Nova Scotia**

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

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

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

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before

the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

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

### **Manitoba**

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

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

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

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the

person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

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

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

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

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

#### **Newfoundland and Labrador**

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

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

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

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or



- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

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

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

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

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

### **British Columbia**

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

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

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

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the

person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or

- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

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

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

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

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

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

### **Prince Edward Island, Yukon, Nunavut and the Northwest Territories**

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

### **Québec**

Notwithstanding that the *Securities Act* (Québec) does not provide, or require the Trust to provide, to purchasers resident in any statutory rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Trust hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

### **Alberta**

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a

Misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a Misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a Misrepresentation; or
  - (ii) the relevant part of the offering memorandum
  - (iii) did not fairly represent the report, opinion or statement of the expert, or
  - (iv) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
  - (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

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

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

(ii) 3 years from the day of the transaction that gave rise to the cause of action.

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Trust may rely.

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

**General**

The foregoing summaries are subject to any express provisions of the securities legislation of each Offering jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. **The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.**

**ITEM 12: FINANCIAL STATEMENTS**

The following financial statements are included as Appendices hereto:


Appendix "II": Audited financial statements of Cetana REIT as at September 11, 2023.

**ITEM 13: DATE AND CERTIFICATE**

December 5, 2023


**This Offering Memorandum does not contain a Misrepresentation.**

**CETANA REAL ESTATE INVESTMENT TRUST**

DocuSigned by:  
  
2B0260C21A8F435...


Per: Andrew Bowerbank  
Title: Managing Partner & CEO

**LOW CARBON MULTI-RESIDENTIAL GENERAL PARTNER INC.**

DocuSigned by:  
  
2B0260C21A8F435...

Per: Andrew  
Bowerbank  
Title: Director  
& CEO

**ON BEHALF OF THE BOARD OF TRUSTEES OF CETANA REAL ESTATE INVESTMENT TRUST**

DocuSigned by:  
  
2B0260C21A8F435...

Per: Andrew Bowerbank  
Title: Trustee

DocuSigned by:  
*Peter*  
27437E6CF9A3197...

Per: Peter Friedmann  
Title: Trustee

DocuSigned by:  
*Adam*  
598B56E8212B4AE...

Per: Adam Muggleton  
Title: Trustee

## APPENDIX “I” – CONFIDENTIAL OFFERING MEMORANDUM

# CONFIDENTIAL OFFERING MEMORANDUM

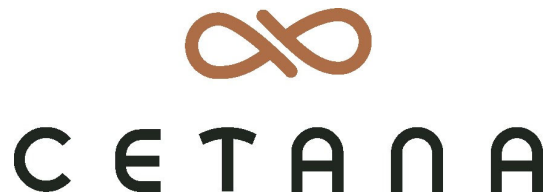
*This Offering Memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada, the United States of America or elsewhere has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This Offering Memorandum is not, and under no circumstances is it to be construed as a prospectus or advertisement or a public offering of these securities. No person is authorized to give any information or make any representation not contained in this Offering Memorandum in connection with the offering of these securities and, if given or made, any such information or representation may not be relied upon.*

*The securities offered under this Offering Memorandum have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities law and may not be offered or sold in the United States or to U.S. persons except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to an exemption therefrom.*

**Continuous Offering**

**December 5, 2023**

### Cetana Real Estate Investment Trust



#### REIT Units Minimum Purchase: \$1,000

Cetana Real Estate Investment Trust (“**Cetana REIT**” or the “**REIT**”) is an unincorporated open-ended investment trust formed under the laws of Ontario on September 11, 2023 pursuant to the Declaration of Trust (as defined herein). The REIT is offering an unlimited number of class A units (the “**Class A REIT Units**” or “**REIT Units**”) on a continuous basis pursuant to this confidential offering memorandum (the “**Offering Memorandum**”). The REIT Units are being distributed to investors on a private placement basis on the basis that the REIT is exempt from the requirement to prepare and file a prospectus with the relevant Canadian securities regulatory authorities.

The objectives of Cetana REIT are to: (i) provide holders of the REIT Units (each, a “**Unitholder**”) with growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments primarily in a diversified portfolio of rental properties located in Canada (including but not limited to purpose-built rental units or (“**PBRU**”) assets); and (ii) maximize REIT Unit value through the efficient management of the REIT’s properties and through the future development and or acquisition of additional assets (iii) deliver sustainable development through mass timber and a lower carbon buildings

The REIT expects to generate returns to Unitholders through long-term appreciation of its assets targeting an annual distribution to Unitholders of \$100.00 per REIT Unit for each calendar year, which amount may be adjusted from time to time.

The REIT intends to use the net proceeds of the Offering combined with mortgage debt to indirectly develop and construct through Innisfil Multi-Residential 1 Limited Partnership (“**IMR**”), high-quality PBRU assets in Canada. Low Carbon Multi-Residential General Partner (the “**General Partner**”) is the general partner of IMR. The General Partner is wholly owned by Cetana Development Inc. Pursuant to the Shareholders Agreement of Cetana Development Inc., the General Partner, on behalf of itself and on behalf of IMR, will maintain an investment committee that will make all decisions relating to the acquisition and financing of PBRU.

Subscription agreements between each subscriber for REIT Units (each, a “**Subscriber**”) and the REIT (“**Subscription Agreements**”) and cleared funds received on or before the last Business Day (as defined herein) of each month (or

such other date as may be determined by the trustees of the REIT (the “**Trustees**”) are accepted on the last Business Day of such month (or on such other as may be determined by the Trustees ) (each, a “**Closing Date**”). Subscription Agreements received after a Closing Date for a particular month are accepted on the next Closing Date. Class A REIT Units are issued at a price per Class A REIT Unit equal to the Fair Market Value (as defined herein) for each of the Class A REIT Units on the applicable Closing Date. The Trustees calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date. See “*Declaration of Trust and Description of Units-Issuance of Units*” and “*Closing Dates for Offering*”. REIT Units may be surrendered on monthly basis for redemption on the applicable Redemption Date (as defined herein) for the Redemption Price (as defined herein) determined as of the last Business Day of the month, provided a redemption request is made in writing to the REIT at least 30 days prior to the applicable Redemption Date.

The minimum initial investment in the REIT Units for Subscribers resident in any province or territory of Canada (the “**Offering Jurisdictions**”) who qualify as “accredited investors” (as such term is defined in National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) and, in Ontario, as such term is defined in Section 73.3 of the *Securities Act* (Ontario)) is \$1,000.

Subscribers relying on the “offering memorandum exemption” contained in section 2.9 of NI 45-106 shall be subject to maximum investment restrictions pursuant to Securities Laws. The Trustees, in their discretion, may accept subscriptions on behalf of the REIT for lesser amounts subject to compliance with Securities Laws (as defined herein). A minimum subsequent investment in REIT Units of \$1,000 applies to existing Unitholders after their initial purchase of REIT Units.

The REIT Units are offered for sale by the REIT on a private placement basis. **These securities do not trade on any exchange or market.**

Cetana REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The REIT Units are not “deposits” within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

#### **NOTICE TO SUBSCRIBERS**

**The information contained in this Offering Memorandum and delivered in connection with the private placement of the REIT Units by the REIT, is for the confidential use of only those Persons to whom it is delivered in connection with the Offering solely for the purpose of considering the purchase of the REIT Units and is not to be used for any other purpose or made available to anyone not directly concerned with the decision regarding such purchase. By their acceptance of the delivery of this Offering Memorandum, prospective investors agree that this Offering Memorandum is personal to them, that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein nor will prospective investors use such information for any purpose other than for making an investment decision regarding the purchase of REIT Units. Distribution of this Offering Memorandum by you to any Person other than those Persons retained to advise you is unauthorized, and any disclosure of any of the contents of this Offering Memorandum without out prior written consent is prohibited.**

Purchasers of REIT Units must qualify to invest in accordance with the requirements of Securities Laws of the jurisdiction in which they reside. Purchasers of REIT Units are required to make certain representations regarding their eligibility under Securities Laws to purchase the REIT Units, as set out in the Subscription Agreement. Subscriptions which are received are subject to rejection or allocation in whole or in part and the Trustees reserve the right to close the subscription books at any time without notice.

The distribution of the REIT Units is being made on a private placement basis only and is exempt from the requirement that Cetana REIT prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the REIT Units must be made in accordance with Securities Laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. Subscribers of REIT Units are advised to seek legal advice prior to any resale of the REIT Units.

**An investment in REIT Units is speculative. A subscription for REIT Units should be considered only by Person (as defined herein) financially able to maintain their investment and who can bear the risks of loss associated with an investment in the REIT.**

Investing in the REIT Units involves significant risks. There is currently no secondary market through which the REIT Units may be sold and there can be no assurance that any such market will develop. A return on an investment in REIT Units of Cetana REIT is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment is at risk, and the anticipated return on such an investment is based on many performance assumptions. Although Cetana REIT intends to make regular distributions of its available cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including Cetana REIT's financial performance, debt covenants and obligations, interest rates, the occupancy rates of rental assets, redemption requests, working capital requirements and future capital requirements. In addition, the market value of the REIT Units may decline if Cetana REIT is unable to meet its cash distribution targets in the future, and that decline may be material. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the distributions that it receives. There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Cetana REIT or the Unitholders. See "Risk Factors".

**Transfer of the REIT Units is subject to approval by the Trustees and the REIT Units are also subject to resale restrictions under Securities Laws. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of REIT Units under Securities Laws. Redemptions of REIT Units will be suspended in certain circumstances.**

The REIT Units are not listed on any securities exchange or any automated quotation system, and currently there is no public market for the REIT Units. It is not anticipated that a public market will ever develop for the REIT Units.

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

**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 will be no sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful.**

References to "\$", "CDN \$", "C\$", or "Dollars" are to Canadian Dollars.

## **FORWARD LOOKING STATEMENTS**

This Offering Memorandum contains "forward-looking information". Forward-looking information includes, but is not limited to, information with respect to the operations, investment strategy and processes of the REIT and IMR, the scaling of the REIT's portfolio and the benefits of such scaling to Unitholders, the use of proceeds from the Offering, the growth of IMR's properties' revenues and NOI, the participation of the REIT in development projects, as well as the REIT's and IMR's ability to identify and conclude development and construction and complete subsequent liquidity events, and goals with respect to lower carbon PBRU initiatives. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the REIT, to be materially different from those expressed or implied by such forward-looking information, including risks associated with the real estate equity industry such as economic and market conditions, the ability to raise sufficient capital, the ability to identify and conclude suitable development, construction and investment opportunities and complete liquidity events on favorable terms. Implicit in this forward-looking information are assumptions regarding the general economy, debt financing availability, availability of investment opportunities, lease turn-over, the counter-cyclical nature of the rental housing market, the growth of rental housing generally in Canada, the creation of large-scale consolidated owner/operators driving the long-term institutionalization and development of the Canadian multi-residential rental housing sector, the anticipated benefits of portfolio scaling, the ability of the REIT to optimize a property's operating performance, trends in rental housing and the supply and demand of rental housing in Canada, and interest rates. These assumptions, although considered reasonable by the REIT based on information currently available to it, may prove to be incorrect. Although the General Partner has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking



information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The REIT does not undertake to update any forward-looking information, except in accordance with Securities Laws.

The forward-looking statements contained in this Offering Memorandum reflect the current beliefs of the Trustees and management of the General Partner with respect to future events and are based on information currently available. These statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in "Risk Factors". Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained herein. These risks include those related to real property ownership generally, rental housing, land acquisition, land rezoning, development, construction, the illiquidity of real property investments, obtaining debt financing on favorable terms, no assurance that the targeted properties will be developed, the concentration of the portfolio in one sector, possible failure to complete any or all targeted developments, general risks associated with construction and due diligence related matters, possible failure to realize expected returns on development, appraisals of the assets may not be accurate, the ability of the properties to generate income, risk associated with developing the properties, competition from other comparable properties, credit risks associated with tenants of the properties, an increase in the supply of comparable properties in the same market, competition in the market for tenants, rent control, risks related to prices of utilities, energy, and property tax, changes in interests rates, general economic conditions, geographic concentration of the portfolio, the potential of or uninsured losses, the potential for litigation or other legal proceedings, a lack of cash available to make distributions to Unitholders, changes in government regulation, environmental matters, the liability of Unitholders, dependence of operations on key personnel, failure or unavailability of computer and data processing systems and software, cyber security risks, potential conflicts of interest, risks specific to tax matters, critical estimates, assumptions and judgments related to the preparation of financial statements may be incorrect, a lack of independent experts representing the Unitholders in relation to the purchase of REIT Units, the potential necessity of joint arrangements with third parties, dilution of the REIT Units, restrictions on potential growth related to reliance on operating cash flow, inability to make future investments due to obligations to satisfy existing financial obligations, restricted redemption rights, that Unitholders do not have the same rights as shareholders of a corporation, an absence of a public market for the REIT Units, that the REIT Units are not a direct investment in rental assets indirectly acquired by the REIT, and a lack of credit rating of the REIT Units.

This Offering Memorandum may also contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Such information includes statements regarding annual distribution targets to Unitholders. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The REIT's actual results, performance and achievements could differ materially from those expressed in, or implied by, such future-oriented financial information or financial outlook information. The REIT has included such information for use by prospective investors in their evaluation of potential investment in the REIT. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this Offering Memorandum.

The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement.

#### **MARKETING MATERIALS AND DOCUMENTS INCORPORATED BY REFERENCE**

The investment summary in respect of the Offering and the presentation of the REIT in respect of the Offering dated December 5, 2023 and any other marketing materials relating to the distribution of REIT Units under this Offering Memorandum and delivered or made available to prospective Subscribers prior to the termination of the distribution of the REIT Units, are hereby specifically incorporated by reference into and form a part of this Offering Memorandum. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be 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 subsequent 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 shall not be 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 was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

#### **INDUSTRY DATA AND OTHER STATISTICAL INFORMATION**

This Offering Memorandum includes industry data and other statistical information that the REIT has obtained from independent industry publications, government publications and other published independent sources. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although the REIT believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions relied upon by these sources and cannot, and does not, provide any representation or assurance as to the accuracy or completeness of the information or data, or the appropriateness of the information or data for any particular analytical purpose and, accordingly, disclaims any liability in relation to such information and data.

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## OFFERING SUMMARY

### OVERVIEW:

Cetana Real Estate Investment Trust is an unincorporated, open-ended investment trust established under the laws of the Province of Ontario on September 11, 2023 and operating pursuant to a declaration of trust dated as of September 11, 2023 as the same may be amended, restated or supplemented from time to time (the “**Declaration of Trust**”).

The objectives of Cetana REIT are to: (i) provide holders of the REIT Units (each, a “**Unitholder**”) with growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments primarily in a diversified portfolio of rental properties located in Canada (including but not limited to purpose-built rental units or (“**PBRU**” assets); and (ii) maximize REIT Unit value through the efficient management of the REIT’s properties and through the future development and or acquisition of additional assets. (iii) deliver sustainable development through mass timber and lower carbon buildings.

The REIT will seek to generate what the Trustees and management of the General Partner believe are attractive risk-adjusted returns for Unitholders in the rental housing sector by focusing on (1) indirectly developing and constructing and/or acquiring high-quality multi-residential rental properties in attractive rental housing markets; (2) taking advantage of its early-mover position to consolidate the industry; (3) improving the underlying operations of developed and or purchased assets; and (4) maximizing economies of scale and creating operational savings by integrating the operations of assets to enhance long-term margins, control and value realization for Unitholders. From time to time, the REIT may also allocate capital to multi-residential rental housing developments or the repurposing of assets into rental housing, in partnership with third-party developers. The REIT expects to generate returns to Unitholders through both long-term appreciation of its assets targeting an annual distribution to Unitholders of \$100 per REIT Unit for each calendar year, which amount may be adjusted from time to time.

The REIT intends to use the net proceeds of the Offering combined with mortgage debt to indirectly develop and construct, through IMR, high-quality PBRU assets in Canada.

The REIT expects to fund its growth strategy of acquiring high-quality operating assets by offering REIT Units on a continuous basis combined with funds raised and mortgage debt. Subscription Agreements and cleared funds received on or before the last Business Day of each month (or such other date as may be determined by the Trustees) are accepted on each Closing Date. Subscription Agreements received after a Closing Date for a particular month are accepted on the next Closing Date. REIT Units are issued at Fair Market Value on the applicable Closing Date. The Trustees calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date.

REIT Units may be surrendered for redemption on a monthly basis and will be redeemed on the applicable Redemption Date for the Redemption Price determined as of the last Business Day of the month, provided a redemption request is made in writing to the REIT at least 30 days prior to the applicable Redemption Date.

### INVESTMENT STRATEGY:

Cetana REIT is focused on developing, constructing and/or investing in or owning PBRU in the Canadian multi-residential housing sector. From time to time, the REIT may also participate in rental housing development projects in order to acquire select non-PBRU opportunities that provide, or have the potential to provide, rental accommodations and to explore other potential opportunities within the multi-residential housing sector such as public private partnerships or third-party property management.

**Scaling:** The General Partner will attempt to scale the portfolio over time while maintaining a disciplined approach to capital deployment. Portfolio scale will benefit the returns of the Unitholders in many ways, for example, by (i) increasing economies of scale that can reduce administrative costs on a per facility basis; (ii) improving access to capital markets which should lower the REIT’s cost of debt financing; and (iii) increasing interest in the REIT’s portfolio of assets from global investors resulting in improved exit options.

**Maximize Platform Value:** The REIT will eventually seek to monetize its position in IMR in a manner that maximizes returns to Unitholders. The General Partner believes that IMR, as a fully integrated operating entity that owns and operates multi-residential housing assets, will be highly appealing to a wide audience of potential acquirors. Monetization options for the REIT may include the sale of IMR (and indirectly its portfolio of assets) to long-term private investors, to another multi-residential housing owner/operator looking to diversify into the growing and attractive Canadian market, or pursuant to an initial public offering.

## **INVESTMENT HIGHLIGHTS:**

The General Partner believes the REIT and its Unitholders stand to benefit from the following:

- Strong underlying market fundamentals in the Canadian multi-residential rental housing sector;
- Federal and Provincial mandates to grow the multi-residential rental housing availability to support national and Provincial immigration plans and community growth;
- Growing preference for rental accommodations that provide high quality, secure living alternatives to home ownership;
- Interest in multi-residential housing which is more energy efficient and has a lower carbon footprint;
- Potential for countercyclical demand given that multi-residential housing provides an alternative to traditional single family home ownership;
- Economies of scale as the REIT continues to grow its portfolio;
- An experienced management team with a significant alignment of interest; and
- A compelling distribution and long-term return potential with capital appreciation.

## **MANAGEMENT OF CETANA REIT AND THE GENERAL PARTNER**

### **General Partner IMR:**

The investment policies and operations of Cetana REIT are subject to the control and direction of the Trustees. The Trustees of the REIT and management of the General Partner have significant experience in many aspects of the Canadian multi-residential housing sector and additional niche real estate businesses, including acquisitions and dispositions, construction and renovation, and property management, including operations, sales and marketing, and finance and administration. These skills will permit Cetana REIT to capitalize upon many opportunities which may be unavailable to other real estate investors who lack this diverse real estate experience.

The General Partner will look to make investments where it believes value can be added through lower construction costs with the application of mass timber, high energy efficiency with the adoption of low carbon design and seek to grow revenues and net operating income (“**NOI**”) of IMR through ongoing rental and lease programs.

### **BORROWING STRATEGIES:**

IMR will target that no indebtedness shall be incurred or assumed by IMR if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of appraised value, would be more than 65%, subject to increase to 75% TO 80% where debt is provided through Canada Mortgage Housing Corporation (“**CMHC**”). The CMHC has specific programs for multi-residential rental housing that may achieve certain standards to receive up to 95% financing on any project which IMR may avail itself. The General Partner will seek CMHC financing where appropriate and applicable.

### **DISTRIBUTION POLICY:**

The REIT expects to generate returns to Unitholders through both current income and long-term appreciation of its assets targeting an annual distribution to Unitholders of \$100 per REIT Unit for each calendar year, which amount may be adjusted from time to time.

### **SUMMARY OFFERING TERMS:**

The following information presented is a summary of certain key terms of the REIT.

