



**SPECIAL MEETING OF UNITHOLDERS OF
WESTBOW CAPITAL INCOME FUND**
to be held on May 20, 2025

**NOTICE OF SPECIAL MEETING
&
MANAGEMENT INFORMATION CIRCULAR**

APRIL 29, 2025

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LETTER TO UNITHOLDERS

April 29, 2025

Dear Unitholder:

We would like to begin by thanking you for your investment in Westbow Capital Income Fund ("**Trust I**") and for the confidence you have placed in us.

Trust I currently manages a portfolio of over 460 rental units valued at over \$105 million diversified across western Canada. Since Trust I's inception in 2019, Trust I has exceeded its initial targeted total returns of 9-12% per annum. In an exit of Trust I, based on its current net asset value, an investor that subscribed for units of Trust I on day one would realize a total return of 16-24% per annum (inclusive of periodic distributions). Returns are dependant on if the investor chose the cash distribution or the DRIP option, and the series of units subscribed for. Our performance is a product of the strength of our management team and the quality of the assets in the portfolio. Our asset management team has successfully executed on our business plan for Trust I. We have acquired properties with significant upside potential, added value through operational improvements and active management, built a portfolio of high-quality stabilized assets, and generated significant returns for our investors. This was all accomplished despite the slew of challenges facing all industries since the time of Trust I's inception, including the pandemic, high interest rates and high inflation.

After Trust I stopped raising capital in 2021, we launched Westbow Real Estate Properties Trust ("**Trust II**"). Trust II is an open-ended real estate fund with a similar investment strategy to Trust I. Trust II currently manages a portfolio of 1,330 rental units valued at over \$350 million diversified across western Canada. Since Trust II's inception, Trust II has also exceeded its targeted total returns of 9-12% per annum. The open-ended structure of Trust II provides our management team with the flexibility to utilize various strategies to optimize the portfolio performance and generate strong risk-adjusted returns over the long term.

Trust I is a closed-ended fund that has an initial term ending in 2026. As Trust I approaches the end of its life cycle, we are required to provide unitholders of Trust I ("**Unitholders**" or "**Trust I Unitholders**") with a liquidity event. After extensive consideration of the liquidity options available to Trust I, we have determined that a "merger" transaction – pursuant to which Trust II would acquire all of the assets of Trust I and Unitholders would become unitholders of Trust II (the "**Transaction**", as described in more detail below and in the Information Circular (defined below)) – would achieve the best outcome for Unitholders. The Transaction would allow us to avoid several of the downsides presented by a third-party sale, including a lack of flexibility for Unitholders, unfavourable tax consequences and the risk of a lengthy disposition process. In addition, the Transaction will offer the following benefits to Unitholders:

1. Enhanced Property Diversification

If the Transaction is approved, Unitholders that remain invested will gain exposure to a larger, more diversified real estate portfolio, reflecting the combined assets of Trust I and Trust II. Trust I's assets satisfy all the acquisition and return criteria for Trust II. The combined portfolio will total over \$455 million of properties consisting of over 1,790 rental units diversified across western Canada. In addition, we believe there are strong market fundamentals (e.g., housing shortages, high cost of home ownership, and population growth) that lend support to continuing an investment strategy focused on owning and managing multifamily rentals.

As a result, Unitholders can expect broader exposure to growth opportunities, reduced risk and volatility and improved financial, operational and strategic flexibility (including better access to capital). If the Transaction is approved, Unitholders will be better positioned for long-term success.

2. Maximization of Investment Value

If the Transaction is approved, Unitholders will be able to retain exposure to Trust I's portfolio. Throughout the life of Trust I, our management team has gained a deep understanding of the assets in the portfolio and the markets in which they are located. As a result, Unitholders that remain invested will continue to benefit from a high-quality portfolio that is already well-positioned for optimized performance and continued, long-term success (rather than be forced to exit). By transferring Trust I's portfolio to Trust II, an open-ended fund, we will have the flexibility to utilize financial and operational strategies aimed at enhancing the long-term value of the assets. We will be able to strategically dispose of the assets at opportune times, thereby maximizing value for Unitholders.

3. Favourable Economic Terms

If the Transaction is approved, Unitholders that remain invested will enjoy the features and economic terms of an investment in the units of Trust II ("**Trust II Units**"). Unitholders can expect the following:

- **More Frequent Distributions:** Unitholders will benefit from monthly distributions. In comparison, as a holder of units of Trust I ("**Trust I Units**"), Unitholders receive quarterly distributions.

- **Higher Profit Share Structure:** Unitholders will benefit from a higher profit share. Unitholders will be entitled to 80% of the profits once the hurdle rate and catch-up is achieved. In comparison, as a holder of Trust I Units, Unitholders are entitled to 75% of the profits once the hurdle rate and catch-up is achieved.
- **More Redemption Flexibility:** Unitholders will benefit from being able to redeem their Trust II Units at any time at the net asset value of the Units. In comparison, as a holder of Trust I Units, Unitholders would lose their upside for redeeming their Trust I Units prior to a liquidity event.

See also “*Comparison of Fund I and Fund II*” in the Information Circular for a detailed comparison of the features of an investment in the Trust I Units and the features of an investment in the Trust II Units.

4. **Greater Alignment**

If the Transaction is approved, Westbow management will roll all of our earned carried interest in Trust I into equity of Trust II (rather than receive the carried interest in cash in the event of a third-party sale). This will create greater alignment between Westbow and Unitholders that remain invested in Trust II and is a reflection of our confidence in the success of Trust II post-Transaction.

5. **Tax Efficiency**

The Transaction will allow Unitholders to continue to participate in a Westbow-managed fund without realizing income or capital gains on the disposition of Trust I's portfolio. If Trust I were to dispose of its portfolio to a third-party, the Unitholders would realize income and capital gains on such disposition.

6. **Optimize Disposition Timing**

The Transaction will allow Unitholders to realize the market value of their Trust I Units in a shorter period of time compared to a sale of the portfolio to a third-party. It will allow Trust I to avoid a potential lengthy disposition process for each property.

7. **Investor Liquidity and Flexibility**

If the Transaction is approved, Unitholders will have the option to exit the investment after the Transaction has closed (i.e., by redeeming their Trust II Units, subject to the terms of the declaration of trust of Trust II (outlined in the Information Circular)) or remain invested in Trust II. Unitholders that choose to exit the investment may request a redemption of some or all of their interest. Unitholders that choose to remain invested in Trust II can make long-term investment plans since they can choose when they liquidate their investment in the future based on their desired time horizon.

We are confident that the Transaction, for the reasons above, provides an excellent opportunity for investors to continue to generate strong risk-adjusted returns.

The board of directors of Westbow Asset Management Inc. (the “**Board**”) and management have undertaken a robust process to consider and evaluate the merits of the Transaction and the alternatives to the Transaction, namely, a sale of the assets of Trust I to a third-party. After careful consideration and extensive analysis, the Board has unanimously determined that the Transaction is in the best interest of Trust I. In addition, the Independent Review Committee of Trust I has independently considered and unanimously approved the proposed Transaction.

DETAILS OF THE TRANSACTION

If the Transaction is approved, each Trust I Unitholder will receive Trust II Units of the same series at an exchange ratio equivalent to the current value of such Unitholder's Trust I Units. As the current value of a Trust I Unit of a particular series will vary based on the accrued unpaid preferred return of such unit, the exchange ratio will also vary within a range. Such value has been established based on Westbow management's valuation methodology (which is identical for Trust I and Trust II) with the benefit of the 2024 audited year-end financial statements.

The following table sets out the exchange ratio range for each series of Trust I Unit:

Trust I Unit Series (Units Exchanged)	Trust II Unit Series (Units Received)	Exchange Ratio Range (Number of Trust II Units Received per Trust I Unit Exchanged)
Series A Units	Series A Units	1.323360766 to 1.382287958
Series B Units	Series B Units	1.369852098 to 1.376462992
Series M Units	Series M Units	1.055386529 to 1.062309871
Series P Units	Series P Units	1.308640954 to 1.360496632

For example, if the Transaction is approved, a Trust I Unitholder that holds 50 Series A Units of Trust I will receive 66.168038300 to 69.114397900 Series A Units of Trust II (i.e., 50×1.323360766 to $1.382287958 = 66.168038300$ to 69.114397900).

Accordingly, if the Transaction is approved, Unitholders will become unitholders of Trust II and enjoy the features of an investment in the Trust II Units (as opposed to the features of an investment in the Trust I Units).

The following table compares the features of an investment in Trust I Units and the features of an investment in Trust II Units:

Feature	Trust I	Trust II	Comparison
Structure	Closed-ended	Open-ended	Trust II's structure is open-ended structure
Targeted Distribution Rate	\$0.60 / Unit	\$0.60 / Unit	Distribution rate is consistent
Distribution Frequency	Quarterly	Monthly	Trust II's distribution frequency is higher
Redemption Price	Cost	Net Asset Value (NAV)	Trust II Unit's are redeemed based on NAV
Management Fee	1.9% on Subscription Price	1.85% on NAV	Trust II's management fee is based on NAV
Hurdle Rate	\$0.70 / Unit per annum	7% per annum	Hurdle rate is based on NAV
Profit Share	75% of profits after the hurdle rate and GP-catchup	80% of profits after the hurdle rate and GP-catchup	Trust II's profit share is higher for investors
Total Return Target	9-12% per annum	9-12% per annum	Return targets are consistent

See "Comparison of Fund I and Fund II" in the Information Circular for a detailed comparison of the features of an investment in the Trust I Units and the features of an investment in the Trust II Units.

MEETING INFORMATION

To approve the Transaction, you are invited to attend the special meeting (the "**Meeting**") of Unitholders of Series A Units, Series B Units, Series M Units and Series P Units of Trust I.

The Meeting will be held virtually via Zoom teleconference on May 20, 2025 at 2:00 p.m. (Vancouver time).

The Meeting is being held for Unitholders to consider and approve the Transaction pursuant to which:

- (i) Westbow management will receive and roll all of its carried interest in Trust I into equity of Trust II;
- (ii) Trust I will sell all of its assets to Trust II and will receive Trust II Units as consideration; and
- (iii) following the completion of the sale, Trust I will terminate, wind-up and distribute the Trust II Units (received as consideration for the sale) to Trust I Unitholders.

The Notice of Special Meeting of Unitholders dated April 29, 2025 and Information Circular dated April 29, 2025 (the "**Information Circular**") contain important information with respect to the Meeting and the Transaction.

The Board unanimously recommends that the Unitholders vote for the special resolution approving the Transaction (attached as "**Schedule A**" to the Information Circular).

REQUIRED UNITHOLDER APPROVAL

For the Transaction to become effective, the special resolution of the Unitholders approving the Transaction (attached as "**Schedule A**" to the Information Circular) must be approved by the affirmative vote of more than 66⅔% of the votes cast by Unitholders who are entitled to vote and do vote on such resolution.

Subject to the required Unitholder approval and the satisfaction of all other conditions to the implementation of the Transaction, Trust I anticipates that the Transaction will become effective on or about May 27, 2025.

Your vote is very important. Whether or not you attend the Meeting, please take the time to vote your Trust I Units in accordance with the instructions contained in the form of proxy for the Meeting or other voting instruction form, as applicable.

Should you have any questions or require further clarification, please do not hesitate to contact us at 604-490-3451.

Yours very truly,

"Nicholas Westeringh"
Chief Executive Officer,
Westbow Asset Management Inc.

WESTBOW CAPITAL INCOME FUND

NOTICE OF SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 20, 2025

NOTICE IS HEREBY GIVEN that a special meeting of holders (the “**Unitholders**”) of units (“**Trust I Units**”) of Westbow Capital Income Fund (“**Trust I**” or the “**Trust**”), of which Series A Units, Series B Units, Series M Units and Series P Units of Trust I are outstanding, will be held virtually via Zoom teleconference on May 20, 2025 at 2:00 p.m. (Vancouver time) (the “**Meeting**”), for the following purpose:

1. to seek the approval of the Unitholders to consider, and if deemed advisable, to pass a special resolution to authorize and approve the sale of all or substantially all of the property of the Trust to Westbow Real Estate Properties Trust (“**Trust II**”) and all related steps, transactions and other related matters (the “**Proposed Sale**”) and the termination of the Trust (“**Termination**”) following completion of the Proposed Sale (the Proposed Sale, Termination and all related steps, transactions and other related matters, including, the amendment of the limited partnership agreement governing WB Capital Limited Partnership and crystallization of the carried interest of WB Capital GP Inc. (“**GP I**”), the winding-up of the affairs of the Trust and the distribution to the Unitholders of the units of Trust II received as consideration for the Proposed Sale, following which the Unitholders will become unitholders of Trust II, collectively, the “**Transaction**”) (collectively, the “**Transaction Resolution**”), the full text of the Transaction Resolution is set out in “*Schedule A*” to the information circular (the “**Information Circular**”); and
2. to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting and any postponements or adjournments thereof.

Despite the approval of the Transaction by Unitholders, Westbow Asset Management Inc. (the “**Manager**”) may, in its discretion, choose not to proceed with the Transaction. In addition to the approval of the Transaction by Unitholders, the completion of the Transaction requires the required lender consents being obtained and that the other conditions specified in the Information Circular be satisfied or, where permitted, waived.

The Trust is holding the Meeting as a completely virtual meeting. Zoom teleconference details are provided below:

Join Zoom Meeting: <https://us02web.zoom.us/j/83359871225?pwd=zXXy16nQ5LDwpiwMfl3MB3AkLy8fqJ.1>

Meeting ID: 833 5987 1225

Passcode: 533432

The Information Circular and a form of proxy to be used by the Unitholders accompany this notice of special meeting of Unitholders (the “**Notice of Special Meeting**”). A complete description of the matters to be considered at the Meeting is provided in the Information Circular. The full text of the Transaction Resolution to be considered at the Meeting is set out in “*Schedule A*” to the Information Circular.

The Trust has fixed April 29, 2025 as the record date for the determination of the Unitholders entitled to receive notice of and to have their vote counted at the Meeting. Only Unitholders whose names were entered in the registers of the holders of Trust I Units as at 5:00 p.m. (Vancouver time) on April 29, 2025 will be entitled to notice of, and to have their vote counted at, the Meeting or any postponements or adjournments thereof.

To be valid, proxies and other voting instructions must be received by Alliance Trust Company, the scrutineer for the Meeting, by no later than 5:00 p.m. (Vancouver time) on May 15, 2025, or if the Meeting is postponed or adjourned, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) before the Meeting. The time limit for the deposit of proxies and other voting instructions may be waived or extended by the Manager, in its sole and absolute discretion.

Although you are strongly encouraged to vote prior to the deadline set out in the above paragraph by any of the means described in the form of proxy, arrangements have been made to allow for voting during the Meeting. Unitholders may vote during the Meeting by following the internet voting instructions contained in the applicable form of proxy and in the Information Circular.

Your vote is very important. Whether or not you attend the Meeting, please take the time to vote your Trust I Units in accordance with the instructions contained in the applicable form of proxy. If you require assistance completing the form of proxy for the Meeting or other voting instruction form, please contact Alliance Trust Company by e-mail at inquiries@alliancetrust.ca.

Electronic copies of the Meeting materials including the Information Circular can be accessed at <https://www.alliancetrust.ca/shareholder-document/westbow-capital/>. The Trust anticipates that this will directly benefit the Trust and Unitholders through a substantial reduction in both postage and printing costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing Meeting-related materials. Unitholders may request paper copies of the materials relating to the Meeting free of charge by contacting the Manager at investment@westbow.ca by May 9, 2025.

The Information Circular provides additional information relating to matters to be dealt with at the Meeting and is deemed to form part of this Notice of Special Meeting.

DATED as of April 29, 2025.

**BY ORDER OF THE BOARD OF DIRECTORS OF
WESTBOW ASSET MANAGEMENT INC., THE MANAGER
OF THE TRUST**

Per: *"Nicholas Westeringh"*
Director

INFORMATION CIRCULAR
INTRODUCTORY INFORMATION

General

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies from the holders of units (the “**Unitholders**”) of Westbow Capital Income Fund (“**Trust I**” or the “**Trust**”), of which Series A Units, Series B Units, Series M Units and Series P Units of Trust I (each a “**Trust I Unit**”, and together, the “**Trust I Units**”) are outstanding, by and on behalf of Westbow Asset Management Inc. (the “**Manager**”) in its capacity as the manager of the Trust, for use at the Meeting (as defined herein) and any adjournments or postponements thereof.

No person has been authorized to give any information or make any representation in connection with the Transaction or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Trust or the Manager.

Unless the context otherwise requires, all references in this Information Circular to “we”, “us”, “our” or “Westbow” refers to the Manager, management of the Manager and any affiliates and associates, as the context may require.

All summaries of, and references to, the Transaction Resolution; the LP I LPA; the annual financial statements of Trust I, LP I, Trust II, and LP II; the Trust II Declaration of Trust; the LP II LPA; and the Fund II Management Agreement (each as defined herein) in this Information Circular are qualified in their entirety by reference to the complete text of these documents. If not included as a schedule to this Information Circular, Unitholders may obtain a copy of each of the agreements listed above by requesting same from the Manager at investment@westbow.ca or in person during normal business hours at the offices of the Manager, located at 401 – 44561 Skylark Road, Chilliwack, BC, V2R 6J6.

This Information Circular and the matters contemplated herein have not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of such transactions or upon the accuracy or adequacy of the information contained in this Information Circular. Any representation to the contrary is unlawful.

Unitholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors.

In this Information Circular, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. References to “\$”, “C\$” or “dollars” are to Canadian dollars and references to “US\$” or “U.S. dollars” are to United States dollars.

Cautionary Statement Regarding Forward Looking Information

This Information Circular contains “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking statements and forward-looking information being collectively referred to as “**forward-looking information**”) that are based on expectations, estimates and projections as at the date of this Information Circular. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking information. This forward-looking information includes, but is not limited to, statements and information concerning: the Transaction; the principal steps of the Transaction (including the amendment of the limited partnership agreement governing LP I, the crystallization of the carried interest of GP I, the transfer of GP I’s crystallized carried interest to LP II in exchange for units of LP II, the sale of all or substantially all of the property of the Trust to Trust II, the Termination of the Trust and distribution of units of Trust II to Unitholders following completion of the Proposed Sale); the anticipated timing and benefits of completion of the Transaction and distribution of units of Trust II to Unitholders; the Manager’s decision to complete the Transaction; the occurrence and outcome of the Meeting; the investment objectives, strategies and business to be conducted by Fund II (as defined herein) following the completion of the Transaction; the alignment of strategy, investors and management if the Transaction occurs; treatment of the Trust, Trust II and the Unitholders under governmental regulatory regimes, securities laws and tax laws, including the qualification of each of the Trust and Trust II as a “mutual fund trust” and the treatment of the Transaction as a “qualifying exchange”, in each case under the *Income Tax Act* (Canada) (the “**Tax Act**”); the timing and payment of fees, including fees payable to selling agents and certain securities dealers and the advisory fee payable to Raintree; timing and payment of distributions; the reimbursement of certain expenses as between the Westbow entities; and other statements that are not historical facts.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although management believes that the expectations reflected in the forward-looking information are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies, and Unitholders should not place undue reliance on forward-looking information. In addition to other factors and assumptions which may be identified in this Information Circular, assumptions have been made regarding, among other things: the qualification of each of the Trust and Trust II as a “mutual fund trust” and not as a “SIFT trust” under the Tax Act; the approval of the Transaction costs to the Manager, including accounting, legal fees and costs of the preparation, printing and mailing of all or part of this Information Circular; the payment of the advisory fee to Raintree; the general stability of the economic and political environment in which Fund I (as defined herein) and Fund II operate; the existence and quantum of trade barriers, such as import and export restrictions, tariffs and counter-tariffs, and anti-dumping and countervailing duties; the ability of Fund I and Fund II to obtain qualified staff, equipment and services in a timely and cost efficient manner; currency, exchange, interest rates; inflation rates; and treatment under governmental regulatory regimes, securities laws and tax laws.

By its nature, forward-looking information is based on the current expectations, estimates and projections of management and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied herein to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, including, without limitation, the risks and uncertainties described in “*Certain Risk Factors Relating to the Transaction*” and “*Schedule D - Certain Risk Factors Related to Fund II*” and other economic and business factors, some of which may be beyond the control of the Trust and the Manager. These lists are not exhaustive of the factors that may affect any of the forward-looking information contained herein.

This Information Circular also contains future-oriented financial information and financial outlook information (collectively, “**FOFI**”) about Fund II’s prospective results of operations and components thereof, all of which are subject to the same risks, assumptions, limitations, and qualifications as set forth in the above paragraphs. The FOFI contained herein is provided for the purpose of providing further information about Fund II’s anticipated future business operations. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein and reliance on such information may not be appropriate for other purposes.

The forward-looking information and FOFI in this document are given as at the date of this Information Circular, and the Trust and the Manager expressly disclaim any intention or obligation to update or revise any information contained in this Information Circular (including forward-looking information) except as required by applicable laws, and Unitholders should not assume that any lack of update to information contained in this Information Circular means that there has been no change in that information since the date of this Information Circular.

SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular, including the schedules hereto, and is provided for convenience only and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the schedules hereto. Unitholders are urged to review this Information Circular in its entirety.

Meeting Information

The special meeting (the “**Meeting**”) of Unitholders will be held virtually via Zoom teleconference on May 20, 2025 at 2:00 p.m. (Vancouver time), for the purposes set forth in the accompanying notice of special meeting of Unitholders (the “**Notice of Special Meeting**”). The details of the Zoom teleconference are set out below:

Join Zoom Meeting: <https://us02web.zoom.us/j/83359871225?pwd=zXXy16nQ5LDwpiwMfl3MB3AkLy8fqJ.1>

Meeting ID: 833 5987 1225

Passcode: 533432

The business of the Meeting will be:

1. to seek the approval of the Unitholders to consider, and if deemed advisable, to pass a special resolution to authorize and approve the sale of all or substantially all of the property of the Trust to Westbow Real Estate Properties Trust (“**Trust II**”) and all related steps, transactions and other related matters (the “**Proposed Sale**”) and the termination of the Trust (“**Termination**”) following completion of the Proposed Sale (the Proposed Sale, Termination and all related steps, transactions and other related matters, including, the amendment of the limited partnership agreement governing WB Capital Limited Partnership (the “**LP I LPA**”) and crystallization of the carried interest of WB Capital GP Inc. (“**GP I**”), the winding-up of the affairs of the Trust and the distribution to the Unitholders of the units of Trust II received as consideration for the Proposed Sale, following which the Unitholders will become unitholders of Trust II, collectively, the “**Transaction**”) (collectively, the “**Transaction Resolution**”), the full text of the Transaction Resolution is set out in “*Schedule A - Transaction Resolution*” to this Information Circular; and
2. to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting and any postponements or adjournments thereof.

The Manager of the Trust has fixed April 29, 2025 as the record date for the determination of the Unitholders entitled to receive notice of and have their vote counted at the Meeting. Only Unitholders whose names were entered in the registers of the holders of Trust I Units as at 5:00 p.m. (Vancouver time) on April 29, 2025 will be entitled to notice of, and to have their vote counted at, the Meeting or any postponements or adjournments thereof. See “*General Proxy Matters - Appointment and Revocation of Proxies*”.

The Manager believes the virtual-only format will facilitate and optimize Unitholder attendance and engagement and provide all Unitholders with an equal opportunity to participate at the Meeting, regardless of their geographic location. The virtual-only format will also directly benefit the Trust and Unitholders through a substantial reduction in both postage and printing costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing Meeting-related materials.

Attending and Participating at the Meeting

You will need an Internet-connected device such as a laptop, computer, tablet or cell phone in order to access the virtual Meeting platform. The virtual Meeting platform will be supported across popular web browsers and devices running the most updated version of the applicable software plug-ins. You should ensure that you have a strong and reliable Internet connection for the duration of the Meeting. The waiting room for the Meeting will be open prior to the start time of the Meeting. You should allow ample time to address any technical difficulties you might encounter.

While you will be automatically muted upon entering the Meeting to minimize disruptions, you will be able to submit questions during the Meeting either through the chat function of the virtual Meeting platform or by the virtual “raise your hand” function. If you “raise your hand”, the Meeting administrator will unmute you so that you can ask a question.

You can also submit questions in advance of the Meeting by e-mail at investment@westbow.ca.

Voting at the Meeting

Registered holders of Units will be able to vote during the virtual Meeting by logging into Alliance Trust Company’s internet voting platform using the 12-digit control number provided on the form of proxy at the following link: <https://linkstar.alliancetrust.ca/pxlogin>.

Even if you plan to attend the virtual Meeting, you are encouraged to vote your Units in advance so that your vote will be counted in the event you experience any technical difficulties.

For any questions regarding a Unitholder’s ability to participate or vote at the virtual Meeting, please contact Alliance Trust Company by e-mail at inquiries@alliancetrust.ca.

Summary of Key Dates

Proxy Form Due Date	May 15, 2025
Meeting Date	May 20, 2025
Anticipated Effective Date of Transaction Closing	May 27, 2025

THE TRANSACTION

Fund I / Fund II

Fund I

Trust I is an unincorporated trust created on January 2, 2019 and is governed by the declaration of trust of Trust I dated January 2, 2019 (the “**Trust I Declaration of Trust**”) and the laws of the Province of British Columbia.

WB Capital Limited Partnership (“**LP I**” and together with Trust I, “**Fund I**”) is a limited partnership formed pursuant to the *Partnership Act* (British Columbia) on January 3, 2019.

Trust I was established with the objective of investing, indirectly, through LP I, in investments, primarily residential real estate properties located in western Canada, with a focus on low-to-medium density real estate properties. Fund I currently manages a portfolio of over 460 rental units diversified across western Canada, with an asset value of over \$105 million.

Fund II

Trust II is an unincorporated trust created on August 30, 2021, and is governed by the second amended and restated declaration of trust of Trust II dated May 29, 2023 (the “**Trust II Declaration of Trust**”) and the laws of the Province of British Columbia.

WB Real Estate Properties Limited Partners (“**LP II**” and together with Trust II, “**Fund II**”) is a limited partnership formed pursuant to the *Partnership Act* (British Columbia) on September 8, 2021.

Trust II was established with a similar objective to Trust I of investing, indirectly, through LP II, in investments, primarily residential real estate properties located in Canada and the United States, with a focus on western Canada (the “**LP II Properties**”). Fund II currently manages a portfolio of over 1,330 rental units diversified across western Canada valued at over \$350 million.

Combining Fund I and Fund II

The Transaction would result in a combination of Fund I and Fund II along with their portfolios. With Fund I nearing the end of its life-cycle, we are required to provide Unitholders with a liquidity event. After extensive consideration of the liquidity options available to Trust I, we have determined that the Transaction (pursuant to which Trust II would acquire all of the assets of Trust I and Unitholders will become unitholders of Trust II) would achieve the best outcome for Unitholders. The Transaction also allow us to avoid several of the downsides presented by a third-party sale, including a lack of flexibility for Unitholders, higher transactional costs and unfavourable tax consequences. See “*Reasons for the Transaction*”.

Details of the Transaction

The Transaction is currently expected to become effective on or about May 27, 2025 (the “**Effective Date**”). Upon the completion of the Transaction, Trust II will hold the consolidated assets of Trust II and Trust I, and Unitholders will become unitholders of Trust II (“**Trust II Unitholders**”).

If approved, and the Manager, in its sole discretion, decides to proceed with the Transaction, the LP I LPA will be amended to split GP I’s existing interest in LP I into: (i) a fixed interest being the entitlement to receive 0.01% of the distributions made by LP I (the “**GP I Fixed Interest**”); and (ii) a preferred interest having a value equal to \$6,151,265 (the “**GP I Preferred Interest**”). Trust I and the other investors in LP I will transfer all of their units of LP I (“**LP I Units**”) to LP II in exchange for the applicable series of LP II Units having an equivalent value. GP I will transfer the GP I Preferred Interest to LP II in exchange for Series M LP II Units having an equivalent value. GP I will keep its GP I Fixed Interest in LP I and remain as the general partner of LP I. The Trust will then sell all or substantially all of assets of Trust I (being primarily comprised of LP II Units) (the “**Trust I Assets**”) (less cash required to satisfy current and anticipated liabilities) to Trust II in consideration for the units of Trust II (“**Trust II Units**”) listed below. Trust II will assume the liabilities of Trust I in connection with the Transaction. Subsequent to the completion of the Proposed Sale, the Trust will be terminated and wound up and such Trust II Units will be distributed to the series of Unitholders listed next to each such series of Trust II Units based on each Unitholder’s holding in such series of Trust I Units multiplied by the applicable exchange ratio (the “**Exchange Ratio**”). As the current value of a Trust I Unit of a particular series will vary based on the accrued unpaid Preferred Return (as defined herein) of such unit, the Exchange Ratio will also vary within a range.

Existing Trust I Units	Trust II Units	Exchange Ratio Range (Number of Trust II Units per Trust I Unit)
Series A Units	Series A Units	1.323360766 to 1.382287958
Series B Units	Series B Units	1.369852098 to 1.376462992
Series M Units	Series M Units	1.055386529 to 1.062309871
Series P Units	Series P Units	1.308640954 to 1.360496632

In the event that the Transaction is approved, Unitholders will have exposure on a consolidated basis to the Trust’s current investment portfolio, Trust II’s current investment portfolio and future investments made by Trust II.

The Transaction will be implemented as a “qualifying exchange” as defined in the Tax Act. Accordingly, the disposition of the Units in connection with the Transaction is intended to be effected on a tax-deferred “rollover” basis for Unitholders. However, as a result, existing net capital loss and non-capital loss carryforwards in both Trust I and Trust II, if any, will not be available to Trust II after the Transaction. For further information regarding the tax implications of the Transaction, please see, “*Certain Canadian Federal Income Tax Considerations*”, below.

Transaction Steps

The Transaction, if approved, generally involves four (4) major implementation steps to be carried out on the Effective Date.

Step 1

The LP I LPA dated June 2, 2019, will be amended to split GP I’s existing interest in LP I into: (i) the GP I Fixed Interest; and (ii) the GP I Preferred Interest, crystallizing the carried interest of GP I as of March 31, 2025. The GP I Preferred Interest is crystallized at the value of \$6,151,265. The GP I Preferred Interest is equal to the carried interest that would have been paid to GP I pursuant to the LP I LPA if the LP I Portfolio Properties (as defined herein) had been sold for their fair market value (determined in accordance with Section 6.13 of the LP I LPA) on March 31, 2025 and the proceeds therefrom on such date distributed to the partners in accordance with LP I LPA, after credit or debit, as the case may be, for the amount of LP I’s other assets and liabilities determined in accordance with IFRS. For a summary of the valuation methodology of the LP I Portfolio Properties, see “*Fund Valuation Methodology*”.

A blackline copy of the form of LP I LPA (as would be amended), compared to the current LP I LPA is included as “*Schedule B - LP I LPA (as Amended) (Blackline)*” to the Information Circular.

Step 2

Trust I and the other holders of outstanding LP I Units (other than GP I) will transfer all of their LP I Units to LP II in exchange for the applicable series of LP II Units at the Exchange Ratio. The Exchange Ratio has been determined by the Manager based on its valuation policy (which is the same for Trust I and Trust II), based on the value of Trust I’s and Trust II’s assets as at March 31, 2025, supported by third-party appraisals and adjusted for estimated disposition costs (see “*Determination of Exchange Ratio*” for a detailed analysis of the calculation of the Exchange Ratio). This transfer is intended to occur on a tax-deferred basis, though Trust I may elect to recognize a gain in order to use some or all of the existing non-capital loss carryforwards that would otherwise expire on completion of the Transaction.

GP I will transfer the GP I Preferred Interest to LP II in exchange for Series M LP II Units having an equivalent value. GP I will keep its GP I Fixed Interest in LP I and remain as the general partner of LP I.

Step 3

Trust I will transfer all or substantially all of the Trust I Assets (being primarily comprised of LP II Units) to Trust II in exchange for an assumption of Trust I’s liabilities and Series A Units, Series B Units, Series M Units and Series P Units of Trust II on a one-for-one basis.

Step 4

Upon the completion of the sale of all or substantially all of the Trust I Assets to Trust II, Trust I will terminate and wind up and the Series A Units, Series B Units, Series M Units and Series P Units of Trust II that were issued to the Trust in connection with the purchase of the Trust I Assets will then be distributed to the Unitholders according to the applicable series of Trust I Units held by each Unitholder. Each Unitholder will receive a specified number of Series A Units, Series B Units, Series M Units and Series P Units of Trust II according to the Exchange Ratio and the series of Trust I Units held by each such Unitholder.

Determination of Exchange Ratio

Fund Valuation Methodology

The Exchange Ratio was determined based on the value each Trust I Unit and the Net Asset Value of the Corresponding LP II Units (each as defined herein) of Series A Units, Series B Units, Series M Units and Series P Units of Trust II as at March 31, 2025.

TRUST I

The value per Trust I Unit was determined based on the distribution that a Unitholder would receive if all the LP I Portfolio Properties were sold at their value as determined by the Manager as at March 31, 2025. The value of the LP I Portfolio Properties as at March 31, 2025, as determined by the Manager based on its valuation policy (which is the same for Trust I and Trust II), is \$105,740,000, and supported by third-party appraisals. From this amount, estimated disposition costs, IFRS assets and liabilities of Trust I and LP I are added or subtracted, as applicable. The remaining amount is then notionally distributed pursuant to the distribution waterfall of LP I to arrive at the value per Trust I Unit.

The same value of the LP I Portfolio Properties is used to determine the value of the GP I Preferred Interest. In the absence of completion of the Transaction, a similar amount would likely become payable to GP I upon liquidation of the LP I Portfolio Properties.

TRUST II

The value per Trust II Unit is based on the Net Asset Value of the Corresponding LP II Units as determined pursuant to the limited partnership agreement of LP II. For the purposes of determining Net Asset Value, the value of the LP II Portfolio Properties (as defined herein) is determined by the Manager based on its valuation policy (which is the same for Trust I and Trust II), is \$352,824,159, and supported by third-party appraisals.

“Corresponding LP II Units” means, with respect to a Trust II Unit (or fraction of a Trust II Unit), the limited partnership unit (or fraction of the limited partnership unit) of LP II that is acquired by Trust II with the proceeds Trust II receives from the issuance of such Trust II Unit (or fraction of such Trust II Unit).

“Net Asset Value” means, with respect to a series of units of LP II (the **“LP II Units”**) on any Valuation Date (as defined herein), an amount equal to: (a) when the first LP II Units of such series are issued, the aggregate issuance price of such LP II Units (net of commissions and other fees paid to selling agents, and net of offering costs associated with such series); and (b) thereafter: (i) the Net Asset Value calculated in respect of that series on the immediately preceding Valuation Date (the **“Previous Time”**); (ii) plus the increase in the property of LP II due to LP II Unit issuances in respect of LP II Units of that series (net of commissions and other fees paid to selling agents, and net of offering costs associated with such series) issued after the Previous Time; (iii) minus the decrease in property of LP II due to redemptions of LP II Units of that series redeemed after the Previous Time; (iv) minus the aggregate of expenses and liabilities allocated to such series (including Fund II Management Fees (as defined herein), trailing commissions and the Special Allocation (as defined herein) attributable to that series) accrued on the Valuation Date and/or paid since the Previous Time (to the extent not previously accrued); (v) minus any amounts paid since the Previous Time by way of distributions to holders of LP II Units of that series; and (vi) plus or minus such series’ share (as determined by the ratio of the Net Asset Value calculated in respect of that series as at the Previous Time to the aggregate Net Asset Values of all series as at the Previous Time) of market appreciation or depreciation of the property of LP II from the Previous Time.

“Valuation Date” means: (a) the last day of each quarter; and (b) such other day or days as GP II in its sole discretion may decide from time to time.