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<b>The REIT:</b>	Cetana REIT is a limited purpose, unincorporated open-ended investment trust formed under the laws of the Province of Ontario on September 11, 2023 and
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	operating pursuant to the Declaration of Trust.
<b>Objective:</b>	<p>To provide Unitholders with growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments primarily in a diversified portfolio of multi-residential rental housing assets located in Canada (including but not limited to PBRU and to maximize REIT Unit value through the efficient management of the REIT's properties and through the future development and or acquisition of additional assets.</p> <p>Cetana REIT is focused on developing, constructing and/or investing in or owning PBRU in the Canadian multi-residential housing sector. From time to time, the REIT may also participate in rental housing development projects in order to acquire select non-PBRU opportunities that provide, or have the potential to provide, rental accommodations and to explore other potential opportunities within the multi-residential housing sector such as public private partnerships or third-party property management.</p> <p>From time to time the REIT may also allocate capital to multi-residential and/or rental housing developments or the repurposing of assets into rental housing, in partnership with third-party developers.</p>
<b>Issue:</b>	Class A REIT Units
<b>Price:</b>	Class A REIT Units are issued at a price per Class A REIT Unit equal to the Fair Market Value for each of the Class A REIT Units on the applicable Closing Date. The Trustees will calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date. See ' <i>Declaration of Trust and Description of Units – Issuance of Units</i> ' and ' <i>Closing Dates for Offering</i> '.
<b>Minimum Subscription Amount:</b>	The minimum initial investment amount for REIT Units is \$1,000. The Trustees, in their discretion, may accept subscriptions for lesser amounts subject to compliance with Securities Laws. A minimum subsequent investment in REIT Units of \$1,000 will apply to existing Unitholders after their initial purchase of REIT Units.
<b>Management Fees and Development Payable in Respect of IMR Limited Partnership Units Held by REIT:</b>	<p>The Class A REIT Units are indirectly subject to a 1.00% management fee per annum, plus applicable taxes (the "<b>Management Fee</b>"), payable to the General Partner based on the net asset value of corresponding Class A LP Units of IMR (as defined herein) held by the REIT.</p> <p>A development fee of 5.00% will be payable to the General Partner based on total development costs ("<b>Development Fee</b>").</p>
<b>Closings</b>	The REIT expects to conclude closings for the purchase of REIT Units on the last Business Day of each calendar month (or such other date as may be determined by the Trustees) (each, a " <b>Closing Date</b> ").
<b>Dealer Compensation:</b>	In the event that an investor purchases REIT Units through a registered dealer, Cetana REIT may pay a selling commission or finder's fee to such securities dealers or finders not exceeding 6% of the gross proceeds from the sale of the REIT Units attributable to such dealers or finders.
<b>Redemptions</b>	Monthly, as of the last Business Day of each month with a minimum notice period of at least 30 days prior to the applicable Redemption Date. Aggregate redemptions in cash are limited to \$250,000 in cash per month unless a higher amount is approved by the Trustees, but in no case may the total amount payable in cash in respect of REIT Units tendered for redemption in a month exceed 50% of Unencumbered Cash (as defined herein).

<b>Targeted Annual Distributions to Unitholders:</b>	The REIT expects to generate returns to Unitholders through both current income and long-term appreciation of its assets targeting an annual distribution to Unitholders of \$100 per REIT Unit for each calendar year, which amount may be adjusted from time to time.
<b>Attributes of REIT Units:</b>	The REIT is authorized to issue an unlimited number of REIT Units. The REIT Units represent the beneficial ownership interest of the holders thereof in Cetana REIT. Each REIT Unit carries one (1) vote at meetings of Unitholders, is entitled to equal participation in distributions, rights of redemption and rights upon dissolution of the REIT. See “ <i>Declaration of Trust and Description of Units.</i> ”
<b>General Partner</b>	Low Carbon Multi-Residential General Partner (the “ <b>General Partner</b> ”) is the general partner of IMR. The General Partner is wholly owned by Cetana Development Inc.
<b>Use of Proceeds:</b>	The REIT intends to use the net proceeds of the Offering combined with cash-on-hand and mortgage debt to indirectly develop and construct and/or invest through IMR, into high-quality PBRU assets in Canada.
<b>Liquidity Preference:</b>	<p>It is intended that, prior to the disposition of all or substantially all of the fixed assets of IMR (as determined by the General Partner, acting reasonably) (a “<b>Liquidity Event</b>”), IMR will distribute (i) 75% of its distributable cash, being an amount equal to all cash of IMR less any amount that the General Partner may reasonably consider necessary to provide for the payment of any costs or expenses that have been or are reasonably expected to be incurred and less such reserves or amounts deemed necessary or desirable at the discretion of the General Partner (“<b>Distributable Income</b>”) on a pro rata basis to the holders of the limited partnership units of IMR (“<b>LP Units</b>”); and (ii) 25% of its Distributable Income to the General Partner (collectively, the “<b>Periodic Distributions</b>”).</p> <p>Upon the occurrence of a Liquidity Event, the assets of IMR shall, in the discretion of the General Partner, be paid or distributed in one or more tranches in the following order of priority:</p> <ol style="list-style-type: none"> <li>(a) first, an amount will be paid to extinguish the liabilities of IMR, if any;</li> <li>(b) second, an amount shall be distributed to holders of the LP Units equal to <ol style="list-style-type: none"> <li>(i) the invested capital in the LP Units, <i>minus</i> (ii) Periodic Distributions previously paid on the LP Units;</li> </ol> </li> <li>(c) third, an amount shall be distributed to holders of LP Units equal to a return of 8% per annum on the invested capital in the LP Units (the “<b>Preferred Return</b>”) which Preferred Return, for greater certainty, shall accrue from day to day and shall be calculated on the basis of the balance of the capital account for the applicable LP Units on each such day from the date or dates upon which any such invested capital was received by IMR and which capital account is reduced in accordance with the Partnership Agreement by any such invested capital that has been distributed;</li> <li>(d) fourth, an amount shall be distributed to the General Partner equal to 25% of the combined aggregate amounts paid (i) as Preferred Return under Section (c) and (ii) under this Section (d); and</li> <li>(e) fifth, the balance shall be distributed as to 25% to the General Partner and 75% on a <i>pro rata</i> basis to the holders of the LP Units.</li> </ol>
<b>Risk Factors:</b>	There are certain risks inherent in an investment in the REIT Units and in the activities of Cetana REIT. See “ <i>Risk Factors</i> ”

## USE OF AVAILIABLE FUNDS

Unless otherwise specified in this Offering Memorandum, the net proceeds from the Offering will be used to indirectly develop, construct, and or purchase, through IMR, high-quality rental housing assets in Canada and for general working capital purposes. Notwithstanding the foregoing, the REIT's management has broad discretion in the application of proceeds of the Offering. On the basis of results obtained or for other sound business reasons, the REIT may re-allocate funds as required. Accordingly, the REIT's actual use of proceeds may vary significantly from any proposed use of proceeds disclosed in this Offering Memorandum.

All expenses relating to the Offering and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the REIT's general funds, unless otherwise stated in this Offering Memorandum.

### Available Funds

The following tables set out the funds available to the REIT upon the completion of the Offering and the principal uses of the net proceeds of the Offering and current resources, if any:

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$150,000	\$80,000,000
B	Selling commissions and fees	\$5,000	\$2,400,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$50,000	\$600,000
D	Available funds: D = A - (B+C)	\$95,000	\$77,000,000
E.	Additional sources of funding required	\$0	\$269,000,000
F.	Working capital deficiency		
G.	Total: G = (D+E) - F	\$95,000	\$346,000,000

#### Notes:

- (1) Cetana REIT sells Units through securities dealers. It is expected that Cetana REIT will pay compensation to such securities dealers, up to a maximum of approximately 6% of the subscription proceeds. Accordingly, Cetana REIT will also pay trailing commissions to securities dealers in respect of Units sold by them or held in the client accounts of such securities dealers. The trailing commission will depend on the purchase option through which the Units are purchased. To the extent that Cetana REIT is responsible for the payment of compensation to securities dealers, the funds available to Cetana REIT will be reduced. See Item 7 "Compensation Paid to Sellers and Finders".
- (2) The maximum offering assumes that IMR will have budgeted costs of \$346,000,000 of which debt financing in the amount of \$269,000,000 will be sought from CMHC.

### Use of Available Funds

The REIT intends to use the net proceeds raised from the Offering to complete its Business Objectives as follows:

Description of intended use of available funds listed in order of priority.	Assuming min. offering	Assuming max. offering
Land deposit	\$30,000	\$ 45,000,000
Distribution Reserve	\$20,000	\$9,600,000
Development Fees	\$10,000	\$ 10,400,000
Third Party Professional Fees to Develop and Construct	\$35,000	\$12,000,000
Total: Equal to D in the Available Funds table above	\$95,000	\$77,000,000

#### Notes:

- (1) Distribution reserve represents 6% per annum based on total equity raised for a period of 2 years. Represents a return of capital. Development costs paid to the General Partner at 5% of total project values.
- (2) Development costs paid to the General Partner at 5% of total project values.



## Reallocation

The expected uses of capital represents the REIT's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. The amounts and timing of the actual use of available capital will depend on multiple factors and there may be circumstances where, for sound business reasons, a reallocation of capital, or termination of a program objective, may be necessary in order for the REIT to achieve its program objectives. The REIT may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives, and the REIT expects to either issue additional REIT Units or incur debt to do so. The material factors or assumptions used to develop the estimated amounts for the 24-month period disclosed above are included in the "Cautionary Note Regarding Forward-Looking Information" section above. The actual amount that the REIT spends in connection with each of the identified uses and programs will depend on a number of factors, including those listed under "Risk Factors".

## BUSINESS OBJECTIVES

### Long Term Objectives

The REIT's long-term objective is: (i) to provide Unitholders with growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada; and (ii) to maximize REIT Unit value through the ongoing management of the REIT's assets and through the future acquisition of additional properties and investments. The REIT is focused on developing, constructing and/or investing in or owning PBRU in the Canadian multi-residential housing sector. From time to time, the REIT may also participate in rental housing development projects in order to acquire select non-PBRU opportunities that provide, or have the potential to provide, rental accommodations and to explore other potential opportunities within the multi-residential housing sector such as public private partnerships or third-party property management.

The following are the significant events that must occur in order for the REIT to meet its long-term objectives:

Actions to be taken	Target completion date	Cost to complete
Land Acquisition	24 months	\$45,000,000
Project Development and Construction	48 months	\$301,000,000

### Short Term Objectives

The REIT's objectives over the next twelve months are to raise sufficient funds to complete the acquisition of properties in Canada, make property capital improvements, and build its pipeline of future property acquisitions. The following table discloses how the REIT intends to meet its short-term objective over the next twelve (12) months:

Actions to be taken	Target completion date	Cost to complete
Land Acquisition	12 months	\$1,050,000
Project Development and Construction	24 months	\$7,360,000

### Insufficient Funds

The funds raised by the REIT pursuant to the Offering may not be sufficient to accomplish all of the REIT's proposed objectives and there is no assurance that alternative financing will be available.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

There are important tax considerations relating to the acquisition, holding and disposition of REIT Units. See the summary of certain Canadian federal income tax considerations contained in this Offering Memorandum under the heading "Certain Canadian Federal Income Tax Considerations". All prospective investors should consult their own tax advisers for advice with respect to their own particular circumstances.

## ELIGIBILITY FOR INVESTMENT

Subject to the qualifications and discussion under the heading "Eligibility for Investment", the REIT Units will be qualified

investments under the Tax Act for Registered Plans provided that, at all times, the REIT qualifies as a “mutual fund trust” for the purposes of the Tax Act. LP Notes are not qualified investments for Registered Plans. Prospective investors who intend to hold their REIT Units in Registered Plans should consult with their own tax advisors regarding the application of the foregoing having regard to their particular circumstances.

## TAX-RELATED RISKS

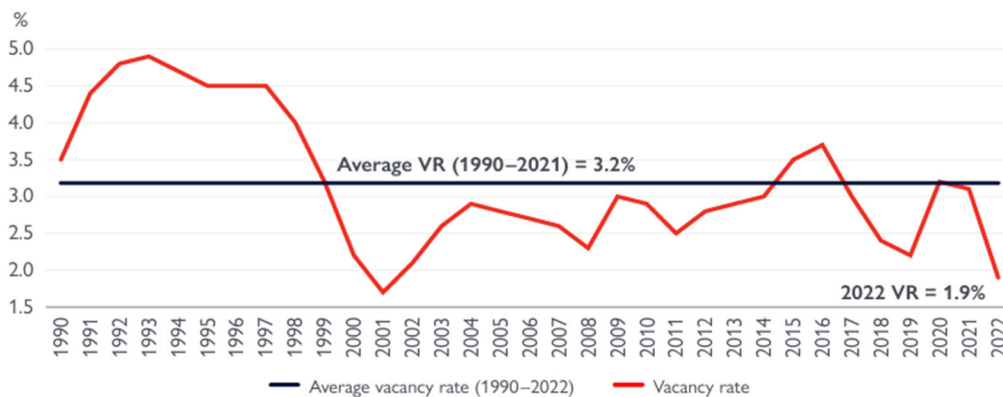
There are important tax-related risks applicable to the acquisition, holding and disposition of REIT Units. See the discussion under the heading “*Risk Factors – Tax-Related Risks*”. All prospective investors should consult their own tax advisers.

## MARKET OPPORTUNITY

There is a growing demand for more housing in Ontario (publicly labeled as “the housing crisis” in the media), and there is widespread support for sustainable purpose-built rental units across the province. A number of key factors are driving this demand:

1. **Population Growth and Migration:** Ontario has been experiencing significant population growth and inward migration, contributing to increased housing demand. According to Statistics Canada, Ontario's population grew by 4.6% between 2011 and 2016, and it is projected to increase further in the coming years.<sup>1</sup>
2. **Housing Affordability:** Housing affordability has become a critical issue in Ontario, particularly in urban centers like Toronto and Ottawa. The rising cost of homeownership has made rental units an attractive option for many residents. The Canada Mortgage and Housing Corporation (CMHC) reports that the rental market in Ontario has tightened, with low vacancy rates and increasing rents.<sup>2</sup>
3. **Housing Supply Shortage:** There is a shortage of housing supply in Ontario, particularly in the form of purpose-built rental units. The Ontario Non-Profit Housing Association (ONPHA) states that the demand for rental housing has exceeded supply, leading to affordability challenges and long waitlists for affordable rental units.<sup>3</sup>
4. **Support for Sustainable Housing:** There is widespread support for sustainable purpose-built rental units across the province due to various reasons, including environmental consciousness, energy efficiency, and community

**Figure 1 In 2022, Canada's purpose-built rental apartment vacancy rate fell to its lowest level since 2001**



Source: CMHC  
 Canada total includes all centres of 10,000+ population.

development. The Government of Ontario has emphasized the importance of sustainable development and has

<sup>1</sup> Statistics Canada - Population and dwelling counts, for Canada, provinces, and territories, 2016 and 2011 censuses: <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hltfst/pd-pl/Table.cfm?Lang=Eng&T=101&S=50&O=A>

<sup>2</sup> Canada Mortgage and Housing Corporation (CMHC) - Rental Market Reports, Ontario: <https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/rental-market-reports>

<sup>3</sup> Ontario Non-Profit Housing Association (ONPHA) - Affordable Housing 101: [https://onpha.on.ca/onpha/web/Resources/Topics/Affordable\\_Housing\\_101/Understanding\\_the\\_Housing\\_Crisis.aspx](https://onpha.on.ca/onpha/web/Resources/Topics/Affordable_Housing_101/Understanding_the_Housing_Crisis.aspx)

introduced initiatives to promote energy-efficient housing.<sup>4</sup>

*The divergence between vacancy rates among Canada's 3 largest markets reflects differences in their gaps between demand growth and supply growth.*

*Example: Toronto posted the largest gap between the growth of demand (measured as the growth in occupied rental units) and the growth of supply (the increase in Toronto's rental universe). This gap helped drive the large vacancy rate decline in Toronto.<sup>5</sup>*

Growth in demand outpaced strong growth in supply, pushing the vacancy rate for purpose-built rental apartments down from 3.1% to 1.9%. This was the vacancy rate's lowest level since 2001. Rent growth, for its part, reached a new high. Rental demand surged across the country. This was a reflection of higher net migration and the return of students to on-campus learning. Another factor was higher mortgage rates, which drove up already-elevated costs of homeownership. New data: Average rent growth for 2-bedroom units that turned over to a new tenant was well above average rent growth for units without turnover (18.2% vs. 2.8%). This increased affordability challenges.<sup>6</sup>

Lower carbon, purpose built rental units is a specialized segment of the rental real estate class and is broadly defined to include commercial and multi-unit residential rental buildings focused on developing lower carbon, energy efficiency projects.

There are several important and influencing factors coming together that are expected to have a significant impact on the Ontario economy in the coming years. These factors combined create an opportunity to introduce innovative, responsible, and sustainable solutions for the purpose-built rental environment. Cetana REIT, through IMR, is focused on these factors as a primary response strategy for developing better buildings and communities for Southern Ontario. Certain of these factors are outlined below.

## **CANADA'S NATIONAL HOUSING STRATEGY**

The Government of Canada is taking action to make housing more energy efficient and climate resilient by working with the provinces and territories to develop model building codes for "low carbon energy ready homes" and for existing buildings to help guide energy efficiency improvements during renovations, with the goal of adoption by provinces and territories.<sup>7</sup> Canada's National Housing Strategy ("NHS") is aimed at relieving the housing supply pressures across the housing options continuum through funding and financing to encourage the addition of new market and affordable rental housing and stem the loss of existing affordable housing stock through its modernization

## **ONTARIO PROVINCIAL HOUSING STRATEGY**

In an effort to address the housing supply crisis, the Ontario government has issued the More Homes, More Choice: Ontario's Housing Supply Action Plan. This Plan aims to cut red tape, making it easier to build the right types of housing and make housing more affordable.<sup>8</sup> Of particular note are changes to the Planning Act to support new housing by speeding up local planning decisions and making the appeals process more efficient.

## **THE COUNTY OF SIMCOE'S REGIONAL HOUSING STRATEGY**

The County of Simcoe is leveraging federal and provincial offerings with its own strategy as it works to ensure sufficient, appropriate, accessible, affordable and resilient housing located close to essential services and transportation<sup>9</sup>. Outcomes are intended to alleviate housing supply pressures by allowing for new purpose-built rental developments and the addition of secondary suites within the existing stock of single-family homes.

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<sup>4</sup> Government of Ontario - Green Building and Sustainable Development: <https://www.ontario.ca/page/green-building-and-sustainable-development>

<sup>5</sup> CMHC Rental Market Report January 2023 Edition

<sup>6</sup> CMHC Rental Market Report January 2023 Edition

<sup>7</sup> CMHC National Housing Strategy May 2018

<sup>8</sup> [More Homes, More Choice: Ontario's Housing Supply Action Plan \(May 2019\)](#)

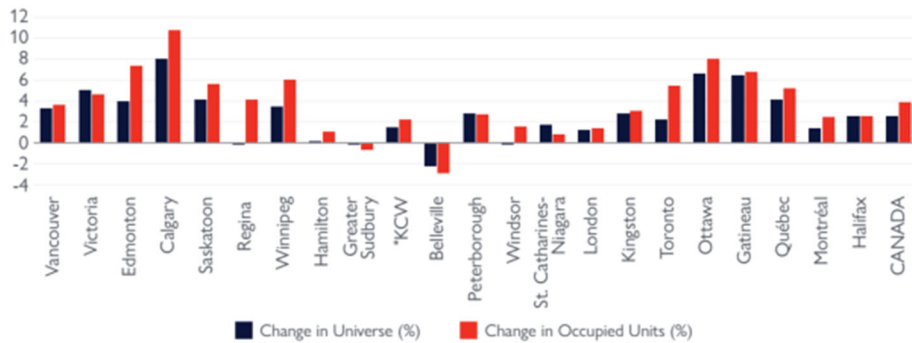
<sup>9</sup> [The County of Simcoe Affordable Housing and Homelessness Prevention Strategy \(January 2014\)](#)

<sup>10</sup> This dataset is taken from a technical report published on July 21, 2022 by the Ontario Government Municipal Affairs and Housing Department, and was prepared for the Ontario Ministry of Infrastructure It provides a background to the review of the population and employment forecasts in the Growth Plan for the Greater Golden Horseshoe.

## HOUSING DEMAND AND AFFORDABILITY

By 2041, the Greater Golden Horseshoe (a region in Southern Ontario) is expected to house 13.5 million people<sup>10</sup>. According to current reports, approximately 9.2 million people, or 25% of Canada’s population, live in this area and that number is growing fast. To make sure that public policies put people first, the Province is updating their “*A Place to Grow: Growth Plan for the Greater Golden Horseshoe*”. This plan is expected to help manage growth so communities across the region develop in ways that expand economic opportunity, while protecting environmentally sensitive areas. Affordability is also a growing concern. The housing market in Southern Ontario continues to see exponential growth in response to demand, pushing prices beyond the reach of most interested buyers. Innovative affordability options need to be explored and introduced so that we can meet the budget realities of property development but also offer financial solutions for families in Ontario.

**Figure 2 Strong growth in supply was outpaced by stronger growth in demand in most centres, for purpose-built rental apartments in 2022**



Source: CMHC  
 Canada total includes all centres of 10,000+ population.  
 \*Kitchener-Cambridge-Waterloo.

## ENERGY DEMAND

**Figure 3 Rent growth surged across the country for 2-bedroom purpose-built apartments, including Vancouver and Toronto**



Source: CMHC  
 Canada total includes all centres of 10,000+ population.  
 \*Kitchener-Cambridge-Waterloo.  
 \*\* — Data Suppressed;  
 ++ — Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero.

According to the 2021 Canadian Home Builders Association's “Homebuyer Preference Study” (the “**CHBA Study**”), energy efficiency has been gaining more traction with home buyers in respect of purchasing decisions. In fact, through 50 in-depth questions – ranging from home design, building features, community preferences, and more – energy efficiency has ranked in the top ten preferences over the last several years, and accounts for four of the top ten spots in

2021. Overall energy-efficient homes come in at number three, followed by high-efficiency windows at number four. New to the top ten was the desire for an air exchange system (either HRV or ERV), which is number 9 on the list.

The CHBA Study is important primarily because it shows that home buyer energy efficiency interests are now aligning with municipal and utility interests to manage demand in preparation for growth in Ontario. Moreover, the federal government's desire to align GHG emission targets with energy efficiency and we have a compelling case for building homes that meet the next generation of energy performance targets.

## **ALIGNING the CETANA VISION WITH MARKET CONDITIONS**

### ***Community and the Environment First***

Cetana REIT is placing human health and wellness, climate resilience, and operational performance as its core values for development. Other developers in Ontario have worked to integrate environmental interests and green building concepts into their development efforts, but this is done primarily as add-on initiatives to appease market perception. Placing human health and wellness, climate resilience, and operational performance at the forefront of property development and building design in Canada can provide significant value. Below are certain benefits we see as associated with these priorities:

1. **Improved Human Health and Wellness:** Studies have shown that buildings designed with a focus on human health can enhance cognitive function, employee satisfaction, and occupant comfort, leading to higher productivity and reduced absenteeism. (References: Urban Green Council - "The Dollars and Sense of Green Retrofits," Harvard T.H. Chan School of Public Health - "Building Brighter Futures: The Economic Impact of Green Schools")
2. **Climate Resilience and Adaptation:** Climate-resilient buildings are better equipped to withstand heatwaves, floods, storms, and other environmental challenges. This resilience ensures continuity of operations, reduces damage and downtime, and enhances the long-term value of the property. (References: Canada Green Building Council - "The Business Case for Building Green", National Research Council Canada - "Building Resilience into Canadian Buildings")
3. **Enhanced Operational Performance:** Prioritizing operational performance through sustainable building design and efficient systems can result in long-term cost savings and improved financial performance. Energy-efficient buildings consume less energy, leading to lower utility bills and reduced operating expenses. Water-efficient fixtures and systems can lower water consumption and associated costs. Building automation technologies can optimize energy usage, maintenance, and occupant comfort, further improving operational efficiency. By minimizing resource consumption and operational costs, property developers and owners can achieve higher returns on investment and improved asset value over time. (References: Natural Resources Canada - "Commercial Building Energy Use and GHG Emissions," Sustainable Buildings Canada - "Business Case for High-Performance Buildings")
4. **Market Demand and Competitive Advantage:** Increasingly, tenants, investors, and occupants prioritize sustainable and healthy buildings. Sustainable and resilient buildings often have higher market value, lower vacancy rates, and increased rental rates, providing a competitive edge in the real estate market. (References: Deloitte - "Sustainability in Commercial Real Estate," CBRE - "The Business Case for Green Building")

### ***Public Private Relationships***

Cetana REIT believes that its primary competitive advantage is its leadership and their expertise and experience in driving development objectives. Each of the Trustees, the General Partner, and strategic partners have demonstrated leadership in their fields. See "*Management of Cetana REIT*". In addition to the executive positions held across the building and construction sectors, management of the REIT have long standing experience working in and with various levels of government and public sector agencies. Having an understanding of the needs and perspectives of municipalities in Ontario can help bridge public and private sector interests. Cetana REIT believes it can build on its experience and foster an open and collaborative model for property development. For example, providing new building projects and communities that growing townships in Ontario can be proud of.

### ***Breadth of Scope: Planning, Design, and Clean Technology Integration***

Over the past 15 years, our executive team and advisors have led advanced green building projects and community development initiatives in Canada. Collectively, the executive team and advisors have participated in municipal planning, building design & construction, and the development & integration of new clean/smart technologies that are providing solutions to our most pressing challenges. Collectively, all orders of governments are working to address key housing-related challenges including increased energy and resource efficiency, mitigating the impacts of climate change, addressing housing supply needs, ensuring a diversity of housing options, and improving housing affordability. As market

interests continue to drive advancements in response to social and economic interests, our team will be able to track the trends and source the technologies required to implement solutions. The construction sector has witnessed several innovative advancements in recent years. Below are a few notable examples:

1. **3D Printing in Construction:** 3D printing technology has made significant strides in the construction industry. It allows for the creation of complex building components and even entire structures using additive manufacturing techniques. This approach offers benefits such as reduced construction time, minimized material waste, and enhanced design flexibility. Researchers and companies have successfully 3D printed houses, bridges, and other infrastructure elements. (Reference: Khoshnevis, B. (2017). Automated Construction by Contour Crafting - Related Robotics and Information Technologies. *Automation in Construction*, 74, 145-151.)
2. **Modular and Prefabricated Construction:** Modular and prefabricated construction methods involve fabricating building components off-site in controlled factory settings and then assembling them on-site. This approach improves construction efficiency, reduces project timelines, and minimizes disruption in the surrounding area. Modular construction has gained popularity for various building types, including residential, commercial, and healthcare facilities. (Reference: Hsieh, S. H., & Li, S. C. (2018). Off-Site Construction: An Innovative Construction Approach. *Journal of Construction Engineering and Management*, 144(12), 04018103.)
3. **Building Information Modeling (BIM):** Building Information Modeling is a digital approach that integrates all aspects of a building project into a unified model. BIM enables collaboration among architects, engineers, and contractors, streamlines project coordination, and enhances communication throughout the construction lifecycle. It helps optimize design, reduce errors, and improve efficiency in construction processes. (Reference: Eastman, C., Teicholz, P., Sacks, R., & Liston, K. (2011). *BIM Handbook: A Guide to Building Information Modeling for Owners, Managers, Designers, Engineers, and Contractors*. John Wiley & Sons.)

We will seek to apply these experiences, combined with our leadership in sustainable building design, to every project we undertake to maximise returns and provide benefits to tenants.

#### ***Design & Construction Objectives: Bridging across Residential & Commercial Sectors***

Small to medium sized property developers today tend to focus their efforts on either the residential communities or commercial buildings sectors due to several factors:

1. **Expertise and Experience:** Residential and commercial projects require different sets of skills, knowledge, and experience. Developers often choose to focus on one area to develop their expertise and streamline their operations. Residential development involves understanding housing market dynamics, zoning regulations, and design considerations specific to homes and apartments. On the other hand, commercial development requires knowledge of leasing, property management, and market demands for office spaces, retail outlets, or industrial facilities.
2. **Market Understanding:** Residential and commercial real estate markets have unique dynamics. Developers may choose to specialize in one area based on their understanding of market trends, demand-supply dynamics, and financial viability. Factors such as population growth, demographic shifts, employment opportunities, and economic indicators can influence the decision to focus on residential or commercial projects.
3. **Financing Considerations:** Financing requirements for residential and commercial projects may differ. Lenders or investors often have different risk profiles, underwriting criteria, and preferences for residential or commercial properties. Developers may choose to specialize in one area to align their financing strategies and establish relationships with financial institutions or investors specializing in that segment.
4. **Scale and Complexity:** Residential and commercial projects vary in terms of scale and complexity. Residential developments may involve a larger number of individual units or homes, whereas commercial projects can include larger-scale structures with diverse tenant needs. Developers may choose their specialization based on their capacity, resources, and comfort level in handling projects of a particular size or complexity.
5. **Risk Management:** Developers may consider risk management factors when choosing their focus area. Residential projects can have shorter development cycles and faster turnover, allowing for quicker returns on investment. On the other hand, commercial projects may have longer lease terms and stable cash flows but involve higher upfront costs and potential risks associated with securing long-term tenants.

Over the coming years, we will work to break from the sector specific practices listed above and chart a new path, one that focuses on the goal of developing lower carbon and energy efficient building projects.

## ***Future Market Drivers***

Cetana REIT is expected to benefit from its combined ability to address current trends in consumer preferences ranging from energy efficiency, to a desire to mitigate the impacts of climate change, to flexible housing layouts, to health and wellness, and livable communities. We will meet these consumer interests through the application of our design team's combined experience and expertise.

Each member of our development team is experienced in various aspects of the building, energy efficiency and construction sectors; with portfolios of projects that spans decades. We have carefully selected each team member and advisor to make sure all aspects of sustainable, resilient community design will be applied to our property developments. Our team and partners have been at the forefront of the sustainable community movement in Canada for decades. As a result of these efforts, we can proudly say that our award-winning projects have set the example for how to transition our communities to a low carbon future.

## ***Energy Efficiency and Healthy Housing***

The scale of the 2021 Canadian Home Builders' Association Home Buyer Preference survey provides a strong case for energy efficiency in future developments. The survey engaged 18,838 home buyers across 5 provinces responding to more than 50 in-depth areas of home design, building features, buying preferences, and demographics; these outcomes represent a significant indicator of the level of interest in energy efficiency with particular emphasis on high efficiency windows and energy efficient appliances. Heat Recovery Ventilator/Energy Recovery Ventilator exchange systems also rated high signaling a preference for more healthy indoor environments.<sup>11</sup>

The buildings designed for Cetana are expected to follow stringent sustainability targets but also offer a level of quality and style demanded by today's discerning homebuyer. They will adapt easily to changing lifestyles, accommodate demanding families, and support diverse cultural interests. Our objective is to provide a low carbon lifestyle for all residents through a comprehensive life-cycle systems strategy.

## ***Ontario Provincial Housing Strategy***

In an effort to address the housing supply crisis, the Ontario government has issued the More Homes, More Choice: Ontario's Housing Supply Action Plan (the "**MHMC Plan**").<sup>12</sup> The stated objectives of the MHMC Plan are to cut red tape , which are expected to make it easier to build the right types of housing and make housing more affordable.

In addition to the MHMC Plan,. The Ontario Planning Act (the "Act") provides property developers striving for sustainable communities, green buildings, and zero carbon buildings with several benefits that can support their goals. Cetana is uniquely positioned to leverage these opportunities for project success. Examples include:

1. **Streamlined local planning decisions:** The Planning Act aims to speed up local planning decisions, allowing property developers to receive approvals and permits more efficiently. This streamlining can be advantageous for developers of sustainable green buildings as it reduces delays in the planning process, enabling them to commence construction sooner.
2. **Encouragement of sustainable development:** The Planning Act recognizes the importance of sustainable development and provides mechanisms to support it. Property developers focusing on sustainable green building and zero carbon buildings can take advantage of policies and incentives outlined in the Act, such as density bonuses, fast-tracking approvals for energy-efficient projects, or additional height allowances for green features.
3. **Support for mixed-use development:** The Act promotes mixed-use development, which can benefit sustainable building practices. By combining residential, commercial, and recreational spaces in one area, property developers can create vibrant, walkable communities that reduce the need for long commutes and encourage energy-efficient living.
4. **Efficient appeals process:** The Planning Act has provisions to make the appeals process more efficient. This means that if a development proposal is rejected or faces opposition, property developers can navigate the appeals process more smoothly. A streamlined appeals process allows developers to address concerns or modifications quickly and continue their sustainable green building projects without significant delays.
5. **Integration of climate change considerations:** The Act acknowledges the importance of addressing climate change and encourages property developers to consider its impacts in their projects. Developers striving for sustainable green building and zero carbon buildings can align their designs and plans with climate change mitigation strategies, such as incorporating renewable energy systems, green roofs, rainwater harvesting, or energy-efficient building materials. This alignment can lead to smoother approvals and increased support from planning authorities.

6. **Collaboration with local municipalities:** The Act encourages collaboration between property developers and local municipalities. Developers striving for sustainable green building can engage in discussions and consultations with planning departments to ensure that their projects align with municipal sustainability goals. This collaboration can lead to better understanding, support, and potentially expedited planning decisions for sustainable green building initiatives.

<sup>11</sup> Canada Mortgage and Housing Corporation – Housing Market Information Portal (Latest Housing Market Data for Canada)

<sup>12</sup> [More Homes, More Choice: Ontario's Housing Supply Action Plan \(May 2019\)](#)



## INVESTMENT STRATEGY

Cetana REIT is focused on developing, constructing and/or investing in or owning PBRU in the Canadian multi-residential housing sector. From time to time, the REIT may also participate in rental housing development projects in order to acquire select non-PBRU opportunities that provide, or have the potential to provide, rental accommodations and to explore other potential opportunities within the multi-unit residential housing sector such as public private partnerships or third-party property management. The focus of this REIT is centered around residential building types but the executive team and trustees will review and consider project opportunities that would include mixed-use (commercial/office/residential) projects and (as example) community focused projects that can be leased to public sector agencies. Each of these building types would be required to meet Cetana's stringent sustainability metrics and would need to be seen as a benefit to the community. Benefits could be identified through the lense of economic, social or environmental opportunities.

### Sustainability

#### A Leadership Strategy for Lower -Carbon Commercial & Multi-unit Residential Buildings

The growing interest for new systems and materials that reduce environmental impacts is a trend that has significantly strengthened over the last decade and governments around the globe are placing a heightened emphasis on such systems. At Cetana, we are committed to design our buildings through holistic design principles.

- Targeting environmental efficiencies - from design, to construction, to operations - achieving a "Low carbon" performance objective for each project.
- Integrate innovative methods of construction, including digital project management and prefabricated systems.
- Explore all available energy, water, and waste technologies to ensure the greatest efficiencies.

#### Designing with mass timber: a commitment for every project

Mass timber is one of the latest structural building systems that is taking centre stage around the world, and Canada is perfectly positioned to lead this trend globally. There are many perceived benefits for building with mass timber including manufacturing efficiencies and speed of construction, sustainable design through life-cycle embodied energy, human health benefits, and more. Market interest is pushing for a transformation of how we construct our commercial buildings. Wood is the only renewable material in the construction sector and Canada is a global leader in sustainable harvesting practices due to the country's robust forest management frameworks, conservation efforts, and responsible harvesting techniques.

- Forest Products Association of Canada: <https://www.fpac.ca/>
- Sustainable Forestry Initiative: <https://www.sfiprogram.org/>
- Natural Resources Canada - Canada's Forests: <https://www.nrcan.gc.ca/science-data/data-analysis/energy-data-analysis/energy-facts/forest-facts/20062>
- Canadian Boreal Forest Agreement: <http://www.canadianborealforestagreement.com/>
- Canadian Institute of Forestry: <https://www.cif-ifc.org/>

The executive team at Cetana have been closely involved in the evolution of the mass timber industry in Cetana CEO Andrew Bowerbank, is the former Vice President at the Canadian Wood Council - the national industry association for wood products (including mass timber) since 1959 - where he lead the market development for mass timber buildings across the country; as well as the Global Director at EllisDon where he worked to secure mass timber projects for the company including the Centennial College A-Block Campus building, and more. Cetana REIT will build on this experience to grow our project competency, and then work with municipalities in southern Ontario to introduce mass timber applications for the commercial and mid-rise residential markets. With Cetana's deep commitment to sustainable development, our mass timber projects will aim for the highest possible levels of energy conservation, resource efficiency, and architectural excellence - with an added focus on indoor environmental quality and human health.

#### Embodied Carbon - The new tool in our fight against climate change

Embodied carbon refers to the greenhouse gas emissions arising from the manufacturing, transportation, installation, maintenance, and disposal of building materials. As climate change continues to impact communities across Canada, it will be important for Cetana to do its part to move beyond traditional green building design and operational efficiencies. A comprehensive plan will be implemented to source low carbon materials and track GHG emissions

during the construction process. Through this plan, we will be able to report on the true carbon footprint of our Cetana developed communities. This process will help us make better, informed decisions in our efforts to mitigate climate change impacts and facilitate continued improvements for future projects. Climate Resiliency - Preparing for future impacts.

Climate resilience is the ability to anticipate, prepare for, and respond to hazardous events, trends, or disturbances related to climate. Improving climate resilience involves assessing climate-related risks, and taking steps to mitigate impacts. It is contemplated that each Cetana community will be designed to mitigate against future climate conditions as greenhouse gas emissions continue to rise, to the best of Cetana's ability. Even if emissions were to cease, it is expected that the climate would continue to change for some time as the Earth's system responds to the warming already underway. There is a strong case to anticipate changes and act now to minimize future economic and social risks. The Intergovernmental Panel on Climate Change (IPCC), a leading international body for assessing climate change, has addressed this issue in their reports. The IPCC's Fifth Assessment Report, for example, states that even if greenhouse gas concentrations were stabilized, the warming effect would persist for centuries to millennia due to the long lifetimes of certain greenhouse gases in the atmosphere and the slow response of the oceans. [www.ipcc.ch](http://www.ipcc.ch)

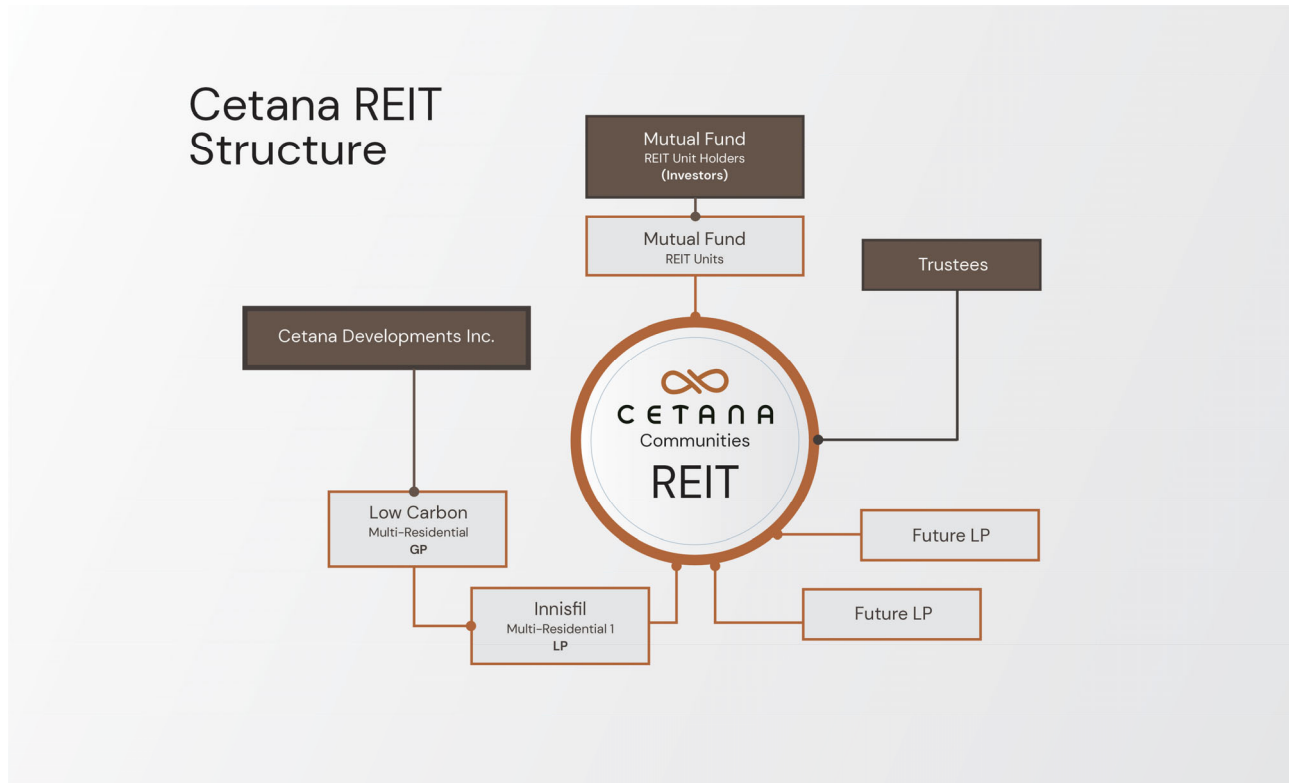
### **Verifying and Celebrating Success**

The unique, innovative design and development features proposed for our Cetana communities are intended to work together as a holistic system. Cetana's commitment to create spaces with human health, community interaction, energy efficiency, and the environment as our primary objectives should be something that is measured, verified, celebrated, and duplicated. To achieve this, we expect to be working with market leading programs and rating systems that can guide our efforts, recognize our achievements, and showcase our successes to homeowners, the municipality, and the greater marketplace. The following are a few of the rating systems we are considering as a benchmark to track our progress:

- Leadership in Energy and Environmental Design
- One Planet Living
- Earth Homes
- CaGBC Low Carbon Building Standard

## REIT STRUCTURE

The following sets forth the principal operating structure of Cetana REIT:



The REIT intends to use the proceeds from the Offering in combination with cash-on-hand and mortgage debt to fund development, construction and/or indirect acquisitions of PBRU assets through IMR. IMR may also enter into additional acquisition financing debt transactions at the IMR level to facilitate the timely purchase of additional properties. See “*Financing Strategy Considerations*”.