Exchange Ratio for the Transaction

The table below outlines the series of Trust II Units that will be held by Unitholders immediately following the Transaction, the Exchange Ratio and the implied consideration per Trust I Unit. The dollar value of the units for Trust I and Trust II are rounded to two decimal places in the table below.

Trust I Unit Series	Value of Trust I Unit	Trust II Unit Series to be Received	Value per Unit of Trust II Units Issued for Trust I Units	Exchange Ratio (Number of Trust II Units per Trust I Unit)
Series A	\$16.31 to \$17.03	Series A	\$12.32	1.323360766 to 1.382287958
Series B	\$16.52 to \$16.59	Series B	\$12.06	1.369852098 to 1.376462992
Series M	\$17.72 to \$17.83	Series M	\$16.79	1.055386529 to 1.062309871
Series P	\$17.09 to \$17.77	Series P	\$13.06	1.308640954 to 1.360496632

The value of each Trust I Unit varies among different Unitholders of the same series due to the accrued unpaid Preferred Return of the Corresponding LP I Unit (as defined herein). The Preferred Return of each Corresponding LP I Unit is \$0.70 per annum. As Fund I has made distributions of \$0.60 per annum to date, each Corresponding LP I Unit has an unpaid Preferred Return of \$0.10 per annum that such unit has been outstanding. The value of each Trust I Unit is based on the distribution that a Unitholder would receive if all the LP I Portfolio Properties were sold at their value as determined by the Manager as at March 31, 2025. Accordingly, the accrued unpaid Preferred Return of each Corresponding LP I Unit increases the value of the Trust I Unit because such accrued unpaid Preferred Return must be paid to the unitholder prior to any profit sharing by GP I. Due to the varying accrued unpaid Preferred Return owed to Unitholders, Unitholders would be entitled to an Exchange Ratio within a range that is different depending on the amount of time that such Unitholder has held its Trust I Unit.

DRIP

If a Unitholder was already enrolled in Trust I’s distribution reinvestment plan, they will automatically be enrolled in Trust II’s distribution reinvestment plan (the **“Trust II DRIP”**) subsequent to the completion of the Transaction, provided that the lock-in period will not apply. For more information on the Trust II DRIP, please see *“Schedule C - Detailed Information About Fund II - Distribution Reinvestment Plan”*.

Reasons for the Transaction

The primary benefits of the Transaction identified by the board of directors of the Manager (the **“Board”**) include:

1. **Enhanced Property Diversification:** If the Transaction is approved, Unitholders that remain invested will gain exposure to a larger, more diversified real estate portfolio, reflecting the combined assets of Trust I and Trust II. Trust I’s assets satisfy all the acquisition and return criteria for Trust II. The combined portfolio will total over \$455 million of properties consisting of over 1,790 rental units diversified across western Canada. In addition, we believe there are strong market fundamentals (e.g., housing shortages, high cost of home ownership, and population growth) that lend support to continuing an investment strategy focused on owning and managing multifamily rentals. As a result, Unitholders can expect broader exposure to growth opportunities, reduced risk and volatility and improved financial, operational and strategic flexibility (including better access to capital). If the Transaction is approved, Unitholders will be better positioned for long-term success.

2. **Maximization of Investment Value:** If the Transaction is approved, Unitholders will be able to retain exposure to Trust I's portfolio. Throughout the life of Trust I, our management team has gained a deep understanding of the assets in the portfolio and the markets in which they are located. As a result, Unitholders that remain invested will continue to benefit from a high-quality portfolio that is already well-positioned for optimized performance and continued, long-term success (rather than be forced to exit). By transferring Trust I's portfolio to Trust II, an open-ended fund, we will have the flexibility to utilize financial and operational strategies aimed at enhancing the long-term value of the assets. We will be able to strategically dispose of the assets at opportune times, thereby maximizing value for Unitholders.
3. **Favourable Economic Terms:** If the Transaction is approved, Unitholders that remain invested will enjoy the features and economic terms of an investment in Trust II Units. Unitholders can expect the following:
 - **More Frequent Distributions:** Unitholders will benefit from monthly distributions. In comparison, as a holder Trust I Units, Unitholders receive quarterly distributions.
 - **Higher Profit Share Structure:** Unitholders will benefit from a higher profit share. Unitholders will be entitled to 80% of the profits once the hurdle rate and catch-up is achieved. In comparison, as a holder of Trust I Units, Unitholders are entitled to 75% of the profits once the hurdle rate and catch-up is achieved.
 - **More Redemption Flexibility:** Unitholders will benefit from being able to redeem their Trust II Units at any time at the net asset value of the Units. In comparison, as a holder of Trust I Units, Unitholders would lose their upside for redeeming their Trust I Units prior to a liquidity event.
4. **Greater Alignment:** If the Transaction is approved, Westbow management will roll all of our earned carried interest in Trust I into equity of Trust II (rather than receive the carried interest in cash in the event of a third-party sale). This will create greater alignment between Westbow and Unitholders that remain invested in Trust II and is a reflection of our confidence in the success of Trust II post-Transaction.
5. **Tax Efficiency:** The Transaction will allow Unitholders to continue to participate in a Westbow-managed fund without realizing income or capital gains on the disposition of Trust I's portfolio. If Trust I were to dispose of its portfolio to a third-party, the Unitholders would realize income and capital gains on such disposition.
6. **Optimize Disposition Timing:** The Transaction will allow Unitholders to realize the market value of their Trust I Units in a shorter period of time compared to a sale of the portfolio to a third-party. It will allow Trust I to avoid a potential lengthy disposition process for each property.
7. **Investor Liquidity and Flexibility:** If the Transaction is approved, Unitholders will have the option to exit the investment after the Transaction has closed (i.e., by redeeming their Trust II Units, subject to the terms of the declaration of trust of Trust II (outlined in this Information Circular)) or remain invested in Trust II. Unitholders that choose to exit the investment may request a redemption of some or all of their interest. Unitholders that choose to remain invested in Trust II can make long-term investment plans since they can choose when they liquidate their investment in the future based on their desired time horizon.

Approval of the Fund I Independent Review Committee

In accordance with its mandate, the independent review committee of Fund I (the "**Fund I Independent Review Committee**") was asked to approve the Transaction in the context of potential conflicts of interest that may arise in connection with the management of Trust I and Trust II. The Fund I Independent Review Committee reviewed and considered the Transaction, including the matters identified above under "*Reasons for the Transaction*". The Fund I Independent Review Committee approved any conflict of interest arising between Trust I and Trust II in connection with the Transaction, including the crystallization of the GP I Preferred Interest at an amount of \$6,151,265 and the valuation methodology relied upon in determining the fair market value of the Trust I Assets and the Exchange Ratio.

Recommendation of the Board

After a review of the business and careful consideration of a number of factors, the Board unanimously determined that, subject to the approval of the Unitholders, the Transaction is in the best interests of the Trust.

The Board unanimously recommends that Unitholders vote for the special resolution attached as "*Schedule A - Transaction Resolution*" hereto approving the Transaction.

Obtaining Lender Consents for the Transaction

The completion of the Transaction is also subject to obtaining consents and approvals required from various lenders and mortgagees of Fund I.

The Manager will use its best efforts to obtain the required lender consents and to take certain actions in connection with obtaining such consents, including, cooperating with the lenders' customary requests for delivery of information, documents, statements, materials and other items about Fund I and Fund II.

Approval of Unitholders Required for the Transaction

The full text of the Transaction Resolution is set out in "*Schedule A - Transaction Resolution*". The Transaction Resolution is required to be approved by more than 66% of the votes cast by Unitholders, voting by proxy at the Meeting. Unitholders will vote as a single class for the purpose of voting whether to approve the Transaction Resolution.

Interests of Certain Persons or Companies in the Transaction

In considering the Transaction and the recommendation of the Board with respect to the Transaction, Unitholders should be aware that a number of parties, including Nick Westeringh, Dick Westeringh and Jason Tiessen have interests in connection with the Transaction that may present them with actual or potential conflicts of interest in connection with the Transaction.

See "*Interests of Certain Persons or Companies in the Transaction*" below for additional information.

Certain Risk Factors Relating to the Transaction

There are risks in proceeding with or not proceeding with the Transaction and in respect of Trust II and its business and the industry to which it operates.

Unitholders should carefully consider the risk factors relating to the Transaction before deciding to vote or instruct their vote to be cast to approve the matters relating to the Transaction. In addition to the risk factors relating to the Transaction set out below, Unitholders should also carefully consider the risk factors that will be applicable to Trust II after the completion of the Transaction set out in "*Schedule D - Certain Risk Factors Related to Fund II*" to this Information Circular. All of the risk factors described below and in "*Schedule D - Certain Risk Factors Related to Fund II*" to this Information Circular should be considered by Unitholders in conjunction with the other information included in this Information Circular.

Completion Risk

Completion of the Transaction is subject to a number of conditions, some of which may be outside the control of the Manager, including obtaining the requisite approvals of the Unitholders and obtaining required consents from lenders. There can be no assurance, nor can the Trust or the Manager provide assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied, or that the Transaction will be completed as currently contemplated or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Trust or Trust II.

Risk of Reliance on Appraisals and Net Asset Value

Unitholders assessing the risks and rewards of this Transaction should appreciate that they will, in large part, be relying on: (i) the Manager's determination of net asset value for both Fund I and Fund II; and (ii) the appraisers' expertise in appraising the underlying value of the assets of Fund I and Fund II. Both an appraisal and a calculation of net asset value are estimates of market value. They are not precise measures of value but are based on a subjective comparison of related activity taking place in the real estate market. The appraisals and net asset value calculations are based on various assumptions of future expectations and while these forecasts are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future, which may result in the consideration to be received by Unitholders from the Transaction (being the Exchange Ratio), being different than if the LP I Portfolio Properties were sold to third-parties.

Possible Failure to Realize Anticipated Benefits of the Transaction

There can be no assurance that the anticipated benefits of the Transaction as described in this Information Circular will be realized.

Costs

The Trust expects to incur approximately \$260,000 of non-recurring costs associated with completing the Transaction which will be incurred whether or not the Transaction is completed, including accounting, legal fees and costs of the preparation, printing and mailing of all or part of this Information Circular. Such costs may offset any expected benefits from the Transaction.

The Transaction May Divert the Attention of Management

The pending Transaction could cause the attention of management to be diverted from day to day operations. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of Trust I and Trust II regardless of whether the Transaction is ultimately completed.

Management Interests

In considering the Transaction and the recommendation of the Board with respect to the Transaction, Unitholders should be aware that a number of parties, including Nick Westeringh, Dick Westeringh and Jason Tiessen have interests in connection with the Transaction that may present them with actual or potential conflicts of interest in connection with the Transaction. See "*Interests of Certain Persons or Companies in the Transaction*" for a description of such interests and benefits.

Legal Risks

The Trust and/or Trust II may be exposed to legal risks resulting from the Transaction, including under securities or other laws and pursuant to disputes regarding the terms of the Transaction. There is also the possibility that Unitholders may claim that the Manager failed to inform

them of the risks involved in the Transaction or that the Transaction was not properly authorized and as such, is not enforceable. These risks are often difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time. The Manager and/or Trust I could incur significant legal costs and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlement and/or adverse judgments. Substantial legal liability could affect the ability of Unitholders and/or Trust I to realize the potential benefits of the Transaction.

Unitholders Do Not Have the Right to Dissent to the Transaction

Unitholders are not entitled to dissent rights in connection with the Transaction, as such rights are not provided for in the Trust I Declaration of Trust.

Tax Consequences

The Transaction is intended to be completed as a tax-deferred “qualifying exchange” for purposes of the Tax Act. However, the Transaction may have tax consequences in Canada, or elsewhere, depending on each particular Unitholder’s specific circumstances. This Information Circular contains a summary of the principal Canadian federal income tax considerations applicable to Unitholders with respect to the Transaction under the heading “*Certain Canadian Federal Income Tax Considerations*”. However, the summary does not identify all tax considerations associated with the Transaction and this Information Circular is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder. Unitholders should consult their own tax advisors with respect to any such tax considerations.

Though the Transaction is structured as a “qualifying exchange” for purposes of the Tax Act in order to benefit from tax-deferred treatment, it is possible that certain gains may still be realized within Trust I or Trust II in connection with the Transaction, and that income associated with such gains would be recognized by holders of Trust I Units or Trust II Units, depending on the circumstances.

You should carefully consider the risk factors described under the heading “*Certain Risk Factors Relating to the Transaction*” and “*Schedule D - Certain Risk Factors Related to Fund II*” to this Information Circular in evaluating how you should vote your Units.

COMPARISON OF FUND I AND FUND II

The following table contains a summary of some of the key features of an investment in Fund I in comparison to an investment in Fund II. Unitholders should also review the sections in this Information Circular with respect to the terms of an investment in Fund II and the Trust II Units. See “*Schedule C - Detailed Information About Fund II*” for detailed information about Fund II. The following summary is qualified in its entirety by the full text of the Trust I Declaration of Trust; the full text of the LP I LPA; the full text of the Trust II Declaration of Trust; and the full text of the LP II limited partnership agreement (the “**LP II LPA**”).

Feature	Investment in Fund I	Investment in Fund II
Structure	Fund I is a close-ended fund with a fixed term. Fund I shall dissolve by July 2026, provided that such date may be extended, in the sole discretion of GP I, for up to two additional 18 month periods.	Fund II is an open-ended fund with an indefinite term unless dissolved earlier in accordance with the constating documents of Fund II.
Investment Objectives	Trust I was established with the objective of investing, indirectly, through LP I, in primarily residential real estate properties located in Western Canada, with a focus on low-to-medium density real estate properties, to provide distributions and capital growth to Unitholders.	Fund II follows similar investment objectives; however, Fund II focuses on a larger geographic area, being Canada and the United States, with a focus on western Canada (rather than just western Canada).
Targeted Distribution Rate	\$0.60 / Unit per annum.	Same.
Distribution Frequency	Quarterly.	Monthly.
Distributions and Carried Interest	<p>When Trust I receives a distribution from LP I with respect to a Corresponding LP I Unit (as described below), Trust I will promptly declare and pay a distribution to the holder of record of the applicable Trust I Unit in an amount equal to the distribution received with respect to the Corresponding LP I Unit, where “Corresponding LP I Unit” means the LP I Unit that is acquired by Trust I with the net proceeds Trust I received from the issuance of a particular Trust I Unit.</p> <p>LP I will seek to make distributions on a quarterly basis. When determining amounts available for distribution, the GP I will:</p>	<p>When Trust II receives a distribution from LP II with respect to a Corresponding LP II Unit (as described below), Trust II will promptly pay or make payable a distribution to the holder of record of the applicable Trust II Unit in an amount equal to the distribution received with respect to the Corresponding LP II Unit.</p> <p>LP II will seek to make distributions on a monthly basis. Distributions may be declared payable by GP II on such day or days and to limited partners of record as at the close of business on such day or days as GP II from time to time determines. The Distribution Amount (as defined herein) in respect of each series shall be distributed as follows:</p>

Feature	Investment in Fund I	Investment in Fund II
	<p>(a) first, determine the sum of all cash amounts received by LP I since the previous distribution was declared by LP I (the “Gross Proceeds”);</p> <p>(b) second, subtract from the Gross Proceeds (i) amounts needed to pay all outstanding common expenses (including the Fund I Acquisition Fee (as defined herein)), (ii) amounts reasonably reserved for future common expenses, and (iii) amounts reasonably reserved having regard to current and anticipated commitments of LP I (the “Net Proceeds”);</p> <p>(c) third, divide the Net Proceeds among the various series of LP I Units and GP I based on the aggregate net capital contributions made by each such series and GP I, respectively to LP I, with the Net Proceeds allocated to each series being the “Series Proceeds”; and</p> <p>(d) fourth, subtract from the Series Proceeds of each series of LP I Units (i) amounts necessary for the payment of all outstanding series expenses (including the Fund I Management Fee (as defined herein)) with respect to the applicable series of LP I Units for which reserves have not previously been made, and (ii) amounts reasonably reserved for future series expenses of the series of LP I Units (the “Net Series Proceeds”).</p> <p>Once the Net Series Proceeds of a particular series of LP I Units has been determined, then GP I will, to the extent possible based on the amount of such Net Series Proceeds, pay to the holder of each LP I Unit of such series of LP I Units an amount equal to the outstanding and accrued Preferred Return with respect to such LP I Unit (with the Net Series Proceeds less such aggregate amounts paid with respect to such series of LP I Units being the “Distributable Proceeds”).</p> <p>The Distributable Proceeds with respect to a particular series of LP I Units will then be apportioned equally among the LP I Units of such series. Following such apportionment, the Distributable Proceeds, in the sole discretion of GP I, will be either (a) reinvested in LP I or (b) distributed in the following amounts and order of priority:</p> <p>For each of Series A Units, Series B Units, Series M Units and Series P Units of LP I:</p> <p>(a) first, 100% to the holder of the LP I Unit until the holder has received aggregate distributions in an amount equal to \$10 with respect to such LP I Unit;</p> <p>(b) second, 50% to GP I and 50% to the holder of the LP I Unit until GP I has received aggregate distributions under this paragraph (b) equal to 25% of the total distributions made pursuant to the Preferred Return and this paragraph (b) (for illustrative purposes if \$75 is distributed pursuant to the Preferred Return and \$25 is distributed under this paragraph (b) then the total distribution would be \$100); and</p> <p>(c) thereafter, 25% to GP I and 75% to the holder of the LP I Unit.</p> <p>“Preferred Return” means, in respect of the Series A Units, Series B Units, Series M Units, and Series P Units of LP I, a cumulative, non-compounding fixed distribution at the rate of \$0.70 per Trust I Unit per</p>	<p>(a) first, to GP II and 1321559 B.C. Ltd. (the “Special Limited Partner”), in the first instance, whereby GP II and the Special Limited Partner will each receive 0.001% of the Distribution Amount allocated to such series; then</p> <p>(b) the remainder of the Distribution Amount shall be distributed to the holders of LP II Units of the applicable series equally on a unit-for-unit basis.</p> <p><u>Special Allocation:</u></p> <p>In respect of each LP II Unit and each Special Allocation Period, the Special Limited Partner shall be entitled to an allocation equal to the lesser of (a) and (b) where:</p> <p>(a) equals the SLP Percentage of the Aggregate Overall Appreciation during such Special Allocation Period; and</p> <p>(b) equals the positive difference, if any, between the Net Asset Value per LP II Unit at the end of such Special Allocation Period and the Adjusted Net Asset Value per LP II Unit;</p> <p>with the amounts allocated to the Special Limited Partner being the “Special Allocation”.</p> <p>“Adjusted Net Asset Value per LP II Unit” means the sum of (a) and (b), where (a) is the Net Asset Value per LP II Unit at the start of a Special Allocation Period and (b) is the Hurdle in effect for such Special Allocation Period.</p> <p>“Aggregate Overall Appreciation” means, with respect to each LP II Unit and any Special Allocation Period, the positive difference, if any, between the Net Asset Value per LP II Unit of such LP II Unit at the end of such Special Allocation Period (prior to the deduction of any Special Allocation for such Special Allocation Period and adjusted as necessary to reflect any distributions made by LP II during such Special Allocation Period) and the Net Asset Value per LP II Unit for such LP II Unit at the start of such Special Allocation Period.</p> <p>“Hurdle” means 7% per annum for each of Series A, Series B and Series P Units of LP II; and means 0% per annum for Series M Units of LP II.</p> <p>“SLP Percentage” means 20% for each of Series A, Series B and Series P Units of LP II; and means 0% per annum for Series M Units of LP II.</p> <p>“Special Allocation Period” means, with respect to an LP II Unit, the period (a) commencing: (i) initially, on the date of issuance of such LP II Unit, and (ii) thereafter, immediately following the end of the preceding Special Allocation Period, and (b) ending on the earlier of: (i) the 31st day of December in each fiscal year; (ii) the date on which the LP II Unit is redeemed; (iii) the effective date that GP II (or an affiliate thereof) ceases to be the general partner of LP II; and (iv) the date on which LP II dissolves and/or terminates.</p>

Feature	Investment in Fund I	Investment in Fund II
	year, which begins to accrue in respect of the applicable LP I Unit beginning on the issuance date of such LP I Unit.	
Redemption	<p>The redemption price of a Trust I Unit is the lesser of: (a) the subscription price of such Trust I Unit (up to a maximum of \$10) multiplied by the applicable discount percentage, minus any amount distributed in respect of the return of capital of the Corresponding LP I Unit; and (b) the Market Value of the Corresponding LP I Unit of such Trust I Unit, where the “Market Value” is the value that a Unitholder would receive if the assets of LP I were sold and the proceeds distributed in accordance with “<i>Distributions</i>” above.</p> <p>The Trust I Declaration of Trust provides for limitations to cash redemptions in certain circumstances, including where the total amount payable by Trust I in respect of such Trust I Units and all other Trust I Units validly tendered for redemption in the same calendar quarter exceeds \$50,000. Once the quarterly cash redemption threshold of \$50,000 is reached, redeeming Unitholders may receive redemption notes from Trust I (in lieu of cash).</p>	<p>The redemption price of a Trust II Unit is equal to the redemption proceeds received by Trust II from LP II with respect to Trust II’s redemption of the Corresponding LP II Unit. This amount is equal to the Net Asset Value per LP II Unit determined as at the last business day of the quarter in which the Redemption Date (as defined herein) occurs, multiplied by the applicable discount percentage.</p> <p>The Trust II Declaration of Trust provides for limitations to cash redemptions in certain circumstances, including where the total amount payable Trust II in respect of such Trust II Units and all other Trust II Units and/or LP II Units validly tendered for redemption in the same calendar quarter exceeds \$150,000. Once the quarterly cash redemption threshold of \$150,000 is reached, redeeming Trust II Unitholders may receive redemption notes from Trust II (in lieu of cash).</p>
Management Fees	A monthly fee equal to 1/12th of 1.9% of the gross purchase price paid by investors to Trust I and the LP I for each of the Series A Units, Series B Units and Series P Units of each of Trust I and LP I (excluding for greater certainty, the purchase price of LP I Units purchased by Trust I) (the “ Fund I Management Fee ”).	A monthly fee equal to 1/12th of 1.85% of the Net Asset Value attributed to each of the outstanding Series A Units, Series B Units and Series P Units of LP II (including, for greater certainty, the LP II Units purchased by Trust II) (the “ Fund II Management Fee ”).
Acquisition Fee	There is an acquisition fee payable to the Manager upon the acquisition of a property equal to 1% of the total purchase price of such property plus additional capital committed to such property (the “ Fund I Acquisition Fee ”).	Same.
Manager	Westbow Asset Management Inc.	
Auditor	Manning Elliot LLP	

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Outstanding Voting Securities

As at the date of this Information Circular, the number of Trust I Units issued and outstanding is: 429,126.99 Series A Units, 78,845 Series B Units, 32,141.43 Series M Units and 607,261.43 Series P Units. Each Trust I Unit will entitle the holder of record thereof to one vote at the Meeting.

To the knowledge of management of the Manager, there are no Unitholders that beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to the Trust I Units entitled to be voted at the Meeting.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE TRANSACTION

Trust I Trustees, Manager, and Directors and Officers

In considering the Transaction and the recommendation of the Board with respect to the Transaction, Unitholders should be aware that Nicholas Westeringh and Dick Westeringh are currently the trustees of Trust I (the “**Trust I Trustees**”) and are also the directors of the Manager, which is also the manager of Trust II.

Further, if the Transaction is completed, GP I will receive the GP I Preferred Interest at a value of \$6,151,265. Nicholas Westeringh and Dick Westeringh are both directors of GP I, and Jason Tiessen is the Chief Financial Officer of GP I. For more information on the crystallization of GP I’s carried interest, see “*Transaction Steps*”.

Trust II Trustees, Manager, and Directors and Officers

In considering the Transaction and the recommendation of the Board with respect to the Transaction, Unitholders should be aware that Nicholas Westeringh and Dick Westeringh are currently the trustees of Trust II (the “**Trust II Trustees**”) and are also the directors of the Manager in its capacity as manager of Trust II. For more information on the directors and officers of the Manager, see “*Schedule C - Detailed Information About Fund II - Directors and Officers of the Manager*”.

The Manager and GP II are owned, indirectly, by Nicholas Westeringh and Dick Westeringh. The Manager is entitled to the Fund II Management Fee and the Fund II Acquisition Fee (each as defined herein). Nicholas Westeringh and Dick Westeringh indirectly hold, and Jason Tiessen directly holds, shares of the Special Limited Partner. The Special Limited Partner is entitled to the Special Allocation of LP II.

Fees

If the Transaction is approved, the Fund I Management Fee, payable to the Manager, will no longer be payable as Trust I will be wound up and terminated. The Trust II Units to be issued to each Unitholder in connection with the Transaction will be subject to the Fund II Management Fee and the Fund II Acquisition Fee.

Certain Securities Dealers

In considering the Transaction and the recommendation of certain securities dealers with respect to the Transaction, Unitholders should be aware that certain securities dealers may receive fees in connection with the completion of the Transaction. Further, certain securities dealers will receive trailing fees in respect of a Unitholder's investment after the completion of the Transaction. For more information on the trailing fees payable to certain securities dealers, see “*Schedule C - Detailed Information About Fund II - Fees*”.

Certain securities dealers will be paid trailer commissions of up to 0.75%, paid quarterly, of the Net Asset Value of the Series B Units of Trust II issued in connection with the completion of the Transaction and up to 1%, paid quarterly, of the Net Asset Value of the Series A Units, and Series E Units of Trust II issued in connection with the completion of the Transaction, and any such Trust II Units acquired by Trust II Unitholders pursuant to the Trust II DRIP. Raintree Corporate Finance (“**Raintree**”) will be paid an advisory fee of 0.80% on the net asset value of the Raintree affiliated capital if the Transaction is approved.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations relating to the proposed Transaction that are generally applicable to a Unitholder who is an individual (other than trusts) and who, for purposes of the Tax Act and at all relevant times, is a resident in Canada, holds Trust I Units (and will hold any Trust II Units) as capital property, and deals at arm's length with and is not affiliated with Trust I or Trust II (a “**Holder**”).

Generally, Trust I Units or Trust II Units (collectively referred to in this section as “**Units**”) will be considered to be capital property to a Holder provided that the Holder does not hold the Units in the course of carrying on a business and has not acquired the Units in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Units might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such Units (and all other Canadian securities owned by the Holder) to be capital property. Holders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the “mark-to-market” rules, (ii) that is a “specified financial institution” as defined in the Tax Act, (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act, (iv) that makes the functional currency reporting election in accordance with the provisions of the Tax Act in that regard, or (v) who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to Units.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and the current administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) published in writing and made publicly available by it prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, nor does it take into account provincial, territorial, foreign or other tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, Holders, along with all other Unitholders, should consult their own tax advisors for advice with respect to the tax consequences to them of the Transaction, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

Status as Mutual Fund Trusts and s.132.2 Tax Election

This summary is based on the assumptions that Trust I and Trust II qualify at all relevant times as “mutual fund trusts” within the meaning of the Tax Act, were not established and are not and will not be maintained for the benefit of non-residents of Canada for the purpose of the Tax Act, and are not “SIFT trusts” within the meaning of the Tax Act.

This summary further assumes that Trust I and Trust II will file an election under section 132.2 of the Tax Act in the manner and time prescribed in respect of the Transaction, such that the Transaction will be a tax-deferred “qualifying exchange” for purposes of the Tax Act. If either Trust I or Trust II were not to qualify as a mutual fund trust at any time or were to be a SIFT trust, or if the election under section 132.2 of the Tax Act were not to be validly filed, the Canadian federal income tax considerations could be materially and adversely different from those described in this summary.

Tax Status of the Transaction

Trust II will file a joint election with Trust I, electing that the Transaction be a “qualifying exchange” for purposes of the Tax Act such that the Transaction should generally occur on a tax-deferred basis for purposes of the Tax Act.

Deemed Year End of Trust I and Trust II

The taxation years of Trust I and Trust II will, as a result of the Transaction, be deemed to end on the Effective Date of the Transaction, which will result in short taxation years for each of Trust I and Trust II (each such taxation year being referred to herein as the “**Transaction Taxation Year**”).

Any unused losses of Trust I and Trust II realized on or before the Transaction cannot be deducted by Trust II following the Transaction, and will expire in connection with the Transaction.

Transaction Taxation Year Distributions

To the extent necessary, Trust I and Trust II will distribute to holders of Trust I Units and Trust II Units (as applicable) a sufficient amount of their net income and net realized capital gains (including any net realized capital gains realized on the disposition by Trust II of any assets prior to the Transaction) for the Transaction Taxation Year to ensure that neither Trust I nor Trust II will be required to pay any non-refundable income tax under Part I of the Tax Act for the Transaction Taxation Year.

A Unitholder will generally be required to include in computing their income for a particular taxation year any amount paid or made payable to the Unitholder in that year, whether in cash, additional Trust I Units, property of the Trust or otherwise.

Provided that appropriate designations are made by the Trust, the portion of its taxable capital gains and taxable dividends received from taxable Canadian corporations that are paid or made payable to a Unitholder will retain their character as taxable capital gains and taxable dividends to the Unitholder for purposes of the Tax Act. Such dividends, when designated to a Unitholder that is an individual, will be subject to the gross-up and dividend tax credit provisions normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for eligible dividends. Income of the Trust that is designated as taxable dividends from taxable Canadian corporations or as net realized capital gains may affect an individual Unitholder’s liability for alternative minimum tax.

The non-taxable portion of net realized capital gains of the Trust that is paid or made payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and will not reduce the adjusted cost base of the Unitholder’s Trust I Units. Any other amount in excess of the net income of the Trust that is paid or made payable by the Trust to a Unitholder in a year will generally not be included in the Unitholder’s income for the year but will reduce the adjusted cost base of the Trust I Units held by such Unitholder. To the extent that the adjusted cost base to a Unitholder of a Trust I Unit is less than zero at any time in a taxation year, such negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Trust I Unit in that year. The amount of such capital gain will be added to the adjusted cost base of such Trust I Unit.

The adjusted cost base of a Trust I Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Trust I Unit, with certain adjustments. Trust I Units issued to a Unitholder as a non-cash distribution of income will have a cost amount equal to the amount of such income. A Unitholder will generally be required to average the cost of all newly-acquired Trust I Units with the adjusted cost base of Trust I Units held by the Unitholder as capital property in order to determine the adjusted cost base of the Unitholder’s Trust I Units at any particular time.

Transfer of Trust I Assets to Trust II

On the date of the Transaction, Trust I will transfer all of the Trust I Assets to Trust II in exchange for Trust II Units that will be distributed to the holders of Trust I Units.

On the basis that the Transaction is a “qualifying exchange” for purposes of the Tax Act, such transfer of the Trust I Assets should be tax-deferred and Trust I should not realize any capital gains as a result of the transfer, though Trust I may elect to realize a gain in order to use any existing losses of Trust I that would otherwise expire in connection with the Transaction. Trust II should be deemed to have acquired each Trust I Asset from Trust I at a cost equal to the cost of the Trust I Assets to Trust I immediately prior to the transfer, plus any additional amount that Trust I may have elected to recognize as a capital gain in order to use existing losses of Trust I.

For the purpose of determining the adjusted cost base to Trust II of each Trust I Asset held as capital property, the cost of each Trust I Asset will be averaged with the adjusted cost base of all other identical Trust I Assets owned by Trust II as capital property immediately before that time.

Redemption of Trust I Units as part of the Transaction

As part of the Transaction, Trust I will redeem a Holder’s Trust I Units and distribute to such Holder of Trust II Units in exchange, as set out above.

The redemption of a Holder’s Trust I Units as part of the Transaction in exchange for Trust II Units should not result in the realization of a capital gain or capital loss by a Holder. The cost to a Holder of Trust II Units received on the redemption of that Holder’s Trust I Units will generally be equal to the adjusted cost base of the Holder’s Trust I Units immediately prior to the Transaction.

For the purpose of determining the adjusted cost base to a Holder of each Trust II Unit held as capital property, the cost of each Trust II Unit received will be averaged with the adjusted cost base of all other Trust II Units owned by the Holder as capital property immediately before that time.

No capital gain should be realized by Trust I on the distribution of Trust II Units by Trust I to Holders in exchange for such Holders' Trust I Units that are redeemed as part of the Transaction.

Holding and Disposing of Trust II Units

The considerations generally applicable to a Holder of holding and disposing of Trust II Units will be generally consistent with those considerations applicable to holding and disposing of Trust I Units, as described in "*Transaction Taxation Year Distributions*" above.

On the disposition or deemed disposition of Trust II Units, a Trust II Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Trust II Unitholder's proceeds of disposition are greater (or less) than the aggregate of the Trust II Unitholder's adjusted cost base of the Trust II Units and any reasonable costs incurred by the Trust II Unitholder in connection with the disposition. The taxation of capital gains or capital losses is described below under "*Taxation of Capital Gains and Capital Losses*".

The redemption of Trust II Units in consideration for cash, property of Trust II or redemption notes, as the case may be, will be a disposition of such Trust II Units for proceeds equal to the amount of such cash or the fair market value of such property of Trust II or redemption notes, less any portion thereof that is considered to be a distribution of the income of Trust II. Redeeming Trust II Unitholders will consequently realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (less any portion thereof that is considered a distribution of Trust II's income) is greater (or less) than the Trust II Unitholder's aggregate adjusted cost base of the Trust II Units so redeemed and any reasonable costs of disposition.

For purposes of the Tax Act, the cost of any property distributed *in specie* by Trust II to a Trust II Unitholder upon redemption of Trust II Units will be equal to the fair market value of that property at the time of the distribution. The Trust II Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized or deemed to be realized by a Holder in a taxation year must be included in the Holder's income as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized or deemed to be realized by a Holder in a taxation year generally must be deducted by the Holder against taxable capital gains of the Holder in realized in that same taxation year. To the extent allowable capital losses exceed taxable capital gains in a taxation year, such excess may generally be deducted from net taxable capital gains, in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the detailed provisions of the Tax Act.

A Holder may be subject to alternative minimum tax in relation to taxable capital gains realized by such Holder or in respect of net taxable capital gains allocated to such Holder.

Eligibility for Investment

Provided that Trust II qualifies as a "mutual fund trust" (as defined in the Tax Act) at all relevant times, the Trust II Units will be a "qualified investment" under the Tax Act for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP"), deferred profit sharing plan, registered disability savings plan ("RDSP"), first home savings account ("FHSA") and tax-free savings account ("TFSA") (collectively, "Registered Plans").

Notwithstanding the foregoing, an annuitant under a RRSP or RRIF, the holder of a TFSA, FHSA or RDSP, or subscriber of a RESP, as the case may be, that holds Trust II Units will be subject to a penalty tax if the Trust II Units are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RDSP, RESP, FHSA or TFSA, as the case may be. The Trust II Units will generally not be a prohibited investment for a trust governed by a RRSP, RRIF, RDSP, RESP, FHSA or TFSA if the annuitant, holder or subscriber thereof: (i) deals at "arm's length" with Trust II for the purposes of the Tax Act; and (ii) does not hold a "significant interest" (as defined in the Tax Act) in Trust II. In addition, Trust II Units will not be a "prohibited investment" if the Trust II Units are "excluded property" (as defined in the Tax Act) for a trust governed by a Registered Plan.

An interest in LP II, Trust II redemption notes or other assets that may be issued or distributed by Trust II to Unitholders, including in connection with a redemption of Trust II Units, will not be a "qualified investment" under the Tax Act for Registered Plans.

DETAILED INFORMATION ABOUT FUND II

For detailed information about Fund II, please see "*Schedule C - Detailed Information About Fund II*".

FINANCIAL STATEMENTS

See attached in "*Schedule E - Trust I Annual Financial Statements*" for the audited financial statements of Trust I for the year ended December 31, 2024 (the "**Trust I Annual Financial Statements**"). See attached in "*Schedule F - LP I Annual Financial Statements*" for the audited financial statements of LP I for the year ended December 31, 2024 (the "**LP I Annual Financial Statements**").