## FINANCING CONSIDERATIONS

### Debt Financing Strategy

IMR will target long-term leverage of approximately 65% to 75% loan-to-value, with the exception to indebtedness provided through CMHC which may be presented at a higher loan-to-value ratio. The debt is expected to be provided from first-mortgages on an asset-by-asset basis. There may be times in the life of IMR that leverage is above or below the targeted percentage because of various market factors; however, IMR’s management team will seek to remedy those variances as soon as practically possible. IMR will also seek to (a) manage the amount of floating rate debt to manage cash-flow volatility and (b) secure longer-term debt financing when appropriate based on market prevailing terms and conditions. IMR will use its judgment regarding the optimal balance of fixed rate debt along with any decisions regarding term of any new debt financing.

## MANAGEMENT OF CETANA REIT

### GENERAL

The investment policies and operations of Cetana REIT are subject to the control and direction of the Trustees. The Trustees manage the day-to-day operations of Cetana REIT. The General Partner is responsible for due diligence on all development, construction and/or acquisitions. The General Partner, on behalf of itself and on behalf of IMR, maintains an Advisory Board to support project development and strategy.

### Trustees

The Declaration of Trust provides that the assets and operations of CETANA REIT are subject to the control and authority of the Trustees. The General Partner is, during the term of the Partnership Agreement, entitled to appoint all of Trustees.

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

Conflict of Interest Restrictions and Provisions. The Declaration of Trust contains “conflict of interest” provisions that are designed to protect the interests of Unitholders in relation to identified material conflicts of interest involving the REIT. Given that the Trustees and senior officers of Cetana REIT are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions that require if a Trustee or an officer of the REIT is a party to a material contract or transaction or proposed material contract or transaction with the REIT or its subsidiaries, or is a director or officer or employee of, or otherwise 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 REIT or its subsidiaries, such Trustee or officer of the REIT, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees or a committee of the Trustees, as the case may be, the nature and extent of such interest. Additionally, any Trustee who has disclosed such a conflict of interest shall recuse themselves from any discussion of the material contract or transaction and shall not vote on any resolution to approve the material contract or transaction, except where the contract relates primarily to remuneration as a Trustee, or indemnity or insurance.

### Cetana REIT Leadership

The name, municipality of residence, office held with Cetana REIT, and principal occupation of each member of the Executive and Trustee of Cetana REIT are as follows:

Office	Name	Municipality	Principal Occupation
Executive	Andrew Bowerbank	Alliston, ON	Managing Partner & CEO, Cetana Developments Inc
	Natasha Arsenijevich	Alliston, ON	Partner & CSO, Cetana Developments Inc
	Paul Ghezzi	Vaughan, ON	Partner & CFO, Cetana Developments Inc
Trustee	Andrew Bowerbank	Alliston, ON	Managing Partner & CEO, Cetana Developments Inc.
	Peter Friedmann	Toronto, ON	Senior Executive, Canada Mortgage & Housing Corporation
	Adam Muggleton	Oakville, ON	Global Director, AESG

#### ***Executive Office - Cetana Developments Inc.***

#### **Andrew Bowerbank, Managing Partner & Chief Executive Officer**

Andrew Bowerbank is well known across the energy, buildings, and city infrastructure sectors in Canada and internationally. He is a leading authority on emerging technologies, green building design and low-carbon economics. Through his experiences, Andrew has developed the ability to identify new market opportunities and demonstrate the effectiveness of collaboration across industry sectors to achieve results. Andrew has been appointed to a number of notable executive positions in the building and construction sector over the course of his career including:

- Vice President, Market Development at the Canadian Wood Council
- National Vice President, Sustainability & Energy at WSP Canada
- Council member at the Federation of Canadian Municipalities
- Global Director Sustainable Building Services at EllisDon
- Independent Director of Kontrol Technologies Corp.

He is also the former CEO of the World Green Building Council where he successfully worked with Council members to grow the World Green Building Council from 8 founding nations to over 60 member countries; In this role, he collaborated with international leaders to establish green building networks across Europe, Asia Pacific, Latin & South Americas. In recognition of his accomplishments, Andrew was named one of Canada's top 16 sustainability leaders at the Clean50 Awards; he is also the recipient of the prestigious Ontario Premier's Award, named Leader of the Year at the 2021 International Chairperson Awards, and Leader of the Year by Enerquality and the Ontario Home Builders Association.

#### **Natasha Arsenijevich, Partner & Chief Sustainability Officer**

Natasha is an award-winning sustainability leader and business strategist, with expertise in: green buildings & construction practices, business & strategic planning, communications & marketing, agriculture & food studies, women's studies & social justice, and professional writing. She has developed sustainability programs & strategic plans for Canada's largest industry associations, construction & engineering firms, and has launched innovative market leading projects and programs in the public and private sectors. Natasha's work is rooted in supporting and developing holistic environmental, equitable social, and responsible governance initiatives.

**Paul Ghezzi, CPA, Partner & Chief Finance Officer**

Paul's proven success in the capital markets includes both private and public equity, debt financing and structured offerings; he is also a recognized leader across the cleantech, proptech, renewable energy, and distributed power generation sectors. In 2010 he created and launched Canada's first securitized solar energy fund which developed the largest solar rooftop portfolio in North America. Prior to joining Cetana REIT, Paul was a founder and CEO of Kontrol Technologies Inc. ("**Kontrol**"). Kontrol is a Canadian public company, leading the market in smart buildings and cities through IoT, Cloud and SaaS technology. Kontrol Technologies provides a combination of software, hardware, and service solutions to its customers to improve energy management, air quality and continuous emissions monitoring. Through Paul's leadership, Kontrol has been ranked as one of Canada's fastest growing start-ups for 2018 and 2019 by the StartUp50. Paul is a Chartered Professional Accountant with a passion for building sustainable communities through energy efficiency, technology, and building infrastructure.

**Trustees - Cetana REIT**

**Peter Friedmann, Senior Executive, Canada Housing & Mortgage Corporation**

Peter Friedmann is an industry leader across finance, real estate and housing sectors. For over 2 decades, he was a senior executive at Canada Mortgage and Housing Corporation where he led operations of all programs in Ontario, BC, Yukon, and nationally. Peter was an early adopter of sustainable housing, introducing the "Healthy Housing Award" in the 1990's and promoting sustainable housing solutions through the early 2000's. Peter negotiated several federal and provincial affordable housing agreements as part of the "pan-Canadian policy matrix" for affordable housing. During the 2008 financial crisis, as Managing Director of Securitization, the pan-Canadian program was expanded to over \$140 Billion annually, and a mortgage buy-back program was designed to support lending for housing under Minister Flaherty's Extraordinary Financing Program. Through his current roles as a corporate advisor and a board director, he has been working with Trillium Housing Inc (Toronto/Ontario), the Institute of Corporate Directors, and a TSX listed OSFI regulated financial institution. He is also an Advisor to the Board of Dorr Capital. Peter holds BA and MA degrees in Economics, and professional designations including the Chartered Investment Manager (CIM) from the Canadian Securities Institute and the ICD.D for Board Governance from the Institute of Corporate Governance.

**Adam Muggleton, Global Director of Commissioning, AESG**

Adam Muggleton has worked on projects in 21 countries, held leadership positions at several firms and is an advocate for high performance buildings. Adam has a unique skill set derived from experience in property development, design team and project management, and building commissioning. As a former partner at Cobalt Engineering in Toronto, Adam nurtured his passion for commissioning as an effective project management tool for high performance building design and operations. Today, Adam devises and delivers successful projects globally, as well as leadership and testing strategies that achieve optimum outcomes for all involved.

**Remuneration of Trustees**

The Trustees and Advisory Board Members will be paid such annual or other compensation for their services as the Trustees may from time to time determine.

A Person who is employed by and receives salary from Cetana REIT, the General Partner or Affiliates thereof will not receive any remuneration from Cetana REIT for serving as a Trustee or senior officer.

The Trustees will also be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or in connection with their services as Trustees.

**IMR**

IMR is a limited partnership formed under the laws of the Province of Ontario on September 11, 2023 and governed by a limited partnership agreement between Low Carbon Multi-Residential General Partner Inc. as general partner (the "**General Partner**") and the REIT as the initial limited partner dated as of September 11, 2023 (the "**Partnership Agreement**"). IMR owns and manages all assets and will own (directly or indirectly) and manage any subsequently

acquired assets. The General Partner is responsible for conducting due diligence on all potential acquisitions, negotiating as well as acquiring all assets, disposition matters, and related financing matters. In addition, it is responsible for the day-to-day operations of the assets of IMR, as well as providing advice and guidance to the Trustees.

Under the Partnership Agreement, the General Partner has the authority to (i) offer Class A LP Units, and (ii) admit additional limited partners to IMR.

The General Partner may from time to time, at its discretion, create and issue other classes of units of IMR, provided that such units do not have more favorable terms than the Class A LP Units.

## DECLARATION OF TRUST AND DESCRIPTION OF UNITS

### General

Cetana REIT is a limited purpose unincorporated open-ended investment trust established under the laws of the Province of Ontario on September 11, 2023 and operating pursuant to the Declaration of Trust.

### REIT Units

The beneficial interests in Cetana REIT are divided into units. The REIT offers one class of units, the Class A REIT Units (the "**REIT Units**"). The REIT Units are indirectly subject to the Management Fee charged in relation to the corresponding Class A LP Units held by the REIT. The number of REIT Units Cetana REIT may issue is unlimited. Each REIT Unit when issued shall vest indefeasibly in the holder thereof. Each REIT Unit shall represent an undivided beneficial interest in Cetana REIT and distributions by Cetana REIT, whether return of capital, net income, net realized capital gains, or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Cetana REIT, in the net assets of Cetana REIT remaining after satisfaction of all liabilities.

### Purchase of REIT Units

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

### Redemption of REIT Units

Subject to the restrictions set out below, REIT Units are redeemable on a monthly basis on the last day of each month (each, a "**Redemption Date**") by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice in a form reasonably acceptable to the Trustees requesting redemption, together with written instructions as to the number of REIT Units to be redeemed. REIT Units must be properly surrendered for redemption by a Unitholder at least 30 days prior to the applicable Redemption Date. The notice period for the redemption of REIT Units may be waived or shortened at the discretion of the Trustees. A Unitholder who properly surrenders a REIT Unit for redemption shall be entitled to receive a price per REIT Unit equal to the Fair Market Value per REIT Unit on the applicable Redemption Date, determined as of the last Business Day of the month by the Trustees pursuant to the Declaration of Trust (the "**Redemption Price**"), minus 3% of the Redemption Price of the REIT Units being redeemed if the REIT Units have been held for less than two years. All rights to and under the REIT Units tendered for redemption shall be surrendered on the applicable Redemption Date except for the right to receive the Redemption Price and any declared but unpaid distributions (not otherwise forming part of the Redemption Price).

Subject to the above and a suspension of redemptions in the circumstances, the aggregate Redemption Price payable by the REIT in respect of any REIT Units surrendered for redemption during any month shall be satisfied by way of a cash payment in Canadian dollars within 15 days following the applicable Redemption Date, provided that the entitlement of Unitholders to receive cash upon the redemption of their REIT Units is subject to the limitation that the total amount payable by the REIT in cash in respect of REIT Units tendered for redemption in respect of the same month shall not exceed \$50,000 in cash per month and in no case may the total amount payable by the REIT in cash in respect of REIT Units tendered for redemption in a month exceed 50% of Unencumbered Cash (provided that such limitation may be waived at the discretion of the Trustees) (the "**Redemption Limit**").

Cash payable for redemptions in respect of a particular month are paid pro rata to Unitholders on the basis of the Fair Market Value of the REIT Units tendered for redemption in respect of that month. To the extent a Unitholder is not entitled to receive redemption proceeds solely in cash as a result of redemption proceeds payable by the REIT exceeding the Redemption Limit of the applicable month, the balance of the aggregate Redemption Price for such REIT Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie of assets held by the REIT. In such circumstances, it is expected that LP Units of a value equal to the balance of the aggregate redemption

proceeds not to be satisfied by the REIT in cash (the “**Redemption Balance**”) are redeemed by the REIT in consideration of the issuance by the IMR to the REIT of debt securities of IMR (each, a “**LP Note**”) with an aggregate principal amount equal to the Redemption Balance. The LP Notes will then be distributed in satisfaction of the Redemption Balance. No LP Notes in integral multiples of less than \$100 are distributed and, where LP Notes to be received by a Unitholder include a multiples less than \$100, that number shall be rounded to the next lowest multiples of \$100 and the excess are paid in cash. The REIT shall be entitled to all interest paid on the LP Notes, if any, on or before the date of the distribution in specie. Where the REIT makes a distribution in specie on the redemption of a Unitholder’s REIT Units, the REIT may allocate to that Unitholder any capital gain or income realized by the REIT on or in connection with such distribution. LP Notes, which may be distributed to Unitholders in connection with a redemption, will not be listed on any exchange, no market is expected to develop in the securities of the IMR, and such securities may be subject to resale restrictions under applicable securities laws. LP Notes will not be qualified investments for Registered Plans.

### **Redemption of REIT Units at the Option of the REIT**

REIT Units may be redeemed at the option of the Trustees at any time by providing written notice to the applicable Unitholders at least ten (10) days prior to the date of redemption. Redemptions at the option of the Trustees are on a pro rata and “first-in, first-out” (FIFO) basis unless otherwise determined by the Trustees. Notwithstanding the broad discretion of the Trustees to redeem REIT Units, the Trustees may redeem REIT Units:

- to ensure that the REIT qualifies or continues to qualify as a “mutual fund trust” for the purposes of the Tax Act;
- if a Unitholder becomes a “designated beneficiary” for the purposes of the Tax Act; or
- if the Unitholder’s ownership of REIT Units would cause the REIT to become a “financial institution” for the purposes of the Tax Act.

### **Suspension of Redemption of REIT Units**

The redemption of REIT Units may be temporary suspended by the REIT in the discretion of the Trustees for a period of no longer than 12 months if:

- the number of REIT Units tendered for redemption in a month would, if the Redemption Price were paid for such REIT Units, exceed 20% of the Fair Market Value of all of the issued and outstanding REIT Units at such time; or
- the redemption of REIT Units would result in the REIT no longer qualifying as a “mutual fund trust” for the purposes of the Tax Act.

In the event that the Trustees suspend redemptions the redemption of REIT Units are processed on a pro rata basis on the next, and if necessary, subsequent Redemption Date. The General Partner may also, in its discretion, suspend redemptions to the limited partners under the Partnership Agreement in such circumstances.

### **Redemption Distribution**

IMR may make further distributions in respect of redeemed LP Units in the amount determined by the General Partner to reflect any income or gains arising in connection with the redemption of LP Units that the General Partner has determined should be allocated to the respective class of LP Units (a “**Redemption Distribution**”). See “*Distribution Policy*” below.

### **Meetings of Unitholders**

The REIT does not intend to hold annual meetings of Unitholders. The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. Unitholders holding in the aggregate not less than 25% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy need not be a Unitholder.

### **Issuance of Units**

The Trustees may allot and issue REIT Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of Cetana REIT in REIT Units) and

to such "Person, Persons or class of Persons" as the Trustees in their discretion shall determine. The price or the value of the consideration for which REIT Units may be issued is the Fair Market Value of the REIT Units and the terms and conditions of issuance of the REIT Units shall be determined by the Trustees in their sole discretion. In the event that REIT Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such REIT Units shall express the fair equivalent in money of the other consideration received.

Subscription Agreements and cleared funds received on or before the last Business Day of each month (or such other date as may be determined by the Trustees) are accepted on each Closing Date subject to the discretion of the Trustees. Subscription Agreements received after a Closing Date for a particular month are accepted on the next Closing Date. REIT Units are issued at a price per REIT Unit equal to the Fair Market Value for each of the REIT Units on the applicable Closing Date. The Trustees will calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date. In the event that there is a material change in the business or assets of the REIT following the announcement of the Fair Market Value of the REIT Units but prior to the applicable Closing Date, the Trustees will recalculate and announce a revised Fair Market Value of REIT Units. In such circumstances, subscribers for REIT Units in that month will be entitled to rescind their subscription or purchase of REIT Units within three (3) Business Days of the announcement of the revised Fair Market Value.

No certificates evidencing ownership of the REIT Units are issued to a Unitholder. REIT Units are represented by a physical register or such electronic means in accordance with industry standards as may be determined by the Trustees from time to time.

The Trustees have the discretion to reject any subscription request. The decision to accept or reject any subscription request is made as soon as possible, and in any event, within two (2) Business Days of receipt of the subscription funds, completed Subscription Agreement and any other required documents, provided the closing for such subscription will close on the applicable Closing Date. If a subscription request is rejected, all payments received with the request are refunded without interest or deduction. The Trustees may permit subscriptions from Subscribers outside of the Offering Jurisdictions in their sole discretion, provided they have determined that doing so will not have an adverse impact on the REIT or the existing Unitholders.

#### **Limitation on Non-Resident Ownership**

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, the REIT is not, and shall not be at any time, established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. In this regard, the Trustees may redeem REIT Units to ensure that the REIT qualifies and maintains its qualification as a "mutual fund trust" for the purposes of the Tax Act, including to ensure that the REIT is not established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. In addition, the Trustees will not register as the owner of any REIT Unit any Person that is or would be a "non-resident" of Canada or a partnership that is not a "Canadian partnership" within the meaning of the Tax Act, if it would cause the REIT to fail or cease to qualify as a "mutual fund trust" under the Tax Act, including if it would cause the REIT to be established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. The Trustees may require declarations as to the jurisdictions in which registered and beneficial owners of REIT Units are resident or declarations from holders of REIT Units as to whether such REIT Units are held for the benefit of non-residents for purposes of the Tax Act.

#### **Establishment, Offering and Operating Expenses of the REIT**

The REIT is responsible for the costs of its establishment and the Offering, including but without limitation, the fees and expenses of legal counsel to the REIT and the REIT's auditors. These costs may be amortized over a five-year period on a straight-line amortization schedule.

The REIT is responsible for the payment of fees and expenses relating to its ongoing operations. The operating fees and expenses to which the REIT is subject include, without limitation, Trustee fees, if any, audit, accounting, record keeping, legal fees and expenses, certain due diligence expenses, custody and safekeeping charges, providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders and all taxes, assessments or other regulatory and governmental charges levied against the REIT. The REIT is generally required to pay applicable sales taxes on most administration expenses that it pays.

#### **Management Fees Payable in Respect of IMR Limited Partnership Units Held by REIT**

IMR pays the General Partner a management fee plus applicable taxes (the "**Management Fee**") equal to 1.00% per annum of the net asset value of the Class A LP Units held by the REIT, plus applicable taxes.

Management Fees are calculated and paid to the General Partner monthly as at the last Business Day of each month or as at any other day as the General Partner may determine.



Additionally, the Development Fee of 5.00% will be payable to the General Partner based on total development costs of any related projects.

### **Dealer Compensation**

In the event that an investor purchases Class A REIT Units through a registered dealer, Cetana REIT may pay a selling commission or finder's fee to such securities dealers or finders not exceeding 6% of the gross proceeds from the sale of the Class A REIT Units attributable to such dealers or finders.

### **Amendments to Declaration of Trust**

The Declaration of Trust may be amended by a vote of a majority of the votes cast at a meeting of Unitholders duly called for that purpose.

### **Term of Cetana REIT**

Unless the REIT is sooner terminated as otherwise provided herein, the REIT shall continue in full force and effect so long as any property of the REIT is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by the Declaration of Trust.

The REIT may be terminated only by a special resolution of Unitholders holding in the aggregate not less than a majority of the outstanding REIT Units entitled to vote or by the Trustees, without the approval of Unitholders if in the discretion of the Trustees it would be in the best interests of the REIT to terminate the REIT. The REIT will provide Unitholders with notice in writing no less than 30 days prior to such termination.

Upon the termination of the REIT, the liabilities of the REIT shall be discharged with due speed and the net assets of the REIT shall be liquidated and the proceeds distributed proportionately to the Unitholders. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

## **VALUATION POLICY**

### **Valuation**

Cetana REIT will account for its investment properties using the fair value model in accordance with IAS 40 – Investment Properties. Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including related transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date.

Cetana REIT applies judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 Business Combinations 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 is determined using a detailed valuation framework developed by Cetana REIT's internal and external valuation teams. Each of these teams includes experts in the industry. The valuation teams considered the following approaches in determining the fair value:

- consideration of recent prices of similar properties within similar market areas; and
- 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 NOI for the year is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimate of fair value.

The external team comprised of the auditors and valuers are responsible for:

Quarterly by the valuers:

- Determining the capitalization rates that would be used in valuing the properties; and

- Providing charts of comparable sales and supporting relevant market information.

Annually by the valuers:

- Determining the capitalization rates that would 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 NOI;
- 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; and
- Supplying a “Fair Value” report for financial statement purposes.

Annually by the auditors:

- Reviewing the valuation framework to determine whether any changes or updates are required;
- Evaluating the work of the valuator including assumptions and comparisons to market;
- Reviewing of the controls over the underlying data provided to the valuator from the REIT’s accounting system
- Reviewing the “Fair Value” report prepared by the valuers; and
- Reviewing, for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40.

The internal team, comprised of the Trustees and the management of the General Partner, is responsible monthly and annually 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 valuers; and
- Delivering the completed valuation framework to the external team for review at year-end for the audited financial statements

Investment properties are 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.

### **Development Equity Investments Valuation**

Development equity investments will be carried at book value less any impairments plus the anticipated increase, if any, to fair market value upon completion multiplied by the percentage of completion plus or minus adjustments (i.e. Development Equity Valuation = book value – impairments + (fair market value increase upon completion x percentage completion) +/- adjustments). Adjustments can be, but are not limited to discounts for the time value of money, leasing costs, stabilization costs and discretionary risk adjustments.

### **Other Investments Valuation**

Other investments will be carried at fair value.

## Calculation of Fair Market Value

The fair market value of the REIT Units (the “**Fair Market Value**”) shall be determined by the Trustees, in their sole discretion, using reasonable methods of determining Fair Market Value. The Fair Market Value of the REIT Units may or may not be equal to the net asset value of the REIT Units. The description of the methodology of investment property valuations and the calculation of the Fair Market Value of REIT Units reflects the methodology anticipated to be used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate investment property values and Fair Market Value from time to time, without notice to, or approval by, Unitholders.

It is anticipated that the Fair Market Value is to be calculated monthly based on the IFRS balance sheet carrying values and certain adjustments (“**Adjustment Factors**”). The Fair Market Value of the REIT Units may change between months, at month end or not at all unless there are material changes or considerations that would impact the REIT Units, including, but not limited to changes in capitalization rates or acquisitions and dispositions of acquired assets.

The Trustees will calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date. In the event that there is a material change in the business or assets of the REIT following the announcement of the Fair Market Value of the REIT Units but prior to the applicable Closing Date, the Trustees will recalculate and announce a revised Fair Market Value of the REIT Units. Subscribers for REIT Units in that month will be entitled to rescind their subscription or purchase of REIT Units within three (3) Business Days of the announcement of the revised Fair Market Value.

The Fair Market Value of the Class A REIT Units is calculated by taking the pro rata share of IMR’s IFRS balance sheet assets relating to the Class A LP Units, subtracting the pro rata share of IMR’s IFRS balance sheet liabilities relating to the Class A LP Units (including, for greater clarity, any accrued and unpaid Management Fees or Development Fees attributable to Class A LP Units), and reflecting any appropriate Adjustment Factors (as discussed below).

The Fair Market Value per Class A REIT Unit is computed by dividing (i) the Fair Market Value of the Class A REIT Units as calculated above, by (ii) the total number of outstanding Class A REIT Units.

The Adjustment Factors are:

- (a) Portfolio premiums, if any; plus
- (b) capitalization of certain capital expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining and incoming Unitholders but may be written off or effectively written off under IFRS, or where the value of such expense is not as yet reflected, in whole or in part, in the portfolio valuation due to timing lags, if any; plus
- (c) portfolio inter-month timing adjustments, if any; less
- (d) discretionary adjustments, if any, including adjustments to reflect the timing of particular investments in IMR.

“**Portfolio premium**” means an adjustment 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. The IFRS valuation approach evaluates each property on a standalone basis, without considering the value of economies of scale, clustering advantages, the time, expense and difficulty of assembling a portfolio and the attractiveness of a portfolio to potential buyers.

The calculation of Fair Market Value involves critical estimates, assumptions and judgments as part of the process.

## DISTRIBUTION POLICY

### IMR Allocations and Distributions

It is intended that, prior to the disposition of all or substantially all of the fixed assets of IMR (as determined by the General Partner, acting reasonably) (a “**Liquidity Event**”), IMR will distribute (i) 75% of its distributable cash, being an amount equal to all cash of IMR less any amount that the General Partner may reasonably consider necessary to provide for the payment of any costs or expenses that have been or are reasonably expected to be incurred and less such reserves or amounts deemed necessary or desirable at the discretion of the General Partner (“**Distributable Income**”), on a pro rata basis to the holders of LP Units; and (ii) 25% of its Distributable Income to the General Partner (collectively, the “**Periodic Distributions**”).

Upon each redemption of Class A LP Units, IMR will make a distribution to the General Partner in an amount equal to 25% of the amount obtained by taking: (i) the fair market value used to calculate the redemption price payable by IMR Partnership to the limited partner plus the Redemption Distribution minus (ii) the Net Capital of the Redeemed LP Units (as defined herein) (a “**Special GP Distribution**”) (such that the value above the Net Capital of the Redeemed LP Units held by the REIT is effectively split 25%/75% between the General Partner and the REIT, respectively).

Upon the occurrence of a Liquidity Event, the assets of IMR shall, in the discretion of the General Partner, be paid or distributed in one or more tranches in the following order of priority:

- (a) first, an amount will be paid to extinguish the liabilities of IMR, if any;
- (b) second, an amount shall be distributed to holders of the LP Units equal to (i) the invested capital in the LP Units, minus (ii) Periodic Distributions previously paid on the LP Units;
- (c) third, an amount shall be distributed to holders of LP Units equal to a return of 8% per annum, on the invested capital in the LP Units (the “**Preferred Return**”)(which Preferred Return, for greater certainty, shall accrue from day to day and shall be calculated on the basis of the balance of the capital account for the applicable LP Units on each such day from the date or dates upon which any such invested capital was received by IMR and which capital account is reduced in accordance with the Partnership Agreement by any such invested capital that has been distributed;
- (d) fourth, an amount shall be distributed to the General Partner equal to 25% of the combined aggregate amounts paid (i) as Preferred Return under Section (c) and (ii) under this Section (d); and
- (e) fifth, the balance shall be distributed as to 25% to the General Partner and 75% on a *pro rata* basis to the holders of the LP Units.

“**Net Capital of the Redeemed LP Units**” means an amount equal to the capital invested in IMR for the purchase of the Class A LP Units subject to redemption calculated at the time of the purchase of the Class A LP Units, subject to redemption minus the amount of the Periodic Distributions previously paid by IMR in respect of such Class A LP Units.

In each instance the Net Capital of the Redeemed LP Units is calculated on a pro rata and first in first out (FIFO) basis as it relates to any Unitholder unless otherwise determined by the General Partner.

#### **Distribution Rate per REIT Unit**

The REIT expects to generate returns to Unitholders through both current income and long-term appreciation of its assets targeting an annual distribution to Unitholders of 6% of the aggregate value of REIT Unit’s held, for each calendar year, which amount may be adjusted from time to time. The annual distribution will be paid monthly, equal to 0.50% of the aggregate value of the REIT Units.

### **CLOSING DATES FOR OFFERING**

The REIT expects to fund its growth strategy of acquiring high-quality PBRU assets by offering REIT Units on a continuous basis combined with cash-on-hand and mortgage debt. Subscription Agreements and cleared funds received on or before the last Business Day of each month (or such other date as may be determined by the Trustees) are accepted on each Closing Date at the discretion of the Trustees. Subscription Agreements received after a Closing Date for a particular month are accepted on the next Closing Date. Class A REIT Units are issued at a price per Class A REIT Unit equal to the Fair Market Value for each of the Class A REIT Units on the applicable Closing Date. The Trustees will calculate and announce the Fair Market Value of the REIT Units approximately 10 days prior to each Closing Date. In the event that there is a material change in the business or assets of the REIT following the announcement of the Fair Market Value of the REIT Units but prior to the applicable Closing Date, the Trustees will recalculate and announce a revised Fair Market Value of REIT Units. Subscribers for REIT Units in that month will be entitled to rescind their subscription or purchase of REIT Units within three (3) Business Days of the announcement of the revised Fair Market Value.

REIT Units may be surrendered for redemption on a monthly basis and will be redeemed on the applicable Redemption Date for the Redemption Price determined as of the last Business Day of the month provided a redemption request is made in writing to the REIT at least 30 days prior to the applicable Redemption Date.

### **FINANCIAL REPORTING**

The year end of the REIT is December 31.

The audited annual financial statements of the REIT are prepared and sent to Unitholders who elect to receive the financial statements. Audited financial statements are sent within 90 days of each fiscal year end.

## **RISK FACTORS**

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Cetana REIT, including the following, which investors should carefully consider before subscribing for the REIT Units.

### **Real Property Ownership**

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for multi-unit residential premises, competition from other available residential premises and various other factors.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If IMR is unable to meet mortgage payments on any assets, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit IMR ability to vary its portfolio of assets promptly in response to changing economic or investment conditions. If IMR was required to liquidate its real property investments, the distributions of IMR to the REIT and distributions by the REIT to Unitholders might be significantly less than the aggregate value of assets held by IMR on a going-concern basis.

Cetana REIT will indirectly be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the assets held by IMR will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness.

### **Rezoning**

The rezoning process is the process of shifting a property's authorized use from one zone to another. Local government authorities, such as a municipal or county planning department, a board of supervisors, or a city council, often make zoning decisions, which can be a timely process, and attribute to costs and delay construction. These organizations are in charge of creating and implementing zoning restrictions within their area.

Other factors that may attribute to the business plan, building and design plans are permissible restrictions, which are limitations imposed by zoning laws that are permitted by law. These limits are intended to protect the community's health, safety, and welfare and guarantee that land uses are compatible with one another.

Permissible restrictions may include lot size, building height, setbacks, parking, and signage regulations. They may also limit the buildings erected on a site or restrict their usage to specified types of activity, such as residential use exclusively.

While zoning laws may contain lawful limits, they may not restrict the use of a property in an arbitrary, capricious, or discriminatory manner. Furthermore, limitations that essentially take away all of the value of a property or prohibit the owner from making fair use of the property are likely to be deemed unlawful.

### **Failure to Acquire Future Assets**

While the General Partner may enter into non-binding letters of intent with respect to assets under review, there can be no assurance that such properties will be acquired. There is no guarantee that suitable assets investment opportunities will be found, that acquisitions on favorable terms can be negotiated or that the IMR will be able to realize on the value of assets once acquired. Competition for suitable investments from other investors may reduce the availability of investment opportunities. In addition, such competition may mean that the prices and terms on which investments may be made may be less favorable than would otherwise have been the case. The General Partner may incur significant expenses identifying, investigation, and attempting to acquire potential assets that are ultimately not consummated, including fees and expenses relating to due diligence and travel related expenses and competitive bidding processes. If the General Partner is unable to make accretive acquisitions of assets, the growth of its portfolio could be adversely impacted.

### **Concentration of Investments**

If a limited number of rental assets are acquired, such concentration may be detrimental to profitability if these assets underperform. Investments will be concentrated in one sector and may also be concentrated in a limited number of regions. During periods of difficult market conditions or economic slowdown in certain regions or affecting certain infrastructure sectors, the adverse effect on the REIT, may be exacerbated by geographical and or sectoral concentration of assets held.

### **General Risks Relating to the Acquisitions**

Although the General Partner has conducted due diligence of assets to potentially be acquired, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning these properties. Following the acquisition of assets, IMR may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors of the properties prove to be untrue. There can be no assurance of recovery by IMR from the vendors for any breach of the representations, warranties or covenants provided by the vendors because there can be no assurance that the amount and length of the indemnification obligations will be sufficient to satisfy such obligations or that the vendors will have any assets or continue to exist.

### **Possible Failure to Realize Expected Returns on the Acquisitions**

Acquisitions involve risks, including the failure of acquired assets to realize the results the Trustees and management of the General Partner expect. If any of such acquisition, fails to realize the results that the REIT expect, such failure could materially and adversely affect the REIT's business plan and could have a material adverse effect on the REIT and its ability to make distributions to Unitholders.

### **Risks Related to the Integration of the Acquisitions**

In order to achieve the benefits of acquisitions of assets, the REIT will rely upon IMR's ability to successfully retain staff, consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities from the rental housing market. The integration of the acquisitions and related operations requires the dedication of IMR's effort, time and resources. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect IMR's ability to make distributions to the REIT and the REIT's ability to make distributions to Unitholders.

### **Risks Related to the Appraisals**

The General Partner may retain third parties in relation to conducting appraisals of assets to provide an independent estimate of their fair market value. It should be noted that appraisals are estimates of fair market value at a specific point in time and represent the opinion of qualified experts as of the effective date of such appraisals. Accordingly, appraisals are not guarantees of present or future value. There is no assurance that the appraisals correctly reflect an amount that would be realized upon a current or future sale of assets. As real estate prices fluctuate due to numerous factors, the appraised value of assets may not accurately reflect current fair market value.

### **Revenue Producing Properties**

It is anticipated that acquired assets will generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable than the existing lease. Unlike commercial leases which generally are "net" leases and allow a landlord to recover expenditures, residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants.

### **Competition for Real Property Investments**

The REIT competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those desired by the REIT. A number of these investors may have greater financial resources than those of the REIT and IMR, or operate without the investment or operating guidelines of the REIT or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and/or reducing the yield on them.

### **Credit Risk Related to Tenants**

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease term commitments. The risk of credit loss will be mitigated through the diversification of its existing portfolio and limiting its exposure to any one tenant.

### **Increased Supply Risk**

Increased supply risk is the risk of loss from increased competition from the addition of rental housing assets in the REIT's core market. Numerous other residential developers and rental housing owners compete for potential tenants. Some of the housing alternatives available from competitors may be newer, better located, offer lower rents or more rental incentives. An increase in alternative housing could have a material adverse effect on the ability to lease units of acquired assets which could affect the REIT's ability to make distributions to Unitholders.

### **Rent Control Risk**

Rent control exists in Ontario and other jurisdictions in which assets may be acquired, limiting the percentage of annual rental increases to existing tenants. In addition, the REIT is indirectly exposed to the risk of the implementation of, or amendments to, existing legislative rent controls which may have an adverse impact on the REIT's operations.

### **Utility, Energy and Property Tax Risk**

Acquired assets are subject to volatile utility and energy costs and increasing property taxes. Utility and energy expenses, mainly consisting of natural gas, oil, water and electricity charges have been subject to price fluctuations over the past several years. IMR will have some ability to raise rents, subject to the overall rental market conditions and the discussion of rent control above, to offset rising energy and utility costs; however, rental increases may be limited by market conditions.

### **Interest Rates**

It is anticipated that the market price for the REIT Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the price of the REIT Units and the cost of servicing mortgages on the assets. A decrease in interest rates may encourage tenants to purchase other types of housing, which could result in a reduction in demand for rental properties. Changes in interest rates may also have effects on vacancy rates, rent levels, and other factors affecting the profitability of acquired assets.

### **Debt Financing**

Acquired assets are subject to the risks associated with debt financing, including the risk of inability to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favorable as the terms of existing indebtedness.

### **Geographic Concentration**

The market value of acquired assets and the income generated there from could be negatively affected by changes in national, local or regional economic conditions which may be amplified due to a concentration of the assets in one geographic area. Acquired assets may also be located in this general geographic area and this geographic focus could contribute to further portfolio concentration thereby increasing vulnerability to changes in local and regional economic conditions.

### **General Uninsured Losses**

IMR carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, IMR could lose its investment in, and anticipated profits and cash flows from acquired assets, but IMR would continue to be obligated to satisfy any mortgage on these properties.

### **Litigation Risks**

The REIT, the Trustees, IMR, the General Partner, or the management of the General Partner may, from time to time, become involved in legal proceedings in the course of their respective businesses. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavorable

resolution of any legal proceedings could have an adverse effect on the REIT or IMR and their respective financial positions and results of operations.

### **Availability of Cash for Distributions**

Cash distributions by the REIT to Unitholders are not guaranteed. IMR will be required to make repayments on debt and satisfy capital expenditures related to acquired assets. In addition, IMR will require capital to acquire additional assets and such capital may not be available or may not be available on favorable terms. Accordingly, distributions by the REIT to Unitholders may decrease or cease.

### **Environmental Matters**

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive. Under various laws, IMR could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect IMR ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the General Partner will rely upon and/or determine whether an update is necessary.

### **Unitholder Liability**

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a REIT Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of REIT Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the trust property. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

### **Dependence on Key Personnel**

In assessing the risk of an investment in the REIT Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Trustees and the management of the General Partner to manage the business and affairs of acquired assets. The loss of these key personnel could have a materially adverse effect on the REIT.

### **Failure or Unavailability of Computer and Data Processing Systems and Software**

The REIT is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the REIT's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the REIT to discharge its duties and the impact may be material.

### **Cyber Security Risk**

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the REIT's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The REIT's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation, and damage to the REIT's business relationships with third parties. The REIT intends to implement processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

### **Potential Conflicts of Interest**

The Trustees, and IMR management may be subject to various conflicts of interest as these parties are engaged in a wide range of real estate and other business activities. The Trustees and management of IMR may from time to time deal with Persons which may be seeking investments similar to those desired by CETANA REIT. The interests of these



Persons could conflict with those of CETANA REIT. In addition, from time to time, these Persons may be competing with CETANA REIT for available investment opportunities. The Declaration of Trust contains “conflict of interest” provisions requiring Trustees to disclose material interests related to transactions and to refrain from voting thereon.

### **Tax-Related Risks**

There can be no assurance that tax laws (or interpretation thereof) applicable to mutual fund trusts, trusts, individuals, partnerships or Registered Plans will not be changed in a manner which materially and/or adversely affects the REIT, IMR or the Unitholders.