See attached in "*Schedule G - Trust II Annual Financial Statements*" for the audited financial statements of Trust II for the year ended December 31, 2024 (the "**Trust II Annual Financial Statements**"). See attached in "*Schedule H - LP II Annual Financial Statements*" for the audited financial statements of LP II for the year ended December 31, 2024 (the "**LP II Annual Financial Statements**").

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no: (a) director or officer of the Manager, Trust I Trustee or Trust II Trustee, (b) person or company who beneficially owns, directly or indirectly, Trust I Units or Trust II Units, or who exercises control or direction of Trust I Units or Trust II

Units, carrying more than ten percent of the voting rights attached to a class or series of the outstanding Trust I Units or Trust II Units (an “**Insider**”), or (c) associate or affiliate of any of the directors or officers of the Manager, Trust I Trustee, Trust II Trustee or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Trust’s or Trust II’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Trust or Trust II or their subsidiaries.

OTHER BUSINESS

Management of the Manager is not aware of any matters to come before the Meeting other than those referred to in the Notice of Special Meeting. If any other matters which are not known to management should properly come before the Meeting, the persons named on the enclosed form of proxy are authorized to vote in accordance with their discretion on such matters.

GENERAL PROXY MATTERS

Solicitation of Proxies


This Information Circular of the Trust is furnished in connection with the solicitation of proxies from the Unitholders, by and on behalf of the Manager, the manager of the Trust.

The accompanying form of proxy for Unitholders is for use at the Meeting and at any adjournment or postponement thereof and for the purposes set forth in the Notice of Special Meeting. The Meeting will take place by way of Zoom teleconference and Unitholders will not be able to attend the Meeting in person.

The Trust will bear the costs of soliciting proxies. While it is expected that the solicitation will be primarily by email or other electronic means, proxies may also be solicited personally, by telephone or by mail, by trustees, directors, officers and employees of the Manager who will not be specifically remunerated for such efforts. If you require assistance completing the form of proxy or other voting instruction form, please contact Alliance Trust Company by e-mail at inquiries@alliancetrust.ca.

Appointment and Revocation of Proxies

A Unitholder may attend the Meeting virtually or may be represented by proxy. Unitholders who are unable to attend the Meeting and Unitholders planning to attend the Meeting are encouraged to return a completed form of proxy using one of the following methods so that such Unitholder’s Trust I Units can be voted at the Meeting (or at any adjournments or postponements thereof) in accordance with such Unitholder’s instructions:

VOTE BY EMAIL	VOTE BY MAIL	VOTE USING THE INTERNET
inquiries@alliancetrust.ca Send a scanned copy of your proxy to the above email address	Alliance Trust Company #1010, 407 - 2nd Street S.W. Calgary, Alberta T2P 2Y3 Attention: Proxy Department	https://linkstar.alliancetrust.ca/pxlogin You will need to provide your Control Number, which is found on the form of proxy  SCAN TO VOTE YOUR PROXY

In order to be voted, the completed form of proxy must be received by Alliance Trust Company by no later than 5:00 p.m. (Vancouver time) on May 15, 2025, or if the Meeting is postponed or adjourned, no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) before the Meeting. The time limit for the deposit of proxies and other voting instructions may be waived or extended by the Manager in its sole and absolute discretion.

The persons named in the form of proxy accompanying this Information Circular are representatives of the Manager. A Unitholder has the right to appoint a person other than the persons specified in such proxy (who need not be a Unitholder) to join the Meeting on their behalf. Such right may be exercised by expressly striking out the names of the persons specified in the proxy, expressly inserting the name of the person to be appointed in the blank space so provided, clearly signing the proxy and returning it in by email, mail or by facsimile in compliance with the applicable timing requirements.

Any Unitholder who executes and returns a proxy may revoke it: (i) by depositing an instrument in writing (including another proxy) executed by him or her or by his or her lawful attorney expressly authorized in writing with the Manager, at any time up to and including the last business day preceding the Meeting or any adjournment thereof; (ii) by depositing such instrument in writing with the secretary of the Meeting on the day of such meeting or any adjournment thereof; or (ii) in any other manner permitted by law.

Electronic Delivery

The Manager is providing Meeting materials electronically for both registered and non-registered Unitholders. Instead of mailing Meeting materials to Unitholders, the Manager has posted the letter to unitholders, this Information Circular and form of proxy on Alliance Trust

Company's website at <https://www.alliancetrust.ca/shareholder-document/westbow-capital/>. The Manager has sent the Notice of Special Meeting and a form of proxy to all Unitholders by mail informing them that this Information Circular is available online and explaining how this Information Circular may be accessed.

The Trust anticipates that this will directly benefit the Trust and Unitholders through a substantial reduction in both postage and printing costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing Meeting-related materials. Unitholders may request paper copies of the materials relating to the Meeting free of charge by contacting the Manager at investment@westbow.ca by May 9, 2025.

Voting of Proxies

Units represented by properly executed proxies in favour of the persons designated by the Manager will be voted at the Meeting in accordance with the instructions contained therein. **In the absence of such instructions, such Trust I Units WILL BE VOTED FOR the Transaction Resolution.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice of Special Meeting and with respect to other matters which may properly come before the Meeting in respect of which the proxy is granted or any adjournments of such meeting. As of the date hereof, the Manager knows of no such amendments, variations or other matters to come before the Meeting.

Record Date and Quorum

The Manager has fixed the close of business on April 29, 2025 as the record date for the purpose of determining which Unitholders are entitled to receive notice and have their vote counted at the Meeting. Holders of Trust I Units on the record date will be entitled to have their vote counted at the Meeting, and no holder of Trust I Units coming to hold Trust I Units after the record date shall be entitled to vote, unless, the Manager determines otherwise. If your Trust I Units were transferred to you from another Unitholder after April 29, 2025, and you wish to be entitled to have your vote counted at the Meeting, you should contact the Manager. Any holder of Trust I Units who was a holder of Trust I Units at the record date shall be entitled to receive notice of and to have their vote counted at the Meeting, even though he or she has since the record date disposed of the Units.

The quorum for the Meeting of holders of Trust I Units is two or more Unitholders present in person or by proxy. If such quorum is not present at the appointed place on the date for which the meeting is called within thirty (30) minutes after the time fixed for the holding of such Meeting stands adjourned to such day being not less than fourteen (14) days later and to such place and time as may be appointed by the chairperson of the Meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders present either in person or by proxy form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

If the quorum is not present for the Meeting, the Meeting will be adjourned to June 3, 2025 at 2:00 p.m. (Vancouver time), to be held virtually by Zoom teleconference at the details set out below:

Join Zoom Meeting: <https://us02web.zoom.us/j/83359871225?pwd=zXXy16nQ5LDwpiwMfl3MB3AkLy8fqJ.1>

Meeting ID: 833 5987 1225

Passcode: 533432

Advice for Non-Registered Unitholders

The information set forth in this section is of significant importance to some Unitholders, as a number of the Unitholders do not hold their Trust I Units in their own name.

Unitholders who do not hold their Trust I Units in their own name should note that only proxies deposited by the Unitholders whose name appears on the records of the Trust as a registered holder of Trust I Units can be recognized and acted upon at the Meeting. If Trust I Units are listed in an account statement provided to a Unitholder by a broker, bank, trust company or other intermediary, then in almost all cases those Trust I Units will not be registered in the Unitholder's name on the records of the Trust. Such Trust I Units will more likely be registered under the name of the Unitholder's broker, bank, trust company or other intermediary or an agent of that intermediary.

In order for a beneficial holder of Trust I Units to have its Trust I Units voted at the Meeting, it must complete and sign the voting instruction form provided by its broker, bank, trust company or other intermediary and return such voting instruction form in accordance with the instructions provided therein in advance of the Meeting. Failure to do so will result in such Trust I Units not being voted at the Meeting.

APPROVAL

The contents of this Information Circular and its distribution to Unitholders have been approved by the Board of the Manager, as manager of the Trust.

DATED as of April 29, 2025.

**BY ORDER OF THE BOARD OF DIRECTORS OF
WESTBOW ASSET MANAGEMENT INC., THE
MANAGER OF THE TRUST**

Per: "*Nicholas Westeringh*"
Director

Schedule A
TRANSACTION RESOLUTION

BE IT RESOLVED AS AN SPECIAL RESOLUTION OF UNITHOLDERS HOLDING SERIES A TRUST UNITS, SERIES B TRUST UNITS, SERIES M TRUST UNITS AND SERIES P TRUST UNITS (THE "**TRUST I UNITS**") OF WESTBOW CAPITAL INCOME FUND (THE "**TRUST**");

1. the Manager be and is hereby directed to: (i) vote all of the limited partnership units ("**LP I Units**") of WB Capital Limited Partnership (the "**LP I**") held by the Trust in favour of the LP I LPA amendment to, among other things, crystallize WB Capital GP Inc.'s ("**GP I**") carried interest as described in the information circular dated April 29, 2025 (the "**Information Circular**"); or (ii) execute and deliver a written resolution approving the LP I LPA amendment in respect of the LP I Units held by the Trust;
2. the transfer of GP I's carried interest amount to WB Real Estate Properties Limited Partnership ("**LP II**") in exchange for Series M units of LP II having an equivalent value, as described in the Information Circular;
3. the sale of all or substantially all of the property of the Trust to Westbow Real Estate Properties Trust ("**Trust II**") in exchange for Series A Units, Series B Units, Series M Units, and Series P Units of Trust II, as described in the Information Circular be and is hereby authorized and approved;
4. subsequent to the completion of the Transaction (as defined in the Information Circular), the trustees of the Trust, which are Nick Westeringh and Dick Westeringh, be and are hereby authorized, for and on behalf of the Trust, to commence terminating and winding-up the affairs of the Trust including the distributions of Series A Units, Series B Units, Series M Units, and Series P Units of Trust II to the holders of Trust I Units;
5. the holders of Series A Units, Series B Units, Series M Units and Series P Units of the Trust will, upon receipt of the units of Trust II described above, be a party to, and will be bound by, all the terms of the Trust II Declaration of Trust (as defined in the Information Circular), as it may be amended from time to time in accordance with its terms, and will be deemed to make all the representations, warranties and covenants and grant the power of attorney as set out therein;
6. notwithstanding that this special resolution has been duly passed, the board of directors of the Manager is hereby authorized, in its discretion, if it deems such action necessary, without further notice to, or approval of, the holders of Trust I Units, to revoke this special resolution or any part thereof at any time prior to the completion of the Transaction; and
7. any one director or officer of the Manager, for and on behalf of the Trust, be and is hereby authorized and directed to do all such further acts and things and to execute and deliver all such further agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including without limitation any documents required under applicable laws or regulatory policies), as such director or officer may in good faith consider to be necessary or advisable to implement the Transaction and such documents shall be binding upon the Trust without further authorization or formality.

Schedule B
LP I LPA (AS AMENDED) (BLACKLINE)

WB CAPITAL LIMITED PARTNERSHIP

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

January 2~~1~~², 20~~19~~²⁵

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AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

FOR WB CAPITAL LIMITED PARTNERSHIP

THIS AGREEMENT made as of the ~~2nd~~ [●] day of ~~January, [●],~~ 20~~18~~25.

BETWEEN:

WB CAPITAL GP INC., a corporation incorporated under the laws of the Province of British Columbia

(the **General Partner**)

-and-

~~**WESTBOW CAPITAL INCOME FUND**, a trust formed under the laws of the Province of British Columbia~~

~~(the **Initial Limited Partner**)~~

~~-and-~~

Each person that from time to time executes this Agreement in counterpart, by separate instrument, by attorney in fact or otherwise, as a subscriber for, or transferee of, one or more Units (as defined below).

RECITALS:

- (A) The General Partner and Westbow Capital Income Fund (the ~~Initial Limited Partner~~ ~~wish to~~ entered into ~~this an initial~~ limited partnership agreement (the Existing Agreement) to set out the terms and conditions applicable to the relationship among the partners and the conduct of the activities of the Partnership (as defined below) which ~~shall be~~ was formed in accordance with the Act (as defined below).
- (B) ~~e~~Concurrently with the execution of ~~this~~ the Existing Agreement, the Initial Limited Partner subscribed for a Unit of the Partnership (the **Initial Unit**);
- (C) Section 18.1 of the Existing Agreement provided that the Existing Agreement may be amended in writing by the General Partner with the consent of the Limited Partners given by Special Resolution.
- (D) The General Partner has obtained consent of the Limited Partners by Special Resolution with respect to the revisions being made to the Existing Agreement and, as such, the General Partner is executing this Agreement pursuant to the powers of attorney granted to the General Partner pursuant to Section 2.7 of the Existing Agreement.
- (E) The parties hereto wish to amend and restate the Existing Agreement in the manner set forth herein.

NOW THEREFORE in consideration of the respective covenants and agreements and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the parties agree that:

Article 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions.

In this Agreement:

- (a) **Accountant** means, initially Manning Elliott LLP and at any time thereafter, the professional accountant of the Partnership appointed by the General Partner at such time.
- (b) **Act** means the *Partnership Act* (British Columbia).
- (c) **Adjusted Capital Contribution** means, as of any particular time (A) with respect to a Class or Series, the aggregate Capital Contributions made by Limited Partners to acquire Units of such Class or Series, as reasonably adjusted by the General Partner in its sole discretion, including in order to account for (i) redemptions of Units of such Class or Series, (ii) conversions of, and conversions into, Units of such Class or Series, (iii) redesignations of, and redesignations into, Units of such Class or Series, (iv) distributions made to holders of Units of such Class or Series, (v) Carried Interest distributions made to the General Partner with respect to Units of such Class or Series, (vi) the portion of the GP Preferred Interest attributable Units of such Class or Series (vii) Partnership Expenses allocated to such Class or Series, and (viii) market appreciation or depreciation of the Partnership's Investments; and (B) with respect to a Unit of a Class or Series, the Adjusted Capital Contribution of such Class or Series divided by the number of outstanding Units of such Class or Series.
- (d) **Affected Partner** has the meaning set out in Section 13.6.
- (e) **Affected Units** has the meaning set out in Section 13.6.
- (f) **Affiliate** has the meaning set out in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.
- (g) **Agreement** means this Amended and Restated Limited Partnership Agreement, as amended and/or amended and restated from time to time.
- (h) **Applicable Units** has the meaning set out in Section 13.6(h).
- (i) **Assignee** has the meaning set out in Section 13.1(a).
- (j) **Associate** has the meaning set out in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.
- (k) **Business Day** means a day other than Saturday or Sunday on which banks in Vancouver, British Columbia are open for business.
- (l) **Capital Contribution** means, in respect of each Partner at any time, the amount of money or the value of any property that the Partner has actually contributed to the Partnership.
- (m) **Carried Interest** ~~has the meaning set out in Section 12.1(f)(iii)~~ means the carried interest distributions that the General Partner was entitled to pursuant to the terms of the Existing Agreement.

- (n) **Certificate** means the certificate of limited partnership for the Partnership, as it may be amended from time to time, filed pursuant to this Agreement and the requirements of the Act.
- (o) **Class** has the meaning set out in Section 7.1.
- (p) **Common Expenses** means those Partnership Expenses which are not Series Expenses, as determined by the General Partner in its sole discretion, subject to the unanimous approval of the Independent Review Committee.
- (q) **Conflict of Interest Matter** means a situation where a reasonable Person would consider the Person in question, or an entity related to such Person, to have an interest which may conflict with their ability act in good faith and in the best interests of the Trust or the Partnership.
- (r) **Control** means (a) in relation to a Person that is a corporation, the ownership, directly or indirectly, of voting securities of such Person carrying more than 50% of the voting rights attaching to all voting securities of such Person and which are sufficient, if exercised, to elect a majority of its directors, (b) in relation to a Person that is a partnership (other than a limited partnership) or a limited liability company, the ownership, directly or indirectly, of voting securities of such Person carrying more than 50% of the voting rights attaching to all voting securities of the Person or the ownership of other interests entitling the holder to exercise control and direction over the activities of such Person, (c) in relation to a Person that is a limited partnership, being the general partner or having Control of the general partner, and (d) in relation to a Person that is a trust, being a trustee who exercises control and direction over the assets and activities of the trust; and “**Controlling**” and “**Controlled**” have corresponding meanings.
- (s) **Distributable Proceeds** has the meaning set out in Section 12.1~~(ed)~~(iv).
- (t) **Existing Agreement** *has the meaning set out in the recitals;*
- (u) ~~(t)~~ **Fair Market Value** means, in respect of any property contemplated to be valued in this Agreement, shall be the value determined in accordance with Section 6.13.
- (v) ~~(u)~~ **Final Closing Date** means the earlier to occur of: (i) the date that is 24 months subsequent to the date ~~hereof~~of the Existing Agreement; and (ii) the date upon which the Partnership has received gross proceeds of at least \$30,000,000 from the sale of Units.
- (w) ~~(v)~~ **Financial Institution** means a “**financial institution**” ~~or a “specified financial institution”~~ (as such terms ~~are~~is defined in the Tax Act).
- (x) ~~(w)~~ **Fiscal Year** has the meaning set out in Section 2.4.
- (y) ~~(x)~~ **Follow-up Payment** has the meaning set out in Section 12.4~~3~~3.
- (z) ~~(y)~~ **General Partner** means WB Capital GP Inc., a corporation incorporated under the laws of the Province of British Columbia or, subject to the provisions of Article 14, any successor general partner of the Partnership.
- (aa) ~~(z)~~ **GP Percentage** ~~means, with respect to a Series, the percentage indicated as such for such Series in Schedule A~~ **Fixed Interest** *has the meaning set out in Section 8.1.*
- (bb) **GP Preferred Interest** *has the meaning set out in Section 8.1.*

- (cc) ~~(aa)~~ **Gross Proceeds** has the meaning set out in Section 12.1(d)(i).
- (dd) ~~(bb)~~ **IFRS** means international financial reporting standards.
- (ee) ~~(cc)~~ **Indemnified Party** has the meaning set out in Section 6.6(a).
- (ff) ~~(dd)~~ **Independent Review Committee** has the meaning set out in Section 6.10(a).
- (gg) ~~(ee)~~ **Initial Closing Date** means the first date subsequent to the date ~~hereof~~ of the Existing Agreement that a Unit ~~is~~ was issued by the Partnership.
- (hh) ~~(ff)~~ **Initial Limited Partner** means the Trust.
- (ii) ~~(gg)~~ **Interest** means the entire limited partnership interest in the Partnership owned by a Limited Partner at any particular time and represented by the Units held by such Limited Partner, including the right of such Limited Partner to any and all benefits to which a Limited Partner may be entitled as provided in this Agreement, together with the obligations of such Limited Partner to comply with all the terms and provisions of this Agreement. For purposes hereof, any reference to an Interest includes the ~~limited partnership~~ GP Fixed Interest and the GP Preferred Interest of the General Partner in the Partnership, except to the extent expressly provided otherwise in such reference.
- (jj) ~~(hh)~~ **Investment** means a direct or indirect investment made by the Partnership in a Property.
- (kk) ~~(ii)~~ **Limited Partner** means each of the parties shown as limited partners on the record of Limited Partners which the General Partner is required to maintain under the Act, including any Person who has been admitted to the Partnership as a substituted or additional Limited Partner in accordance with this Agreement.
- (ll) ~~(jj)~~ **Liquidating Trustee** has the meaning set out in Section 15.2.
- (mm) ~~(kk)~~ **Loan** has the meaning set out in Section 12.43.
- ~~(ll) **LP Percentage** means, with respect to a Series, the percentage indicated as such for such Series in Schedule A.~~
- (nn) ~~(mm)~~ **Management Agreement** means the management agreement entered into between the Trust, the Partnership, the General Partner and the Manager, as amended, supplemented, restated or amended and restated from time to time, pursuant to which the Manager provides advice and certain management and administrative services to the Trust and the Partnership;
- (oo) ~~(nn)~~ **Management Fee Distribution** has the meaning set out in Section 6.15(b).
- (pp) ~~(oo)~~ **Manager** means Westbow Asset Management Inc..
- (qq) ~~(pp)~~ **Market Value** with respect to a Unit, means a price equal to the value of such Unit, such price to be determined on the assumption that each of the Partnership's Investments was on the date of determination sold for its Fair Market Value determined in accordance with Section 6.13 and the proceeds therefrom were on the date of determination distributed to the Partners in accordance with this Agreement, after credit or debit, as the case may be, for the amount of the Partnership's other assets and liabilities determined in accordance with IFRS.

- (rr) ~~(qq)~~ **Meeting Notice** has the meaning set out in Section 16.3.
- (ss) ~~(rr)~~ **Meeting Request** has the meaning set out in Section 16.1(b).
- (tt) ~~(ss)~~ **Net Capital Contribution** means, with respect to a Series of Units: (a) the aggregate purchase price paid for the Units of such series, net of any commission or other fees paid by the Partnership (but not, for greater certainty, any commission or other fees paid by the Trust) to a dealer or a wholesaler with respect to the sale of the Units and offering costs; plus (b) any Reinvested Amounts with respect to such series of Units; minus (c) the aggregate Redemption Price paid by the Partnership in respect of units of such series that have been redeemed; as reasonably adjusted by the General Partner in its sole discretion, including in order to account for (i) conversions of, and conversions into, Units of such Series, (ii) redesignations of, and redesignations into, Units of such Series, and (iii) market appreciation or depreciation of the Partnership's Investments. The Net Capital Contribution of the General Partner, in its capacity as the General Partner, shall be the amounts set forth in Section 8.1.
- (uu) ~~(tt)~~ **Net Income** means the net income and net realized capital gains applicable to each Series of the Partnership for a Fiscal Year calculated in accordance with the terms of this Agreement, provided that if the foregoing results in an amount less than zero then such amount shall be referred to herein as a **Net Loss**;
- (vv) ~~(uu)~~ **Net Proceeds** has the meaning set out in Section 12.1(d)(ii).
- ~~(vv) **Net Series Proceeds** has the meaning set out in Section 12.1(d)(iv).~~
- (ww) **Ordinary Resolution** means,
- (i) a resolution of Limited Partners approved by more than 50% of the votes cast by Limited Partners, in person or by proxy, at a meeting of the Partners (or any adjournment thereof) called in accordance with this Agreement; or
 - (ii) a written resolution signed by Limited Partners holding more than 50% of the votes attached to all of the Units that would have been entitled to vote on such resolution at a meeting of the Partners called in accordance with this Agreement.
- (xx) **Outgoing General Partner** has the meaning set out in Section 14.3.
- (yy) **Partner** means the General Partner and each of the Limited Partners.
- (zz) **Partnership** means WB Capital Limited Partnership, ~~the limited partnership formed pursuant to this Agreement and by the filing of the Certificate.~~
- (aaa) **Partnership Expenses** has the meaning set out in Section 6.14(a).
- (bbb) **Permitted Investments** means:
- (i) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof;
 - (ii) commercial paper or other short-term debt of a person whose commercial paper or other short-term debt have a rating of R-2 (or higher) by DBRS Limited or A-3 (or higher) by Standard and Poor's Rating Services, or an equivalent rating by a "designated rating organization" as defined in National Instrument 25-101 - *Designated Rating Organizations*;

- (iii) interest-bearing accounts, term deposits, guaranteed investment certificates, certificates of deposit or bankers' acceptances of or guaranteed or accepted by any Canadian chartered bank or other financial institution, the long term debt or deposits of which have a rating of BBB (or higher) by DBRS Limited or BBB (or higher) by Standard and Poor's Rating Services, or an equivalent rating by a "designated rating organization" as defined in National Instrument 25-101 - *Designated Rating Organizations*; or
- (iv) any combination thereof.

For the purpose of this definition of Permitted Investments, "short term" means having a date of maturity or call for payment one year or less from the date on which the investment is made.

- (ccc) **Person** means any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation or other body corporate with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority, department or political subdivision thereof, or other organization or entity, whether or not a legal entity, however designated or constituted.

~~(ddd) Preferred Return means, with respect to a Series of Units, a cumulative, non-compounding fixed distribution at the rate indicated as such for such Series in Schedule A per Unit per year, which begins to accrue in respect of the applicable Unit beginning on the issuance date of the applicable Unit.~~

(ddd) ~~(eee)~~ **Property or Properties** means primarily residential real estate properties located in Western Canada, with a focus on low-to-medium density real estate properties.

(eee) ~~(fff)~~ **Quarterly Limit** has the meaning set out in Section 13.4(c)(i).

(fff) ~~(ggg)~~ **Record** has the meaning set out in Section 8.6.

(ggg) ~~(hhh)~~ **Redemption Note** means debt securities of the Partnership that may be created and issued from time to time, that are subordinated and unsecured, have a maturity of 5 years or less, may be prepaid at any time at the option of the issuer prior to maturity, without notice, bonus or penalty and pay an annual rate of interest equal to the Redemption Note Interest Rate, which interest is payable quarterly in arrears.

(hhh) ~~(iii)~~ **Redemption Note Interest Rate** means 2.01% plus the yield to maturity on five (5) year marketable bonds issued by the Government of Canada in Canadian Dollars, based on the mid-market closing yields of such bonds as published by the Bank of Canada on the business day preceding the day on which the notice of redemption of a Unit is given.

(iii) ~~(jjj)~~ **Redemption Price**, with respect to a Unit that is being redeemed, means (a) the lesser of: (A) the subscription price of such Unit (up to a maximum of \$10) multiplied by the percentage set out in Schedule A, minus any the aggregate amounts distributed in respect of such Unit in respect of a Return of Capital (up to a maximum of \$10); and (B) the Market Value of such Unit.

(jjj) ~~(kkk)~~ **Reinvested Amounts** has the meaning set out in Section 12.1(f).

(kkk) ~~(lll)~~ **Retiring Limited Partner** means a Limited Partner that redeems all of the Units held by it during a Fiscal Year;

~~(mmm) Return of Capital~~ has the meaning set out in Section 12.1(f)(i).

(III) ~~(nnn)~~ **Series** has the meaning set out in Section 7.1;

(mmm) ~~(ooo)~~ **Series Expenses** means those Partnership Expenses referable to a specific Series of Units (including for greater certainty, trailing commissions), as determined by the General Partner in its sole discretion, subject to the unanimous approval of the Independent Review Committee.

(nnn) ~~(ppp)~~ **Series Proceeds** has the meaning set out in Section 12.1(d)(iii).

(ooo) ~~(qqq)~~ **Special Resolution** means,

- (i) a resolution of Limited Partners approved by more than 66 ²/₃% of the votes cast by Limited Partners, in person or by proxy, at a meeting of the Partners (or any adjournment thereof) called in accordance with this Agreement, or
- (ii) a written resolution signed by Limited Partners holding more than 66 ²/₃% of the votes attached to all of the Units that would have been entitled to vote on such resolution at a meeting of the Partners called in accordance with this Agreement.

(ppp) ~~(rrr)~~ **Subscription Agreement** means a subscription agreement, in such form as the General Partner may approve from time to time, pursuant to which a Person may subscribe for Units.

(qqq) ~~(sss)~~ **Tax Act** means the *Income Tax Act* (Canada) and the regulations thereunder.

(rrr) ~~(ttt)~~ **Termination Date** means ~~the fifth anniversary of the Final Closing Date, which date may be extended, in the sole discretion of~~ such date as may be determined by the General Partner, ~~for up to two additional 18 month periods~~ in its sole discretion.

(sss) ~~(uuu)~~ **Trust** means Westbow Capital Income Fund.

(ttt) ~~(vvv)~~ **Unit** means a limited partnership unit of a Class and Series of the Partnership, representing a holder's proportionate share of the Series of the Partnership and having the attributes determined by the General Partner.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles and sections and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an article or section refers to the specified article or section of this Agreement.

1.3 Number and Gender.

In this Agreement, words importing the singular number include the plural and vice versa and words importing any gender include all genders.

1.4 Date for Any Action.

If any date on which any action is required to be taken under this Agreement is not a Business Day, that action shall be required to be taken on the next Business Day.

1.5 Accounting Terms.

In this Agreement, accounting terms that are not defined herein shall be construed in accordance with IFRS.

1.6 Currency.

In this Agreement, all dollar amounts are expressed in Canadian dollars.

1.7 References to Statutes

Any reference to a statute in this Agreement shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

1.8 Schedules.

The following schedules (each of which is attached hereto) shall, for all purposes hereof, be incorporated in and form an integral part of this Agreement:

Schedule A Classes and Series of Units

Article 2 FORMATION OF THE PARTNERSHIP

2.1 Formation of the Partnership.

The Partnership was formed on the 2nd day of January, 2019, in accordance with the Act by the filing of the Certificate.

2.2 Name.

The Partnership shall carry on its activities under the name "WB Capital Limited Partnership" or such other name, in accordance with applicable law, as the General Partner may determine from time to time.

2.3 Registered Office and Principal Address.

The registered office and principal address of the Partnership shall be located at 7350 Barrow Road, Chilliwack, BC, V2R 4J8 or at such other location in the Province of British Columbia as the General Partner may determine from time to time.

2.4 Fiscal Year.

The fiscal year (the **Fiscal Year**) of the Partnership shall end on the 31st day of December of each calendar year or such other date as the General Partner may determine from time to time, provided that the General Partner has obtained any necessary consents from applicable taxation authorities.

2.5 Term.

The Partnership shall only be dissolved and its affairs wound up in accordance with the provisions of Article 15.

2.6 Assignability of Limited Partnership Interest.

The Interest of a Limited Partner in the Partnership or any beneficial interest therein may not be assigned, in whole or in part, and an assignee shall not become a Limited Partner, except in accordance with Article 13.

2.7 Power of Attorney.

Each Limited Partner hereby irrevocably nominates and appoints the General Partner and any Person appointed to replace the General Partner pursuant to Article 14 as his true and lawful attorney on his behalf with full power and authority in his name to execute, acknowledge, deliver, record and file any and all of the following:

- (a) this Agreement and any amendment, change or modification thereto from time to time made in accordance with its terms (including all instruments and declarations that the General Partner deems necessary to reflect any amendment to this Agreement in accordance with its terms);
- (b) all Certificates, declarations of change and other instruments necessary to form, qualify or continue the Partnership as a limited partnership in the Province of British Columbia and any other instruments required by law;
- (c) any instrument or document on behalf of and in the name of the Limited Partner as may be necessary in connection with the sale, transfer or assignment of Units or the admission, substitution or deletion of Limited Partners;
- (d) any instrument or document necessary to be filed in connection with the business, property, assets and undertaking of the Partnership, including, but not limited to, all conveyances, agreements and instruments which the General Partner deems necessary to reflect the sale or transfer of the assets of the Partnership, including, but not limited to, all or substantially all of the assets of the Partnership;
- (e) any instrument or document that the General Partner deems necessary to be filed in connection with the qualification for sale of the Units in the Province of British Columbia or any other jurisdiction in Canada;
- (f) all elections, determinations or designations under the Tax Act or any other legislation or laws of like import of Canada or of any provinces or jurisdictions in respect of the affairs of the Partnership or of a Partner's interest in the Partnership, including, for greater certainty, an election under subsection 97(2) of the Tax Act;
- (g) any instrument or document required in connection with the dissolution and termination of the Partnership;
- (h) any documents necessary to effect the sale of Affected Units held by the Limited Partner in accordance with Section 13.6(b); and

- (i) such other instruments or documents on behalf of and in the name of the Limited Partner or in the name of the Partnership as the General Partner deems necessary to give effect to the provisions of this Agreement in accordance with its terms.

Without limiting the generality of this Agreement, it is expressly agreed and understood that the power of attorney granted herein is a power coupled with an interest and will survive the death or disability of a Limited Partner and extend to the heirs, executors, administrators, successors and assigns of the Limited Partner and may be exercised by the General Partner on behalf of each Limited Partner by listing or referring to all the Limited Partners and executing any instrument with a single signature as an attorney and agent for all of them. Each Limited Partner agrees to be bound by any representations and actions made or taken by the General Partner pursuant to such power of attorney, and each Limited Partner hereby waives any and all defences and defects which may be available to him to contest, negate or disaffirm the action of the General Partner taken in accordance with the terms of the power of attorney granted herein. The power of attorney granted herein by each Limited Partner is irrevocable.

2.8 Admission to Partnership.

Each Person becoming a party to this Agreement shall be bound by the terms hereof and such Person (other than the General Partner in its capacity as general partner) shall become a Limited Partner upon the entering of its name in the record of the Partnership. No Person may become a Limited Partner unless such Person has executed a Subscription Agreement, except where this requirement is waived in the sole discretion of the General Partner; provided, however, that no waiver shall be given if there are any adverse tax consequences or material costs to the Partnership or any other Limited Partner as a result of such Person becoming a Limited Partner.

2.9 Initial Partnership Unit

~~Notwithstanding any other provisions hereof, immediately following completion of the Initial Closing Date, the Initial Unit shall cease to have voting rights and shall cease to participate in distributions from the Partnership of any kind and shall cease to participate in any net assets of the Partnership in the event of termination or winding up of the Partnership, except that the Initial Limited Partner may receive the amount of his initial capital contribution. At any time following the issuance of one or more additional Units, the Partnership may redeem the Initial Unit for a purchase price of \$10 and, upon the completion of such purchase and sale, the Initial Unit shall be cancelled and shall no longer be outstanding for any of the purposes.~~

Immediately following the Initial Closing Date, the Initial Unit was redeemed for a purchase price of \$10.

Article 3 PURPOSE OF THE PARTNERSHIP

3.1 Partnership Purpose.

The purpose of the Partnership is to seek income and capital appreciation through one or more direct or indirect Investments in Properties, with a focus on residential properties in western Canada.

3.2 Restriction on Activities.

The Partnership shall not at any time carry on any activities other than as described in this Agreement, except as otherwise authorized by Special Resolution, and provided that such activities do not adversely affect the tax, legal or economic status of any Limited Partner.

3.3 Powers.

The Partnership shall have the power to do and to perform any and all things necessary for, incidental to or connected with carrying on the activities of the Partnership.

Article 4 THE LIMITED PARTNERS

4.1 Limited Powers of Limited Partners.

No Limited Partner, in its capacity as a Limited Partner, shall:

- (a) take part in the control of the business of the Partnership;
- (b) execute any document that binds, or purports to bind, the Partnership or another Partner;
- (c) hold itself out as having the power or authority to bind the Partnership or another Partner;
- (d) undertake any obligation or responsibility on behalf of the Partnership; or
- (e) bring an action for partition or sale in respect of any or all of the assets or property of the Partnership or record or permit any encumbrance in respect of such property.

4.2 Liabilities of the Limited Partners.

Subject to the provisions of the Act or other applicable law, the liability of each Limited Partner for the debts, commitments and obligations of the Partnership is limited to the amount of the Limited Partner's Capital Contribution.

Article 5 THE GENERAL PARTNER

5.1 Representations, Warranties and Covenants of the General Partner.

The General Partner represents, warrants and covenants to each Limited Partner that, so long as it is a general partner of the Partnership:

- (a) it is and will continue to be a corporation governed by the laws of the Province of British Columbia;
- (b) it has the power and authority to enter into and to perform its obligations under this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the entering into and performance by it of this Agreement;
- (c) this Agreement has been duly executed and delivered by the General Partner and constitutes a legal, valid and binding obligation of the General Partner enforceable against it in accordance with its terms, subject to usual exceptions regarding equitable remedies and creditors' rights generally;
- (d) the execution, delivery and performance by the General Partner of this Agreement does not or would not with the passage of time or the giving of notice, or both, constitute or result in a violation or a breach of or a default under (i) its constituting or organizational documents; (ii) the provisions of any applicable law, statute, rule or regulation of the Province of British Columbia or of Canada applicable therein; (iii) any judgment, order or decree of any court, agency, tribunal, arbitrator or other authority to which the General

Partner is subject; and (iv) any agreement to which it is or will be a party or by which it is or will be bound;

- (e) it is and will continue to be duly registered and qualified to carry on business in each jurisdiction where it is necessary or advisable to be so registered or qualified;
- (f) it has and will continue to have the capacity, power and authority to act as a general partner of the Partnership;
- (g) it will exercise its powers and authorities as a general partner of the Partnership and manage the activities and affairs of the Partnership in a reasonable manner and in accordance with Section 6.4 of this Agreement;
- (h) it will devote as much time and resources as are reasonably required to manage the activities and affairs of the Partnership; and
- (i) it will not dissolve, wind-up or liquidate its business and affairs.