If the REIT fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act or constitutes a SIFT trust at any time for the purposes of the Tax Act, the tax consequences described under “*Certain Canadian Federal Income Tax Considerations*” and “*Eligibility for Investment*” would be materially and adversely different, including but not limited to, that the REIT Units would cease to be qualified investments for Registered Plans.

Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their REIT Units.

The redemption of REIT Units may be paid and satisfied by way of LP Notes. Such property will not be a qualified investment for Registered Plans. Material adverse tax consequences will apply to a Registered Plan and/or its annuitant, beneficiary or holder, as a result of the redemption of REIT Units for LP Notes. Accordingly, investors that propose to acquire REIT Units in a Registered Plan should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such REIT Units.

If investments in or units of the REIT become publicly listed or traded, there can be no assurances that the REIT will not be subject to the SIFT Rules, as described under “*Certain Canadian Federal Income Tax Considerations – The SIFT Rules*”, at that time.

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

The REIT may be subject to loss restriction rules (the “**Loss Restriction Rules**”) contained in the Tax Act. If the REIT experiences a “loss restriction event”: (i) the REIT will be deemed to have a year-end for tax purposes (which would result in an allocation of the REIT’s net income and net realized capital gains at such time to unitholders so that the REIT is not liable for income tax under Part I of the Tax Act on such amounts), and (ii) the REIT will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the REIT will have a loss restriction event when a person becomes a “majority-interest beneficiary” of the REIT, or a group of persons becomes a “majority-interest group of beneficiaries” of the REIT, as those terms are defined in the Tax Act.

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

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

The REIT has consulted with legal counsel regarding the formation and terms of the REIT and the Offering. Unitholders have not, however, been independently represented. Therefore, to the extent that the REIT, Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing REIT Units and the suitability of investing in the REIT.

### **Joint Arrangements**

IMR may invest in, or be a participant in, joint arrangements and partnerships with third parties. A joint arrangement or partnership involves certain additional risks which could result in additional financial demands, increased liability and a reduction in IMR control over mortgages of acquired assets and its ability to dispose of acquired assets.

### **Dilution**

The number of REIT Units Cetana REIT is authorized to issue is unlimited. The Trustees have the discretion to issue

additional REIT Units. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

### **Restrictions on Potential Growth and Reliance on Credit Facilities**

The distribution to Unitholders of a substantial part of operating cash flow could adversely affect the ability to grow acquired assets unless additional financing can be obtained. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if credit facilities were to be cancelled or could not be renewed at maturity on similar terms, IMR, and ultimately the REIT could be materially and adversely affected.

### **Restricted Redemption Rights**

Redemption rights under the Declaration of Trust are restricted and provide limited opportunity for Unitholders to liquidate their investment in the REIT Units for cash. Unitholders will not be able to liquidate their investment or withdraw their capital at will other than in accordance with the redemption provisions attached to the REIT Units and in accordance with the Declaration of Trust. The sole method of liquidation of an investment in REIT Units is by way of redemption of the REIT Units. Aggregate redemptions for cash are limited to \$250,000 per month unless a higher amount is approved by the Trustees, but in no case may the total amount payable in cash in respect of REIT Units tendered for redemption in a month exceed 50% of Unencumbered Cash. To the extent a Unitholder is not entitled to receive redemption proceeds solely in cash as a result of redemption proceeds payable by the REIT exceeding the Redemption Limit in respect of the applicable month, the balance of the aggregate Redemption Price for such REIT Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie of assets held by the REIT. Accordingly, in the event that the REIT experiences a large number of redemptions, the REIT may not be able to satisfy all of the redemption requests in cash.

### **Nature of REIT Units**

The REIT Units are not the same as shares of a corporation. As a result, the Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.

### **Absence of Public Market for the REIT Units**

No public market exists for the REIT Units. An active and liquid market for the REIT Units will not develop. If an active public market does not develop or is not maintained, Unitholders may have difficulty selling their REIT Units.

### **REIT Units Not a Direct Investment in Assets**

The REIT Units do not represent a direct investment in assets indirectly owned by the REIT and should not be viewed by Unitholders as a direct interest in acquired assets.

### **Lack of Credit Rating of the REIT Units**

The REIT Units not been rated by any relevant credit rating agency.

## **CONFLICTS OF INTEREST**

The Trustees are also management of the General Partner. The General Partner is responsible for making distributions to the REIT as the holder of limited partnership units of IMR. This relationship may create conflicts of interest.

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

**Securities Laws require securities dealers and advisors, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisors, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal advisor.**

Certain of the Trustees and members of REIT management hold equity interests in the General Partner.

## LEGAL CONSIDERATIONS

### Representations of Subscribers

Each Subscriber of REIT Units is deemed to have represented to the REIT, and any dealer who sells the REIT Units to such Subscriber that:

- (a) the offer and sale of REIT Units was made exclusively through the Offering Memorandum and was not made through an advertisement of the REIT Units in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- (b) it has reviewed and acknowledges the terms referred to above under the section entitled "Resale Restrictions";
- (c) where required by law, it is purchasing as principal, or is deemed to be purchasing as principal in accordance with Securities Laws in which it is resident, for its own account and not as agent for the benefit of another person;
- (d) if a resident of Canada and is acquiring the REIT Units in reliance on the prospectus exemptions contained in section 2.3 of 45-106, it is an "accredited investor" as defined NI 45-106 or Section 73.3 of the *Securities Act* (Ontario);
- (e) if acquiring the REIT Units in reliance on the prospectus exemptions contained in section 2.9 of 45-106 and is an individual resident in or otherwise subject to the applicable securities laws of the Provinces of Ontario, Alberta, New Brunswick, Nova Scotia, Quebec and Saskatchewan, that the Subscriber:
  - (i) is not an "eligible investor" as such term is defined in NI 45-106 and the acquisition cost of all securities acquired by the Subscriber under section 2.9 of NI 45-106 in the preceding twelve (12) months does not exceed \$10,000; or
  - (ii) is an "eligible investor" as such term is defined in NI 45-106 and the acquisition cost of all securities acquired by the Subscriber under section 2.9 of NI 45-106 in the preceding twelve (12) months does not exceed \$30,000; or
  - (iii) is an "eligible investor" as such term is defined in NI 45-106, has received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable and the acquisition cost of all securities acquired by the Subscriber under section 2.9 of NI 45-106 in the preceding twelve (12) months does not exceed \$100,000;
- (f) if acquiring the REIT Units in reliance on the prospectus exemptions contained in section 2.9 of 45-106 and is an individual who is resident in or otherwise subject to the applicable securities laws of Manitoba, Northwest Territories, Nunavut, Prince Edward Island or Yukon, the Subscriber:
  - (i) is not an "eligible investor" as such term is defined in NI 45-106 and the acquisition cost of the REIT Units does not exceed \$10,000; or
  - (ii) is an "eligible investor" as such term is defined in NI 45-106;
- (g) it is not a person created or used solely to purchase or hold the REIT Units as an accredited investor as described in paragraph (m) of the definition of accredited investor in section 1.1 of NI 45-106;
- (h) in addition, each resident who purchases the REIT Units is deemed to have represented to the REIT and each dealer from whom a purchase confirmation is received, that such Subscriber has been notified by the REIT:
  - (i) that the REIT may be required to provide certain personal information ("**personal information**") pertaining to the Subscriber as required to be disclosed in: (i) Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any REIT Units purchased), which Form 45-106F1 may be required to be filed by the REIT under NI 45-106; or (ii) Form 72-503F Report of Distributions Outside

Canada which may be required to be filed by the REIT under Rule 72- 503;

- (ii) that such personal information may be delivered to the securities commissions in which REIT Units are distributed (the "**Securities Regulators**") in accordance with NI 45-106 and/or Rule 72-503;
- (iii) that such personal information is collected indirectly by the Securities Regulators under the authority granted to the Securities Regulators under Securities Laws;
- (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation; and
- (v) that the public officials who can answer questions about the Securities Regulators' indirect collection of such personal information is set out in the Subscription Agreements; and
- (vi) has authorized the indirect collection of the personal information by the Securities Regulators.

Furthermore, the Subscriber acknowledges that its name, address, telephone number and other specified information, including the number of REIT Units it has purchased and the aggregate purchase price paid by the Subscriber may become available to the public in accordance with the requirements of Securities Laws. By purchasing REIT Units, the Subscriber consents to the disclosure of such information.

### **Resale Restrictions**

The distribution of the REIT Units is being made on a private placement basis only and is exempt from the requirement that the REIT prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the REIT Units must be made in accordance with Securities Laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. In addition, the transfer of the REIT Units is subject to approval by the Trustees. Subscribers of REIT Units are advised to seek legal advice prior to any resale of the REIT Units.

The REIT Units are not listed on any exchange. There is currently no secondary market through which the REIT Units may be sold, there can be no assurance that any such market will develop and the REIT has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in REIT Units is by way of redemption of the REIT Units. Aggregate redemptions in cash are limited to \$250,000 per month unless a higher amount is approved by the Trustees, but in no case may the total amount payable in respect of REIT Units tendered for redemption exceed in a month 50% of Unencumbered Cash. Accordingly, in the event that the REIT experiences a large number of redemptions, the REIT may not be able to satisfy all of the redemption requests in cash.

### **Proceeds of Crime (Money Laundering Legislation)**

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Trustees may require additional information concerning Unitholders and prospective investors. The Subscription Agreements contain detailed guidance on the verification of identity documentation to accompany the Subscription Agreements.

If, as a result of any information or other matter that comes to the attention of the Trustees, or any officer or employee of the REIT of IMR, or its professional advisors, knows or suspects that a Unitholder or prospective investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report will not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

### **Purchasers' Rights of Action**

If you purchase the REIT Units you will have certain rights, some of which are described below. These rights may not be available to you if you purchase the REIT Units pursuant to an exemption from prospectus requirements other than the offering memorandum exemption in Section 2.9 of NI 45-106. For information about your rights you should consult a lawyer.

### **Two Day Cancellation Right**

You can cancel your agreement to purchase the REIT Units. To do so, you must send a notice to the REIT by midnight

on the second Business Day after you sign the agreement to purchase the REIT Units.

### **Statutory and Contractual Rights of Action in the Event of a Misrepresentation**

Securities legislation in certain of the Canadian provinces provides certain Subscribers, or requires certain Subscribers to be provided with, in addition to any other rights they may have at law, a remedy for rescission or damages, or both, where the Offering Memorandum and any amendment to it and, in some cases, advertising and sales literature used in connection therewith contains a “misrepresentation”. The term “misrepresentation” is generally defined under securities laws as 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. A “material fact” is generally defined under securities laws as a fact that would reasonably be expected to have a significant effect on the market price or value of the offered securities. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed by applicable securities legislation. Each Subscriber should refer to provisions of the securities legislation of their province or territory of residence for particulars of any rights which may be available to them or consult with a legal advisor.

All of the following statutory or contractual rights of action are in addition to, and without derogation from, any other right or remedy which Subscribers of REIT Units may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the Subscriber within the time limits prescribed by the applicable provisions of the provincial securities legislation. The following summaries are subject to the express provisions of the applicable securities statutes and instruments in the below-referenced provinces and the regulations, rules and policy statements thereunder. The summaries below are not a complete description of such rights or the limitations applicable thereto and reference should be made to the securities law of the jurisdiction where the Subscriber are resident for the complete text of such rights. Such law is subject to varying interpretation. Subscribers should obtain legal advice to determine any rights that are available to the Subscriber, including in relation to the rights referred to below.

#### **Ontario**

In accordance with Section 130.1 of the Securities Act (Ontario) (the “**Ontario Act**”) and Ontario Securities Commission Rule 45-501, in the event that this Offering Memorandum or any amendment thereto contains a misrepresentation (as defined in the Ontario Act), the Subscriber who purchases REIT Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied upon the misrepresentation, a right of action against the REIT for damages, or, while the Subscriber is still the owner of the REIT Units purchased by that Subscriber, for rescission, provided that:

- (a) if the Subscriber elects to exercise the right of rescission, the Subscriber will have no right of action for damages against the REIT and any selling security holder;
- (b) the REIT will not be liable if it proves that the Subscriber purchased the REIT Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the REIT and selling security holders will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the REIT Units as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the REIT Units were sold to the Subscriber.

This Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 (the “accredited investor exemption”) and section 2.9 (the “offering memorandum exemption”) of NI 45-106. The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following Subscribers relying upon the accredited investor exemption in Ontario:

- (a) a Canadian financial institution, meaning either (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust issuer, trust corporation, insurance issuer, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;

- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada);
- (c) The Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (d) a subsidiary of any Person referred to in paragraphs (a), (b) or (c) if the Person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 138 of the Ontario Act provides that no action will be commenced to enforce these rights more than:

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

### **Manitoba**

In accordance with Section 141.1 of the Securities Act (Manitoba) (the "**Manitoba Act**"), if this Offering Memorandum or any amendment to it contains a misrepresentation (as defined in the Manitoba Act), a Subscriber who purchases REIT Units offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the Subscriber has:

- (a) a right of action for damages against the REIT; every director of the REIT; and every Person or company who signed this Offering Memorandum; or
- (b) a right of rescission against the REIT.

If the Subscriber chooses to exercise a right of rescission against the REIT, the Subscriber has no right of action for damages against a Person referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum. If a misrepresentation is contained in this Offering Memorandum, no Person or company is liable:

- (c) if the Person or company proves that the Subscriber had knowledge of the misrepresentation;
- (d) other than with respect to the REIT, if the Person or company proves:
  - (i) that the Offering Memorandum was sent to the Subscriber without the Person's or company's knowledge or consent; and
  - (ii) that, after becoming aware that it was sent, the Person or company promptly gave reasonable notice to the REIT that it was sent without the Person's or company's knowledge and consent;
- (e) other than with respect to the REIT, if the Person or company proves that, after becoming aware of the misrepresentation, the Person or company withdrew the Person's or company's consent to the Offering Memorandum and gave reasonable notice to the REIT of the withdrawal and the reason for it;
- (f) other than with respect to the REIT, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the Person proves that the Person or company did not have any reasonable grounds to believe and did not believe that:

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

A Subscriber to whom an Offering Memorandum was required to be sent in compliance with Manitoba securities legislation, but was not sent within the prescribed time has a right of action for rescission or damages against the dealer, offeror or REIT who did not comply with the requirement.

A Subscriber to whom an Offering Memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the REIT not later than midnight on the second day, excluding Saturdays and holidays, after the Subscriber signs the agreement to purchase the securities.

The amount recoverable will not exceed the price at which the REIT Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the REIT Units as a result of the misrepresentation. Not all defenses upon which the REIT or others may rely are described herein. Please refer to the full text of the Manitoba Act for a complete listing.

Section 141.4 of the Manitoba Act provides that no action may be commenced to enforce any of the foregoing rights:

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

### **New Brunswick**

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the Securities Act (New Brunswick) (the "**New Brunswick Act**") apply to information relating to an offering memorandum, such as this Offering Memorandum, that is provided to a Subscriber of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 or the "offering memorandum" prospectus exemption in Section 2.9 of NI 45-106. Section 150 of the New Brunswick Act provides that, subject to certain limitations, where this Offering Memorandum or any amendment thereto, which is provided to a Subscriber of the REIT Units contains a misrepresentation (as defined in the New Brunswick Act), a Subscriber who purchases the REIT Units will be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and the Subscriber has, subject to certain defenses, a right of action for damages against the REIT and a selling security holder on whose behalf the distribution is made, or may elect to exercise a right of rescission against the REIT, in which case the Subscriber will have no right of action for damages.

The foregoing rights are subject to, among other limitations, the following:

- (a) in an action for damages or rescission, the defendant will not be liable if it proves that the Subscriber



purchased the REIT Units with knowledge of the misrepresentation;

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

Section 152 of the New Brunswick Act provides that, subject to certain limitations, where a Person makes a verbal statement to an Subscriber of REIT Units that contains a misrepresentation relating to the REIT Units purchased, and the verbal statement is made either before or contemporaneously with the purchase of the REIT Units, the Subscriber will be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the Subscriber has a right of action for damages against the Person who made the verbal statement.

No action to enforce the foregoing rights may be commenced:

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

The liability of all persons and companies referred to above is joint and several.

#### **Newfoundland and Labrador**

Section 130.1 of the Securities Act (Newfoundland and Labrador) (the "**Newfoundland Act**") provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a Subscriber who purchases REIT Units offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the Subscriber has:

- (a) a right of action for damages against:
  - (i) the REIT;
  - (ii) every director of the REIT at the date of the Offering Memorandum; and
  - (iii) every Person who signed this Offering Memorandum; and
- (b) a right of rescission against the REIT.

If the Subscriber chooses to exercise a right of rescission against the REIT, the Subscriber has no right of action for damages against a Person referred to above.

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

When a misrepresentation is contained in this Offering Memorandum, no Person is liable:

- (c) if the Person proves that the Subscriber had knowledge of the misrepresentation;
- (d) other than the REIT, if the Person proves that:
  - (i) this Offering Memorandum was sent to the Subscriber without the Person's knowledge or consent; and



- (ii) after becoming aware that it was sent, the Person promptly gave reasonable notice to the REIT that it was sent without the Person's knowledge and consent;
- (e) other than the REIT, if the Person proves that, after becoming aware of the misrepresentation, the Person withdrew the Person's consent to this Offering Memorandum and gave reasonable notice to the REIT of the withdrawal and the reason for it;
- (f) other than the REIT, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the Person proves that the Person did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation; or
  - (ii) the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement; or was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
  - (iii) other than the REIT, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the Person:
    - (A) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
    - (B) believed there had been a misrepresentation.

The amount recoverable will not exceed the price at which the REIT Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the REIT Units as a result of the misrepresentation.

All or any one or more of the Persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a Person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action will be commenced to enforce these contractual rights more than:

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

### **Nova Scotia**

Section 138 of the Securities Act (Nova Scotia) (the "**Nova Scotia Act**") provides that, subject to certain limitations, where this Offering Memorandum, together with any amendment thereto sent or delivered to a Subscriber, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation (as defined in the Nova Scotia Act), a Subscriber who purchased REIT Units referred to in it is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the REIT, and subject to certain additional defenses, every director and every seller (other than the REIT) of REIT Units at the date of the Offering Memorandum and Persons who have signed this Offering Memorandum.

Alternatively, where the Subscriber purchased REIT Units from the REIT and is still the owner of those securities, the Subscriber may elect to exercise a right of rescission against the REIT. If the Subscriber exercises its right of rescission against the REIT, the Subscriber will not have a right of action for damages against the REIT or against

any aforementioned Person.

The foregoing rights are subject to, among other limitations, the following:

- (a) no action will be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the REIT Units;
- (b) no Person will be liable if the Person proves that the Subscriber purchased the REIT Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the REIT Units as a result of the misrepresentation; and
- (d) the amount recoverable in any action may not exceed the price at which the REIT Units were offered to the Subscriber under this Offering Memorandum or amendment thereto.

In addition, no Person or company, other than the REIT, is liable if the Person proves that:

- (e) this Offering Memorandum or the amendment thereto was sent or delivered to the Subscriber without the Person's or company's knowledge or consent and that, on becoming aware of its delivery, the Person or company gave reasonable general notice that it was delivered without the Person's knowledge or consent;
- (f) after delivery of this Offering Memorandum or the amendment thereto and before the purchase of the REIT Units by the Subscriber, on becoming aware of any misrepresentation in this Offering Memorandum, or amendment thereto, the Person or company withdrew the Person's or company's consent to this Offering Memorandum, or amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (g) with respect to any part of this Offering Memorandum or amendment thereto purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the Person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment thereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

(ii) believed that there had been a misrepresentation.

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

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action.

### **Prince Edward Island**

Section 112 of the Securities Act (Prince Edward Island) (the "**PEI Act**") provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation (as defined in the PEI Act), a Subscriber who purchases REIT Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the REIT;
- (b) the selling security holder on whose behalf the distribution is made;

- (c) any director of the REIT at the date of the Offering Memorandum; and
- (d) every Person or company who signed this Offering Memorandum.

Alternatively, the Subscriber may elect to exercise a right of rescission against the REIT. If the Subscriber exercises its right of rescission against the REIT, the Subscriber will not have a right of action for damages against a Person referred to above.

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

If a misrepresentation is contained in this Offering Memorandum, no Person is liable if the Person proves that the Subscriber purchased the REIT Units with knowledge of the misrepresentation.