~~5.2 Pre-Closing Investments.~~

~~Subject to the terms of this Agreement, the General Partner may, prior to the Initial Closing Date, make (or commit the Partnership to make) certain Investments for the Partnership. The General Partner will be entitled to reimbursement (at cost which shall include interest expense actually incurred plus incurred expenses) by the Partnership upon the Initial Closing Date for any such commitments or investments.~~

5.2 ~~5.3~~ Authority of the General Partner.

Any action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and shall bind the Partnership. No Persons dealing with the Partnership will be required to inquire into the authority of the General Partner to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Partnership.

Article 6 MANAGEMENT OF PARTNERSHIP

6.1 Powers of the General Partner.

Subject to the terms of this Agreement and the provisions of the Act, the General Partner shall have the full unrestricted power and exclusive authority to:

- (a) carry on the activities of the Partnership and to do and to perform any and all things necessary for, incidental to or connected with carrying on the activities of the Partnership; and
- (b) represent and bind the Partnership.

6.2 Specific Powers of the General Partner.

Without limiting the foregoing general powers and duties, the General Partner is hereby authorized and empowered on behalf and in the name of the Partnership, or on its own behalf and in its own name, or through agents, as it may determine appropriate, subject to limitations contained elsewhere in this Agreement and to any applicable limitations set forth in the Act, to:

- (a) hire for usual and customary payment and expenses brokers, attorneys, accountants and such other advisors and employees for the Partnership as it may deem necessary or advisable, acting reasonably;
- (b) file such declarations, returns or other documents and comply with all applicable regulatory requirements, and do such other acts required or advisable to maintain the status of the Partnership as a limited partnership where deemed appropriate;
- (c) incur liabilities for general operating purposes in the name of the Partnership from time to time as it may determine, acting reasonably, without limitation with regard to amount, cost or conditions of reimbursement of such liabilities and to grant security therefor, other than for matters which under the terms of this Agreement are the responsibility of the General Partner;
- (d) borrow funds in the name of the Partnership from time to time from any person and on such terms as the General Partner may determine in its discretion, including borrowing from the General Partner or its affiliates or from financial institutions;
- (e) renew or extend or participate in the renewal or extension of any security, upon such terms as may be deemed advisable by the General Partner, and to agree to a reduction in the rate of interest on any security or to any other modification or change in the terms of any security or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable; and to waive any default whether in performance of any covenant or condition of any security, or in the performance of any guarantee or to enforce the rights in respect of any such default in such manner and to such extent that the General Partner may deem advisable;
- (f) subject to the terms of this Agreement, provide guarantees, indemnities and other forms of assurance to third parties in respect of the indebtedness, liabilities or obligations of the Partnership or of any other person;
- (g) negotiate, execute and perform all agreements which require execution by or on behalf of the Partnership involving matters or transactions with respect to the Partnership's business, affairs or purpose;
- (h) commence or defend any action or proceeding in connection with the Partnership and handle and settle any claims of the Partnership;
- (i) make, in its sole discretion, any and all elections for federal, provincial, state, local and foreign tax matters and make for and on behalf of each Limited Partner in respect of such Limited Partner's Interest any and all elections, determinations, designations, objections, notices of objection, or filings of any kind under the Tax Act or the taxation or other legislation or similar laws of Canada, any province, territory or foreign jurisdiction;
- (j) negotiate contracts with third party providers of services, including obtaining any insurance coverage;
- (k) enter into, execute, maintain, and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the Partnership;
- (l) determine the amount and type of insurance coverage to be maintained in order to protect the Partnership from all usual perils of the type covered in respect of properties and businesses comparable to that of the Partnership;

- (m) admit new and/or substitute Limited Partners to the Partnership;
- (n) open, maintain and close bank accounts and draw cheques or other orders for the payment of money;
- (o) keep (or cause to be kept) financial and other records of the Partnership and report to the Partnership in the manner described in Article 17;
- (p) perform valuations of all Investments;
- (q) provide administration, advisory, management, operational, due diligence and other services to the Partnership in connection with the Partnership acquiring interests in the Investments;
- (r) prepare financial statements, income tax returns, information returns and financial and accounting information and provide Limited Partners with financial statements and other reports, as required by this Agreement or by applicable law;
- (s) make all decisions concerning the acquisition, management, structuring, restructuring, financing, commitment to or monitoring of and disposition of Investments;
- (t) acquire, hold, sell, transfer, exchange, pledge and dispose of Investments, and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to Investments, including, without limitation, the approval of a restructuring of Investments, participation in arrangements with creditors in connection with any Investment, the commencement and settlement or compromise of actions and administrative proceedings with respect to an Investment or the Partnership providing assistance and advice when necessary in connection with any Investment as the General Partner shall determine and other similar matters with respect to Investments;
- (u) to cause legal title to any of the Investments to be held by and/or in the name of the General Partner or, except as prohibited by law, by and/or in the name of the Partnership or any other Person, on such terms, in such manner, with such powers in such Person as the General Partner may determine and with or without disclosure that the Partnership or the General Partner are interested therein;
- (v) enter into acquisition agreements to make or dispose of Investments, which may include such representations, warranties, covenants, indemnities, guarantees and security as the General Partner deems necessary or advisable;
- (w) manage all Partnership funds pending the making of Investments, which may include placing all or part of such funds in Permitted Investments;
- (x) in its sole discretion, waive or delay strict enforcement of the Partnership's rights under any contract on a case-by-case basis;
- (y) require the Partnership to retain, and not distribute, any amounts the General Partner deems necessary to enable the Partnership to defray current or reasonably anticipated future expenses and liabilities;
- (z) make distributions to Partners in the manner contemplated herein;
- (aa) open, maintain and close brokerage and similar accounts; and

- (bb) do or perform all such things as may be necessary or advisable in furtherance of the Partnership's powers, objects, or purposes or to the conduct of the Partnership's activities.

6.3 No Commingling.

The funds or assets of the Partnership shall not be commingled with the funds or assets of the General Partner or any other Person.

6.4 Standard of Care.

The General Partner shall exercise its powers and discharge its duties under this Agreement honestly, in good faith and in the best interests of the Partnership. The General Partner shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

6.5 Delegation

- (a) The General Partner may delegate to any Person all those aspects of its powers and authority as it deems appropriate in the circumstances and may assign any of its rights and obligations under this Agreement to the Manager but only if and so long as the General Partner retains the right to supervise and oversee the activities of the Manager.
- (b) No such delegation or assignment relieves the General Partner of its obligations, responsibilities or liabilities under this Agreement.
- (c) The parties acknowledge that the General Partner have entered into the Management Agreement with the Manager to provide the certain services described in the Management Agreement.
- (d) The parties acknowledge that the General Partner may enter into a property management agreement with an affiliate of the Manager to provide certain property management services from time to time at market rates for such services.

6.6 Limitation on Liability.

- (a) The General Partner shall be subject to all of the liabilities applicable under the Act; provided, however, that to the fullest extent permitted by law, none of the General Partner nor any of its affiliates and their respective partners, officers, directors, trustees, shareholders, agents and employees, nor the Independent Review Committee (and its members), nor any person who serves at the request of the General Partner on behalf of the Partnership as an officer, director, partner, employee or agent of any other entity (each, an **Indemnified Party**), shall be liable to the Partnership or to any Partner for (i) any mistake in judgment made in good faith, unless such mistake in judgment resulted from fraud, wilful misconduct or gross negligence by such Indemnified Party, (ii) any act or omission taken or suffered by such Indemnified Party in good faith in connection with the conduct of the affairs of the Partnership or otherwise in connection with this Agreement or the matters contemplated herein, unless such act or omission resulted from fraud, wilful misconduct or gross negligence by such Indemnified Party, or (iii) any mistake, negligence, dishonesty or bad faith of any broker or other agent of the Partnership unless such Indemnified Party was responsible for the selection or monitoring of such broker or agent and such Indemnified Party acted in such selection without due care or acted in such monitoring capacity in a manner which constituted fraud, wilful misconduct or gross negligence. For the purposes of this Agreement, all benefits accruing

to an Indemnified Party which is not a party hereto shall be held in trust by the General Partner for such Indemnified Party.

- (b) To the extent that, at law or in equity, the General Partner has duties to the Partnership or to another Partner and liabilities relating thereto, the General Partner acting under this Agreement shall not, to the full extent permitted by law, be liable to the Partnership or to any such other Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the General Partner otherwise existing at law or in equity, are agreed by the Partners to modify to that extent such other duties and liabilities of the General Partner, as applicable.
- (c) The General Partner may consult with legal counsel and accountants selected by it and any act or omission suffered or taken by it on behalf of the Partnership or in furtherance of the interests of the Partnership in good faith in reliance upon and in accordance with the advice of such counsel or accountants shall be full justification for any such act or omission, and the General Partner shall be fully protected and held harmless in so acting or omitting to act provided that such counsel or accountants were selected with reasonable care.
- (d) The General Partner shall be liable for the debts and obligations of the Partnership to the full extent of its assets, but shall, as among the Partners, be entitled to require the prior exhaustion of the Partnership's assets and shall be entitled to the benefits of the indemnities provided herein.
- (e) The General Partner shall indemnify and hold harmless the Partnership and the Limited Partners against all costs, expenses, damages or liabilities suffered or incurred by reason of the acts or omission of the General Partner performed or omitted fraudulently or in bad faith or attributable to the fraud, gross negligence or wilful misconduct of the General Partner.

6.7 Indemnification.

- (a) To the fullest extent permitted by law, the Partnership shall indemnify and hold harmless each of the Indemnified Parties from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Indemnified Party and arise out of or in connection with the affairs of the Partnership, the performance by such Indemnified Party of any of the General Partner's responsibilities hereunder or otherwise in connection with the matters contemplated herein; provided that an Indemnified Party shall be entitled to indemnification hereunder only to the extent that such Indemnified Party acted in good faith and such Indemnified Party's conduct did not constitute fraud, wilful misconduct or gross negligence. The satisfaction of any indemnification and holding harmless pursuant to this Section 6.7(a) shall be from and limited to Partnership assets. The General Partner may, in its sole discretion, have the Partnership purchase insurance to insure the Indemnified Parties. Any Person entitled to indemnification from the Partnership hereunder shall obtain the written consent of the General Partner (which consent shall not be unreasonably withheld) prior to entering into any compromise or settlement which would result in an obligation of the Partnership to indemnify such Person. For greater certainty, the indemnification provided for in this Section 6.7 shall not extend to losses which were caused as a result of an Indemnified Party acting as a lender to the Partnership, economic losses incurred by

an Indemnified Party solely as a result of such Indemnified Party's ownership of Interests, or expenses of the Partnership that such Indemnified Party has agreed to bear.

- (b) Expenses incurred by an Indemnified Party in defense or settlement of any claim that shall be subject to a right of indemnification hereunder shall be advanced by the Partnership prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnified Party to repay such amount to the extent that it shall be determined ultimately that such Indemnified Party is not entitled to be indemnified hereunder. No advances shall be made by the Partnership under this Section 6.7(b) without the prior written approval of the General Partner (which may include the requirement that reasonable security be posted for the repayment).
- (c) The right of any Indemnified Party to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnified Party may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnified Party's successors, assigns and legal representatives.
- (d) Any Person entitled to indemnification from the Partnership hereunder shall first seek recovery under any other indemnity or any insurance policies by which such Person is indemnified or covered, as the case may be, but only to the extent that the indemnitor with respect to such indemnity or the insurer with respect to such insurance policy provides (or acknowledges its obligation to provide) such indemnity or coverage on a timely basis, as the case may be.
- (e) If limited liability of the Limited Partners is lost by reason of an act or omission of the General Partner, the General Partner, as applicable, shall indemnify the Limited Partners against all claims arising from assertions that their respective liabilities are not limited as intended by the Agreement as a result of such act or omission. This indemnification will not be available where the loss of liability is caused by an act or omission of the Limited Partner subject to such claims.
- (f) The General Partner, on behalf of the Partnership, may, in any agreement with a service provider to the Partnership, including but not limited to the Manager, include a provision requiring the Partnership to indemnify such service provider provided that the terms of any such indemnity are reasonable.

6.8 Transactions with Affiliates on Arm's-Length Terms.

Apart from transactions which are expressly contemplated by this Agreement, the General Partner, and its respective Affiliates and Associates shall not engage in any transaction with the Partnership or any Investment unless the terms of the transaction are on terms which are no less favourable to the Partnership or the Investment than would reasonably be expected to be obtained if the transaction were being entered into by the Partnership or the Investment with an unaffiliated Person and being negotiated at arm's length.

6.9 Outside Activities

- (a) The General Partner shall, for so long as it is the general partner of the Partnership, maintain as its sole activity the activity of acting as the general partner of the Partnership and undertaking activities that are ancillary or related thereto. The General Partner is not permitted to engage in any business or activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner.
- (b) The Limited Partners acknowledge that there are and will continue to be potential or actual conflicts of interests of the Indemnified Parties (other than the General Partner),

with respect to business or other interests held by, and/or contractual arrangements or transactions involving, one or more of the Indemnified Parties, and the Limited Partners agree such conflicts of interest of the Indemnified Parties will not form the basis for any claim against any Indemnified Party, or for any attempt to challenge or attack the validity of any contract, transaction or arrangement (or renewal, extension or amendments of same).

- (c) Each Indemnified Party (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether (i) such activities are similar to those activities of the General Partner, the Trust, the Manager or the Partnership or (ii) such businesses and activities directly compete with, or disfavor or exclude, the Trust, the Manager, the Partnership or the General Partner. Such business interests, activities and engagements shall be deemed not to constitute a breach of this Agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the General Partner or the Partnership (or any of their respective investors) and shall be deemed not to be a breach of the General Partner's fiduciary duties or any other obligation of any type whatsoever of the General Partner. None of the General Partner, the Trust or the Partnership or any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby or otherwise in any business ventures of an Indemnified Party.
- (d) The General Partner and the Indemnified Parties (including Messrs. Dick Westeringh and Nick Westeringh) shall have no obligation hereunder or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Trust, the Partnership or the Limited Partners.

6.10 Independent Review Committee

- (a) The General Partner will appoint an independent review committee (the **Independent Review Committee**) which shall be comprised of not less than one member. All members of the Independent Review Committee shall be "independent" as such term is defined in National Instrument 81-107 – *Independent Review Committee for Investment Funds*. The unanimous approval of the Independent Review Committee (in addition to the requisite majority of directors of the manager of the Trust and the General Partner, or the trustees of the Trust, as applicable) shall be required:
 - (i) prior to the allocation of Partnership Expenses as Common Expenses or Series Expenses, and prior to the allocation of expenses between the Partnership and the General Partner or any of their affiliates;
 - (ii) with respect to any Conflict of Interest Matter regarding the business of the Trust, the Partnership, the Manager and the General Partner, including but not limited to: (1) the approval of expenses, fees or other costs and any related-party transactions or contracts involving the Trust, the Partnership, the Manager, the General Partner or Westbow Construction Group Ltd. or related-party transactions or contracts involving their directors, officers, shareholders or Affiliates (including the Manager); (2) the allocation of investment opportunities among the Partnership and other entities managed or controlled by the Manager; (3) any material amendment to the Management Agreement; and (4) the acquisition of Properties outside of western Canada; and
 - (iii) when determining the Fair Market Value of an asset pursuant to Section 6.13(b).

The Partnership will pay the reasonable remuneration of the Independent Review Committee.

6.11 Resolution of Conflicts of Interest

- (a) Notwithstanding anything to the contrary in this Agreement, conflicts of interest and potential conflicts of interest that are unanimously approved by the members of the Independent Review Committee from time to time are hereby approved by all Partners.
- (b) The Partners acknowledge and agree that the Independent Review Committee may grant approvals for any matters that may give rise to a conflict of interest or potential conflict of interest pursuant to the guidelines, policies or procedures adopted by the Independent Review Committee from time to time with the unanimous approval of the members of the Independent Review Committee, and, if and to the extent that such matters are permitted by such guidelines, policies or procedures, no further special approval will be required in connection with such matter permitted thereby.

6.12 General Partner.

Each Limited Partner acknowledges that neither the General Partner nor the Manager is registered as a portfolio manager or investment fund manager in British Columbia or any other jurisdiction.

6.13 Valuation.

- (a) All determinations of Fair Market Value to be made pursuant to this Agreement shall be made pursuant to the terms of this Section 6.13. For all purposes of this Agreement, all determinations of value which have been made in accordance with the terms of this Section 6.13 shall be final and conclusive on the Partnership and all Partners and their successors and assigns.
- (b) For purposes of this Agreement, the Fair Market Value of any asset shall (i) be determined by the General Partner on the basis of reasonable valuation methods in accordance with IFRS and (ii) be unanimously approved by the Independent Review Committee.
- (c) Notwithstanding any other provision of this Section 6.13, all determinations of Fair Market Value shall be made taking into account all factors which might reasonably affect the sales price of the asset in question, including without limitation, if and as appropriate, restrictions on transferability, the anticipated impact on current market prices of immediate sale, the lack of a market for such asset and the impact on the present value of such asset of factors such as the length of time before any such sales may become possible and the cost and complexity of any such sales. In determining the value of assets and liabilities in accordance with the provisions of this Section 6.13, the General Partner may obtain and rely on information provided by any source or sources reasonably believed to be accurate.

6.14 Partnership Expenses.

- (a) The General Partner may pay out of the assets and property of the Partnership all expenses relating to the administration, management and operation of the Partnership and the carrying on of its activities (the **Partnership Expenses**) including, without limitation:

- (i) the reasonable legal, accounting and other professional fees, costs and expenses of establishing the Partnership and completing the transactions contemplated herein;
- (ii) accounting, custodian, legal and other fees and expenses incurred in connection with the investigation, making, monitoring and liquidating or exiting of Investments;
- (iii) subject to Section 6.7, all expenses relating to litigation, indemnification or the enforcement and protection of rights relating to the Partnership;
- (iv) all expenses relating to taxes and governmental charges levied against the Partnership, including any taxes relating to the acquisition, holding and/or realization of any Investment;
- (v) all applicable goods and services tax, value-added tax, sales tax, use tax, stamp tax or similar imposts, charges, levies or duties applicable to distribution payments made by the Partnership, including with respect to the ~~Carried~~GP Preferred Interest.
- (vi) banking or other fees associated with the investment of Partnership funds pending the making of Investments;
- (vii) any fees and expenses paid or payable to the Manager pursuant to the Management Agreement;
- (viii) the costs involved in reporting to the Partnership as described in Article 17 hereof;
- (ix) all insurance premiums including in respect of directors' and officers' liability insurance;
- (x) expenses of all meetings of Limited Partners (excluding airfare, transportation costs and accommodation expenses);
- (xi) remuneration payable to the Independent Review Committee;
- (xii) all such other amounts reasonably incurred in connection with the activities, operations, organization and maintenance of the Partnership and the Investments, including property management, property maintenance, capital expenditures, land use and planning, marketing, leasing and general and administration costs;
- (xiii) all reasonable expenses of an offering of Units by the Partnership including but not limited to, marketing expenses, wholesaling fees and any placement agent or similar fees in connection with the sale of Units and all related professional fees;
- (xiv) other third party charges which in the opinion of the General Partner are necessary or desirable for carrying out the business affairs of the Partnership;
- (xv) all costs and expenses of, and/or incidental to, the preparation of this Agreement, the Management Agreement, the form of Subscription Agreement and/or any offering document of the Partnership as well costs and expenses of, and/or incidental to, the preparation of any amendments to any such agreements; and

- (xvi) all reasonable costs associated with the completion of investments by the Partnership including but not limited to, all related due diligence costs, transaction support services fees and professional fees.
- (b) The expenses payable by the Partnership shall be reduced to the extent that such expenses are appropriately borne or reimbursed by an Investment. Where any disbursements on account of the expenses which are to be paid by the Partnership are made by the General Partner or the Manager on behalf of the Partnership, the General Partner or the Manager shall be entitled to obtain prompt reimbursement therefor from the Partnership upon providing the Partnership with a proper account.
- (c) Partnership Expenses may be allocated against all revenue derived by the Partnership in a manner reasonably determined by the General Partner, provided that all Series Expenses will be allocated to the Series that such Series Expenses are attributable to. The General Partner, acting reasonably, may create appropriate reserves for expenses and liabilities, contingent or otherwise (including any reserve or hold back with respect to liability for representations, warranties and indemnities under a purchase agreement relating to a disposition) of the Partnership as well as for any tax withholdings.
- (d) The Partnership may issue Units in lieu of cash payments to pay for Investments or Partnership Expenses, on such terms and conditions as the General Partner in its sole discretion deems appropriate.

6.15 Manager

- (a) The Manager shall have the powers and duties as may be expressly contemplated for herein as well as in the Management Agreement, which duties shall include providing advice and certain management and administrative services to the Partnership. In consideration for the services provided by the Manager, the Partnership will pay to the Manager a fee or fees as provided for in the Management Agreement. The initial Manager of the Partnership shall be Westbow Asset Management Inc.
- (b) If the Manager agrees to reduce a fee or fees that it otherwise would be entitled to receive from the Partnership pursuant to the Management Agreement with respect to a Limited Partner's investment in the Partnership on condition that an amount equal to the amount of such reduction is distributed by the Partnership to such Limited Partner (a **Management Fee Distribution**), then the Management Fee Distribution will be accrued in the same manner as the fees with respect to such Limited Partner's investment are accrued and shall be paid on a regular basis as determined by the General Partner.

Article 7 UNITS OF THE PARTNERSHIP

7.1 Capital.

The capital of the Partnership shall be divided into one or more classes of Units (each a **Class**) and each Class shall be divided into one or more series (each a **Series**), in such number and designation as determined by the General Partner from time to time and set out in Schedule A hereto, each representing a share of the aggregate interests in the assets of the Partnership attributable to that Class or Series, as applicable. The Partnership is authorized to issue an unlimited number of Units.

7.2 Nature of the Units.

- (a) Each Class and/or Series may (i) have different attributes including different fees than those chargeable against Units of another Class and/or Series, (ii) be subject to a different distribution policy, and (iii) may have different redemption or other features than other Classes and/or Series of Units, in each case as the General Partner may determine.
- (b) Each Limited Partner shall be entitled to one vote for each Unit held by such Limited Partner in respect of all matters to be voted upon by the Limited Partners or any of them (for this purpose the total number of Units then held by each such Limited Partner and entitled to be voted on a matter shall be aggregated).
- (c) The Capital Contribution per Unit of any one Series need not be equal to the Capital Contribution per Unit of any other Series. The General Partner may at any time name or rename a Class and/or Series without otherwise affecting the attributes of such Class and/or Series.
- (d) Except as otherwise provided for herein, each issued and outstanding Unit of each Series shall be equal to each other Unit of the same Series with respect to all matters, including the right to receive allocations and distributions from the Partnership and otherwise.
- (e) The General Partner may in its discretion from time to time convert or redesignate one or more Units of any one Class or Series as being Units of another Class or Series, or rename a Series such that it has the same name as another Series of the same Class, provided that:
 - (i) in the case of a conversion or redesignation, the conversion or redesignation rate is based on the respective Adjusted Capital Contribution of each such Class or Series such that the aggregate Adjusted Capital Contribution on the date of conversion or redesignation of Units held after conversion or redesignation is equal to the aggregate Adjusted Capital Contribution of the Units held immediately prior to such conversion or redesignation;
 - (ii) the fees payable and distributions payable to the General Partner in respect of Units received on conversion, if any, are the same or lower than those payable on the Units held prior to such conversion unless such conversion is made with the consent of the Limited Partners affected or in accordance with policies outlined in the offering document given to such Limited Partners at the time of acquisition of the Affected Units, if any;
 - (iii) in the case of a renaming of a Series, the Adjusted Capital Contribution per Unit of each Series is identical (following, if necessary, the consolidation or subdivision of Units of one or both such Series); and
 - (iv) any benchmark, high water mark, loss carry forward calculation or other criteria for determining fees payable are equivalent (relative to the respective Adjusted Capital Contribution per Unit of each Series) or more advantageous to the Limited Partners so affected.

7.3 Subdivision of Units; Fractional Units.

The General Partner may consolidate or subdivide the Units of a Class or Series from time to time in such manner as it considers appropriate. Except with the prior consent of the General Partner, a Unit may not be divided or split into fractions and, except with the prior consent of the General

Partner, the Partnership will not accept any subscriptions for or record any transfer of any interest in less than a whole Unit. Subject to the foregoing, fractional Units may be issued, assigned and entered in the Record, and shall have attached thereto the rights, privileges, limitations, restrictions and conditions attaching to whole Units in the proportion that they bear to a whole Unit.

Article 8 CAPITAL OF THE PARTNERSHIP

8.1 General Partner ~~Contributions~~ Interest.

The General Partner contributed the sum of \$10 to the capital of the Partnership on the 2nd day of January, 2019.

The General Partner, in its capacity as a general partner of the Partnership, shall hold at the following general partner Interests in the Partnership and shall have the right to receive distributions in respect of ~~that those~~ Interests only as expressly provided for in this Agreement. ~~*The General Partner contributed the sum of \$10 to the capital of the Partnership on the 2nd day of January, 2019.*~~

(a) a fixed interest being the entitlement to receive 0.01% of the distributions made by the Partnership (the GP Fixed Interest); and

(b) a preferred interest equal to \$6,151,265 (the GP Preferred Interest).

The GP Preferred Interest is equal to the Carried Interest that would have been paid to the General Partner pursuant to the Existing Agreement if the Partnership's Investments had been sold for their Fair Market Value (determined in accordance with Section 6.13) on March 31, 2025 and the proceeds therefrom on such date distributed to the Partners in accordance with the Existing Agreement, after credit or debit, as the case may be, for the amount of the Partnership's other assets and liabilities determined in accordance with IFRS. For greater certainty, immediately following the issuance of the GP Preferred Interest to the General Partner, the General Partner shall not be entitled to any future Carried Interest distributions.

8.2 Offering of Units.

The General Partner is hereby authorized, in its discretion, to:

- (a) raise capital for the Partnership by offering unallocated Units for sale and otherwise cause additional Units to be issued by the Partnership, all at the times, to the persons, in the jurisdictions, for the consideration and otherwise on the terms and conditions that the General Partner determines, and to do all things it considers to be necessary or desirable in that regard; and
- (b) admit to the Partnership, in connection with any completed offering or other issuance of Units, additional Limited Partners upon such terms and conditions as the General Partner may determine.

In connection with the foregoing, and without limitation to any other provision hereof, it is hereby expressly agreed that the Partnership will have the power and capacity to, and the General Partner may cause the Partnership to, issue Units in consideration for assets, services or other non-cash consideration (including by way of incentive). In connection with any purchase or other acquisition of Units, the purchaser or other acquirer will complete and execute such agreements, instruments and other documents as the General Partner may require in connection with such purchase or other acquisition. Upon completion of an issuance of Units, whether upon the

acceptance by the General Partner of a subscription for Units or otherwise, the General Partner will, as applicable, file or amend, or cause to be filed or amended, such other instruments and documents as may be required by law to be filed or amended as a result of the addition of a Limited Partner to the Partnership.

8.3 Unit Certificates.

At the sole discretion of the General Partner, the Partnership may issue certificates to evidence ownership of Units. If Unit certificates are issued then they shall be in such form as shall be approved from time to time by the General Partner and shall be signed manually or electronically by the General Partner.

8.4 Registration

Registration of Units in the name of a Person on the Record shall be conclusive evidence that such Person is the legal owner of such Units.

8.5 Lost Unit Certificates.

Where a Limited Partner claims that a certificate evidencing its Units has been defaced, lost, apparently destroyed or wrongly taken, the General Partner shall cause a new Unit certificate to be issued in substitution for the original certificate if the Limited Partner:

- (a) files with the General Partner an indemnity bond (or other form of indemnity or guarantee) in form and amount satisfactory to the General Partner to protect the Partners and the Partnership from any loss, cost or damage that they may incur or suffer by complying with the request to issue a new Unit certificate; and
- (b) satisfies such other reasonable requirements imposed by the General Partner including a requirement to deliver the defaced Unit certificate or a form of proof of loss.

8.6 Registrar.

The General Partner shall act as the registrar of the Units and shall maintain a record (the **Record**) and such other books and records as are necessary or advisable to record the following information:

- (a) if the Partner is an individual, the Partner's surname, the given name by which the Partner is commonly known, the first letters of the Partner's other given names and the Partner's residential address or address for service, including municipality, street and number, if any, and postal code;
- (b) if the Partner is not an individual, the Partner's name and address or address for service, including municipality, street and number, if any, and postal code, and the Partner's corporation number, if any;
- (c) the amount of money and the value of other property contributed or to be contributed by the Partner to the Partnership;
- (d) the number of Units of each Class and Series held by each Partner; and
- (e) particulars of any and all transfers, assignments, redemptions and transfers of Units.

8.7 Inspection of Record.

The General Partner shall permit any Limited Partner or his agent duly authorized in writing to inspect the Record during normal business hours provided that such Person agrees, in writing, that the information contained in the Record will not be used by such Person except in connection with any matter relating to the affairs of the Partnership.

Article 9 CAPITAL CONTRIBUTIONS

9.1 Contributions of Capital.

On or prior to the date on which a Unit is issued, the Limited Partner subscribing for such Unit shall contribute to the capital of the Partnership, an amount equal to the subscription price with respect to such Unit as determined by the General Partner in accordance with Section 8.2 hereto. All capital contributed to the Partnership shall be money or property. A Limited Partner's contribution may be made by bank draft or certified cheque made payable to the Partnership or by electronic wire transfer to the bank account of the Partnership (with wire transfer fees to be borne by the Limited Partner).

Article 10 ACCOUNTS

10.1 Capital Account.

There shall be established for each Partner on the books of account of the Partnership a capital account which shall be credited with each Partner's Capital Contributions. The General Partner shall also credit to the capital account of each Partner the amount of all income of the Partnership allocated to such Partner and shall debit the capital account of such Partner the amount of all losses of the Partnership allocated to such Partner and the amount of any funds or the Fair Market Value of any property (determined on the date of distribution, net of liabilities assumed by such Partner) distributed from time to time by the Partnership to the Partner. The interest of a Partner shall not terminate by reason of there being a negative or nil balance in the Partner's account.

10.2 No Right to Withdraw Amounts.

No Partner shall have the right to withdraw any amount or receive any distribution from the Partnership, except as expressly provided in this Agreement.

10.3 No Interest Payable on Accounts.

No interest shall be paid to any Partner on any amount in that Partner's capital account.

Article 11 DETERMINATION AND ALLOCATION OF NET INCOME OR LOSS

11.1 Determination of Net Income or Net Loss.

Except as may be otherwise required for purposes of this Agreement, the Net Income or Net Loss of the Partnership for any Fiscal Year will be calculated in accordance with the Tax Act, consistently applied. Net Income or Net Loss of the Partnership will be calculated annually as at the end of the Fiscal Year of the Partnership.

11.2 Allocations of Net Income or Net Loss.

Subject to Section 11.3, the Net Income or Net Loss of the Partnership for each Fiscal Year shall be allocated among the Partners by the General Partner in a manner consistent with the distribution provisions set out in Article 12, provided, however, (i) where a Limited Partner redeems Units during a Fiscal Year but is not a Retiring Limited Partner, the Net Income or Net Loss of the Partnership allocable to the Units of the Limited Partner so redeemed shall be determined by the General Partner in its sole discretion, reasonably exercised and (ii) the Net Income or Net Loss of the Partnership allocable to the General Partner with respect to the GP Preferred Interest shall be determined by the General Partner in its sole discretion, reasonably exercised. In so allocating the Net Income or Net Loss, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Partners (including the General Partner) with a view to ensuring that, over the term of the Partnership, each Partner is allocated a portion of the Partnership's Net Income that substantially corresponds to the distributions received by such Partner.

11.3 Retiring Limited Partners.

The General Partner in its sole discretion, reasonably exercised, will allocate, in a manner that the General Partner considers just and reasonable, Net Income or Net Loss of the Partnership for a Fiscal Year calculated in accordance with the Tax Act to Retiring Limited Partners. For greater certainty and for purposes of the Tax Act, the provisions of this Section 11.3 shall be considered to constitute an agreement among the Partners as to the allocation of partnership capital, Net Income and Net Loss of the Partnership.

11.4 Tax Returns.

Each Partner shall prepare and file such documents as may be required to be prepared and filed under the Tax Act and shall include in its computation of income the Net Income or Net Loss of the Partnership as may be determined and allocated to it pursuant to this Article 11.

Article 12 DISTRIBUTIONS

12.1 Distributions; General Principles.

- (a) Except as otherwise expressly provided herein or as required by the Act, no Partner shall have the right to withdraw capital from the Partnership or to receive any distribution or return of its Capital Contributions. All distributions shall be made to the Partners in accordance this Article 12.
- (b) The Partnership will seek to make distributions on a regular basis, with the amount of any such distributions determined by the General Partner in its sole discretion.
- (c) Distributions, if any, will generally be made on a quarterly basis, however, the General Partner reserves the right to make more frequent distributions in its sole discretion. Distributions shall be made only to Persons who, according to the Record, were the holders of record of Interests in the Partnership on the distribution date. Distributions will be paid on or before the 30th day following the distribution date.
- (d) When determining amounts available for distribution, the General Partner will:

- (i) first, ascertain the sum of all cash amounts received by the Partnership since the previous distribution was declared by the Partnership (such aggregate amount being the **Gross Proceeds**);
- (ii) second, subtract from the Gross Proceeds (A) amounts necessary for the payment of all outstanding Common Expenses for which reserves have not previously been made, (B) amounts reasonably reserved for future Common Expenses, and (C) amounts reasonably reserved having regard to current and anticipated commitments of the Partnership (the Gross Proceeds less the aggregate amounts in (A), (B) and (C) being the **Net Proceeds**);
- (iii) third, divide the Net Proceeds among the various Series of Units ~~and the General Partner~~ based on the aggregate Net Capital Contributions made by each such Series ~~and the General Partner, respectively~~ to the Partnership, with the Net Proceeds allocated to each Series being the **Series Proceeds**; and
- (iv) fourth, subtract from the Series Proceeds of each Series (A) amounts necessary for the payment of all outstanding Series Expenses with respect to the applicable Series for which reserves have not previously been made, and (B) amounts reasonably reserved for future Series Expenses of the Series (the Series Proceeds less the aggregate amounts in (A) and (B) being the **Net Series Distributable Proceeds**).