A Person or company, other than the REIT, is not liable in an action for damages if the Person proves that:

- (e) this Offering Memorandum was sent to the Subscriber without the Person's knowledge or consent, and that, on becoming aware of its being sent, the Person had promptly given reasonable notice to the REIT that it had been sent without the Person's knowledge and consent;
- (f) the Person or company, on becoming aware of the misrepresentation, had withdrawn the Person's or company's consent to this Offering Memorandum and had given reasonable notice to the REIT of the withdrawal and the reason for it; or
- (g) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the Person or company had no reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation; or
  - (ii) the relevant part of this Offering Memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert; or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A Person, other than the REIT, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the Person:

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

The amount recoverable must not exceed the price at which the REIT Units purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the REIT Units resulting from the misrepresentation.

A Subscriber of REIT Units to whom this Offering Memorandum is required to be sent may cancel the contract to purchase the REIT Units by sending written notice to the REIT by midnight on the second Business Day after the Subscriber signs the agreement to purchase the REIT Units.

A Person who is an Subscriber of REIT Units to whom this Offering Memorandum was required to be sent or delivered under the PEI Act but which was not sent or delivered as required has a right of action for damages or rescission against the REIT.

Section 121 of the PEI Act provides that no action may be commenced to enforce a right:

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or

- (b) in any other case, more than the earlier of:
  - (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years after the day of the transaction that gave rise to the cause of action.

### **Saskatchewan**

Section 138 of the Securities Act, 1988 (Saskatchewan) as amended (the "**Saskatchewan Act**") provides, subject to certain limitations, that if this Offering Memorandum or any amendment thereto sent or delivered to an Subscriber contains a misrepresentation (as defined in the Saskatchewan Act), a Subscriber who purchases REIT Units pursuant to this Offering Memorandum or an amendment thereto has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for rescission against the REIT or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the REIT or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the REIT at the time this Offering Memorandum or any amendment thereto was sent or delivered;
- (c) every Person or company whose consent has been filed with this Offering Memorandum or an amendment thereto but only with respect to reports, opinions or statements that have been made by them;
- (d) every Person who or company that signed this Offering Memorandum or any amendment thereto; and
- (e) every Person who or company that sells REIT Units on behalf of the REIT under this Offering Memorandum or any amendment thereto.

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

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

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

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

amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

Similar rights of action for damages and rescission are provided in Section 138.1 of the Saskatchewan Act also provides that, subject to certain limitations, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the offering of REIT Units contains a misrepresentation, a Subscriber who purchases the REIT Units referred to in that advertising or sales literature, is deemed to have relied on that misrepresentation if it was a misrepresentation at the time of purchase and has a right of action against the REIT, every promoter of the REIT at the time the advertising or sales literature was disseminated, and every Person who, that, at the time the advertising or sales literature was disseminated, sells REIT Units on behalf of the REIT in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, subject to certain limitations, where an individual makes a verbal statement to a prospective Subscriber of REIT Units that contains a misrepresentation relating to the REIT Units purchased, and the verbal statement is made either before or contemporaneously with the purchase of the REIT Units, the Subscriber has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

There are various defenses available to the Persons or companies who may be sued, including that no Person is liable if the Person proves that the Subscriber purchased the REIT Units with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the REIT Units resulting from the misrepresentation relied on. The amount recoverable pursuant to these rights will not exceed the price at which the REIT Units were offered.

The Saskatchewan Act also provides a Subscriber who has received an amended Offering Memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act a right to withdraw from the agreement to purchase the REIT Units by delivering a notice to the Person who is selling the REIT Units, indicating the Subscriber's intention not to be bound by the purchase agreement, provided such notice is delivered by the Subscriber within two Business Days of receiving the amended Offering Memorandum.

If the REIT Units are sold in contravention of the Saskatchewan Act, the regulations or a decision of the Saskatchewan Financial Services Commission, the Subscriber of such REIT Units has a right to void the purchase agreement and recover all money and other consideration paid therefore from the vendor of the REIT Units. Further, a Subscriber of REIT Units who is not sent or delivered a copy of this Offering Memorandum or any amendment thereto prior to entering into an agreement of purchase and sale has a right of action for rescission or damages against the REIT or, if purchased through a dealer, the dealer who failed to so send or deliver this Offering Memorandum or any amendment thereto.

Section 147 of the Saskatchewan Act provides that no action to enforce the foregoing rights may be commenced:

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

### **Yukon Territory**

The Securities Act (Yukon) (the "**Yukon Act**") provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a Subscriber who purchases a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the REIT;

- (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every director of the REIT at the date of the Offering Memorandum; and
  - (iv) every person who signed the Offering Memorandum; and
- (b) a right of rescission against:
- (i) the REIT; or
  - (ii) the selling security holder on whose behalf the distribution is made.

If the Subscriber chooses to exercise a right of rescission against the REIT, the Subscriber has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the Offering Memorandum, no person is liable if the person proves that the Subscriber purchased the securities with knowledge of the misrepresentation.

A person, other than the REIT or selling security holder, is not liable in an action for damages if the person proves that:

- (c) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the REIT that it had been sent without the person's knowledge and consent;
- (d) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the REIT of the withdrawal and the reason for it; or
- (e) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the REIT or selling security holder, is not liable in an action for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (f) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (g) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and

equitable.

The REIT, and every director of the REIT at the date of the Offering Memorandum who is not a selling security holder, is not liable if the REIT does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the REIT, unless the misrepresentation,

- (h) was based on information previously publicly disclosed by the REIT;
- (i) was a misrepresentation at the time of its previous public disclosure; and
- (j) was not subsequently publicly corrected or superseded by the REIT before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (k) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (l) in the case of any action other than an action for rescission,
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years after the date of the transaction giving rise to the cause of

action, whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the Subscriber may have at law. This summary is subject to the express provisions of the Yukon Act and the regulations and rules made under it, and prospective Subscribers in the Yukon should refer to the complete text of those provisions or consult with a legal advisor.

### **Northwest Territories**

The Securities Act (Northwest Territories) (The "**Northwest Territories Act**") provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a Subscriber who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the REIT;
  - (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every director of the REIT at the date of the Offering Memorandum, and
  - (iv) every person who signed the Offering Memorandum; and
- (b) a right of rescission against:
  - (i) the REIT; or
  - (ii) the selling security holder on whose behalf the distribution is made.

If the Subscriber chooses to exercise a right of rescission against the REIT, the Subscriber has no right of action for damages against a person or company referred to above.

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



If a misrepresentation is contained in the Offering Memorandum, no person is liable if the person proves that the Subscriber purchased the securities with knowledge of the misrepresentation.

A person, other than the REIT or selling security holder, is not liable in an action for damages if the person proves that:

- (c) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the REIT that it had been sent without the person's knowledge and consent;
- (d) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the REIT of the withdrawal and the reason for it; or
- (e) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the REIT or selling security holder, is not liable in an action for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person:

- (f) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (g) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The REIT, and every director of the REIT at the date of the Offering Memorandum who is not a selling security holder, is not liable if the REIT does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the REIT, unless the misrepresentation,

- (h) was based on information previously publicly disclosed by the REIT;
- (i) was a misrepresentation at the time of its previous public disclosure; and
- (j) was not subsequently publicly corrected or superseded by the REIT before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (k) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or



- (l) in the case of any action other than an action for rescission,

180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or three years after the date of the transaction giving rise to the cause of action, whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the Subscriber may have at law. This summary is subject to the express provisions of the Northwest Territories Act and the regulations and rules made under it, and prospective Subscribers in the Northwest territories should refer to the complete text of those provisions or consult with a legal advisor.

### Nunavut

The Securities Act (Nunavut) (the “**Nunavut Act**”) provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a Subscriber who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation:

- (a) a right of action for damages against:

- (i) the REIT;
- (ii) the selling security holder on whose behalf the distribution is made;
- (iii) every director of the REIT at the date of the Offering Memorandum, and
- (iv) every person who signed the Offering Memorandum; and

- (b) a right of rescission against:

- (i) the REIT; or
- (ii) the selling security holder on whose behalf the distribution is made.

If the Subscriber chooses to exercise a right of rescission against the REIT, the Subscriber has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the Offering Memorandum, no person is liable if the person proves that the Subscriber purchased the securities with knowledge of the misrepresentation.

A person, other than the REIT or selling security holder, is not liable in an action for damages if the person proves that:

- (c) the Offering Memorandum was sent to the Subscriber without the person’s knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the REIT that it had been sent without the person’s knowledge and consent;
- (d) the person, on becoming aware of the misrepresentation, had withdrawn the person’s consent to the Offering Memorandum and had given reasonable notice to the REIT of the withdrawal and the reason for it; or
- (e) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that

- (i) there had been a misrepresentation, or

- (ii) the relevant part of the Offering Memorandum

- (A) did not fairly represent the report, opinion or statement of the expert, or
- (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the REIT or selling security holder, is not liable in an action for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person:

- (f) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (g) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The REIT, and every director of the REIT at the date of the Offering Memorandum who is not a selling security holder, is not liable if the REIT does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the REIT, unless the misrepresentation:

- (h) was based on information previously publicly disclosed by the REIT;
- (i) was a misrepresentation at the time of its previous public disclosure; and
- (j) was not subsequently publicly corrected or superseded by the REIT before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (k) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (l) in the case of any action other than an action for rescission,
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years after the date of the transaction giving rise to the cause of action, whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the Subscriber may have at law. This summary is subject to the express provisions of the Nunavut Act and the regulations and rules made under it, and prospective Subscribers in Nunavut should refer to the complete text of those provisions or consult with a legal advisor.

#### **Contractual Rights for Subscribers in British Columbia, Alberta and Québec**

Each Subscriber of securities resident in the Province of Alberta, British Columbia, and Quebec purchasing under the exemptions contained in section 2.3 (the “accredited investor exemption”) or section 2.9 (the “offering memorandum exemption”) will be granted contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to Subscribers resident in the Province of Ontario.

## Language of Documents

Upon receipt of this document, each Subscriber hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of securities described herein (including for greater certainty any purchase confirmation or notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

## ANCILLARY MATTERS

### Material Contracts

The following is a list of all material documents related to the REIT and IMR:

- the Declaration of Trust;
- the Partnership Agreement; and
- the Subscription Agreement.

### Auditor, Transfer Agent and Registrar

KBFP LLP, Chartered Professional Accountants, is the auditor of REIT and IMR.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of REIT Units by a Unitholder that is an individual (other than a trust) who acquires, as beneficial owner, REIT Units pursuant to this Offering Memorandum and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the REIT, and holds REIT Units as capital property. Generally, REIT Units will be considered to be capital property of a Unitholder for the purposes of the Tax Act provided the Unitholder does not acquire or hold such REIT Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their REIT Units as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have their REIT Units and all other "Canadian securities" (as defined in the Tax Act) owned or subsequently acquired by them treated as capital property. **Unitholders considering making such an election should consult their own tax advisors regarding whether such an election is available or advisable under their particular circumstances.**

This summary is based on the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, and the published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") publicly released prior to the date hereof. This summary takes into account 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"). There can be no assurance that the Proposed Amendments will be enacted in their current form or at all, or that the CRA will not change its administrative policies and assessing practices, potentially with retroactive effect. Except for the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action. There can be no assurances that such changes, if made, might not be retroactive. This summary also does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this summary.

This summary is not applicable to a Unitholder who has entered into or will enter into, in respect of the REIT Units, a "derivative forward agreement", as defined in the Tax Act. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire REIT Units under this Offering.

This summary assumes that: (a) the REIT will be able to elect, and will elect, to be deemed to be a "mutual fund trust" from the date of its settlement; (b) the REIT will constitute a "mutual fund trust" for the purposes of the Tax Act at all times; (c) the REIT will not be a "specified investment flow-through trust" for the purposes of the Tax Act (a "SIFT Trust"); and (d) IMR will not be a "specified investment flow-through partnership" for the purposes of the Tax Act (a "SIFT Partnership"). If, at any time, any of the foregoing assumptions is not, or ceases to be, true, the income tax consequences discussed in this summary would be materially and adversely different for the Unitholders, the REIT

and/or IMR.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in REIT Units and does not address the tax treatment of amounts borrowed to acquire REIT Units. The income and other tax consequences of acquiring, holding or disposing of REIT Units will vary depending on the particular circumstances of each Unitholder. Accordingly, this summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any prospective purchaser of REIT Units. The REIT has not obtained, nor sought, an advance tax ruling from the CRA in respect of the Offering. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in REIT Units based on their particular circumstances.**

## **Tax Status of the REIT**

### ***Qualification as a "Mutual Fund Trust"***

This summary is based on the assumption that the REIT qualifies as a "mutual fund trust", as defined in the Tax Act, at the time of closing and at all times thereafter. In order for the REIT to qualify as a mutual fund trust, it must meet the following conditions:

- (i) the REIT must be resident in Canada for purposes of the Tax Act;
- (ii) the only undertaking of the REIT must be limited to a combination of investing of its funds in property (other than real property or interests in real property) and/or acquiring, holding, maintaining, improving, leasing or managing of any real property or an interest in real property that is capital property of the REIT;
- (iii) the REIT must comply on a continuous basis with certain requirements relating to the qualification of the REIT Units for distribution to the public, the number of Unitholders, and the dispersal of ownership of REIT Units, including, but not limited to, that the REIT must have 150 or more Unitholders, each of whom holds not less than 10 REIT Units having an aggregate fair market value of not less than \$1,000;
- (iv) the REIT may not reasonably be considered to have been established or maintained primarily for the benefit of non-residents (as defined for the purposes of the Tax Act);
- (v) the REIT must be an *inter vivos* trust;
- (vi) the interest of each beneficiary (unitholder) of the REIT must be described by reference to units of the REIT; and
- (vii) the REIT Units must be subject to conditions requiring the REIT to accept, at the demand of the holder thereof and at prices determined and payable in accordance with the conditions, the surrender of the REIT Units that are fully paid.

If the REIT were not to qualify as a mutual fund trust at any time, the Canadian federal income tax considerations described below and under the heading "*Eligibility for Investment*" would be materially and adversely different.

### ***The SIFT Rules***

The Trustees have no current intention to have the REIT Units or LP Units listed or traded on a stock exchange or on any other public market (all as defined for purposes of the Tax Act). Accordingly, neither the REIT nor IMR is expected to constitute a SIFT Trust or SIFT Partnership. However, there can be no assurance that subsequent activities undertaken by the REIT or IMR will not result in the REIT or IMR becoming a SIFT Trust or SIFT Partnership, as the case may be.

### ***Taxation of the REIT***

The REIT is subject to tax in each taxation year on its income for the year, computed as though the REIT were an individual resident in Canada. The taxation year of the REIT will end on December 31 of each year.

In each taxation year, the REIT will be subject to tax under Part I of the Tax Act on its income for the year which will include net realized taxable capital gains for that year and its allocated share of the income from Dream Industrial LP for the fiscal period of IMR ending in, or coinciding with the year-end of the REIT, less the portion thereof that it.

In computing its income, the REIT will generally be able to deduct the amount of distributions paid or declared payable in the taxation year by the REIT to Unitholders, whether such distributions are paid in cash, additional REIT Units or otherwise. An amount will be considered to be payable to a Unitholder in a taxation year only if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount. The REIT will generally be entitled to deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income when computing its income for the purposes of the Tax Act. The REIT will also generally be entitled to deduct reasonable expenses incurred by it in the course of issuing REIT Units over a five-year straight-line basis (subject to pro-rata for short taxation years). Losses incurred by the REIT for purposes of the Tax Act cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act.

Proposed Amendments released on August 4, 2023 (the “EIFEL Rules”) generally may have the effect of denying the deductibility of net interest and other financing expenses in certain circumstances, including the computation of taxable income by a trust. If the EIFEL Rules are enacted as proposed, the amount of interest and other financing expenses deductible by the REIT may be reduced. The EIFEL rules are proposed to apply in respect of taxation years beginning on or after October 1, 2023.

The REIT may realize a capital gain or loss on the disposition or deemed disposition of LP Units held as capital property, including LP Units that are redeemed by the REIT in exchange for LP Notes as discussed above under the heading “*Declaration of Trust and Description of Units – Redemption of REIT Units*”. On the redemption of LP Units by the REIT in exchange for LP Notes, the REIT will realize a capital gain (or capital loss) equal to the amount by which the fair market value of the LP Notes received exceeds (or is less) than the aggregate of the adjusted cost base of the LP Units to the REIT immediately before such redemption and any reasonable costs of disposition.

The adjusted cost base of interests in IMR held by the REIT will be increased at a particular time by the REIT’s share of the income of IMR for a fiscal period of IMR ended before that time, and will be reduced by the REIT’s share of the losses of IMR for a fiscal period of IMR that ended before that time and all distributions of cash or other property made by IMR to the REIT before that time. If, at the end of any fiscal period of IMR, the adjusted cost base of such interests in IMR held by the REIT would otherwise be less than zero, the REIT will be deemed to have realized a capital gain equal to the negative amount, and the REIT’s adjusted cost base of such interest in IMR will be nil immediately thereafter.

A distribution by the REIT of property (including LP Notes) held by the REIT upon the redemption of REIT Units will, for the purposes of the Tax Act, be treated as a disposition by the REIT of the property so distributed for proceeds of disposition equal to its fair market value. Assuming that such property (including a LP Note) is held by the REIT as capital property for purposes of the Tax Act, the REIT will generally realize a capital gain (or a capital loss) on the property so distributed to the extent that the proceeds of disposition of such property exceed (or are less than) the adjusted cost base of the property and any reasonable costs of disposition. The Declaration of Trust provides that the REIT may designate, for purposes of the Tax Act, any income or capital gains arising on or in connection with an *in specie* redemption of REIT Units as being paid to the redeeming Unitholder.

The REIT may distribute net income or net realized capital gains by issuing REIT Units, immediately following which the number of REIT Units outstanding will automatically be consolidated such that the number of REIT Units outstanding after such distribution will be equal to the number of REIT Units outstanding immediately prior to the distribution (except to the extent that tax is required to be withheld from any such distributions) (an “**In-Kind Unit Consolidation**”).

For each taxation year, the REIT will be entitled to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of REIT Units during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of REIT Units. The Declaration of Trust provides that all or a portion of a taxable capital gain realized by the REIT as a result of a redemption may, at the discretion of the Trustee, be treated as a taxable capital gain paid to, and designated as a taxable capital gain of, the redeeming Unitholders.

### **Taxation of IMR**

IMR is not subject to tax under the Tax Act. Instead, each partner of IMR (including the REIT) is required to include, in computing its income, its share of the income or loss of IMR for its fiscal period ending in or coincidentally with the partner’s taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of IMR will be computed for each fiscal period as if it were a separate person resident in Canada.

In computing such income or loss, deductions may be claimed for reasonable amounts in respect of administrative and other expenses incurred for the purpose of earning income from business or property, including any capital cost allowance in accordance with the rules of the Tax Act. The EIFEL Rules may have the effect of denying the deductibility

of net interest and other financing expenses in certain circumstances, including with respect to such expenses of a partnership that are allocated to a partner that is a corporation or trust. If the EIFEL rules are enacted as proposed, the amount of interest and other financing expenses deductible by such partners of IMR, including the REIT, effectively may be reduced.

The income or loss of IMR for a fiscal period will be allocated to each partner on the basis of the partner's share of such income or loss subject to the terms of the Partnership Agreement and the detailed rules in the Tax Act, including, in the case of allocation of losses to limited partners, the "at-risk" rules in the Tax Act.

If IMR incurs losses for purposes of the Tax Act, a limited partner, including the REIT, will be entitled to deduct in the computation of its income for purposes of the Tax Act its share of any such losses for any fiscal year to the extent of that limited partner's "at-risk amount" in respect of IMR. In general, the "at-risk amount" of a limited partner in respect of IMR for any taxation year will be the adjusted cost base of the limited partner's partnership interest in IMR at the end of the year, plus any undistributed income allocated to the limited partner for the year, less any amount owing by the limited partner (or a person with whom the limited partner does not deal at arm's length) to IMR (or a person with whom it does not deal at arm's length), and less the amount of any benefit that the limited partner (or a person with whom the limited partner does not deal at arm's length) is entitled to receive or obtain for the purpose of reducing, in whole or in part, any loss of the limited partner from the investment in IMR.