~~(e) Once the Net Series Proceeds of a particular Series has been determined, then the General Partner will, to the extent possible based on the amount of such Net Series Proceeds, pay to the holder of each Unit of such Series an amount equal to the outstanding and accrued Preferred Return with respect to such Unit (or, to the extent such Net Series Proceeds are not sufficient to pay the outstanding and accrued Preferred Returns of all Units of such Series, an amount equal to such Unit's *pro rata* amount of the Net Series Proceeds based on the outstanding and accrued Preferred Return owed to such Unit relative to the aggregate outstanding and accrued Preferred Returns owed to all Units of such Series), with the Net Series Proceeds less such aggregate amounts paid with respect to such Series being the **Distributable Proceeds**.~~

(e) **[Intentionally Deleted]**

- (f) The Distributable Proceeds with respect to a particular Series will then be apportioned equally among the Units of such Series. Following such apportionment, the Distributable Proceeds, in the sole discretion of the General Partner, will be either (i) reinvested in the Partnership and allocated on the books and records of the Partnership to such Series (with such amounts being referred to as **Reinvested Amounts**) or (ii) distributed in the following amounts and order of priority:

- (i) first, ~~100% to the holder of the Unit until the holder has received aggregate distributions in an amount equal to \$10 with respect to such Unit (excluding, for greater certainty, any Preferred Return distributions received by such holder with respect to such Unit but including, for greater certainty, any other previous distributions received by the holder with respect to such Unit) (the distributions pursuant to this section are referred to as the **Return of Capital**);~~ 0.01% of each distribution to the General Partner as its GP Fixed Interest;
- (ii) second, 100% to the holder of the Unit.
- ~~(ii) second, 50% to the General Partner and 50% to the holder of the Unit until the General Partner has received aggregate distributions under this paragraph (ii)~~

~~equal to the GP Percentage of the total distributions made pursuant to the Preferred Return and this paragraph (ii) (for illustrative purposes if \$75 is distributed pursuant to the Preferred Return and \$25 is distributed under this paragraph (ii) then the total distribution would be \$100); and~~

~~(iii) thereafter, the GP Percentage to the General Partner and the LP Percentage to the holder of the Unit, with amounts distributed to the General Partner pursuant to (ii) and (iii) being the **Carried Interest**.~~

~~(g) Any Net Proceeds allocated to the General Partner pursuant to Section 12.1(d)(iii) above shall be distributed to the General Partner.~~

(g) ~~(h)~~ For greater certainty, no additional Units will be issued with respect to any Reinvested Amounts.

(h) ~~(i)~~ Any and all distributions made to the Limited Partners (including, without limitation, upon dissolution or liquidation of the Partnership) shall be in the form of cash.

(i) Notwithstanding anything to the contrary herein, the Partnership may, at any time and in the sole discretion of the General Partner, distribute to the General Partner any portion of the GP Preferred Interest that has not previously been distributed to the General Partner.

12.2 No Distributions in Certain Cases.

Notwithstanding the foregoing and any other provisions of this Agreement, the Partnership may not, pursuant to the Act, make distributions where such distribution would reduce its assets to an amount insufficient to discharge the liabilities of the Partnership to Persons other than its Partners.

~~12.3 Sharing of Carried Interest.~~

~~The General Partner may, in its sole discretion, agree with a Limited Partner to waive all or a portion of the Carried Interest attributable to some or all of the Units held by such Limited Partner. The General Partner may pay all or a portion of any Carried Interest it is allocated to third parties, including registered dealers whose clients hold Units of the Partnership. Any such arrangements will be made in accordance with applicable law. Such payments may be modified or discontinued by the General Partner at any time.~~

12.3 ~~12.4~~ Loans.

Notwithstanding any other provisions of this Agreement, if, at any time, the payment of a distribution would result in the adjusted cost base of the Interest of a Limited Partner for the purposes of the Tax Act being a negative amount, no distribution shall be declared or paid to such Limited Partner. In lieu of making such distribution, the General Partner shall cause the Partnership to make a non-interest bearing loan to such Limited Partner in an amount equal to the amount of the distribution that would otherwise have been made to such Limited Partner (the **Loan**), which Loan will be due and payable in full 30 days after the end of the Fiscal Year in which the Loan is made. Any amounts paid to the Limited Partner in connection with such distribution shall be, and shall be deemed to be, advanced as a Loan. Any share of a distribution not paid to a Limited Partner (including a former Limited Partner) pursuant to this Section 12.4³ shall be paid to such Limited Partner (or former Limited Partner) on the 30th day after the end of the Fiscal Year in which the distribution was to be paid (the **Follow-up Payment**) or, in the event of a dissolution of the Partnership, on the date of the dissolution. The payment of a Follow-up Payment by the Partnership shall be automatically set-off against the amount owing under the Loan and both such amounts shall be considered to be repaid and settled in full. For the avoidance of doubt, the

amount of any Loan made to a Limited Partner pursuant to this Section 12.43 shall not be considered to be a cash distribution received by such Limited Partner for purposes of this Agreement, and a Follow-up Payment shall be considered to be a distribution in respect of the Fiscal Year in which the distribution to which such Follow-up Payment relates was to be paid.

12.4 ~~12.5~~ DRIP.

The General Partner may, in its sole discretion, adopt a distribution reinvestment plan that will allow eligible holders of Units to elect to have their distributions reinvested in additional Units of the same Series at a purchase price as may be determined by the General Partner from time to time.

Article 13 **TRANSFER AND REDEMPTION OF UNITS**

13.1 Transfer of Units.

- (a) A Limited Partner may not assign or otherwise transfer its Interest in whole or in part to any Person without the prior written consent of the General Partner, which consent the General Partner may unreasonably withhold. In addition, no assignment or transfer of an Interest shall be made unless:
 - (i) such assignment or transfer would not violate applicable law;
 - (ii) such assignment or transfer would not cause the Partnership to lose its status as a limited partnership under the Act or for income tax purposes;
 - (iii) the assignee or transferee is a resident of Canada (or a Canadian partnership) within the meaning of the Tax Act, except where such requirement is waived in the sole discretion of the General Partner, provided, however, that no waiver shall be given if there are any adverse tax consequences or material costs to the Partnership or any other Limited Partner as a result of such Person becoming a Limited Partner;
 - (iv) the assignee or transferee is not a Financial Institution if, following such transfer, the Partnership would be a Financial Institution; and
 - (v) the assignee and any beneficial purchaser for which the assignee is acting is not a person or partnership an interest in which would be, and is not acquiring an interest in the Partnership as, a tax shelter investment as defined in the Tax Act.

In connection therewith, the General Partner may require any representations and warranties, documentation or legal opinions, at the expense of the assignor or transferor or the proposed assignee or transferee, that it deems necessary or advisable, acting reasonably, in connection with any assignment or transfer. Each assigning or transferring Limited Partner agrees that it will pay all reasonable expenses, including legal, accounting and valuation fees and expenses, incurred by the Partnership in connection with an assignment or transfer of an Interest by such Limited Partner, except to the extent that the assignee or transferee thereof agrees to bear such expenses. Such assignee or transferee consented to by the General Partner is referred to herein as an **Assignee**.

- (b) Any attempted assignment, transfer or substitution not made in accordance with this Section 123.1 shall be null and void.

13.2 Transfer of Less than All Units.

In the case of a transfer of less than all Units represented by a Unit certificate, a new certificate for the balance of the Units retained by the transferor shall also be issued.

13.3 Transfer by Operation of Law.

When a Person becomes entitled to a Unit on the incapacity, death or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to the requirements of Section 13.1(a) hereof, such entitlement will not be recognized or entered in the Record evidencing ownership of the Units until that Person:

- (a) has produced evidence satisfactory to the General Partner of such entitlement; and
- (b) has acknowledged in writing that such Person is bound by the terms of this Agreement.

13.4 Redemption of Units.

- (a) There is no general right of redemption by a Limited Partner and all redemptions are subject to the approval of the General Partner, in its sole discretion, provided that in the event that a Limited Partner that is a mutual fund trust for the purposes of the Tax Act makes a demand for redemption of any Units held by it, then the General Partner shall approve such redemption of Units, and shall redeem such Units in accordance with the other provisions set forth herein.
- (b) To request the redemption of a Unit, a Limited Partner must send a duly completed and properly executed notice, in a form approved by the General Partner requesting the General Partner to redeem the Unit. Any expense associated with the preparation and delivery of redemption notices is for the account of the Limited Partner requesting the redemption.
- (c) If a redemption request is accepted by the General Partner then the Redemption Price payable by the Partnership in respect of the Unit accepted for redemption will be satisfied by way of a cash payment (to be paid by cheque) on the last day of the calendar quarter in which the redemption is accepted, provided that the entitlement of a Limited Partner to receive cash upon the redemption of a Unit shall be limited where:
 - (i) the total amount payable by the Partnership in respect of such Unit and all other Units tendered for redemption in the same calendar quarter exceeds \$50,000 (the **Quarterly Limit**); provided that the General Partner may, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar quarter;
 - (ii) in the General Partner's opinion (in its sole discretion), the Partnership is or, after the redemption, would be unable to pay its liabilities as they become due; or
 - (iii) in the General Partner's opinion (in its sole discretion), the General Partner has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Limited Partners or the Partnership, generally.

Units tendered for redemption in any calendar quarter in which the total amount payable by the Partnership exceeds the Quarterly Limit are to be redeemed for a combination of

cash and a distribution of Redemption Notes as specified in Section 13.4(d) on a *pro rata* basis, subject to any applicable regulatory approvals.

- (d) If, as a result of any such limitations in Section 13.4(c), a Limited Partner is not entitled to receive cash upon the redemption of some or all of the Limited Partner's Units approved for redemption then the Redemption Price per Unit to which the Limited Partner would otherwise be entitled will be paid and satisfied by the delivery to the Limited Partner of a Redemption Note.

13.5 Required Withdrawals

The General Partner may require the complete or partial withdrawal of a Limited Partner as if all Units held by such Limited Partner were tendered for redemption in accordance with Section 13.4 if the General Partner determines in its reasonable discretion that continued undiminished membership of the Limited Partner in the Partnership would

- (a) constitute or give rise to a violation of applicable law; or
- (b) otherwise subject the Partnership or the General Partner to material onerous legal, tax or other regulatory requirements that cannot reasonably be avoided.

13.6 Evidence of Status and Sale of Affected Units.

- (a) Each Limited Partner covenants and agrees that it will, upon request, promptly provide evidence to the General Partner that it is not a "non-resident" of Canada under the Tax Act, that an interest in such Limited Partner is not a "tax shelter investment" for purposes of the Tax Act and that it is not a Financial Institution. In the event that a Limited Partner fails to comply with such a request or in the event that reasonably satisfactory evidence is not provided by such Limited Partner or in the event a Limited Partner notifies the General Partner that it is a non-resident of Canada under the Tax Act, that an interest in such Limited Partner is a "tax shelter investment" for purposes of the Tax Act or that it is a Financial Institution, the General Partner, by written notice (a **Sell Notice**) to such Limited Partner (the **Affected Partner**) may require the Affected Partner to sell to a Person who is not a "non-resident" of Canada under the Tax Act, an interest in which is not a "tax shelter investment" for purposes of the Tax Act and who is not a Financial Institution, as applicable, the Affected Partner's entire interest in all Units held by the Affected Partner (the **Affected Units**) within the period prescribed in the Sell Notice. Any Sell Notice shall be delivered directly to the Affected Partner and shall specify a date, which shall be not less than five days later, by which the Affected Units must be sold to a Person who is not a "non-resident" of Canada under the Tax Act, an interest in which is not a "tax shelter investment" for purposes of the Tax Act and who is not a Financial Institution, as applicable. The Sell Notice shall also require the Affected Partner to notify the General Partner of the completion of the sale or disposition requested. Notwithstanding the above, the General Partner may elect to redeem the Affected Units in accordance with the provisions of Section 13.4 as if such Affected Units were tendered by the applicable Limited Partner for redemption as at the date of the Sell Notice.
- (b) In the event that the Affected Units have not been sold by the Affected Partner on or prior to the date stipulated in the Sell Notice, the General Partner may, subject to compliance with applicable securities laws, elect to sell the Affected Units on behalf of the Affected Partner without further notice in accordance with the terms hereof. The General Partner may sell Affected Units in such manner as the General Partner shall determine, including purchasing the Affected Units on behalf of the Partnership at their Redemption Price. The

net proceeds of any such sale of Affected Units shall be the net proceeds after deduction of any commissions, taxes or other costs of sale.

- (c) In the event of any such sale, an Affected Partner shall have the right only to receive the net proceeds therefrom which the Partnership shall pay or cause to be paid to the Affected Partner not later than 60 days following such sale.
- (d) The General Partner shall, as soon as reasonably practical, and in any event, not later than 30 days after the sale of the Affected Units, send a notice to the Affected Partner stating that the Affected Units have been sold, the amount of the net proceeds to be paid to the Affected Partner and all other relevant particulars of the sale.
- (e) Where, in accordance with this Section 13.6, Affected Units are sold by the General Partner and, after the sale, a Person establishes that it is a *bona fide* purchaser of the Affected Units from the Affected Partner, then, subject to applicable law:
 - (i) the Partnership shall be entitled to treat the Units so purchased by the *bona fide* purchaser as validly issued and outstanding Units in addition to the Affected Units sold by the General Partner; and
 - (ii) notwithstanding anything herein contained, the Partnership shall be entitled to retain the net proceeds arising from the sale of the Affected Units and shall add such amount to the capital account maintained by the Partnership in respect of outstanding Units.
- (f) The General Partner shall have the sole right and authority to make any determination required or contemplated under this Section 13.6. The General Partner shall make on a timely basis all determinations necessary for the administration of the provisions of this Section 13.6 and, without limiting the generality of the foregoing, if the General Partner considers that there are reasonable grounds for believing that a contravention of the non-resident, tax shelter investment and Financial Institution ownership restriction has occurred or will occur, the General Partner shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the General Partner.
- (g) Notwithstanding anything contained herein, in the event that the General Partner determines that a Person who is a “non-resident” of Canada under the Tax Act or a Person an interest in which is a “tax shelter investment” for purposes of the Tax Act has become a Limited Partner, such Person shall be deemed to have ceased to be a Limited Partner in respect of the Units held by him or her effective immediately prior to the date of contravention and shall not be entitled to any distributions and such Units shall be deemed not to be outstanding until acquired by a Person who is not a “non-resident” of Canada under the Tax Act or an interest in which is not a “tax shelter investment” for purposes of the Tax Act, as applicable, provided that other holders of Units shall not be entitled to any portion of a distribution paid in respect of Units that have been so deemed not to be outstanding.
- (h) Notwithstanding anything contained herein, in the event that the General Partner determines that Persons who are Financial Institutions hold Units which represent more than 50% of the aggregate fair market value of all of the Interests, each Person who is a Financial Institution shall be deemed, effective immediately prior to the date of contravention, to have ceased to be the holder of that number of Units (the **Applicable Units**), *pro rata*, as is required so that fair market value of the Units held by them represents 49.9% of the aggregate fair market value of all of the Interests. Such Persons shall not be entitled to any distributions with respect to such Applicable Units and such

Applicable Units shall be deemed not to be outstanding until acquired by a person who is not a Financial Institution (with the provisions of Sections 13.6(a) to (f) applying *mutatis mutandis* to the disposition of the Applicable Units) provided that the other holders of Units shall not be entitled to any portion of a distribution paid in respect of Applicable Units that have been so deemed not to be outstanding.

- (i) If a Limited Partner is a partnership then all references to a Limited Partner being a non-resident of Canada in this Section 13.6 are deemed to be replaced, with respect to such Limited Partner, with the words non-Canadian partnership.

13.7 Disclosure Covenants.

Each Limited Partner covenants and agrees to immediately advise the General Partner if it is or becomes a non-resident of Canada for purposes of the Tax Act, a Person an interest in is a tax shelter investment for purposes of the Tax Act or a Financial Institution. A Limited Partner who fails to make such disclosure at the time it acquires a Unit, or whose status changes after it has acquired a Unit, shall indemnify and hold harmless the Partnership, the General Partner and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership, the General Partner or such other Limited Partner, as the case may be, that result from or arise out of such breach or change of status.

Article 14 WITHDRAWAL OR REMOVAL OF THE GENERAL PARTNER

14.1 Removal of the General Partner.

- (a) Except as provided below, the General Partner may not be removed until such time as the Partnership has been dissolved pursuant to this Article 14.
- (b) The General Partner may be removed at any time by:
 - (i) a resolution proposed to be passed as a special resolution at a meeting of Limited Partners (including an adjourned meeting), voting as a single Series, duly convened for that purpose and held in accordance with the provisions of Article 16 and passed by more than 75% of the votes cast on such resolution by Limited Partners present or represented by proxy at the meeting; or
 - (ii) a resolution in writing executed by Limited Partners holding more than 75% of the votes attached to outstanding Units of all Series at any time.
- (c) Notwithstanding the foregoing, the resolution to remove the General Partner shall only be effective if it includes provision for the appointment of a substitute general partner of the Partnership to be appointed concurrent with the removal of the General Partner. The Limited Partners must provide the General Partner with written notice stating the effective date of the removal, provided that the removal of the General Partner shall only take effect, notwithstanding the resolution, once the following has occurred:
 - (i) the full and unconditional release of the General Partner and its affiliates or associates (as the case may be) is obtained in respect of any mortgage or other indebtedness, liability or obligation of the Partnership to which they are subject, whether as a guarantor, co-covenantor or otherwise;
 - (ii) the payment of all money owing to the General Partner as of the effective date of the removal; and

- (iii) the payment of ~~an amount equal to the Carried~~ such portion of the GP Preferred Interest ~~that would be payable to the General Partner if the property of the Partnership were on the effective date of the removal sold for their fair market value determined in accordance with Section 6.13 and the proceeds therefrom were on the date of determination~~ that has not previously been distributed to the ~~Partners in accordance with this Agreement, after credit or debit, as the case may be, for the amount of the Partnership's assets and liabilities determined in accordance with IFRS;~~ General Partner.

14.2 Assignment of Interest.

The General Partner may not sell, assign, transfer or otherwise dispose of its GP Fixed Interest, and the General Partner shall not have the right to resign or withdraw from the Partnership, except upon written notice from the General Partner to the Partnership and with the prior approval of the Limited Partners given by Special Resolution unless such assignment, transfer or disposition is to an Affiliate of the General Partner. The General Partner may, without providing prior notice to, or obtaining the consent of, any Limited Partner, sell, assign, transfer or otherwise dispose of its GP Preferred Interest.

14.3 Effect of Removal of the General Partner or Withdrawal of the General Partner after its Assignment of Interest.

If the General Partner resigns pursuant to Section 14.2 or is removed by way of resolution of the Limited Partners pursuant to Section 14.1 (the **Outgoing General Partner**), the Partnership shall pay to the Outgoing General Partner the amount of any credit balance then in its capital account (which capital account will, for greater certainty, reflect the entitlement of the General Partner to the portion of the GP Preferred Interest that has not been distributed to the General Partner). Such payment shall be made to the Outgoing General Partner 30 days following the effective date of its resignation or removal, as the case may be. The Outgoing General Partner shall also be allocated Net Income or Net Loss as provided in Section 11.3 (*pro-rated* on a daily basis to the effective date of such resignation or removal, as the case may be).

14.4 Transfer of Management.

On the admission of a new general partner to the Partnership, the Outgoing General Partner will do all things and take all steps to transfer the administration, management, control and operation of the activities of the Partnership for which it was responsible and the corresponding books, records and accounts of the Partnership to the new general partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

14.5 Transfer of Title.

On the resignation or removal of the General Partner as the general partner and the admission of a new general partner, the Outgoing General Partner will, at the cost of the Partnership, transfer legal title to the Partnership's property to the new general partner (who will hold such legal title pursuant to Section 6.1(a)) and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

14.6 Release.

Upon the resignation or removal of the General Partner, the Partnership shall release and hold harmless the Outgoing General Partner from all claims, actions, costs, demands, losses, damages and expenses with respect to events which occur in relation to the Partnership after the

effective date of such resignation; provided such events are not attributable to the period during which the Outgoing General Partner was a general partner of the Partnership.

14.7 New General Partner.

A new general partner accepted hereunder shall:

- (a) sign a counterpart hereof and thereupon shall be bound by all of the provisions hereof and assume the obligations, duties and liabilities of the general partner it is replacing hereunder as and from the date the new general partner becomes a party to this Agreement; and
- (b) file an amending Certificate.

Article 15 DISSOLUTION

15.1 Dissolution.

- (a) The Partnership shall dissolve and its affairs shall be wound up upon the earliest of:
 - (i) the Termination Date;
 - (ii) the date of the occurrence of any event that makes it unlawful for the activities of the Partnership to continue to be carried on;
 - (iii) the date that the General Partner resigns or is removed pursuant to Article 14, unless a successor general partner has been appointed by Special Resolution of the Limited Partners within 30 days of the resignation or removal of the Outgoing General Partner, with any such appointment being deemed to have occurred on the date of the resignation or removal, as the case may be, of the Outgoing General Partner; or
 - (iv) the date of completion of the disposition of all Investments and distribution to the Limited Partners of all net sale proceeds therefrom.
- (b) Subject to the mandatory provisions of the Act, the Partnership shall not dissolve at any other time or for any other reason whatsoever. The admission, withdrawal, bankruptcy or insolvency of the General Partner or a Limited Partner, or any transfer of Units, will not cause a dissolution of the Partnership.
- (c) Prior to the Termination Date, the General Partner shall use commercially reasonable efforts to begin to wind-up the Partnership's affairs with the intent that there be an orderly liquidation of all Investments and distribution to the Limited Partners of all net proceeds therefrom (plus any accrued realizable value then remaining in the Partnership) prior to the Termination Date. If, after the commercially reasonable efforts of the General Partner to liquidate, any Investments are not disposed of prior to the Termination Date, they will be distributed in accordance with the terms of this Agreement (including, without limitation, Section 12.1^{(i)(h)}) and all applicable laws.

15.2 Liquidation.

Upon dissolution of the Partnership, the General Partner shall act as, or appoint a, liquidating trustee (the **Liquidating Trustee**) of the Partnership. In connection with a dissolution pursuant to Section 15.1(a)(iii), the appointment of the Liquidating Trustee shall be made by the General

Partner immediately prior to its dissolution. The Liquidating Trustee shall proceed diligently and expeditiously to liquidate the Partnership and to wind up its affairs and, in doing so, shall dispose of the property of the Partnership as follows:

- (a) first, to pay and discharge all of the Partnership's debts, obligations and liabilities, including the expenses of its liquidation;
- (b) second, to establish any reserves that the Liquidating Trustee may deem necessary or advisable for any contingent or unforeseen debts, obligations or liabilities of the Partnership; ~~and~~
- (c) third, to pay such portion of the GP Preferred Interest to the General Partner that has not previously been distributed to the General Partner; and
- (d) ~~(c) third~~ fourth, to distribute the balance to the Partners in accordance with Section 12.1.

The Liquidating Trustee shall not be precluded from selling assets of the Partnership to the Manager or to an Affiliate of the Manager, subject to Section 6.8.

15.3 Notice of Dissolution.

Upon dissolution of the Partnership, the Partnership shall terminate and the Liquidating Trustee or General Partner (as applicable) shall provide each Limited Partner with at least 15 days' written notice of the proposed date of dissolution and shall take all actions that may be necessary or advisable to formally terminate the existence of the Partnership.

Article 16 MEETINGS

16.1 Meetings of Partners.

- (a) The General Partner may at any time and from time to time call a meeting of the Partners for the purpose of considering any business set out in a Meeting Notice.
- (b) Upon receipt of a request (a **Meeting Request**) for a meeting of the Partners, the General Partner shall call such a meeting, provided that at least five years have elapsed from the Final Closing Date and the Meeting Request:
 - (i) is made by Limited Partners holding in the aggregate not less than 20% of the issued and outstanding Units; and
 - (ii) contains sufficient detail of the business to be considered at the meeting to permit the General Partner to distribute a Meeting Notice in accordance with Section 16.3.

16.2 Requisitioned Meetings.

If the conditions in Section 16.1(b) are satisfied and the General Partner fails to call a meeting of Partners within 20 Business Days of receipt of a Meeting Request, any Limited Partner may call such a meeting to consider any matter of business set out in the Meeting Request.

16.3 Delivery of Notice.

For each meeting of the Partners, a notice (a **Meeting Notice**) of such meeting shall be sent to:

- (a) each of the Partners; and
- (b) the Accountant,

not less than 20 and not more than 60 days prior to the date of the meeting.

16.4 Contents of Notice.

A Meeting Notice shall include:

- (a) the date and time of the meeting;
- (b) the place of the meeting; and
- (c) sufficient information to enable each Partner to make a reasoned judgment on each matter of business to be considered at the meeting.

16.5 Place of Meetings.

A meeting of the Partners shall be held at a location in British Columbia that is selected by the Person that called the meeting.

16.6 Quorum.

Two or more Limited Partners holding more than 33% of the votes able to be cast at the meeting of the Partners, present in person or by proxy shall constitute a quorum for the transaction of any business at a meeting of the Partners. If no quorum is formed within 60 minutes of the time on the date the meeting was to commence it shall be adjourned for no less than 5 and no more than 21 days and whoever attends the next scheduled meeting shall constitute a quorum.

16.7 Chairman.

The General Partner shall appoint the chairman of the meeting who shall not carry a casting vote on any matters.

16.8 Voting Rights.

On each question submitted to a meeting of Partners or by way of written resolution,

- (a) each Limited Partner shall be entitled to one vote for each Unit that it holds; and
- (b) except as otherwise provided in this Agreement (including for greater certainty, a resolution to remove the General Partner pursuant to Section 14.1), questions shall be decided by Ordinary Resolution.

16.9 Proxies.

Each Person entitled to vote at a meeting of the Partners may vote by way of proxy, provided that the proxy is received by the General Partner more than forty-eight hours prior to the commencement of the applicable meeting for the purpose of verification. Any individual may be appointed as a proxyholder, whether or not such individual is a Partner.

16.10 Form of Proxy.

Each proxy, whether for a specified meeting of the Partners or otherwise, shall be in substantially the following form:

I, _____, of _____ in the Province of _____, being a Limited Partner of WB Capital Limited Partnership, hereby appoint _____ of _____ in the Province of _____, or failing him _____ of _____, in the Province of _____ as my proxy to attend and vote for me and on my behalf at the meeting of Partners to be held on the ____ day of _____, 20____, and every adjournment thereof.

Signed this ____ day of _____, 20____.

16.11 Conduct of Meetings.

To the extent that the rules and procedures for the conduct of a meeting of the Partners are not prescribed in this Agreement, such rules and procedures shall be determined by the chairman of the meeting, acting reasonably.

16.12 Effect of Resolutions.

A resolution approved as required by this Agreement shall be binding upon each of the Partners and their respective heirs, executors, administrators, successors and permitted assigns.

16.13 Minute Book.

All proceedings at a meeting of the Partners shall be recorded by the General Partner in a minute book, which shall be made available for inspection by each Partner during normal business hours.

16.14 Resolution in Lieu of Meeting.

A resolution signed by Limited Partners holding the number of Units required hereunder to pass a written resolution is as valid and as effective as if it had been passed at a meeting of the Partners called in accordance with this Agreement.

Article 17 ACCOUNTING AND REPORTING

17.1 Books of Account.

The General Partner shall keep and maintain full, complete and accurate books of account and records of the Partnership with respect to the Partnership's activities and financial affairs at the principal address of the Partnership. Such books of account and records shall be retained by the General Partner for a minimum period of seven years or longer if required by applicable law and shall be made available for review by Limited Partners upon request. A Limited Partner, however, will not have access to any information of the Partnership contained in its books of account and records (other than the Record) which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership, and each Limited Partner hereby waives any right, statutory or otherwise, to greater access to the books of account and records of the Partnership than is permitted herein, to the greatest extent permitted by law.

17.2 Regular Reporting.

Within 120 days after the end of each Fiscal Year, the General Partner shall make available to each person who is a Limited Partner consolidated financial statements of the Partnership, as of the end of such Fiscal Year, prepared in accordance with IFRS and accompanied by an audit engagement report prepared by the Accountant.

17.3 Taxation.

The General Partner shall send, in a timely manner, to each Person who was a Limited Partner at any time during a Fiscal Year, such information and documents as are reasonably necessary for such Person to make appropriate tax filings with respect to that Fiscal Year (provided however that the Partnership shall not be required to re-compute its Canadian tax results (as defined in the Tax Act) in the functional currency of any particular Limited Partner that has made a functional currency election under the Tax Act.) The General Partner shall file, on behalf of itself and the Limited Partners, annual Partnership information returns and declarations and any other information required to be filed under the Tax Act and any other applicable tax legislation in respect of Partnership matters.

Article 18 AMENDMENT OF AGREEMENT

18.1 Amendment.

This agreement may be amended in writing by the General Partner:

- (a) with the consent of the Limited Partners given by Special Resolution, provided that any amendment which materially and adversely affects the rights, liabilities or obligations of any Limited Partner in a manner that is different from that of all other Limited Partners shall have been approved by such Limited Partner; or
- (b) without prior notice to or consent from any Limited Partner:
 - (i) for the purpose of adding to the Agreement (or amending existing provisions) any provisions which, in the reasonable opinion of the General Partner, are for the protection of the Limited Partners or to mitigate potential adverse commercial or tax consequences;
 - (ii) making amendments which, in the opinion of the General Partner, provide additional protection or added benefits for the holders of Units;
 - (iii) to cure any ambiguity or to correct or supplement any provisions which, in the reasonable opinion of the General Partner, are defective or inconsistent with any other provision of the Agreement, provided that, in the reasonable opinion of the General Partner, the cure, correction or supplemental provision does not and will not adversely affect the interests of any Limited Partner,
 - (iv) in response to changes to accounting standards from time to time provided that the General Partner has reasonably determined that such changes will not adversely affect the interests of any Limited Partner, and
 - (v) in any other manner provided the amendment does not materially adversely affect (and is not likely to materially adversely affect in the future) the pecuniary interests of any Limited Partner.

For greater certainty, each amendment requires the written approval of the General Partner.

Article 19 NOTICES

19.1 Notice.

All notices and other communications between the parties under this Agreement shall be in writing and be deemed to have been given if delivered personally, sent by ordinary first class mail (postage prepaid) or sent by e-mail to the parties at the following addresses or e-mail addresses (or at such other address or email address for such party as shall be specified in like notice):

- (a) if to the General Partner, to the principal address of the Partnership or e-mail address, initially at 7350 Barrow Road, Chilliwack, BC, V2R 4J8; and
- (b) if to a Limited Partner, to the address or e-mail address of the Limited Partner appearing in the Record.

19.2 Deemed Receipt.

Any notice or other communication given personally shall be deemed to have been given and received upon delivery, any notice or other communication given by mail shall be deemed to have been given and received on the third Business Day after it is mailed and any notice or other communication given by email shall be deemed to have been given and received on the first Business Day after it is sent.

19.3 Mail Disruption.

In the event of any disruption, strike or interruption in the Canadian postal service after mailing and before receipt or deemed receipt of a document, that document will be deemed to have been delivered 48 hours after 12:01 a.m. on the day following the resumption of normal mail service.

19.4 Change of Address.

A Limited Partner may change its address by giving written notice of such change to the General Partner, and the General Partner may change its address by giving written notice thereof to each Limited Partner.

Article 20 GENERAL

20.1 Severability.

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

20.2 Enurement.

This agreement shall be binding upon and enure to the benefit of the parties and their respective heirs executors, administrators, successors and permitted assigns.

20.3 Counterparts.

This Agreement may be executed in any number of counterparts, and delivered by means of facsimile, portable document format (PDF) or other electronic format, with the same effect as if all parties hereto had signed the same document. This Agreement may also be adopted in any subscription form or similar instrument signed by a Limited Partner, with the same effect as if such Limited Partner had executed a counterpart of this Agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same Agreement.

20.4 Entire Agreement.

This agreement and the instruments and documents referred to herein constitute the entire obligation of the parties with respect to the subject matter hereof and shall supersede any prior expression of intent or understandings with respect to the subject matter hereof.

20.5 Jurisdiction.

This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein (excluding any conflict of laws rule or principle that might refer such construction to the laws of another jurisdiction), and each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.

20.6 Confidentiality.

Each Limited Partner will maintain the confidentiality of information which is, to the knowledge of such Limited Partner, non-public information furnished by the General Partner regarding the General Partner and the Partnership (including (i) information regarding any Person in which the Partnership holds, or contemplates acquiring, any Investment and (ii) the identity of any Limited Partner) received by such Limited Partner pursuant to this Agreement in accordance with such procedures as it applies generally to information of this kind (including procedures relating to information sharing with Affiliates), except:

- (a) to the extent that such information is or becomes generally available to the public other than as a result of disclosure of a Partner;
- (b) as otherwise required by governmental regulatory agencies, self-regulating bodies, law, legal process (including oral examination), or litigation in which such Limited Partner is a defendant, plaintiff or other named party;
- (c) for information furnished by such Limited Partner to its Affiliates or advisors; or
- (d) as the General Partner may otherwise agree; provided that such Limited Partner shall be liable to the Partnership, the General Partner for any such Affiliate's or advisor's failure to comply with the terms of this Section 20.6.

20.7 Language.

The parties hereto have expressly required that this Agreement and all deeds, documents and notices relating hereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention ainsi que tous les autres contrats, documents ou avis s'y afférant soient rédigés en langue anglaise.*

20.8 Third Party Beneficiaries.

Except as otherwise provided in this Agreement, the parties hereto intend that this Agreement shall not benefit or create any right or cause of action in, or on behalf of, any Person, other than the parties to this Agreement and no Person, other than the parties to this Agreement, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

20.9 Attornment.

Each of the parties agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of the Province of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the exclusive jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and agrees not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

20.10 Time.

Time shall be of the essence hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first-mentioned above.

WB CAPITAL GP INC.

By:

Name: Nick Westeringh
Title: Chief Executive Officer

LIMITED PARTNERS

All Limited Partners now and hereafter admitted pursuant to powers of attorney now and hereafter granted to the General Partner

By: **WB CAPITAL GP INC.**, as attorney-in-fact
for all Limited Partners

By:

Name: Nick Westeringh
Title: Chief Executive Officer

~~WESTBOW CAPITAL INCOME FUND, by its
manager, WESTBOW ASSET
MANAGEMENT INC.~~

~~By:~~

~~Name: Dick Westeringh
Title: Managing Director~~

Schedule A
CLASSES AND SERIES OF UNITS

Class	Series	Preferred- Return	GP Percentage	LP Percentage
1	A	\$0.7 per annum	25%	75%
1	B	\$0.7 per annum	25%	75%
1	E	\$0.7 per annum	25%	75%
1	F	\$0.7 per annum	25%	75%
1	M	\$0.7 per annum	25%	75%
1	I	\$0.7 per annum	25%	75%
1	P	\$0.7 per annum	25%	75%

Redemption Price Percentage:

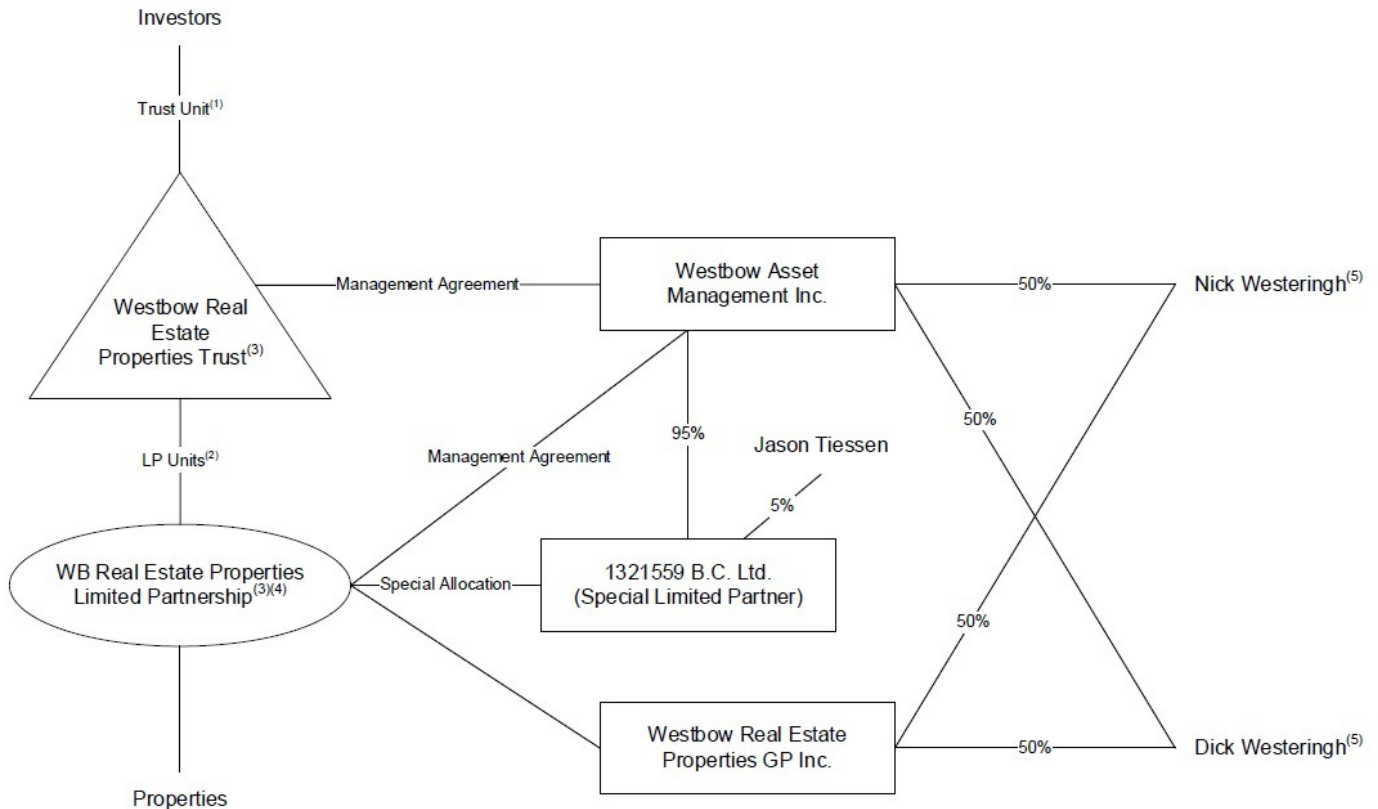
Period of time between the issuance date of the Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	<u>Series C</u>	Series E	Series F	Series I	Series M	Series P
< 1 year	90%	93%	<u>90%</u>	95%	95%	95%	95%	94%
1 year to < 2 years	92%	95%	<u>92%</u>	97%	97%	97%	97%	96%
2 years to < 3 years	94%	97%	<u>94%</u>	99%	99%	99%	99%	98%
3 years to < 4 years	96%	99%	<u>96%</u>	100%	100%	100%	100%	100%
4 years to < 5 years	98%	100%	<u>98%</u>	100%	100%	100%	100%	100%
5 years and greater	100%	100%	<u>100%</u>	100%	100%	100%	100%	100%

**Schedule C
DETAILED INFORMATION ABOUT FUND II**

CORPORATE STRUCTURE

Structure Diagram

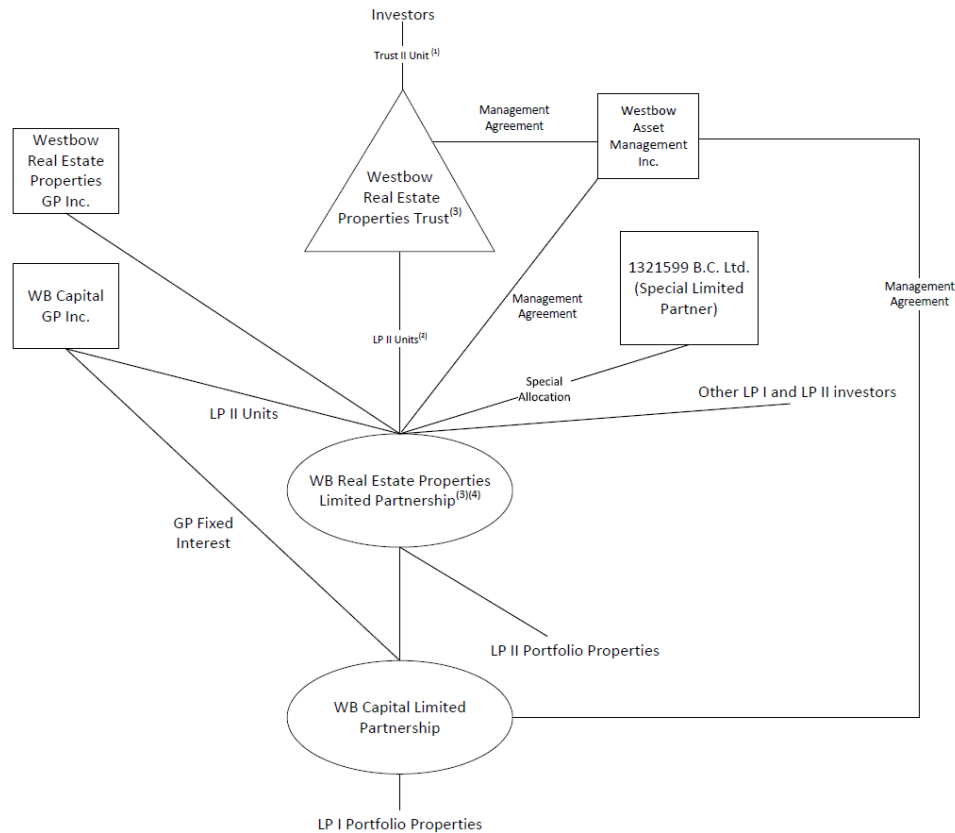
The following diagram sets out the structure of Trust II and the relationship among Trust II, the Manager, as manager of Trust II, LP II, GP II and the Special Limited Partner of Trust II prior to the proposed Transaction.



Notes:

- (1) Investors will hold the Trust II Units.
- (2) Trust II will use the proceeds to purchase LP II Units of a corresponding series.
- (3) Trust II and LP II may also offer additional securities, which may not have the same terms as the Series A, Series B, Series E, Series F, and Series P Units of Trust II and LP II.
- (4) LP II seeks to invest in primarily residential real estate properties located in Canada and the United States, with a focus on western Canada.
- (5) Nicholas Westeringh and Dick Westeringh hold shares in the Manager and GP II indirectly through holding companies and collectively control the Manager and GP II.

The following diagram sets out the structure of Trust II after the proposed Transaction.



Notes:

- (1) Investors will hold the Trust II Units.
- (2) Trust II will use the proceeds to purchase LP II Units of a corresponding series.
- (3) Trust II and LP II may also offer additional securities, which may not have the same terms as the Series A, Series B, Series E, Series F, and Series P Units of Trust II and LP II.
- (4) LP II seeks to invest in primarily residential real estate properties located in Canada and the United States, with a focus on western Canada.

LP II

Trust II was established with the objective of investing, indirectly, through LP II, in the LP II Properties. LP II intends to acquire and manage a diversified portfolio of LP II Properties that will generate a yield that will enable Trust II to provide monthly distributions with the potential for capital growth to Trust II Unitholders. Trust II, through LP II, has been, and will continue to be, actively involved in the management and operation of the LP II Properties. As at the date hereof, LP II has acquired Hillcrest Place, the Fairway Gardens Properties, the Cedarbrook Homes, the Lymburm Lane Property, the Hollick Kenyon Property, Beddington Heights, District, Horizon Townhomes, The Churchill, Sarona Apartments, and Pier 45 (the “**LP II Portfolio Properties**”). For greater certainty, upon the completion of the Transaction, “**LP II Portfolio Properties**” will also include the LP I Portfolio Properties.

Trust II will use the proceeds of Trust II Units to purchase LP II Units. LP II will, in turn, use the funds available to it from the sale of LP II Units to Trust II to acquire LP II Properties. The Manager will select properties based on the criteria described below.

LP II receives income from the LP II Properties and will also receive proceeds from the disposition of any sale of an interest in the LP II Properties, which amounts it will distribute to its limited partners, including Trust II.

OBJECTIVES AND PRACTICES OF LP II

Investment Overview

LP II believes that residential real estate is likely to remain in high demand regardless of other economic factors and technology changes in the coming years. Furthermore, the combination of increased population growth in Canada, rising cost of homeownership, low supply of rental real estate and both Millennials and Generation Z age categories increasingly choosing to rent rather than to buy, for affordability reasons or otherwise, has the potential to culminate in an excellent opportunity for rental residential real estate investment.

LP II believes that the residential real estate market is an opportunity for strong risk adjusted returns. Real estate as an investment class has proven over time to be relatively stable and historically offers dependable returns. Residential real estate, as a subset within real estate investments, is also traditionally one of the lower risk investment categories as it is generally less affected by shifting trends affecting real estate (including the recent rise of online retail, home office use, and other developments).

LP II will focus on acquiring LP II Properties in accordance with 3 primary strategies, each of which is described in greater detail below:

1. Acquiring purpose-built rental LP II Properties developed by Westbow Construction Group Ltd. ("**Westbow Construction**");
2. Acquiring newer LP II Properties from third parties; and
3. Acquiring aging and/or distressed LP II Properties from third parties which will be renovated by Westbow Construction or a third-party contractor.

LP II will conduct due diligence on prospective LP II Properties in order to locate investment opportunities that satisfy LP II's investment objectives. LP II intends to target LP II Properties located in geographic areas featuring high occupancy levels, expanding populations, and growing economies. By focusing on these types of areas, LP II believes that it will increase the chances of achieving strong cash flows and net operating income, ultimately benefiting Trust II Unitholders. Although residential property will be LP II's primary focus, LP II will also periodically assess opportunities for diversifying its portfolio of LP II Properties to accommodate other classes of real estate, including commercial, industrial, and mixed-use properties (to the extent that such other classes of real estate supplement LP II's residential real estate portfolio).

Property Identification

The LP II Property identification process is based on the Manager's experience and judgment, market sources (including sources from Westbow Construction), and independent research. Once an LP II Property has been identified for possible acquisition, the Manager will conduct an in-depth physical and financial analysis of the LP II Property.

Financial Analysis

After identification, the Manager will conduct a preliminary financial analysis based on the information provided by the seller or the seller's agents. The financial analysis evolves through the due diligence process. As new information is discovered and confirmed through the due diligence process, the financial models of the LP II Property will be adjusted and re-analyzed. Considerations in the financial analysis stage include:

- Initial Assessment. Analyzing confidential information memorandums and rent rolls to determine the viability of those numbers in the current market;
- Assessment of Building Condition. Determining whether the LP II Property requires repairs or would benefit from renovations;
- Estimate of Property's Annual Effective Gross Revenue, Operating Expenses, and Net Operating Income. Determining income and expenses based on comparisons to the market data;
- Discounted Cash Flow Analysis. Analyzing the present value of the LP II Property's projected future cash flows to determine a range of implied values;
- Replacement Cost Analysis. Determining the cost to replace the LP II Property with a similar asset at current market prices;
- Sensitivity Analysis. Including both upside and downside scenarios;
- Purchase Method. Determining optimal method for acquiring the LP II Property (ie: mortgage/vendor take back/etc.);
- Interest Rates. Evaluating competitiveness of LP II Property interests rates relative to alternative prospects and whether Property arrangement can sustain interest rate fluctuations; and
- Leverage. Determining the level of financing required to acquire and manage the LP II Property.

Due Diligence

The diligence process will be carried out by the Manager. The steps undertaken will generally include the following processes:

A. *Property Value and Outlook*

- Property Valuation. Determining whether proposed purchase/sale price of the LP II Property is at or below current appraised value or market value, including based on third-party property appraisals, if deemed appropriate;
- Future Value. Estimating the potential future value of the LP II Property, including based on age and extent of required improvements;
- Tenant Credit and Lease Analysis. For prospective existing rental LP II Properties, considering the credit worthiness of current tenants and reviewing the terms of existing rental lease; and

- Other Considerations. Evaluating additional concerns, including the structural, legal and environmental condition of the LP II Property. Considering any current engineering, environmental, legal, or surveying reports or arranging for such reports, including title searches and environmental inspections, if necessary.

B. *Economic Climate*

- Population Trends. Evaluating the current demand for residential real estate with respect to population trends and changes. Determining whether the LP II Property can meet current demand; and
- Geographic Trends. Considering geographic location of LP II Property and evaluating region from economic and socio-geographical perspectives.

C. *Local Factors*

- Industry/employment. Considering prominent economic sectors of local region and future proposed industries. Evaluating employment rate of local region;
- Transportation/infrastructure. Considering location of LP II Property in relation to transportation and infrastructure, such as roadways, rail and shipping routes, and public transit;
- Governmental Considerations. Considering possible barriers to acquisition and growth of LP II Property arising from local, provincial, or federal levels of government, as well as applicable regulatory bodies; and
- Rent control. Assessing rent control rules and regulations applicable to local region.

Investment Strategy

A. *Investment Strategy*

There are multiple methods LP II may employ to earn a strong risk-adjusted return. One strategy is to focus on acquiring LP II Properties which it believes are operating at a rate of return lower than such LP II Properties' potential under the management of LP II and the Manager. Through strategic investments in residential properties with various densities (low-to-high), as well as diversifying into other real estate classes (to the extent that such other classes supplement LP II's residential portfolio), LP II will strive to build a portfolio of LP II Properties with strong returns. From a geographic perspective, LP II's initial focus will be in western Canada. Western Canada was selected because of the Manager's strong understanding of market conditions and relationships in that region that will assist LP II in successfully locating and acquiring LP II Properties. Although LP II does not intend to actively seek out LP II Properties outside of western Canada, it may make acquisitions outside this geographic region (including in Eastern Canada and the United States), at the discretion of the Manager (subject to the unanimous approval of the Fund II Independent Review Committee, as defined below), if an appropriate opportunity presents itself.

LP II will look to build a strong portfolio of LP II Properties using three primary methods:

1. **Acquiring purpose-built rental LP II Properties developed by Westbow Construction:** by leveraging its relationship with Westbow Construction, LP II expects to be able to acquire high-quality LP II Properties at favourable prices (resulting from the lack of ancillary costs (such as marketing) typical in transactions with third party vendors). By purchasing LP II Properties developed by Westbow Construction, LP II will ensure that it receives LP II Properties which have been properly constructed using durable materials;
2. **Acquiring newer LP II Properties from third party real estate vendors:** in addition to purchasing properties from Westbow Construction, LP II will transact with third parties to acquire LP II Properties that are newly built or otherwise recently renovated. Acquiring newer or recently renovated LP II Properties will help LP II attract high-quality tenants and reduce the risk of maintenance and other costs; and
3. **Acquiring aging and/or distressed LP II Properties from third parties which will be renovated:** LP II will also seek to acquire aging and/or distressed LP II Properties that are believed to be good candidates for renovation or rehabilitation. LP II will assess on a case-by-case basis the advantages and disadvantages of having Westbow Construction renovate each LP II Property, or to delegate the renovation to third party contractors. LP II anticipates that these LP II Properties, once renovated, will be able to attract high-quality tenants and demand higher rates of rent.

For greater certainty, none of Trust II, LP II, GP II, nor the Manager plan to engage in the development of properties. LP II plans to invest in fully-constructed LP II Properties (some of which may be developed by Westbow Construction). If LP II acquires aging or distressed LP II Properties to be renovated by Westbow Construction, such renovations will be improvements to the LP II Properties. Examples of improvements could include items such as converting office space into residential, or adding new building structures to existing properties.

In looking to establish a portfolio of LP II Properties with strong cash flows, LP II expects to use leverage and the subsequent pay-down of debt using cash flow to build equity in primarily residential real estate properties located in Canada and the United States, with a focus on western Canada. LP II believes that by using its local market expertise and strategic partnerships, it can grow a robust portfolio of LP II Properties within western Canada.

LP II will be strategic in its investment approach in order to balance the risk and return on its investments and to capitalize on the potential for income generation and capital appreciation of its LP II Properties. In doing so, LP II will consider and analyze the relative advantages and disadvantages to re-mortgaging certain LP II Properties to increase returns (for example, if a LP II Property is not mortgaged under CMHC, owning such LP II Property may be made more affordable by refinancing under CMHC) and freeing-up additional capital to employ

towards further LP II Property acquisitions. LP II will periodically assess whether cash flow received from LP II Properties should be re-invested or used to pay-down existing mortgages and manage debt ratios. LP II will employ careful due diligence when identifying and acquiring LP II Properties and will make use of appropriate leverage.

B. Financial Strategy

- LP II will adopt a disciplined approach to financial oversight of the LP II Properties to maintain an appropriate capital structure.
- LP II has a management team with years of experience in the management of rental properties and property development which LP II believes will allow them to maintain appropriate levels of debt to equity in the acquired LP II Properties.
- LP II's financial strategy involves determining the appropriate mortgage terms for LP II Properties and amortizing debt that is paid down by rent received.
- LP II will endeavor to minimize refinancing exposure and interest rate risk by strategically arranging for the mortgage terms of its LP II Properties to mature at different times.

C. Portfolio Strategy

Factors that LP II will consider during identification and acquisitions of LP II Properties include: (a) high occupancy rates, (b) high rents, (c) cash flow potential, and (d) strong appreciation potential.

LP II will seek to include both newer LP II Properties and some degree of older LP II Properties in its portfolio. The newer properties are expected to attract high-quality and long-term tenants. With high-quality and long-term tenants, there are generally less repairs, maintenance, and expenses involved in property management. While the older LP II Properties may not immediately attract high-quality tenants to the same degree as the newer LP II Properties, LP II expects to be able to acquire the older LP II Properties at lower prices than the newer LP II Properties. Thereafter, strategic upgrades and renovations made by Westbow Construction or a third-party contractor are expected to attract higher quality tenants and allow the rents to be increased.

D. Competitive Advantage

Due to the relative attractiveness to investors of investments in real estate, there exists competition for valuable real estate investment properties in areas that have high rates of return and appreciation potential. LP II's competition for acquiring real estate properties include corporations, private equity funds, hedge funds, real estate development companies, private investors, and real estate investment trusts. Entities that invest in similar properties and locations as LP II include Avenue Living Core Trust, Mainstreet Equity Corp. and Boardwalk Real Estate Investment Trust. See "*Schedule D - Certain Risk Factors Related to Fund II - Competitive Marketplace*".

LP II believes that the following factors relating to LP II's investment strategy will contribute to the success of LP II relative to its competition:

- Design-Build Synergy. LP II's relationship with Westbow Construction concerning the acquisition of purpose-built rental LP II Properties is expected to be a competitive advantage. LP II is able to acquire LP II Properties from Westbow Construction at favorable rates relative to transactions with third parties. Renovations to existing Properties by Westbow Construction will also be arranged at favorable rates.
- Balanced Approach. LP II will focus on a balanced approach of acquiring diversified residential properties with various densities. Each product type has specific benefits that LP II would like to expose investors to in order to have a diverse portfolio with strong risk-adjusted returns:
 - (i) Low Density. Low density LP II Properties are expected to increase the ability of LP II to attract high-quality tenants who typically rent for longer terms. This is expected to lead to lower vacancy rates as well as lower repair and maintenance costs for LP II. LP II believes that this will provide a higher degree of liquidity to LP II. LP II's competitors generally seek to only acquire higher density properties that are only accessible to institutional investors, providing LP II with an investment niche. LP II's strategy of separating multi-unit LP II Properties into individual units is also perceived as an advantage by LP II, as it allows for premiums upon disposition of the LP II Properties; as an LP II Property appreciates in value, often the rental income does not keep pace. The ease of selling individual units will help LP II counterbalance rental income decrease and keep overall profitability higher.
 - (ii) Mid Density. There are numerous economies of scale created by managing mid density properties since there is enough rental income generated to allow for an onsite property manager. Maintenance and repairs on mid density properties can reduce maintenance cost per unit because there can be efficiencies in maintaining one property with multiple units. Also, there are apartment owners in the mid density market that are not as experienced or professional as owners in the high density market. This creates the opportunity for LP II to identify properties where management is not optimizing the property performance, and LP II can implement their systems of professional management to optimize net operating income. Since property valuations are based primarily on the amount of net operating income the property generates, substantial value can be created in the portfolio by optimizing the net operating income.
 - (iii) High Density. High density properties are typically more durable than lower density properties because of the use of concrete as opposed to wood construction. Higher construction costs because of the use concrete can result in a higher price paid for high-rise properties upon acquisition. However, there are generally lower maintenance costs on the building envelope and a longer useful life. High density properties are typically in

highly populated cities with stable economies and major employers in the area, so these properties expose investors to an asset class with a strong risk-adjusted return.

- Purpose Built Rentals. The LP II Properties anticipated to be constructed by Westbow Construction and added to the portfolio will be designed with durable, low maintenance materials in order to minimize repairs and maintenance expenses.

E. Principal Markets

LP II expects to focus initially on LP II Properties located in western Canada. However, if attractive investment opportunities present themselves in other markets in North America (such as Eastern Canada and the United States), LP II will consider expanding its initial investment scope. The initial focus on western Canada is due to LP II's experience in this market, which LP II believes will allow it to better make strategic LP II Property acquisitions. Furthermore, while operating in western Canada, LP II will be able to leverage its relationship with Westbow Construction, which operates primarily in western Canada.

F. Expectations of Returns

LP II expects to obtain returns on its LP II Property investments in 4 principal ways:

- Debt Reduction. Due to the use of leverage to increase overall return on investment, LP II expects to make regular mortgage payments with respect to its LP II Properties. Mortgage rates and terms will be arranged in such a manner that monthly rent payments from tenants will go towards satisfying outstanding mortgage balances.
- Equity Increases on New Construction Purchases. As a result of its relationship with Westbow Construction, LP II expects to be able to acquire newly constructed LP II Properties at favorable rates. Such cost savings will result in equity gains for LP II's portfolio.
- Positive Cash Flow. A goal of LP II will be to maximize the profitability of its LP II Properties, which can be accomplished by acquiring LP II Properties that have positive cash flows. By employing appropriate due diligence procedures in all LP II Property acquisitions, Westbow will strive to maintain a positive cash flow for the portfolio as a whole.
- Asset Appreciation. Hard assets such as real estate typically experience appreciation over time, which is a significant source of equity growth. By leveraging borrowed money to acquire appreciating LP II Properties, there will be an opportunity for an improved rate of return.

G. Growth Strategy

LP II anticipates a strong potential to organically grow cash flow and rates of return from acquired LP II Properties, including:

- Renovations to Existing LP II Properties: LP II may acquire distressed properties that are suitable for renovations by Westbow Construction or third-party contractors. For renovations conducted by Westbow Construction, LP II expects to be able to arrange for high-quality renovations at favourable prices. The rehabilitation of LP II Properties is expected to result in reduced vacancies, attraction of higher-quality tenants, and the opportunity to increase rent rates. Renovations to LP II Properties also presents opportunities for equity increases, since distressed LP II Properties are often sold at a discount, but could appraise for a higher amount after the renovations are complete. Upgrading kitchens, bathrooms, and common areas will be the typical focus of the renovation projects.
- Below-Market Rents will be Increased: If LP II acquires any LP II Properties where units are renting for below-market rent, LP II will attempt to have the rate increased to align with market standards. Rental rate increases may generally be accomplished during lease renewal periods or if there is tenant turnover. LP II may be able to achieve rents above the average rates in areas in which it acquires either newly constructed LP II Properties or LP II Properties intended for renovation, as each has the potential to garner premium rent rates. LP II will establish a plan to increase rent rates on an annual basis, in line with or above market averages (and in accordance with relevant laws and regulations regarding rent rates).
- Property Management Strengths: LP II anticipates that its strong connections with property managers and expertise in the real estate market across western Canada will allow LP II to efficiently manage the LP II Properties in its portfolio. LP II intends to further develop its relationships with property managers to realize operating efficiencies and gain market knowledge, providing LP II with the opportunity to minimize property management fees in the future and increase net operating income.

H. Property Management

The Manager will provide management services with respect to the LP II Properties to keep the LP II Properties in good order and maintain a high level of tenant and customer satisfaction. In order to ensure that the LP II Properties are operating efficiently and on cost-effective bases, the Manager will retain individuals or property management firms which understand the market in which each property is located, and which will oversee the day-to-day management of the individual LP II Properties. The Manager will assess on a case-by-case basis the advantages and disadvantages of overseeing each LP II Property directly, or delegating management to third-party managers. LP II expects that a greater portion of its LP II Properties will be managed directly by the Manager as its portfolio of LP II Properties grows. If LP II and the Manager elect to delegate management responsibility of a particular LP II Property to a third party, the price paid to such third party will be determined based on the market price for such services in the relevant market. Property management fees paid to third parties may be calculated as a percentage of the rental revenue of the particular LP II Property. See "*Management Agreement*".

I. Capital Improvements

LP II will closely consider capital improvement requirements for LP II Properties during the acquisition analysis and due diligence procedure. LP II will generally prefer to acquire LP II Properties where there are no or minimal short-term capital expenditure requirements. Through LP II's relationship with Westbow Construction, renovations are expected to be efficient and cost effective. Ultimately, LP II understands the importance of upgrading important components of the LP II Properties after acquisition.

J. Property Dispositions

LP II anticipates holding its LP II Properties for the long-term but will sell an LP II Property on a case by case basis if the right opportunity presents itself. For example, if the Manager believes that a particular real estate market in which it owns LP II Properties is at its peak and that there may be a major downturn in that market, the Manager may decide that particular LP II Properties be disposed of and that the proceeds of such disposition(s) be reinvested in markets with more favourable outlooks. As LP II expects to have some low-to-mid density properties in the portfolio, at least a portion of the LP II Properties owned by it should be relatively easy to dispose of due to the historically robust market of buyers of lower-density residential real estate (including individuals purchasing properties as their primary residence).

K. Risks Associated with Investment Strategy

The information and expectations presented above are forward-looking statements and are based on the Manager's reasonable assumptions as at the date of this Information Circular. There can be no assurance that the condition, event, plans and assumptions on which such forward-looking statements are based will occur. See "*Schedule D - Certain Risk Factors Related to Fund II*".

There can be no guarantee that losses will not be realized from investing in Trust II Units and there can be no assurance that LP II's strategy will be successful or that the objective of earning a profit from such LP II Property acquisitions will be achieved. There can be no assurances that the LP II Properties will earn a return or that LP II will make a profit or even recoup all or a portion of its investments. There can be no assurance that there will be sufficient income received by LP II from the LP II Properties to make any future distributions to Trust II. The success of LP II in these objectives will depend to a certain extent on the efforts and abilities of the Manager and on a number of other external factors such as, among other things, bank interest rates and the general economic conditions that may prevail from time to time, which factors are beyond the control of the Manager. See "*Schedule D - Certain Risk Factors Related to Fund II*".

LP II may change any aspect of its investment strategy at the discretion of GP II or the Manager, including in response to changes in market factors affecting Canada and the United States, and applicable regional economic trends. Accordingly, the disclosure in this "*Objectives and Practices of LP II*" may change without notice to investors.

PORTFOLIO PROPERTIES OF LP II

The LP II Portfolio Properties are set out below:

Hillcrest Place

Description: Hillcrest Place is a community of 144, wood frame rental townhomes built in 1972 and located in Edmonton, Alberta. The property is a mix of one, two, and three bedroom units, with an average unit size of approximately 1,306 square feet. Two and three bedroom units make up 99% of the unit mix.



Property Details:	Building Type	Townhomes
	Address	107 Hillcrest Place, Edmonton, Alberta
	Units	144
	Use	Rental

	Current Occupancy Rate (As at March 31, 2025)	97%
	Nature of Interest	Fee simple
	Encumbrances	\$ 28,992,260 first mortgage See “ <i>Long-Term Debt</i> ”.
Location and Market:	Hillcrest Place has an excellent location with access to employment centres, public transportation, retail corridors, and outdoor activities. The rental market in Edmonton is promising due to strong population growth and a diverse economy. The Edmonton Census Metropolitan Area population increased by 2.47% in 2022, with a total population of approximately 1,516,719. Edmonton's economy consists of top industries such as energy, manufacturing, financial services, agriculture, and a rapidly growing tech sector. These factors are contributing to an environment with strong cash-flowing properties that have room for potential appreciation.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

Fairway Gardens Properties

Description: The Fairway Gardens Properties is a 116 unit, wood frame property in Saskatoon, Saskatchewan. The property consists of 66 apartments and 50 townhomes built between 1979-1980. The Fairway Gardens Properties is a desirable mix of two and three bedroom units, ranging from 728 to 1150 square feet. It is located in the attractive Wildwood neighborhood and is in close proximity to employment centres, schools, shopping, and restaurants.



Property Details:	Building Type	Apartments, Townhomes, and Duplexes
	Address	1415, 1505, and 1511 McKercher Drive, Saskatoon, Saskatchewan
	Units	116
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	96.6%
	Nature of Interest	Fee simple
	Encumbrances	\$18,825,272 first mortgage See “ <i>Long-Term Debt</i> ”.
Location and Market:	<p>Located in the attractive Wildwood neighborhood, the Fairway Gardens Properties has excellent access and egress for tenants. This area is in close proximity to a multitude of amenities, making it an ideal location for renters.</p> <p>Saskatoon is the largest city in the province of Saskatchewan with a population of approximately 352,000. The Fairway Gardens Properties is centrally located along the Trans-Canada Highway #16. Saskatoon boasts a vibrant</p>	

	culture and diverse economy, and aside from the traditional resources such as potash, oil and agriculture, Saskatoon is home to the University of Saskatchewan.
Value Creation Strategy:	The Manager has been creating value through renovations and raising rents to market rates during tenants' lease periods and upon tenant turnover.

Hollick Kenyon Property

Description: Hollick Kenyon is a 236 unit, wood frame apartment community in Edmonton, Alberta. The property was built in 2016 and has a desirable mix of one and two bedroom units, with approximately 80% of the units being two bedroom units with two baths. The Hollick Kenyon Property has a larger than average unit size at approximately 884 square feet. The Hollick Kenyon Property is in the Brintnell neighborhood which has several amenities, and the surrounding area is well developed and has experienced significant population growth in recent years.



Property Details:	Building Type	Apartments
	Address	16455, 16459, and 16463 – 50 Street NW, Edmonton, Alberta
	Units	236
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	97%
	Nature of Interest	Fee simple
	Encumbrances	\$47,988,389 first mortgage See “Long-Term Debt”.
Location and Market:	The Hollick Kenyon Property has an excellent location with close proximity to several large-scale employers, and several amenities including big box grocers and more than one million square feet of retail. The rental market in Edmonton is promising due to strong population growth and a diverse economy. The Edmonton Census Metropolitan Area population continues to grow with a total population of approximately 1,589,000. Edmonton's economy consists of top industries such as energy, manufacturing, financial services, agriculture, and a rapidly growing technology sector.	
Value Creation Strategy:	Hollick Kenyon is a newer property with a robust cash-flow that was very well maintained by the previous owner. The Manager will seek to create value by maintaining a high occupancy rate and increasing rents upon lease renewals or tenant turnover.	

Cedarbrook Homes

Description: LP II acquired the right-to-use two residential, wood frame homes located in Chilliwack, British Columbia by way of a lease. The lease term ends on July 10, 2144. The Cedarbrook Homes were built in 2021 and are a part of the Cedarbrook development, Westbow Construction's latest master planned community project. The community will feature over 1200 homes, a commercial business village, a park, and connecting trails. The acquisition received unanimous approval by the Fund II Independent Review Committee.



Property Details:	Building Type	Single Family Home and Rowhome
	Address	7816 Cedarbrook Road and 8071 Foxfern Road, Chilliwack, British Columbia
	Units	2
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	100%
	Nature of Interest	Leasehold
	Encumbrances	\$401,669 first mortgage in respect of 7816 Cedarbrook Road \$700,591 first mortgage in respect of 8071 Foxfern Road See "Long-Term Debt".
Location and Market:	The Cedarbrook Homes are located approximately 2.7 Km from Highway 1 for easy travel to major surrounding cities. Chilliwack has a diverse economy with several key industries including agriculture, manufacturing, construction, distribution and logistics, and tourism. Also, due to its close proximity to other major cities within the Fraser Valley, Chilliwack residents can easily commute to other surrounding cities for work. Chilliwack has numerous employers and many employers are relocating to Chilliwack due to the friendly business environment. These factors contribute to a growing population of potential tenants in the Chilliwack market, with a current population of approximately 101,491.	
Value Creation Strategy:	As the Cedarbrook Homes units have been recently built, they allow for top of the market rental rates and initially low maintenance expenses.	

Lymburn Lane Property

Description: Lymburn Lane is a 48 unit, wood frame townhome community in Edmonton, Alberta, which was built in 1977. Each of the 48 units has three bedrooms and 1.5 bathrooms with an average unit size of approximately 1,102 square feet. The Lymburn Lane Property offers a welcoming community to tenants, with well-manicured, landscaped green spaces bordering the Property.



Property Details:	Building Type	Townhomes
	Address	7308 178 Street, Edmonton, Alberta
	Units	48
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	100%
	Nature of Interest	Fee simple
	Encumbrances	\$11,196,977 first mortgage See " <i>Long-Term Debt</i> ".
Location and Market:	The Lymburn Lane Property has an excellent location with access to employment centres, public transportation, retail corridors, and outdoor activities. The rental market in Edmonton is promising due to strong population growth and a diverse economy. The Edmonton Census Metropolitan Area population continues to grow with a total population of approximately 1,589,000. Edmonton's economy consists of top industries such as energy, manufacturing, financial services, agriculture, and a rapidly growing technology sector. These factors are contributing to an environment with strong cash-flowing properties that have room for potential appreciation.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

District Property

Description: District is a 41-storey high-rise apartment building in Calgary, Alberta. The property was built in 1971 and consists of 341 thoughtfully designed units with a mix of 273 one-bedroom units and 68 two-bedroom units. Located in Calgary's vibrant downtown core, the building offers an ideal location.



Property Details:	Building Type	Apartments
	Address	825 8 Ave SW, Calgary, Alberta
	Units	341
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	90.9%
	Nature of Interest	Fee simple
	Encumbrances	\$89,569,496 first mortgage See " <i>Long-Term Debt</i> ".
Location and Market:	<p>The District Property is located in Calgary's vibrant downtown core, the building offers an ideal location. Within a ten-minute walk, residents have access to off-leash parks, green spaces, award-winning restaurants, lounge bars, boutique hotels, and Calgary's extensive network of multi-use regional pathways and trails.</p> <p>The rental market in Calgary is promising due to strong population growth and a diverse economy. The Calgary Census Metropolitan Area population continues to grow with a total population of approximately 1,688,000. Calgary's economy is driven by key industries such as energy, financial services, technology, manufacturing, and agriculture.</p>	
Value Creation Strategy:	District is a property that had high vacancy rate under the management of the previous owner. The Manager has been creating value through extensive in-suite renovations, increasing the occupancy rate, and increasing rents on new leases or upon tenant turnover.	

Churchill

Description: The Churchill property is located in Edmonton, Alberta. Built in 1967, the property has 195 units consisting of studios, one and two-bedroom units, alongside ground-floor commercial space. Situated in the downtown Edmonton core, the location provides residents with convenient access to key employment centers, public transportation, and amenities.



Property Details:	Building Type	Apartments
	Address	10015 103 Ave, Edmonton, Alberta
	Units	195
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	53.1%
	Nature of Interest	Fee simple
	Encumbrances	\$32,000,000 first mortgage See "Long-Term Debt".
Location and Market:	Churchill has an excellent location with convenient access to employment centres, public transportation, and amenities. The rental market in Edmonton is promising due to strong population growth and a diverse economy. The Edmonton Census Metropolitan Area population continues to grow with a total population of approximately 1,589,000. Edmonton's economy consists of top industries such as energy, manufacturing, financial services, agriculture, and a growing tech sector. These factors are contributing to a stable environment for multifamily rentals.	
Value Creation Strategy:	Churchill is a property that had high vacancy rate under the management of the previous owner. The Manager has been creating value by leasing the vacant units at the current market rental rates. Additional units are being added, and units are being renovated in order to attract high quality tenants and to maximize the rental rates.	

Beddington Heights

Description: The Beddington Heights property is located in Calgary, Alberta. Built in 1979, the property has 62 townhome units consisting of two, and three-bedroom units.