## **Taxation of Unitholders**

### ***Distributions***

A Unitholder will generally be required to include in computing income for a particular taxation year all net income and net realized taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to the Unitholder in the particular taxation year, whether that amount is received in cash, additional REIT Units, or otherwise.

Provided that the appropriate designations are made by the REIT, such portion of the REIT's net taxable capital gains that are paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for the purposes of the Tax Act. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of the REIT, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below.

The non-taxable portion of any net realized capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year and should not reduce the adjusted cost base of the REIT Units held by the Unitholder. Any amount (other than proceeds of disposition in respect of the redemption of REIT Units and the non-taxable portion of net realized capital gains) that is not included in computing the Unitholder's income will reduce the adjusted cost base of the Unitholder's REIT Units by that amount. To the extent that the adjusted cost base of a REIT Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the REIT Unit to the Unitholder will immediately thereafter be nil.

Losses of the REIT for the purposes of the Tax Act cannot be allocated or distributed to, or treated as a loss of, the Unitholder.

### ***Acquisition of REIT Units***

The cost of a REIT Unit to a Unitholder will generally be equal to the amount paid or payable by the Unitholder to purchase the REIT Unit, with certain adjustments provided for under the Tax Act. When a REIT Unit is acquired, the cost of the newly-acquired REIT Unit will be averaged with the cost of all of the REIT Units owned by the Unitholder as capital property immediately before that acquisition in order to determine the adjusted cost base of the Unitholder's REIT Units at any particular time.

REIT Units issued to a Unitholder as a distribution from the REIT will have a cost to the Unitholder equal to the amount of income (including the applicable non-taxable portion of net capital gains) distributed as a result of the issuance of such REIT Units.

An In-Kind Unit Consolidation of REIT Units will generally not result in a disposition of REIT Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all such holder's REIT Units will not change as a result of an In-Kind Unit Consolidation of REIT Units, although the adjusted cost base per REIT Unit will increase.

Since the net income of the REIT will be distributed to Unitholders at least on a monthly basis, a purchaser of a REIT

Unit may become taxable on a portion of the net income of the REIT that is accrued or realized by the REIT in a period before the time the REIT Unit was purchased but which was not paid or made payable to Unitholders until the end of the period and after the time the REIT 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 REIT in a year before the time the REIT Unit was purchased but which is paid or made payable to Unitholders at year end and after the time the REIT Unit was purchased.

### ***Dispositions of REIT Units***

On the disposition or deemed disposition of REIT Units by a Unitholder, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT that represents an amount that must otherwise be included in the Unitholder's income as described herein) exceed (or are less than) the aggregate of the adjusted cost base of the REIT Units immediately before such disposition and any reasonable costs of disposition.

Where REIT Units are redeemed and the redemption price is paid by the delivery of LP Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the REIT Units will be equal to the fair market value of the LP Notes so distributed less any income or capital gain realized by the REIT in connection with such redemption which has been designated by the REIT to the Unitholder. Any income or capital gain realized by the REIT on a disposition of interests in IMR to effect redemption of REIT Units will generally be designated to the redeeming Unitholder such that the Unitholder will be required to include in computing its income the income or taxable portion of the capital gain so designated.

### **Taxation of Capital Gains and Capital Losses**

Generally, one-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of REIT Units and the amount of any net taxable capital gains designated by the REIT in respect of the Unitholder must be included in the Unitholder's income as a taxable capital gain in the taxation year in which the disposition occurs or in respect of which the net taxable capital gain designation is made by the REIT. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of REIT Units generally must be deducted by the Unitholder against taxable capital gains of the Unitholder in the year of disposition and, to the extent such losses exceed such gains, may be deducted against taxable capital gains of the Unitholder in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

### **Alternative Minimum Tax**

In general terms, net income of the REIT, paid or payable, or deemed to be paid or payable, to a Unitholder, and that is designated as net taxable capital gains, may increase the Unitholder's liability for alternative minimum tax.

The 2023 federal budget has proposed significant changes to the federal alternative minimum tax provisions under the Tax Act. If enacted, the proposed changes will come into force for taxation years beginning after 2023, Unitholders should obtain independent advice from a tax advisor on the proposed changes to the federal alternative minimum tax and the consequences to the provincial minimum tax counterparts.

In addition, capital gains realized on the disposition of REIT Units may increase a Unitholder's liability for alternative minimum tax.

## **ELIGIBILITY FOR INVESTMENT**

The REIT Units will be qualified investments under the Tax Act for Registered Plans, provided that, at all times, the REIT qualifies as a "mutual fund trust" for the purposes of the Tax Act. If the REIT fails or ceases to qualify as a "mutual fund trust" under the Tax Act, the REIT Units will not be qualified investments under the Tax Act for Registered Plans.

Notwithstanding that REIT Units may be qualified investments for FHSAs, RDSPs, RESPs, RRSPs, RRIFs and TFSA's, (each, a "**Prescribed Plan**"), the holder, annuitant, or subscriber, as the case may be, of the Prescribed Plan will be subject to a penalty tax if the REIT Units are a "prohibited investment" (as defined in the Tax Act) of the Prescribed Plan. The REIT Units will not be a prohibited investment of a Prescribed Plan provided that the holder, annuitant, or subscriber, as the case may be: (i) deals at arm's length with the REIT for the purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the REIT. In addition, the REIT Units will not be a "prohibited investment" of a Prescribed Plan if the REIT Units are "excluded property" (as defined in the Tax Act) of the Prescribed Plan. Prospective investors who intend to hold their REIT Units in a Prescribed Plan should consult with their own tax advisors regarding the application of the foregoing having regard to their particular circumstances.

LP Notes will not be qualified investments for Registered Plans.

**Prospective investors who intend to hold their REIT Units in Registered Plans should consult with their own tax advisors regarding the application of the foregoing having regard to their particular circumstances.**



## DEFINITIONS

The following terms in this Memorandum have the following meanings:

“**Adjustment Factors**” has the meaning set out in “*Calculation of Fair Market Value*”.

“**Affiliate**” has the meaning attributable thereto in NI 45-106.

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

“**CBRE**” means CBRE Group, Inc.

“**CETANA REIT**” or the “**REIT**” have the meaning set out on the cover page of this Offering Memorandum.

“**CMHC**” means Canada Mortgage and Housing Corporation.

“**capital gains refund**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations*”.

“**Class A REIT Units**” has the meaning set out on the cover page of this Offering Memorandum.

“**Class A LP Units**” means class A limited partnership units of IMR.

“**CRA**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations*”.

“**Declaration of Trust**” has the meaning set out in “*Offering Summary*”.

“**Distributable Income**” has the meaning set out in has the meaning set out in “*Partnership Allocations and Distributions*”.

“**DPSP**” means a deferred profit sharing plan for purposes of the Tax Act.

“**EIFEL Rules**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations*”.

“**FHSA**” means a first home savings account for purposes of the Tax Act.

“**Fair Market Value**” has the meaning set out in “*Valuation Policy*”.

“**General Partner**” has the meaning set out on the cover page of this Offering Memorandum.

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

“**In-Kind Unit Consolidation**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations*”.

“**Liquidity Event**” has the meaning set out in “*Partnership Allocations and Distributions*”.

“**LP Note**” has the meaning set out in “*Redemption of REIT Units*”.

“**LP Units**” means Class A LP Units.

“**Management Fee**” has the meaning set out in “*Management Fee*”.

“**Manitoba Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**New Brunswick Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Newfoundland Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Net Capital of the Redeemed LP Units**” has the meaning set out in “*Partnership Allocations and Distributions*”.

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

“**NOI**” has the meaning set out in “*Offering Summary*”.

“**Non-Resident Beneficiaries**” has the meaning set out in “*Limitation on Non-Resident Ownership*”.

“**Northwest Territories Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Nova Scotia Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Nunavut Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**OECD**” means the Organization for Economic Cooperation and Development.

“**Offering**” means the Offering of REIT Units by the REIT pursuant to the terms described in this Offering Memorandum.

“**Offering Jurisdictions**” has the meaning set out on the cover page of this Offering Memorandum.

“**Offering Memorandum**” means this amended and restated offering memorandum of the REIT relating to the Offering dated as at December 5, 2023 relating to the as may be further amended, restated or supplemented from time to time.

“**Ontario Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Partnership Agreement**” has the meaning set out in “*IMR*”.

“**PEI Act**” has the meaning set out in “*Purchasers’ Rights of Action*”.

“**Periodic Distributions**” has the meaning set out in “*Partnership Allocations and Distributions*”.

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

“**Personal information**” has the meaning set out in “*Representations of Subscribers*”.

“**Preferred Return**” has the meaning set out in “*Partnership Allocations and Distributions*”.

“**Prescribed Plan**” has the meaning set out in “*Eligibility for Investment*”.

“**Proposed Amendments**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations*”.

“**Redemption Balance**” has the meaning set out in “*Redemption of REIT Units*”.

“**Redemption Date**” has the meaning set out in “*Redemption of REIT Units*”.

“**Redemption Distribution**” has the meaning set out in “*Redemption Distribution*”.

“**Redemption Price**” has the meaning set out in “*Redemption of REIT Units*”.

“**Registered Plan**” means a DPSP, FHSA, RDSP, RESP, RRIF, RRSP or TFSA.

“**RDSP**” means a registered disability savings plan for purposes of the Tax Act.

“**REIT Unit**” has the meaning set out on the cover page of this Offering Memorandum.

“**RESP**” means a registered education savings plan for purposes of the Tax Act.

“**RRIF**” means a registered retirement income fund for purposes of the Tax Act.

“**RRSP**” means a registered retirement savings plan for purposes of the Tax Act.

**“Rule 72-503”** means OSC Rule 72-503 Distributions Outside of Canada

**“Saskatchewan Act”** has the meaning set out in *“Purchasers’ Rights of Action”*.

**“Securities Laws”** means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces and territories of Canada, and the applicable policy statements issued by the securities regulators in each of the provinces and territories of Canada, having application over this Offering and including those laws in the jurisdiction in which the Subscriber is ordinarily resident.

**“Securities Regulators”** has the meaning set out in *“Representations of Subscribers”*.

**“SIFT Trust”** has the meaning set out in *“Certain Canadian Federal Income Tax Considerations”*.

**“Special GP Distribution”** has the meaning set out in *“Partnership Allocations and Distributions”*.

**“Subscriber”** has the meaning set out on the cover page of this Offering Memorandum.

**“Subscription Agreement”** has the meaning set out in *“Notice to Subscribers”*.

**“Tax Act”** has the meaning set out in *“Eligibility for Investment”*.

**“TFSA”** means a tax-free savings account for purposes of the Tax Act.

**“Trustees”** has the meaning set out on the cover page of this Offering Memorandum.

**“Unencumbered Cash”** means excess cash balances that have been determined by the General Partner as available to satisfy payment of redemption proceeds and have not been designated as required to satisfy impending obligations such as monthly distributions, capital expenditures, debt repayment and acquisitions.

**“Unitholder”** has the meaning set out on the cover page of this Offering Memorandum.

**“Yukon Act”** has the meaning set out in *“Purchasers’ Rights of Action”*.

**APPENDIX "II" – AUDITED FINANCIAL STATEMENTS**

**CETANA REAL ESTATE INVESTMENT TRUST**

**Opening Financial Statements**

**As at September 11, 2023**

**CETANA REAL ESTATE INVESTMENT TRUST**

**Index to Opening Financial Statements**

**As at September 11, 2023**

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LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

Robert V. Pellegrino, CPA, CGA, Licensed Public Accountant  
Philip J. Bright, CPA, CGA, Licensed Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of Cetana Real Estate Investment Trust

### *Opinion*

We have audited the opening financial statements of CETANA REAL ESTATE INVESTMENT TRUST (the "REIT"), which comprise the statement of financial position as at September 11, 2023, and notes to the opening financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying opening financial statements present fairly, in all material respects, the financial position of the REIT as at September 11, 2023, in accordance with International Financial Reporting Standards (IFRS)

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the REIT in accordance with ethical requirements that are relevant to our audit of the opening 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 opening financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of opening opening financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the opening financial statements, management is responsible for assessing the REIT'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 REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

### *Auditor's Responsibilities for the Audit of the opening Financial Statements*

Our objectives are to obtain reasonable assurance about whether the opening opening 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 opening financial statements.

*(continues)*

Independent Auditor's Report to the To the Unitholders of Cetana Real Estate Investment Trust *(continued)*

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 opening 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 REIT'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 REIT'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 opening 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 REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the opening financial statements, including the disclosures, and whether the opening 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.

Vaughan, Ontario  
October 31, 2023



KBFP LLP  
Chartered Professional Accountants  
Licensed Public Accountants



**CETANA REAL ESTATE INVESTMENT TRUST**

**Statement of Financial Position**

**September 11, 2023**

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**ASSETS**

CURRENT

Cash \$ 100

INVESTMENT IN INNISFIL MULTI-RESIDENTIAL LIMITED PARTNERSHIP (Note 4) 1,000

\$ 1,100

**LIABILITIES AND UNITHOLDERS' EQUITY**

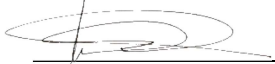
CURRENT

Payable to Innisfil Multi-Residential Limited Partnership \$ 1,000

UNITHOLDERS' EQUITY (Note 5) 100

LIABILITIES AND UNITHOLDERS' EQUITY \$ 1,100

**APPROVED BY THE TRUSTEES**



Andrew  
Bowerbank *Trustee*

Signer ID: 2FP17YQ2MK...



Adam Muggleton  
*Trustee*

**CETANA REAL ESTATE INVESTMENT TRUST****Notes to Opening Financial Statements****As at September 11, 2023**

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**1. DESCRIPTION OF OPERATIONS**

Cetana Real Estate Investment Trust (the "REIT") is an unincorporated open-ended real estate investment trust formed under the laws of Ontario on September 11, 2023 pursuant to a declaration of trust. In connection with the formation of the REIT, one trust unit of the REIT (each, a "Unit") was issued for \$100 in cash on September 11, 2023. The principal, registered and head office of the REIT is located at 409 – 22 Leader Lane, Toronto, Ontario M5E 0B2.

The REIT wishes to conduct a continuous offering of Class A units of the REIT to certain subscribers for units pursuant to an offering memorandum on a private placement basis. The REIT wishes to use the proceeds of the offering to invest in purpose build rental units or housing indirectly through Innisfil Multi-Residential 1 Limited Partnership ("LMR"), a limited partnership formed under the laws of Ontario pursuant to a limited partnership agreement dated September 11, 2023, between the REIT as the initial limited partner, and Low Carbon Multi-Residential General Partner Inc. as general partner of LMR. Pursuant to the initial limited partnership agreement dated September 11, 2023, the REIT subscribed to 999.99 units in the LMR. It is anticipated that LMR will use the proceeds from the purchase of the LP Units to invest in a high quality net zero housing assets in Canada.

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**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements were approved and authorized for issuance by the Board of Trustees of the REIT on October 31, 2023.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

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

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents

Cash includes cash and cash equivalents. The REIT's policy is to disclose bank balances under cash and cash equivalents, including balances that fluctuate from being positive to overdrawn. Cash equivalents also include investments in near cash instruments and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Income taxes

It is the intention of the trustees that the REIT qualify at all times as a "mutual fund trust" for purposes of the Canadian Income Tax Act (the "ITA"). The Trustees shall cause the REIT to elect, in its return of income for the first taxation year of the REIT, pursuant to Subsection 132(6.1) of the ITA, that the REIT be deemed to be a "mutual fund trust" for the purposes of the ITA from the date it was established, provided that prior to filing such return of income the REIT has met the conditions necessary to make such election. The Trustees intend to distribute all taxable income directly earned by the REIT to Unitholders and to deduct such distributions for income tax purposes.

*(continues)*

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**CETANA REAL ESTATE INVESTMENT TRUST****Notes to Opening Financial Statements****As at September 11, 2023**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Unitholder's equity

The REIT's Units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities in accordance with IAS 32:Financial Instruments: presentation. In accordance with IAS 32, puttable instruments are to be presented as equity when certain conditions, called the "Puttable Instrument Exemption", are met.

To be presented as equity, the Units must meet all of the following conditions required by the Puttable Instrument Exemption: (i) it must entitle the holder to a pro-rata share of the REIT's net assets in the event of the REIT's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class in (ii) must have identical features; (iv) other than the redemption feature, the Units may contain no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the Units must be based substantially on the profit or loss of the REIT or change in fair value of the Units.

The Units meet the Puttable Instrument Exemption and are classified and accounted for as equity in the consolidated statements of financial position. Distributions on Units, if any, are deducted from unitholders' equity.

The determination to declare and make payable distributions from the REIT is at the sole discretion of the Board of Trustees of the REIT, and until declared payable by the Board of Trustees of the REIT, the REIT has no contractual requirement to pay cash distributions to unitholders of the REIT or holders of Class B LP Units.

Financial instruments

Under and subject to the terms and conditions of the Declaration of Trust, the REIT recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in the consolidated statements of net income and comprehensive income when incurred.

Financial assets are classified and measured based on the business model in which they are managed and the characteristics of their contractual cash flows. IFRS 9 (Financial Instruments) contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

1. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. The REIT derecognizes a financial asset when its contractual rights to the cash flows from financial asset expire.

The REIT recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, financial liabilities are measured at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in the consolidated statements of net income and comprehensive income.

(continues)

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**CETANA REAL ESTATE INVESTMENT TRUST****Notes to Opening Financial Statements****As at September 11, 2023****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains or losses relating to a financial liability are recognized in the statements of net income and comprehensive income. The REIT derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income

**4. INVESTMENT IN INNISFIL MULTI-RESIDENTIAL LIMITED PARTNERSHIP**

The REIT wishes to use the proceeds of the offering to invest in purpose build rental units or housing indirectly through Innisfil Multi-Residential 1 Limited Partnership (“LMR”), a limited partnership formed under the laws of Ontario pursuant to a limited partnership agreement dated September 11, 2023, between the REIT as the initial limited partner, and Low Carbon Multi-Residential General Partner Inc. as general partner of LMR. The limited partnership interests in LMR shall be divided into interests of a single class of Class A units designated as “Units”. Each Unit shall vest indefeasibly in the holder thereof and the interest of each Limited Partner shall be determined by the number of Units registered in the name of the Limited Partner. The number of Units that the LMR may issue shall be unlimited. On September 11, 2023, the REIT subscribed to 999.99 units in the LMR.

Class A Units - LMR

Units subscribed - 1 Class A Unit	<b>\$ 1,000</b>
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**5. UNIT HOLDER'S EQUITY**

Authorized:

Unlimited Class A Units

Issued:

1 Class A Units	<b>\$ 100</b>
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The REIT is authorized to issue an unlimited number of Class A Units. Each Unit, which has represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Board of Trustees of the REIT has discretion in respect to the timing and amounts of distributions. Each Unitholder shall be entitled to require the REIT to redeem at any time from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided.

**CETANA REAL ESTATE INVESTMENT TRUST**

**Notes to Opening Financial Statements**

**As at September 11, 2023**

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**6. FINANCIAL INSTRUMENT RISKS**

The REIT has a risk management framework to monitor, evaluate and manage principal risks assumed with financial instruments. The principal risks assumed by the company are unit price risk and market risk as outlined below:

**Fair Value Risk**

The fair value of Class A units issued by the REIT is based on the fair value of net assets held by the REIT. As the Class A units are redeemable at the option of the unit holder, the financial obligation of the REIT arising from redemption of units is dependent on fair value of its net assets at the time of redemption. Fair value of REIT's net assets are affected by market risk and interest rate risks.

**Market Risk**

The REIT wishes to invest in purpose build rental units or housing indirectly through a limited partnership. Fair value of REIT's interest in the limited partnership may vary depending on the real estate market. The real estate market is cyclical in nature. Investment values are affected by, among other things, the availability of capital, vacancy rates, rental rates, interest rates, and inflation rates.

**Interest Rate Risk**

It is anticipated that the market price for the REIT Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the price of the REIT Units and the cost of servicing mortgages on the assets. A decrease in interest rates may encourage tenants to purchase other types of housing, which could result in a reduction in demand for rental properties. Changes in interest rates may also have effects on vacancy rates, rent levels, and other factors affecting the profitability of acquired assets

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