Property Details:	Building Type	Residential Townhomes
	Address	Bedridge PI & Bedridge Way NE, Calgary, Alberta
	Units	62
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	93.5%
	Nature of Interest	Fee simple
	Encumbrances	\$14,150,000 first mortgage See “ <i>Long-Term Debt</i> ”.
Location and Market:	<p>Beddington Heights is located in a well-established residential neighborhood in northwest Calgary, known for its mix of single-family homes, townhouses, and apartments. It offers a range of amenities, including shopping centers, schools, and parks, with Nose Hill Park providing extensive outdoor recreation options. The area has good transportation links via major roadways and public transit. Community engagement is strong, with an active community association organizing various events.</p> <p>The rental market in Calgary is promising due to strong population growth and a diverse economy. The Calgary Census Metropolitan Area population continues to grow with a total population of approximately 1,688,000.</p>	
Value Creation Strategy:	Beddington Heights is a property that had rental rates significantly lower than the market rate under the management of the previous owner. The Manager has been creating value by conducting in-suite renovations and increasing rents upon lease renewals or tenant turnover.	

Horizon Townhomes

Description: The Horizon Townhomes is a portfolio of 46 townhomes located in Warman, Saskatchewan and are part of Westbow Construction’s Horizon development project.



Property Details:	Building Type	Residential Townhomes
	Address	Warman, Saskatchewan
	Total Units Completed	46
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	95.2%
	Nature of Interest	Fee simple
	Encumbrances	\$9,749,111 first mortgage See “Long-Term Debt”.
Location and Market:	<p>Warman is a small community located 20 km outside of Saskatoon with leading industries consisting of construction, real estate, and agricultural services sectors. Given its close proximity to Saskatoon, many residents are also able to commute to work in the city if necessary.</p> <p>Saskatoon is the largest city in the province of Saskatchewan and boasts a vibrant culture and diverse economy. Aside from the traditional resources such as potash, oil and agriculture, Saskatoon is also home to the University of Saskatchewan.</p>	
Value Creation Strategy:	The manager is creating value since these new townhomes are allowing for top of the market rental rates and low maintenance expenses resulting in strong cash flow.	

Sarona Apartments

Description: Sarona Apartments consists of 2 buildings, and a total of 29 units. Building A is an 18-unit, 4 storey apartment building built in 1968. Building B is an 11-unit, 3 storey apartment building built in 1953.



Property Details:	Building Type	Apartments
	Address	1471 & 1475 Fort St, Victoria, British Columbia
	Units	29
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	100%
	Nature of Interest	Fee simple
	Encumbrances	\$7,000,000 first mortgage See " <i>Long-Term Debt</i> ".
Location and Market:	Victoria, the capital city of British Columbia, has a population of approximately 405,000. The city features leading industries such as government services, tourism, technology, and education. Victoria's vibrant culture and diverse economy are bolstered by its traditional sectors, including government and tourism, as well as a rapidly growing technology sector. The city is also home to several higher education institutions, including the University of Victoria.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and rental rates. The Manager will assess the opportunity to renovate units in order to attract high quality tenants and to maximize the rents that can be achieved.	

Pier 45

Description: Pier 45 is a 71-unit apartment building located in Victoria, BC. The property has a great location with many nearby amenities, and employment opportunities for the building residents.



Property Details:	Building Type	Apartments
	Address	45 Boyd Street, Victoria, British Columbia
	Units	71
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	78.9%
	Nature of Interest	Fee simple
	Encumbrances	\$20,255,000 first mortgage See "Long-Term Debt".
Location and Market:	Victoria, the capital city of British Columbia, has a population of approximately 405,000. The city features leading industries such as government services, tourism, technology, and education. Victoria's vibrant culture and diverse economy are bolstered by its traditional sectors, including government and tourism, as well as a rapidly growing technology sector. The city is also home to several higher education institutions, including the University of Victoria.	
Value Creation Strategy:	The Manager will seek to create value by leasing the vacant units at the current market rental rates. Out-dated units will be renovated in order to attract high quality tenants and to maximize the rents that can be achieved.	

PORTFOLIO PROPERTIES OF LP I

After the completion of the Transaction, the LP II Portfolio Properties will also include the LP I Portfolio Properties. As at the date hereof, LP I has acquired Windsor Place, Kay Four, Baydo Place, and Bristol & Bradford (the “**LP I Portfolio Properties**”).

Windsor Place

Windsor Place is a well-located residential apartment complex located close to HWY 21 within the Edmonton regional area in Fort Saskatchewan, Alberta. Windsor Place offers 144 units and was constructed between 2015 and 2016.



Property Details:	Building Type	Apartments
	Address	8301/8401/8501 Wilshire Boulevard, Fort Saskatchewan, AB
	Units	144
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	92.4%
	Nature of Interest	Fee simple
	Encumbrances	\$20,155,357 first mortgage See “ <i>Long-Term Debt</i> ”.
Location and Market:	Windsor Place is located just off HWY 21, 35 minutes to downtown Edmonton. The Edmonton metropolitan area is a major gateway to northern Alberta and is home to many industries, including airlines, oil & gas, and mineral mining. Windsor Place is located very close to the highway so it presents a great rental opportunity for professionals who need more affordable rental options and allows them to commute for work into the Edmonton area.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

Kay Four

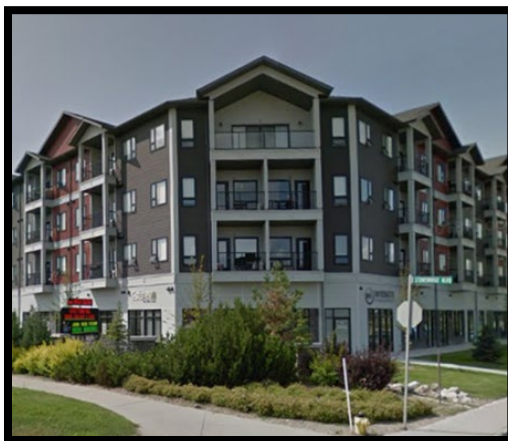
Kay Four consists of 5 multifamily buildings located in Winnipeg, Manitoba. The buildings were constructed between 1960 and 1964 and consists of 77 units ranging in size from bachelor to 1-2 bedrooms suites.



Property Details:	Building Type	Apartments
	Address	114 Kildare Ave. E, 122 Kildare Ave. E, 128 Kildare Ave. E, 132 Kildare Ave. E and 800 Roanoke Street, Winnipeg, Manitoba
	Units	77
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	100%
	Nature of Interest	Fee simple
	Encumbrances	\$7,658,390 first mortgage See "Long-Term Debt".
Location and Market:	<p>Winnipeg is the capital and largest city in the province of Manitoba, and with a population of over 857,000 it is the seventh-largest city in Canada.</p> <p>The Manager believes that Kay Four's location, with the 5 buildings located within a block of one another and close to grocery stores, Kildonan Place Mall, parks and restaurants, make it a desirable rental location.</p>	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

Baydo Place

Baydo Place is a 4-storey mixed-use apartment community consisting of 31,438 square feet of commercial leasable space and 112 residential rental suites. The property is located in Stonebridge, a well-established community with numerous amenities in the south end of Saskatoon.



Property Details:	Building Type	Mixed-use Apartments
	Address	102 and 118 Cope Crescent, Saskatoon, Saskatchewan
	Units	112
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	94.6%
	Nature of Interest	Fee simple
	Encumbrances	\$26,867,432 first mortgage See "Long-Term Debt".
Location and Market:	Saskatoon is the largest city in the province of Saskatchewan with a population of approximately 352,000. Baydo Place is centrally located, with access to numerous amenities. Saskatoon boasts a vibrant culture and diverse economy, and aside from the traditional resources such as potash, oil and agriculture, Saskatoon is home to the University of Saskatchewan.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

Bristol & Bradford

Bristol & Bradford is a 133-unit residential apartment community consisting of four buildings built over 1980-1981, and is located in the well-established neighborhood of Bower in South Red Deer.



Property Details:	Building Type	Apartments
	Address	104 Boyce St, and 86 Bell St, Red Deer, AB
	Units	133
	Use	Rental
	Current Occupancy Rate (As at March 31, 2025)	98.5%
	Nature of Interest	Fee simple
	Encumbrances	\$15,793,339 first mortgage See “Long-Term Debt”.
Location and Market:	Bristol & Bradford is located in the well-established neighborhood of Bower in South Red Deer. With close proximity to Red Deer Polytechnic, Southpointe Common shopping area, Bower Mall, and Piper Creek Ravine, the property offers residents convenient access to a variety of amenities and outdoor activities. Red Deer is the third-largest city in the province of Alberta with a population of approximately 113,000. Red Deer offers a blend of economic drivers, including the oil and gas industry, agriculture, manufacturing, and a growing service sector.	
Value Creation Strategy:	The Manager has been creating value by maintaining a high occupancy rate and increasing rents when leases are renewed or upon tenant turnover.	

PROPOSED ACQUISITIONS

Rockmeare Manor

Description: LP II entered into a purchase agreement for the purchase of Rockmeare Manor, a 45-unit apartment building located in Victoria, BC. The property has a great location with many nearby amenities, and employment opportunities for the building residents. The property is scheduled to close in May 2025.



Property Details:	Building Type	Apartments
	Address	1791 Rockland Ave, Victoria, British Columbia
	Units	45
	Use	Rental
	Nature of Interest	Fee simple
Location and Market:	Victoria, the capital city of British Columbia, has a population of approximately 405,000. The city features leading industries such as government services, tourism, technology, and education. Victoria's vibrant culture and diverse economy are bolstered by its traditional sectors, including government and tourism, as well as a rapidly growing technology sector. The city is also home to several higher education institutions, including the University of Victoria.	
Value Creation Strategy:	The Manager will seek to create value by leasing the vacant units at the current market rental rates. Out-dated units will be renovated in order to attract high quality tenants and to maximize the rents that can be achieved.	

DIRECTORS AND OFFICERS OF THE MANAGER

Directors and Officers

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

Name	Office Held	Principal Occupation and Related Experience
NICHOLAS WESTERINGH British Columbia, Canada	Trust II Trustee since August 30, 2021, Chief Executive Officer and director of the Manager since January 2, 2019, and Chief Executive Officer and director of GP II since August 26, 2021	Nicholas is a Trust II Trustee and a Chief Executive Officer and director of the Manager and GP II. Nicholas started investing in real estate at an early age and followed his passion for the industry by working in the family business with Westbow. He worked his way up to take over as CEO of the Westbow Group of Companies, employing over 350 employees and overseeing over \$850 million of assets including residential real estate, agriculture, and other holdings. His expertise in real estate, leadership, and management has fueled the continuous growth and success of the Westbow Group of Companies.
DICK WESTERINGH British Columbia, Canada	Trust II Trustee since August 30, 2021, Managing Director and director of the Manager since January 2, 2019, and Managing Director and director of GP II since August 26, 2021	Dick is a Trust II Trustee and a Managing Director and director of the Manager and GP II. Dick founded Westbow Construction in 1977. Dick founded Westbow Construction in 1977. Dick began his business as a framing contractor, growing it to become a large builder-developer and has held rental properties for a large portion of his career. The Westbow Group of Companies now manages over \$850 million of assets including residential real estate, agriculture, and other holdings. Dick has been involved in the real estate investment industry for over 45 years. Through his experience he has learned how to achieve success through several market cycles. He is excited to help others attain similar success and will use his many years of experience to maximize investor value.
JASON TIESSEN British Columbia, Canada	Chief Financial Officer of the Manager since January 2, 2019	Jason started his accounting career with KPMG and joined the Westbow team in 2013. Throughout his 15-year accounting career, Jason has applied his knowledge and skill in a broad range of fields, and now has over a decade of experience in the real estate sector. He combines his financial acumen with strong management and leadership expertise to his role with Westbow. Jason oversees the financial reporting and accounting for the entire Westbow Group of Companies, while working closely with Nicholas Westeringh to build long term financial plans and business strategy to continue Westbow's growth.

Subject to the conflict of interest policy, the Trust II Trustees and the officers and directors of the Manager and GP II shall have the right, as expressly provided in the Trust II Declaration of Trust and the LP II LPA, to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether (a) such activities are similar to those activities of Trust II, the Manager, LP II or GP II or (b) such businesses and activities directly compete with, or disfavor or exclude, Trust II, the Manager, LP II or GP II. There is no obligation for the Trust II Trustees and the officers and directors of the Manager or GP II or their affiliates to present any particular business or investment opportunity to Trust II and LP II. In addition, Nicholas Westeringh and Dick Westeringh may establish in the future, other limited partnerships or other investment vehicles which have or may have investment objectives that are the same as or similar to those of Trust II and LP II. Any of those individuals may act as adviser, service provider, manager, trustee, director, officer and/or general partner to such organizations. Although none of the Trust II Trustees and the officers and directors of the Manager and GP II devotes his/her full time to the business and affairs of Trust II and LP II, they will devote as much time as is necessary for the management of the business and affairs of Trust II and LP II.

THE INDEPENDENT REVIEW COMMITTEE OF FUND II

The Manager and GP II will appoint an independent review committee (the “**Fund II Independent Review Committee**”) which shall be comprised of not less than one member. All members of the Fund II Independent Review Committee shall be “independent” as such term is defined in National Instrument 81-107 - *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators. The unanimous approval of the Fund II Independent Review Committee (in addition to any other required approvals) shall be required:

- (a) prior to the allocation of expenses between series of LP II Units, and prior to the allocation of expenses between LP II and GP II or any of their affiliates;
- (b) prior to the allocation of expenses between series of Trust II Units, and prior to the allocation of expenses between Trust II and the Trust II Trustees and the Manager or any of their affiliates;
- (c) with respect to any conflict of interest matter regarding the business of Trust II and LP II, including but not limited to: (1) the approval of any related-party transactions or contracts (including the acquisition of investments) involving Trust II, LP II, the Manager, GP II or their directors, officers, shareholders or affiliates (including Westbow Construction); (2) the

allocation of investment opportunities among LP II and other entities managed or controlled by the Manager; (3) any material amendment to the Fund II Management Agreement; and (4) the acquisition of LP II Properties outside of western Canada; and

- (d) when determining the Special Allocation pursuant to the LP II LPA.

LP II will pay the reasonable remuneration of the Fund II Independent Review Committee.

The following discloses the principal occupation of the sole member of the Fund II Independent Review Committee over the past five years.

Full Legal Name	Principal Occupation and Description of Experience Associated with the Occupation
CASEY LANGBROEK	<p>Casey Langbroek has 55 years' experience in the accounting profession, building, growing and nurturing the accounting firm he is Senior Partner of, LLT LLP. In 2011, Casey's commitment to his profession, his community, to Canadian and international endeavors was recognized when he received the prestigious Fellowship designation from the Certified General Accountants Association of Canada. In 2009, Casey became a Certified Business Coach and continues to work with business executives and not for profits across Canada, helping them execute on their strategy.</p> <p>A proven leader in his community, Casey served 16 years on Chilliwack City Council, 22 years in local and regional Hospital Governance, and 29 years with the national charity BFM Foundation (Canada). He has held numerous positions with other community, provincial and federal boards and committees.</p>

LONG-TERM DEBT

The purchase of each underlying LP II Property is expected to be financed through cash, new mortgage loan facilities, the assumption of existing mortgages attached to the LP II Property or a combination of the foregoing. The Manager will periodically assess whether cash flow received from the LP II Portfolio Properties should be reinvested or used to pay-down existing mortgages and manage debt ratios. Although the LP II LPA contains no strict limitations on incurring debt, the Manager will target a loan-to-value ratio of approximately 85% at the portfolio level. See "Investment Strategy".

The LP II Portfolio Properties are currently subject to the following debt arrangements:

Description of Debt (Including whether Secured)	Interest Rate	Maturity Date	Amount Outstanding as at April 10, 2025
First Mortgage – Hillcrest Place	4.2%	May 7, 2028	\$28,992,260 (\$189,300 due within 12 months)
First Mortgage – Fairway Gardens Properties	3.76%	June 1, 2033	\$18,825,272 (\$226,301 due within 12 months)
First Mortgage – Hollick Kenyon Property	4.30%	June 1, 2028	\$47,988,389 (\$313,994 due within 12 months)
First Mortgage – Cedarbrook Homes – 7816 Cedarbrook Road	4.45%	May 3, 2025	\$700,591 (\$700,591 due within 12 months)
First Mortgage – Cedarbrook Homes – 8071 Foxfern Road	4.45%	May 3, 2025	\$401,669 (\$401,669 due within 12 months)
First Mortgage – Lymburn Lane Property	4.35%	November 7, 2028	\$11,196,977 (\$68,872 due within 12 months)
First Mortgage – District	3.33%	November 7, 2029	\$89,569,496 (\$1,115,508 due within 12 months)
First Mortgage – Horizon (12 Units)	6.40%	October 4, 2029	\$2,392,818 (\$43,122 due within 12 months)
First Mortgage – Horizon (36 Units)	5.69%	December 15, 2029	\$7,356,293 (\$139,714 due within 12 months)
First Mortgage – Beddington Heights	Prime Rate +1.7% (with a floor rate of 8.9%)	July 1, 2026	\$14,150,000 (\$0 due within 12 months)
First Mortgage - Churchill	Greater of Prime Rate + 2.15% and 9.35%	Demand	\$32,000,000 (\$0 due within 12 months)
First Mortgage - Sarona	Greater of Prime Rate + 2.5% and 9.2%	Demand	\$7,000,000 (\$0 due within 12 months)
First Mortgage – Pier 45	7.2% until March 31, 2026	Demand	\$20,255,000 (\$0 due within 12 months)

The LP I Portfolio Properties are currently subject to the following debt arrangements:

Description of Debt (Including whether Secured)	Interest Rate	Maturity Date	Amount Outstanding as at April 10, 2025
First Mortgage – Kay Four Properties	2.25%	June 1, 2025	\$7,658,390 (\$7,658,390 due within 12 months)
First Mortgage – Windsor Place	2.65%	September 1, 2029	\$20,155,357 (\$368,686 due within 12 months)
First Mortgage – Baydo Place	1.58%	December 1, 2025	\$26,867,432 (\$26,867,432 due within 12 months)
First Mortgage – Bristol & Bradford	2.50%	December 1, 2026	\$15,793,339 (\$266,464 due within 12 months)

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated capitalization of Trust II as at the date of this Information Circular: (i) before giving effect to the Transaction and (ii) after giving effect to the Transaction (excluding Trust II Units issued pursuant to the Trust II DRIP):

Description of Security	Number of Outstanding as at the date of this Information Circular	Number Outstanding upon Completion of the Transaction
Series A	999,676	1,571,809
Series B	329,140	437,529
Series M	72,404	106,052
Series P	1,029,811	1,828,145

PRIOR SALES

The securities issued by Trust II within the last 12 months of the date hereof are outlined in the table below:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
March 31, 2025	Series H Trust II Units	6,149.12	\$13.01	\$80,000
February 28, 2025	Series H Trust II Units	922.37	\$13.01	\$12,000.00
February 28, 2025	Series M Trust II Units	1,492.08	\$16.42	\$24,500.00
February 28, 2025	Series W Trust II Units	10,639.39	\$11.87	\$126,289.53
January 31, 2025	Series H Trust II Units	7,327.15	\$12.93	\$94,740.00
December 31, 2024	Series H Trust II Units	4,293.52	\$12.81	\$55,000.00
December 31, 2024	Series M Trust II Units	3,012.36	\$16.18	\$48,740.00
November 30, 2024	Series A Trust II Units	25,061.63	\$12.17	\$305,000.00
November 30, 2024	Series H Trust II Units	84,040.09	\$12.48	\$1,048,820.32
November 30, 2024	Series M Trust II Units	70.11	\$15.69	\$1,100.00
November 30, 2024	Series W Trust II Units	11,255.45	\$11.39	\$128,199.56
October 31, 2024	Series A Trust II Units	81,897.48	\$11.82	\$967,600.00
October 31, 2024	Series B Trust II Units	99,883.81	\$11.55	\$1,153,658.00
October 31, 2024	Series H Trust II Units	16,458.00	\$12.76	\$210,004.08
October 31, 2024	Series M Trust II Units	502.75	\$14.75	\$7,415.59
September 30, 2024	Series H Trust II Units	21,281.43	\$12.06	\$256,654.00
September 30, 2024	Series M Trust II Units	6,715.80	\$14.75	\$99,058.05
August 31, 2024	Series H Trust II Units	4,975.12	\$12.06	\$60,000.00
August 31, 2024	Series P Trust II Units	248.76	\$12.06	\$3,000.00
August 31, 2024	Series W Trust II Units	7,170.70	\$11.29	\$80,957.19
July 31, 2024	Series M Trust II Units	6,779.66	\$14.75	\$100,000.00

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
July 31, 2024	Series P Trust II Units	24,034.33	\$11.65	\$280,000.00
June 30, 2024	Series P Trust II Units	557.94	\$11.65	\$6,500.00
May 31, 2024	Series M Trust II Units	2,197.80	\$13.65	\$30,000.00
May 31, 2024	Series P Trust II Units	4,283.36	\$11.65	\$49,936.14
May 31, 2024	Series W Trust II Units	14,713.39	\$10.61	\$156,109.02
March 31, 2024	Series A Trust II Units	49,199.00	\$10.00	\$491,990.00
March 31, 2024	Series M Trust II Units	1,134.00	\$10.00	\$11,340.00
March 31, 2024	Series P Trust II Units	17,100.00	\$10.00	\$171,000.00

COMPENSATION AND SECURITIES HELD

The following table sets out information regarding each Trust II Trustee, and each director and officer of the Manager and GP II.

Full Legal Name and Place of Residence or, if not an individual, Jurisdiction of Organization	Positions Held and the Date of Obtaining that Position	Compensation Paid Since Inception and the Compensation Expected to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held After Completion of the Transaction
Nicholas Westeringh Chilliwack, British Columbia	Trust II Trustee since August 30, 2021, Chief Executive Officer and director of the Manager since January 2, 2019, and Chief Executive Officer and director of GP II since August 26, 2021	See Note 1 and 2	254,354 Series M LP II Units
Dick Westeringh Chilliwack, British Columbia	Trust II Trustee since August 30, 2021, Managing Director and director of the Manager since January 2, 2019, and Managing Director and director of GP II since August 26, 2021	See Note 1 and 2	254,354 Series M LP II Units
Jason Tiessen Chilliwack, British Columbia	Chief Financial Officer of the Manager since January 2, 2019	See Note 1 and 2	15,640 Series M Trust II Units 3,885 Series W Trust II Units

Notes:

- (1) Nicholas Westeringh, Dick Westeringh and Jason Tiessen are not compensated directly by Trust II, GP II or LP II. They are compensated by the Manager, which receives compensation from LP II. See "Fees". Neither the Manager, nor Messrs. Westeringh, Westeringh or Tiessen receive any additional compensation from any LP II Property for services provided by them other than as disclosed herein.
- (2) Nicholas Westeringh and Dick Westeringh indirectly hold, and Jason Tiessen directly holds, shares of the Special Limited Partner of LP II. Consequently, Messrs. Westeringh, Westeringh, and Tiessen will receive income directly or indirectly from their beneficial ownership of the Special Limited Partner of LP II, which receives distributions from LP II in its capacity as Special Limited Partner of LP II. See "Fees".

Fees

Fund II Management Fee

Pursuant to the management agreement entered into between the Manager, LP II and Trust II dated September 8, 2021, a supplemental management agreement #1 dated November 26, 2021, a supplemental management agreement #2 dated July 30, 2023 and a supplemental management agreement #3 dated July 24, 2024 (the "**Fund II Management Agreement**"), the Manager will receive a management fee for investment management services related to Trust II and LP II.

The Manager will receive a monthly fee payable by LP II to the Manager equal to 1/12th of 1.85% of the Net Asset Value attributed to each of the outstanding Series A Units, Series B Units, Series E Units, Series F Units, Series H Units, Series P Units, and Series W Units of LP II (including, for greater certainty, the LP II Units purchased by Trust II), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month, being the Fund II Management Fee. No Fund II Management Fee shall be payable on Series M Units or Series X Units of LP II.

The Fund II Management Fee may vary for other series of Trust II Units and LP II Units and is treated as an expense attributed to a particular series of LP II Units.

Fund II Acquisition Fee

For services related to the research, identification, due diligence, financing and acquisition of an LP II Property, the Manager will receive a fee upon the acquisition of an LP II Property equal to 1% of the total purchase price of such LP II Property plus additional capital committed to such LP II Property (the “**Fund II Acquisition Fee**”).

Trailing Fees

Trust II will sell Trust II Units through agents that are: (a) exempt market dealers registered under applicable securities laws in Canada; or (b) investment dealers that are registered under applicable securities laws in Canada and that are members of the Canadian Investment Regulatory Organization.

The following selling commissions will be payable by Trust II in respect of the gross proceeds realized on the Trust II sold, except the trailing commissions which will be payable by Trust II in respect of the Net Asset Value of the applicable Trust II Units. Selling commissions payable on the Trust II Units depend, in part, on whether the investor elects to participate in the Trust II DRIP:

Series of Unit	DRIP Option	Cash Option
Series A Units	Up-front commission of up to 6% (including an administration fee of 1%) Trailing commission of up to 1% per annum	Up-front commission of up to 5.5% (including an administration fee of 1%) Trailing commission of up to 1% per annum
Series B Units	Up-front commission of up to 4% (including an administration fee of 1%) Trailing commission of up to 0.75% per annum	Up-front commission of up to 4% (including an administration fee of 1%) Trailing commission of up to 0.75% per annum
Series E Units	Trailing commission of up to 1% per annum	Trailing commission of up to 1% per annum
Series F Units	No selling commissions	No selling commissions
Series P Units	Up-front commission of up to 4% (including an administration fee of 1%)	Up-front commission of up to 4% (including an administration fee of 1%)

The trailing commission set forth above is calculated on the Net Asset Value of the applicable Trust II Units. The trailing commission is calculated at the beginning of each fiscal quarter and payable in respect of Trust II Units sold by a selling dealer to a person that remains a holder of such Trust II Units at the end of each applicable fiscal quarter.

Expenses

Each of Trust II and LP II, respectively, is responsible for all expenses relating to the administration, management and operation of Trust II and LP II, respectively, including, without limitation, all general and administrative expenses, marketing and operating expenses, insurance costs, office space and staffing costs, expenses related to the acquisition and disposition of LP II Properties, legal, banking, audit and accounting fees, investor reporting costs, printing and mailing costs, costs incurred in connection with any governmental or regulatory filing requirements and the expenses set out in the Trust II Declaration of Trust and the LP II LPA, respectively.

The Manager may from time to time during the term of the Fund II Management Agreement incur certain costs for and on behalf of Fund II in the performance of its duties under the Fund II Management Agreement. In any such event, Fund II shall reimburse the Manager immediately upon the request of the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations under the Fund II Management Agreement.

The Manager, Trust II, and LP II acknowledge and agree that all or a portion of the compensation paid or payable to employees or other personnel of the Manager, as well as overhead costs (e.g. the cost of office space, furniture and day-to-day office supplies and services) associated with such employees who devote all or a portion of their time to the provision of services to Fund II, may be allocated to Fund II (or Trust II or LP II) as expenses of Fund II, provided however, that the costs of the specific expenses set forth in this paragraph shall not, in the aggregate, exceed \$300,000 per annum until the aggregate Net Asset Value of all series of units of LP II is equal to \$60,000,000, at which point the specific expenses set forth in this paragraph shall not, in the aggregate, exceed 0.5% of LP II's Net Asset Value.

In addition, to the extent that the Manager performs any leasing, project management or property management services in addition to the services described in the Fund II Management Agreement, it may earn additional fees at market rates for such services provided.

See “*Management Agreement*”.

As Trust II is intended to be a vehicle to obtain financing for LP II from time to time, as may be required by LP II to enable it to invest in its business, LP II has entered into the Reimbursement Agreement with Trust II and the Manager whereby LP II will pay for all ongoing expenses associated with the operation of Trust II, other than selling commissions and offering costs. See “*Reimbursement Agreement*”.

Special Allocation

Pursuant to LP II LPA, the Special Limited Partner will be entitled to receive the Special Allocation. See “*Distributions - LP II Distributions*”.

CEASE TRADE ORDERS, SANCTIONS AND BANKRUPTCIES

No penalty or sanction has been in effect during the last 10 years, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years against any of the directors, executive officers or control persons of Trust II, or any other issuer with which they have acted as director, executive officer or control person.

No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any director, executive officer or control person of Trust II, or any other issuer which they have acted as director, executive officer or control person.

LEGAL PROCEEDINGS

Trust II is not a party to any legal proceedings.

As of the date of this Information Circular, Trust II is not currently subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has any party entered into a settlement agreement with a securities regulatory authority and, other than as set out above, has not been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to Trust II's securities or would be likely to be considered important to a reasonable investor making an investment decision.

MATERIAL AGREEMENTS

Unitholders may obtain a copy of each of the material agreements listed below by requesting same from LP II at investment@westbow.ca or in person during normal business hours at the offices of Trust II, located at 401 – 44561 Skylark Road, Chilliwack, BC, V2R 6J6.

Declaration of Trust

The rights and obligations of Trust II Unitholders are governed by the Trust II Declaration of Trust.

The following is a summary only of certain terms in the Trust II Declaration of Trust which, together with other summaries of additional terms of the Trust II Declaration of Trust appearing elsewhere in this Information Circular, are qualified in their entirety by reference to the actual text of the Trust II Declaration of Trust, a review of which is recommended to Unitholders.

Purpose of Trust II

The Trust II Declaration of Trust provides that the undertaking and activities of Trust II are restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities issued by LP II, and borrowing funds and issuing debt securities, directly or indirectly, for that purpose, and issuing redemption notes;
- (b) temporarily holding cash in connection with and for the purposes of Trust II's undertaking, paying administration and trust expenses, paying any amounts required in connection with the redemption of Trust II Units and making distributions to Trust II Unitholders and borrowing funds and issuing redemption notes for those purposes, directly or indirectly;
- (c) issuing Trust II Units and other securities of Trust II for the purposes of:
 - (i) obtaining funds to conduct the undertakings and activities described above, including raising funds for further investments, acquisitions or development;
 - (ii) repaying any indebtedness or borrowings of Trust II;
 - (iii) establishing and implementing distribution reinvestment plans, Trust II Unit purchase plans, incentive option and other compensation plans, if any, established by Trust II or an affiliate of Trust II;
 - (iv) making non-cash distributions to holders of Trust II Units as contemplated by the Trust II Declaration of Trust, including *in specie* redemptions and distributions pursuant to distribution reinvestment plans, if any, established by Trust II;
 - (v) giving effect to any arrangement or reorganization; or
 - (vi) satisfying obligations (if any) to pay the applicable redemption price for the redemption, purchase or other acquisition of Trust II Units, in certain circumstances contemplated in the Trust II Declaration of Trust;
- (d) guaranteeing the obligations of its affiliates pursuant to any good faith debt for borrowed money or any other obligation incurred by such entity in good faith for the purpose of carrying on its business, and pledging securities and other property owned by Trust II as security for any obligations of Trust II, including obligations under any such guarantee. Trust II may only provide a guarantee in respect of the indebtedness of another person if Trust II does not, directly or indirectly, receive any fees or other consideration for providing the guarantee and the Trust II Trustees or the Manager have determined that such guarantee forms part of the core investment undertakings of Trust II; provided that Trust II will not, in any event,

provide a guarantee which would result in Trust II not being considered a unit trust or a mutual fund trust for purposes of the Tax Act;

- (e) granting security in any form, over any or all of Trust II's assets to secure any or all of the obligations of Trust II or its affiliates;
- (f) repurchasing or redeeming securities of Trust II, including Trust II Units, subject to the provisions of the Trust II Declaration of Trust and applicable law;
- (g) carrying out any of the transactions, and entering into and performing any of the obligations of Trust II under any agreements contemplated by the Trust II Declaration of Trust;
- (h) engaging in all activities necessary, ancillary, incidental or related to any of those activities set forth in paragraphs (a) through (g) above; and
- (i) undertaking such other activities or taking such actions, including investing in securities, as is to be approved by the Trust II Trustees or the Manager from time to time,

provided that Trust II will not, in any event, undertake any activity, take any action, or make any investment which would result in Trust II not being considered a unit trust or a mutual fund trust for purposes of the Tax Act.

Attributes and Issuance of Trust II Units

The beneficial interests of Trust II shall be represented and constituted by an unlimited number of Trust II Units of a single class divided into an unlimited number of series, in such number and designation as determined by the Trust II Trustees from time to time and set out in the Trust II Declaration of Trust. Trust II Units may be created and issued by the Trust II Trustees in their sole discretion from time to time. The Trust II Trustees shall have sole discretion in determining the attributes which shall attach to each series of Trust II Units. The issued and outstanding Trust II Units may be subdivided or consolidated from time to time by the Trust II Trustees without the prior approval of, or notice to, any Trust II Unitholder.

Fractional Units

Except with the prior consent of the Manager, Trust II will not accept any subscriptions for or record any transfer of any interest in less than a whole Trust II Unit. However, fractional Trust II Units may be issued, assigned and entered in the register, and shall have attached thereto the rights, privileges, limitations, restrictions and conditions attaching to whole Trust II Units in the proportion that they bear to a whole Trust II Unit.

Transfer of Trust II Units

Trust II Unitholders cannot transfer their Trust II Units except in very limited circumstances. See "*Terms of Securities - Transfer of Trust II Units*".

Redemption and Retraction of Trust II Units

The redemption/retraction rights of the Trust II Units are set forth in "*Redemption and Retraction of Trust II Units*".

Distributions of Trust II Units

The distribution entitlements of the Trust II Units are set forth in "*Terms of Securities - Trust II Distributions*".

Trust II Trustees

Trust II shall have a minimum of two and not more than eleven trustees. The number of trustees of Trust II within such range shall be determined by resolution of the Trust II Trustees, and may be changed by resolution of the Trust II Trustees from time to time. As of the date hereof, the number of trustees of Trust II has been fixed at two, and shall continue at such number until such time as the Trust II Trustees pass a resolution to fix the number of trustees of Trust II at a new number.

Following the passage of a resolution by the Trust II Trustees fixing the number of trustees of Trust II at a greater number (not to exceed eleven) than was fixed immediately prior to the passage of such resolution, the Trust II Trustees then in office shall by resolution elect the additional trustees to fill the vacancies created by the increase in number of trustees of Trust II.

Trust II Trustees (including the initial Trust II Trustees) are appointed for a term of office which shall continue until the earlier of their death, resignation or removal in accordance with the Trust II Declaration of Trust, and shall be entitled to receive for their services as Trust II Trustees such reasonable compensation as the Trust II Trustees may determine from time to time (provided that Nicholas Westeringh and Dick Westeringh shall not receive compensation), as well as reimbursement of their out-of-pocket expenses incurred in acting as a Trust II Trustee. Such Trust II Trustees, either directly or indirectly, shall also be entitled to receive remuneration (in such amount as is determined in the discretion of the Trust II Trustees) for services rendered to Trust II in any other capacity. See "*Compensation and Securities Held*".

A Trust II Trustee may resign at any time by an instrument in writing signed by him or her and delivered to Trust II. Such resignation shall take effect on the later of: (a) 60 days following the date that notice of such resignation is delivered to Trust II; and (b) any effective date of resignation as may be specified in the notice. In the case of a resignation, all or a majority of the Trust II Trustees remaining in office may appoint a replacement Trust II Trustee provided that should they fail to do so then the Manager may appoint a replacement Trust II Trustee. Any Trust II Trustee may be removed at any time, with or without cause, by the Manager giving such Trust II Trustee five days written notice.

The Trust II Trustees (or any of them) may be removed at any time by: (a) a resolution proposed to be passed as a special resolution at a meeting of Trust II Unitholders (including an adjourned meeting), voting as a single series, duly convened for that purpose and held in accordance with the Trust II Declaration of Trust and passed by more than 75% of the votes cast on such resolution by Trust II Unitholders present or represented by proxy at the meeting; or (b) a resolution in writing executed by Trust II Unitholders holding more than 75% of the votes attached to outstanding Trust II Units of all series at any time; provided that if such resolution removes all of the Trust II Trustees, it shall only be effective if it also elects at least one replacement Trust II Trustee.

The Trust II Declaration of Trust provides that, subject to the specific limitations contained in the Trust II Declaration of Trust, the Trust II Trustees have, without further or other action or consent, and free from any power of control on the part of the Trust II Unitholders, full, absolute and exclusive power, control and authority over the Trust II's assets and management of the affairs of Trust II to the same extent as if the Trust II Trustees were the sole and absolute beneficial owners of the Trust II's assets in their own right, to do all such acts and things as in their sole judgment and discretion that are necessary or incidental to, or desirable for, carrying out the trust created by the Trust II Declaration of Trust.

The Manager

Pursuant to the Trust II Declaration of Trust, the Manager shall have the powers and duties as may be provided for in the Trust II Declaration of Trust as well as in the Fund II Management Agreement and has the power to further delegate management and administration of Trust II, as well as the power to retain and instruct such appropriate experts or advisors to assist in the performance of those duties and obligations. In the Trust II Declaration of Trust, the Trust II Trustees delegated to the Manager full and absolute right, power and authority to undertake, perform and provide, for and on behalf of Trust II, all acts, duties and responsibilities as the Manager considers, in its sole discretion, necessary or desirable in connection with any offering of Trust II Units from time to time. The Fund II Management Agreement sets forth certain rights, restrictions and limitations which pertain to the performance by the Manager of the duties delegated to it by the Trust II Trustees. See "*Management Agreement*".

All determinations of the Manager which are made in good faith relating to Trust II shall be final and conclusive and shall be binding upon Trust II and all Trust II Unitholders.

The services of the officers and directors of the Manager will not be exclusive to the Manager or Trust II, and nothing in the Trust II Declaration of Trust or the Fund II Management Agreement shall prevent, or be construed to prevent the officers and directors of the Manager from engaging in other activities apart from those services being provided thereby to the Manager or Trust II (whether or not those other activities are the same or similar to the activities being carried out on behalf of the Manager or Trust II).

Standard of Care and Duties

Each Trust II Trustee and the Manager, in exercising the powers and authority conferred upon them pursuant to the Trust II Declaration of Trust, will act honestly and in good faith with a view to the best interests of Trust II and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Unless otherwise required by law, the Trust II Trustees and the Manager are not required to give surety bond or security in any jurisdiction for the performance of any duties or obligations under the Trust II Declaration of Trust. The Trust II Trustees and the Manager are not required to devote their entire time to the investments or business or affairs of Trust II.

To the extent that the performance of certain duties and activities has been granted to the Manager in the Trust II Declaration of Trust, or that the Trust II Trustees have delegated the performance of certain duties and activities to the Manager, the Trust II Trustees shall be deemed to have satisfied the aforesaid standard of care.

Limitation on Non-Resident Ownership

Trust II is and intends to continue as a mutual fund trust under the Tax Act. This requires, among other things, that Trust II not be established or maintained primarily for the benefit of Non-Residents (as defined and determined in accordance with the Tax Act). Accordingly, at no time are Non-Residents entitled to beneficially own more than 45% of the Trust II Units. Trust II may require declarations as to the jurisdictions in which beneficial owners of Trust II Units are resident. If the Manager becomes aware that the beneficial owners of 45% of the Trust II Units then outstanding are, or may be, Non-Residents, or that such a situation is imminent or foreseeable, the Manager may refuse subscriptions from individuals who cannot provide a declaration that they are not a Non-Resident. Furthermore, the Trust II Declaration of Trust grants the Manager the ability to (a) require Non-Resident Trust II Unitholders to sell or otherwise dispose of Trust II Units, or (b) require Non-Resident Trust II Unitholders to redeem their Trust II Units. Neither the Manager, the Trust II Trustees, nor any transfer agent appointed by Trust II, or any of their respective directors, officers, employees or agents shall have any liability in connection with sales or redemptions of Trust II Units in connection with the above.

If the Tax Act is (or is proposed to be) amended in a manner which places new restrictions on Non-Residents beneficially owning Trust II Units, the Trust II Declaration of Trust permits the Trust II Trustees to take any action they consider necessary (including amending the Trust II Declaration of Trust) to ensure that Trust II maintains its status as a mutual fund trust.

Prohibition on Non-Canadian Ownership

A Non-Canadian (as defined and determined in accordance with *Prohibition on the Purchase of Residential Property by Non-Canadians Act* (the "PPRP Act")) shall not be entitled to own Trust II Units. The Manager shall not accept any subscription for Trust II Units from or issue or register a transfer of Trust II Units to a person unless the person provides a declaration in a form satisfactory to the Manager that the person is not a Non-Canadian. If, notwithstanding the foregoing, the Manager determines that a Trust II Unitholder is a Non-Canadian, the Manager may send a notice to such Non-Canadian Trust II Unitholder which may advise any such Non-Canadian Trust II Unitholder that his Trust II Units are being redeemed in accordance with the Trust II Declaration of Trust as if such Trust II Unitholder had tendered his Trust II Units for redemption as at the date of the notice in accordance with the Trust II Declaration of Trust and complete such redemption.

If the PPRP Act is (or is proposed to be) amended in a manner which places new restrictions on persons owning Trust II Units, the Trust II Trustees may take any action they consider necessary (including, for greater certainty, amending the Trust II Declaration of Trust without obtaining the approval of Trust II Unitholders) to ensure, to the extent practicable, that Trust II complies with the PPRP Act.

Limitation of Liability and Indemnification

To the fullest extent permitted by law, Trust II shall indemnify and hold harmless each of the Trust II Trustees, the Manager, and any of their affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees, and Fund II Independent Review Committee (and its members), and any person who serves at the request of the Trust II Trustees or the Manager on behalf of Trust II as an officer, director, partner, employee or agent of any other entity (each, a **"Trust II Indemnified Party"** and for whom the Trust II Trustees and the Manager hold such rights in trust, as applicable) from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Trust II Indemnified Party and arise out of or in connection with the affairs of Trust II, the performance by such Trust II Indemnified Party of any of the Trust II Trustees' or the Manager's responsibilities under the Trust II Declaration of Trust or otherwise in connection with the matters contemplated in the Trust II Declaration of Trust, provided that no such Trust II Indemnified Party shall be so indemnified, with respect to any matter for which indemnification is sought, to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Trust II Indemnified Party acted in bad faith or engaged in fraud or willful misconduct or breached the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, engaged in actions that the Trust II Indemnified Party knew to be unlawful. A Trust II Indemnified Party shall not be denied indemnification in whole or in part because the Trust II Indemnified Party had an interest in the transaction with respect to which indemnification applies if the transaction was otherwise permitted by the terms of the Trust II Declaration of Trust. No Trust II Indemnified Party is entitled to satisfy any right of indemnity or reimbursement granted under the Trust II Declaration of Trust, or otherwise existing under law, except out of the assets of Trust II. No Trust II Unitholder and none of the Trust II Trustees, the Manager, a director or officer of the Manager, or an officer of Trust II is personally liable to any Trust II Indemnified Party with respect to any claim for such indemnity or reimbursement as aforesaid.

The Trust II Trustees, the Manager and the directors, officers, employees, shareholders, consultants, agents or representatives of Trust II, the Trust II Trustees and the Manager, as the case may be, in incurring any debts, liabilities or obligations, or taking or omitting any other actions for or in connection with the affairs of Trust II are, and shall be conclusively deemed to be, acting for and on behalf of Trust II, and not in their own personal capacities.

To the fullest extent permitted by law, none of the Trust II Indemnified Parties shall be liable to any Trust II Unitholder for any action taken or not taken in good faith in reliance on any documents that are, *prima facie*, properly executed; for any depreciation of, or loss to, Trust II incurred by reason of the sale of any asset or security; for the loss or disposition of monies or securities; for any action or failure to act of any other person to whom the Trust II Trustees have delegated any of their duties under the Trust II Declaration of Trust; or for any other action or failure to act including the failure to compel in any way any former Trust II Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to Trust II, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such action or failure to act resulted from the Trust II Indemnified Party's bad faith, fraud, wilful misconduct or breach of the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful. If the Trust II Trustees or the Manager have retained an appropriate expert or advisor with respect to any matter connected with its duties under the Trust II Declaration of Trust, the Trust II Trustees may act or refuse to act based on the advice of such expert or advisor and, notwithstanding any provision of the Trust II Declaration of Trust, including the standard of care set out above, neither the Trust II Trustees nor the Manager are liable for any action or refusal to act based on the advice of any such expert or advisor which it is reasonable to conclude is within the expertise of such expert or advisor to give.

To the fullest extent permitted by law, no Trust II Indemnified Party is subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust II's assets or the affairs of Trust II, including in respect of any loss or diminution in value of any Trust II's assets, to Trust II or to the Trust II Unitholders or to any other person for anything done or permitted to be done by the Trust II Trustees or the Manager. No Trust II Indemnified Party is subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to Trust II arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of the Trust II Trustees or the Manager for or in respect of the affairs of Trust II except to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Trust II Indemnified Party acted in bad faith or engaged in fraud or wilful misconduct or breached the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, engaged in actions that the Trust II Indemnified Party knew to be unlawful. No property or assets of the Trust II Trustees or the Manager are subject to any levy, execution or other enforcement procedure with regard to any obligations under the Trust II Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against a Trust II Indemnified Party. Trust II is to be solely liable therefor and resort is to be had solely to the Trust II's assets for payment or performance thereof.

Notwithstanding anything to the contrary in the Trust II Declaration of Trust, any matter that is approved by the Fund II Independent Review Committee shall not constitute a breach of the Trust II Declaration of Trust or any duties to Trust II or to the Trust II Unitholders stated or implied by law or equity, including fiduciary duties.

Trust II Trustees' Other Interests and Conflicts of Interest

Pursuant to the Trust II Declaration of Trust, the Trust II Trustees may have other interests or associations of whatever nature or kind aside from those related to Trust II. Each Trust II Trustee is expressly permitted:

- (a) to be an associate, affiliate, securityholder, director, officer, trustee, employee, agent or consultant of, or otherwise involved with, a person from or to whom assets of Trust II or of its associates or affiliates have been or are to be purchased or sold;

- (b) to be a person, or to be an associate, affiliate, securityholder, director, officer, trustee, employee, agent or consultant of (or otherwise involved with) a person, with whom Trust II or its associates or affiliates contracts or deals or which supplies services to Trust II or its associates or affiliates;
- (c) to acquire, hold and dispose of, for such Trust II Trustee's own account, any property (real, personal, tangible or intangible) even if such property is of a character which could be held by Trust II, and to exercise all rights of an owner of such property as if such Trust II Trustee were not a Trust II Trustee;
- (d) to acquire, hold and sell Trust II Units as principal, or as an affiliate or associate of or fiduciary for any other person, and to exercise all rights of a holder thereof as if such Trust II Trustee was not a Trust II Trustee; and
- (e) to have business interests of any nature and to continue such business interests while a Trust II Trustee.

Each Trust II Indemnified Party shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of Trust II, the Manager, LP II or GP II; or (b) such businesses and activities directly compete with, or disfavor or exclude, Trust II, the Manager, LP II or GP II. Such business interests, activities and engagements shall be deemed not to constitute a breach of the Trust II Declaration of Trust or any duties stated or implied by law or equity, including fiduciary duties, owed to any of Trust II or LP II (or any of their respective investors) and shall be deemed not to be a breach of the Trust II Trustees' fiduciary duties or any other obligation of any type whatsoever of the Trust II Trustees. None of Trust II or LP II or any other person shall have any rights by virtue of the Trust II Declaration of Trust or the relationship established hereby or otherwise in any business ventures of a Trust II Indemnified Party. The Trust II Indemnified Parties shall have no obligation under the Trust II Declaration of Trust or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to Trust II, LP II or the Trust II Unitholders.

Pursuant to the Trust II Declaration of Trust, the Trust II Unitholders acknowledge and accept that there are, and will continue to be, potential or actual interests of one or more of the Trust II Trustees, or their associates or affiliates (including conflicts of interest) with respect to business or other interests held directly or indirectly by, and/or contractual arrangements or transactions directly or indirectly involving, one or more of the other Trust II Trustees, or their respective associates or affiliates, or Trust II its associates and affiliates or any of them, and the Trust II Unitholders agree that:

- (a) any Trust II Trustee is hereby expressly permitted (notwithstanding any liability which might otherwise be imposed by applicable law or in equity upon such Trust II Trustee as a trustee) to derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with another Trust II Trustee or his associates or affiliates or Trust II or its associates or affiliates or as a result of the relationships, matters, contracts, transactions, affiliations or other interests it may have and such Trust II Trustee shall not be liable in law or in equity to pay or account to Trust II, or to any Trust II Unitholder (whether acting individually or on behalf of itself, holders of Trust II Units of a series or all Trust II Unitholders as a single class) for any such direct or indirect benefit, profit or advantage nor, in such circumstances, will any contract or transaction be void or voidable at the instance of Trust II, of any Trust II Unitholder or any other person; and
- (b) interests of any Trust II Trustee, or their respective associates or affiliates, including any conflicts of interest, will not form the basis for any claim against such Trust II Trustee, or their respective affiliate or associate, or for any attempt to challenge or attack the validity of any contract, transaction or arrangement (or renewal, extension or amendments of same) which the Trust II Trustees may enter into on behalf of Trust II;

provided, in each case, that the Trust II Trustee in question has otherwise exercised its powers and discharged its duties honestly and in good faith in respect to the matter, contract, transaction or interest in question.

The Manager shall appoint the Fund II Independent Review Committee, which will review conflict of interest matters with respect to Trust II. See "*The Independent Review Committee of Fund II*".

Term and Dissolution of Trust II

Subject to the Trust II Declaration of Trust, Trust II shall continue for an indefinite term or such prior date that is the earlier of: (a) the date the Trust II Trustees or the Manager have resolved to terminate and dissolve Trust II; (b) the date upon which LP II is wound up and dissolved pursuant to the LP II LPA; and (c) the date which is one day prior to the date, if any, Trust II would otherwise be void by virtue of any applicable rule against perpetuities then in force in British Columbia.

Meetings and Resolutions of Trust II Unitholders

Trust II may but is not required to hold annual meetings of Trust II Unitholders (or Trust II Unitholders holding any particular series of Trust II Units). The Trust II Trustees may call special meetings of Trust II Unitholders (or Trust II Unitholders holding any particular series of Trust II Units), at any time and from time to time and for any purpose.

A meeting of Trust II Unitholders may be convened at any time and for any purpose by the Trust II Trustees and must be convened if requisitioned by a written requisition of Trust II Unitholders holding not less than 20% of the total of the Trust II Units then outstanding. A written meeting requisition must: (a) set forth the name and address of each person who is supporting the requisition and the number of Trust II Units held; (b) state in reasonable detail the business proposed to be transacted at the meeting; and (c) be sent to the Trust II Trustees in accordance with the Trust II Declaration of Trust.

A Trust II Unitholder may attend and vote at all meetings of the Trust II Unitholders either in person or by proxy and a proxyholder need not be a Trust II Unitholder. At any meeting of the Trust II Unitholders, a quorum consists of two or more Trust II Unitholders present in person or by proxy. Where, in the opinion of the Trust II Trustees, any proposed matter does not materially adversely affect the rights of holders of a class or series of Trust II Units then the approval of such holders of such class or series shall not be required and such holders shall not

be permitted to vote in relation to such proposed matter, unless the Trust II Trustees determine in their discretion to permit such holders to vote. Where business at a meeting affects one or more series of Trust II Units in a manner or to an extent substantially different from that in or to which it affects the rights of the Trust II Unitholders of any other series, the meeting is to be called a "series meeting" and the holders of the series of Trust II Units so affected shall be entitled to approve the matter at a meeting of the holders of that series and the applicable matter will not be considered approved unless it is approved by ordinary resolution or special resolution, as applicable, by the holders of each affected series of Trust II Units.

Trust II Unitholders shall be entitled to pass resolutions that will bind the Trust II Trustees only with respect to matters required by applicable laws or the Trust II Declaration of Trust to be submitted to Trust II Unitholders for approval.

Power of Attorney

Upon becoming a Trust II Unitholder, each Trust II Unitholder grants to the Trust II Trustees a power of attorney constituting the Trust II Trustees (whether acting individually or collectively) with full power of substitution as his true and lawful attorney to act on his behalf, with full power and authority in his name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters), when, as and where required:

- (a) the Trust II Declaration of Trust and any other instrument required, or desirable to, qualify, continue and keep in good standing Trust II as a mutual fund trust in all jurisdictions that the Trust II Trustees deem appropriate and to ensure that Trust II is not a SIFT trust under the Tax Act in all jurisdictions that the Trust II Trustees deem appropriate;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of Trust II as authorized in the Trust II Declaration of Trust, including all conveyances, transfers and other documents required to effect any sale, transfer, repurchase or other disposition of Trust II Units necessitated, required or permitted under the Trust II Declaration of Trust;
- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of Trust II in accordance with the terms of the Trust II Declaration of Trust;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of Trust II or of a Trust II Unitholder's interest in Trust II;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to the Trust II Declaration of Trust which is authorized from time to time as contemplated by the terms of the Trust II Declaration of Trust;
- (f) all transfers, conveyances and other documents required to deal with Trust II Units, including to facilitate transfers, acquisitions and dispositions of Trust II Units;
- (g) any instrument, deed, agreement or document as may be necessary or appropriate in connection with carrying on the business and undertaking of Trust II; and
- (h) all other instruments and documents on his behalf and in his name or in the name of Trust II as may be deemed necessary by the Trust II Trustees to carry out fully the Trust II Declaration of Trust in accordance with its terms;

and, for further certainty, it is acknowledged and agreed by each Trust II Unitholder that the Trust II Trustees may exercise any of the powers granted under the power of attorney irrespective of whether the Manager has been expressly authorized to take any such actions referred to above, and that the Trust II Trustees may substitute the Manager as a delegate, in whole or in part, of the powers granted in the Trust II Declaration of Trust.

The power of attorney granted in the Trust II Declaration of Trust is irrevocable, is a power coupled with an interest, and shall survive the insolvency, death, mental incompetence, disability, dissolution or termination and any subsequent legal incapacity of the Trust II Unitholder and shall survive the transfer by the Trust II Unitholder of all or part of the Trust II Unitholder's interest in Trust II and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Trust II Unitholder. Each Trust II Unitholder agrees to be bound by any representations or actions made or taken by the Trust II Trustees or their delegate pursuant to the power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trust II Trustees in good faith under the power of attorney. The power of attorney shall continue in respect of each and every one of the initial trustees so long as they are a Trust II Trustee, and shall also continue in respect of a new Trust II Trustee as if the new Trust II Trustee was an initial trustee under the Trust II Declaration of Trust.

Amendments to Trust II Declaration of Trust

The provisions of the Trust II Declaration of Trust may only be amended, altered, supplemented or restated by special resolution and with the prior approval of the Trust II Trustees and the Manager, except where specifically provided otherwise; including that the Trust II Trustees may add to, delete, amend, modify, vary or change the provisions of the Trust II Declaration of Trust without the consent, approval or ratification of the Trust II Unitholders, the Manager or any other person at any time for the purpose of:

- (a) ensuring or facilitating compliance with applicable laws, regulations, requirements or policies of any governing authority having jurisdiction over the Trust II Trustees, Trust II or Trust II Unitholders;

- (b) adding to the Trust II Declaration of Trust (or amending existing provisions) any provisions which, in the reasonable opinion of the Trust II Trustees or the Manager, are for the protection of the Trust II Unitholders or to mitigate potential adverse commercial or tax consequences;
- (c) providing additional protection or added benefits, in the reasonable opinion of the Trust II Trustees or the Manager, for the Trust II Unitholders (including a change in the governing law of Trust II);
- (d) providing for the creation and issue of additional series of Trust II Units and other securities of Trust II from time to time in accordance with the provisions of the Trust II Declaration of Trust;
- (e) curing any ambiguity or correcting or supplementing any provisions which, in the reasonable opinion of the Trust II Trustees, are defective or inconsistent with any other provision of the Trust II Declaration of Trust provided that, in the reasonable opinion of the Trust II Trustees, the cure, correction or supplemental provision does not and will not materially adversely affect the interests of any Trust II Unitholders;
- (f) responding to changes to accounting standards from time to time provided that the Trust II Trustees have reasonably determined that such changes will not materially adversely affect the interests of any Trust II Unitholders;
- (g) changing the situs of, or the laws governing, Trust II which, in the reasonable opinion of the Trust II Trustees, is desirable in order to provide Trust II Unitholders with the benefit of any legislation limiting their liability provided that such change does not introduce a material disadvantage to the Trust II Unitholders that did not exist prior to such change;
- (h) making additions, deletions, amendments, modifications, variations or changes that, in the Trust II Trustees' or the Manager's reasonable opinion, are necessary or desirable as a result of changes in taxation laws or policies of any governing authority having jurisdiction over the Trust II Trustees, Trust II or the Trust II Unitholders;
- (i) ensuring that Trust II qualifies or continues to qualify as a unit trust and a mutual fund trust under the Tax Act; or
- (j) making additions, deletions, amendments, modifications, variations or changes in any other manner provided the amendment does not materially adversely affect (and is not likely to materially adversely affect in the future) the pecuniary interests of any Trust II Unitholder;

but notwithstanding the foregoing, no such addition, deletion, amendment, modification, variation or change or any other alteration, supplement or restatement is valid under the Trust II Declaration of Trust or binds the Trust II Trustees or any Trust II Unitholders to the extent that it purports to:

- (a) modify the voting rights in the Trust II Declaration of Trust without the approval or consent of the Trust II Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust II Units then outstanding and represented at a meeting called for such purpose;
- (b) reduce the percentage of votes required to be cast at a meeting of the Trust II Unitholders for any Trust II Unitholder approval or special resolution, without the approval or consent of the Trust II Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total Trust II Units then outstanding and represented at the meeting called for such purpose;
- (c) reduce the interest in Trust II's assets represented by any series of Trust II Units without the approval or consent of the Trust II Unitholders of such series by resolution passed by the affirmative votes of the holders of more than 90% of the total Trust II Units of such series then outstanding and represented at the meeting called for such purpose; or
- (d) results in Trust II failing to qualify as a unit trust or mutual fund trust under the Tax Act at any time.

Fiscal Year-End

Each fiscal year and taxation year of Trust II ends on December 31 of each calendar year unless the taxation year is deemed to end on a different date under the Tax Act.

Partnership Agreement

The rights and obligations of the LP II limited partners (the "**Limited Partners**" and each, a "**Limited Partner**") (including Trust II) are governed by the LP II LPA.

The following is a summary only of certain terms in the LP II LPA which, together with other summaries of additional terms of the LP II LPA appearing elsewhere in this Information Circular, are qualified in their entirety by reference to the actual text of the LP II LPA, a review of which is recommended to Unitholders.

Purpose of LP II

The purpose of LP II is to seek income and capital appreciation through one or more direct or indirect investments in LP II Properties, with a focus on residential properties in western Canada.

Capital of LP II and Nature of the LP II Units

The capital of LP II shall be divided into one or more classes of LP II Units and each class shall be further divided into one or more series, in such number and designation as determined by GP II from time to time and as of the date hereof being Series A Units, Series B Units, Series E Units, Series F Units, Series G Units, Series H Units, Series M Units, Series P Units, and Series X Units of LP II, each representing a share of the aggregate interests in the assets of LP II attributable to that class or series, as applicable. LP II is authorized to issue an unlimited number of LP II Units.

Each class and/or series may: (a) have different attributes including different fees than those chargeable against LP II Units of another class and/or series; (b) be subject to a different distribution policy; and (c) may have different redemption or other features than other classes and/or series of LP I Units, in each case as GP II may determine.

Each Limited Partner shall be entitled to one vote for each LP II Unit held by such Limited Partner in respect of all matters to be voted upon by the Limited Partners or any of them (for this purpose the total number of LP II Units then held by each such Limited Partner and entitled to be voted on a matter shall be aggregated).

The capital contribution per LP II Unit of any one class and/or series of LP II Units need not be equal to the capital contribution per LP II Unit of any other class and/or series. GP II may at any time name or rename a class and/or series without otherwise affecting the attributes of such class and/or series.

Except as otherwise provided for in the LP II LPA, each issued and outstanding LP II Unit of each class and/or series shall be equal to each other LP II Unit of the same class and/or series with respect to all matters, including the right to receive allocations and distributions from LP II and otherwise.

Transfer of the LP II Units

A Limited Partner may not assign or otherwise transfer its interest in whole or in part to any person without the prior written consent of GP II, which consent GP II may unreasonably withhold. Any attempted assignment, transfer, or substitution not made in accordance with LP II LPA shall be null and void. In addition, no assignment or transfer of an interest shall be made unless:

- (a) such assignment or transfer would not violate applicable law;
- (b) such assignment or transfer would not cause LP II to lose its status as a limited partnership under the *Partnership Act* (British Columbia) or for income tax purposes;
- (c) the assignee or transferee is a resident of Canada (or a Canadian partnership) within the meaning of the Tax Act, except where such requirement is waived in the sole discretion of GP II, provided, however, that no waiver shall be given if there are any adverse tax consequences or material costs to LP II or any other Limited Partner as a result of such person becoming a Limited Partner;
- (d) the assignee or transferee is not a Non-Canadian, except where such requirement is waived in the sole discretion of GP II if GP II is satisfied, upon receipt of at least a "should-level" opinion of counsel, that permitting the assignee or transferee to hold LP II Units would not subject any person to liability under the PPRP Act;
- (e) the assignee or transferee is not a financial institution or specified financial institution (each as defined in the Tax Act, collectively referred to herein as a "**Financial Institution**") if, following such transfer, LP II would be a Financial Institution; and
- (f) the assignee and any beneficial purchaser for which the assignee is acting is not a person or partnership an interest in which would be, and is not acquiring an interest in LP II as, a tax shelter investment (as defined in the Tax Act).

In connection therewith, GP II may require any representations and warranties, documentation or legal opinions, at the expense of the assignor or transferor or the proposed assignee or transferee, that it deems necessary or advisable, acting reasonably, in connection with any assignment or transfer. Each assigning or transferring Limited Partner agrees that it will pay all reasonable expenses, including legal, accounting and valuation fees and expenses, incurred by LP II in connection with an assignment or transfer of an interest by such Limited Partner, except to the extent that the assignee or transferee thereof agrees to bear such expenses.

Fractional Units

GP II may consolidate or subdivide the LP II Units of a class or series from time to time in such manner as it considers appropriate. Except with the prior consent of GP II, a LP II Unit may not be divided or split into fractions and, except with the prior consent of GP II, LP II will not accept any subscriptions for or record any transfer of any interest in less than a whole LP II Unit. Subject to the foregoing, fractional LP II Units may be issued, assigned and entered in the records of LP II, and shall have attached thereto the rights, privileges, limitations, restrictions and conditions attaching to whole LP II Units in the proportion that they bear to a whole LP II Unit.

Redemption of LP II Units

There is no general right of redemption by a Limited Partner and all redemptions are subject to the approval of GP II, in its sole discretion, provided that a Limited Partner may redeem LP II Units that are designated as redeemable in accordance with the provisions set forth in the LP II LPA. All of the LP II Units that will be purchased by Trust II are redeemable.

To request the redemption of an LP II Unit, a Limited Partner must send a duly completed and properly executed notice, in a form approved by GP II requesting GP II to redeem the LP II Unit.

Upon receipt by GP II of the notice to redeem LP II Units, the Limited Partner thereafter ceases to have any rights with respect to the LP II Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for in the LP II LPA) including the right to receive any distributions thereon which are declared payable to the Limited Partners of record on a date which is subsequent to the day of receipt by GP II of such notice. LP II Units are considered to be tendered for redemption on the date that the GP II has, to its satisfaction, received the notice and other required documents or evidence that the GP II may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

Subject to the limitations in the following paragraphs, upon receipt by GP II of the notice to redeem an LP II Unit in, the applicable Limited Partner is entitled to receive the redemption price for each such LP II Unit being redeemed, which shall be an amount equal to the Net Asset Value per LP II Unit determined as at the last business day of the quarter in which the Redemption Date occurs, multiplied by the applicable percentage set out in the table below, where the “Redemption Date” is the date that the Manager and, if a transfer agent has been appointed, the transfer agent has, to the satisfaction of the Manager and such transfer agent, received the notice and other required documents or evidence as aforesaid.

Period of time between the issuance date of the LP II Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	Series E	Series F	Series P
< 1 year	90%	93%	95%	95%	94%
1 year to < 2 years	92%	95%	97%	97%	96%
2 years to < 3 years	94%	97%	99%	99%	98%
3 years to < 4 years	96%	99%	100%	100%	100%
4 years to < 5 years	98%	100%	100%	100%	100%
5 years and greater	100%	100%	100%	100%	100%

Pursuant to the foregoing table, a Limited Partner will receive a lower redemption price if such Limited Partner redeems his or her LP II Units within a certain period of time from the date of investment (depending on the series of LP II Unit held by the Limited Partner). This is intended to protect LP II and existing Limited Partners from a reduction in the value of LP II due to the payment of selling commissions and offering costs.

The redemption price payable in respect of the LP II Units tendered for redemption during any calendar quarter is to be satisfied by way of a cash payment on the last day of the calendar month following the end of the calendar quarter in which the LP II Units were tendered for redemption.

The two foregoing paragraphs do not apply to LP II Units tendered for redemption by a Limited Partner, where:

- (a) the total amount payable by LP II in respect of such LP II Units and all other LP II Units validly tendered for redemption in the same calendar quarter exceeds the Quarterly Limit; provided that GP II may, in its sole discretion, waive or increase such limitation in respect of all LP II Units tendered for redemption in any calendar quarter;
- (b) in GP II's opinion (in its sole discretion) LP II is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in GP II's opinion (in its sole discretion), LP II has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Limited Partners or LP II, generally.

LP II Units tendered for redemption in any calendar quarter in which the total amount payable by LP II exceeds the Quarterly Limit are to be redeemed for a combination of cash and a distribution of redemption notes on a *pro rata* basis, subject to any applicable regulatory approvals.

If, as a result of any limitations in (b) or (c) above, a Limited Partner is not entitled to receive cash upon the redemption of some or all of the Limited Partner's LP II Units approved for redemption then the redemption price per LP II Unit to which the Limited Partner would otherwise be entitled will be paid and satisfied by the delivery to the Limited Partner of a redemption note.

LP II will redeem the LP II Units according to the order in which redemption notices are received by GP II. Unless the limitation on redemption of LP II Units set out in paragraph (a) above is waived as specified, and provided that paragraphs (b) and (c) above do not apply, LP II Units tendered for redemption in any calendar quarter in which the total amount payable by LP II exceeds the LP II Unit quarterly redemption threshold provided in paragraph (a) above are to be redeemed for a combination of cash and the issuance of redemption notes on a *pro rata* basis, provided however that, if the quarterly redemption threshold provided in paragraph (a) above has not been exhausted by redemptions which pre-date the redeeming Limited Partner's redemption notice then the minimum cash to be distributed to such redeeming Limited Partner is to be not less than \$1,000 (unless waived by GP II in its sole discretion or the entire redemption price is paid in cash).

Suspension of Redemption of LP II Units

As an extraordinary measure, GP II may, from time to time and for any reason so long as it is acting reasonably, suspend the redemption of LP II Units or postpone the date of payment of redeemed LP II Units. Examples of such circumstances include, without limitation, if GP II reasonably determines that: (a) the LP II's assets are invested in such a manner so as to not reasonably permit immediate liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by LP II of part or all of its investments is not reasonable or practicable, or would be prejudicial to the Limited Partners generally; (c) not suspending redemptions would have an adverse effect on continuing Limited Partners; or (d) it is unable to value the assets of LP II. GP II may also suspend the redemption of LP II Units upon an announcement by GP II that LP II will be dissolved. For greater certainty, the intention of this provision is not to generally restrict the ability of Limited Partners to redeem LP II Units, but rather to permit GP II to protect LP II and/or the Limited Partners from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

Retraction of LP II Units by LP II

GP II may, in its sole discretion, at any time and from time to time, upon giving notice in writing, retract one or more of the then outstanding LP II Units in accordance with this provision, as if such LP II Units were tendered by the applicable holder for redemption as at the date of such notice. The redemption provisions summarized under "*Partnership Agreement - Redemption of LP II Units*" above apply *mutatis mutandis* with respect to such retraction pursuant to this provision. For greater certainty, notices of retraction may be given to one or more Limited Partners to the exclusion of other Limited Partners.

Fair Market Value

In the LP II LPA, the "fair market value" of any asset shall be determined by GP II on the basis of reasonable valuation methods in accordance with IFRS. All determinations of "fair market value" shall be made taking into account all factors which might reasonably affect the sales price of the asset in question, including without limitation, if and as appropriate, restrictions on transferability, the anticipated impact on current market prices of immediate sale, the lack of a market for such asset and the impact on the present value of such asset of factors such as the length of time before any such sales may become possible and the cost and complexity of any such sales. In determining the value of assets and liabilities, GP II may obtain and rely on information provided by any source or sources reasonably believed to be accurate.

GP II may, in its discretion, make reasonable adjustments to fair market value and other items set forth above in order to reflect any other matters that GP II, in its discretion, considers equitable.

Limitations on Ownership of LP II Units

Each Limited Partner will, upon request, promptly provide evidence to GP II that it is not a Non-Resident, a Non-Canadian or a Financial Institution and that an interest in such Limited Partner is not a "tax shelter investment" for the purposes of the Tax Act. Where a Limited Partner fails to comply with such a request or provide such evidence satisfactory to GP II, or a Limited Partner notifies GP II that it is a Non-Resident, a Non-Canadian or a Financial Institution, or an interest in a Limited Partner is a "tax shelter investment", GP II may require such Limited Partner to sell its entire interest in all LP II Units in accordance to the LP II LPA. If such Limited Partner does not sell its LP II Units as required in accordance to the LP II LPA, the LP II LPA allows GP II to, subject to compliance with applicable securities laws, sell the Limited Partner's LP II Units on behalf of the Limited Partner in such manner as GP II shall determine, including by purchasing the LP II Units from the Limited Partner at their redemption price. The net proceeds of which shall be the net proceeds after deduction of any commissions, taxes or other costs of sale.

Pursuant to the LP II LPA, all determinations with respect to the foregoing limitations on ownership of LP II Units (as defined in the LP II LPA) are to be made by GP II in its sole discretion and shall be conclusive, final and binding except to the extent modified by any subsequent determination by GP II.

Distributions of LP II

The distribution entitlements of the LP II Units to be purchased by Trust II with the proceeds are set forth in "*Terms of Securities - Distributions - LP II Distributions*".

Authority and Liability of GP II

Any action taken by GP II on behalf of LP II is deemed to be the act of LP II and shall bind LP II. No persons dealing with LP II will be required to inquire into the authority of GP II to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of LP II.

The LP II LPA requires GP II to exercise its powers and discharge its duties honestly, in good faith and in the best interests of LP II and to exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

Subject to the terms of the LP II LPA and the provisions of the *Partnership Act* (British Columbia), GP II has full unrestricted power and exclusive authority to: (a) carry on the activities of LP II and to do and to perform any and all things necessary for, incidental to or connected with carrying on the activities of LP II; and (b) represent and bind LP II.

GP II may delegate to any person (including the Manager) all those aspects of its powers and authority as it deems appropriate in the circumstances. No such delegation relieves GP II of its obligations, responsibilities or liabilities under LP II LPA. The relationship between GP II and the Manager is governed by the Fund II Management Agreement. Pursuant to the LP II LPA, GP II may enter into a property management agreement with an affiliate of the Manager with respect to property management services.

To the fullest extent permitted by law, LP II shall indemnify and hold harmless each of GP II and any of its affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees, and the Fund II Independent Review Committee (and its

members), and any person who serves at the request of GP II on behalf of LP II as an officer, director, partner, employee or agent of any other entity (each, a “**LP II Indemnified Party**”) from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any LP II Indemnified Party and arise out of or in connection with the affairs of LP II, the performance by such LP II Indemnified Party of any of GP II’s responsibilities in the LP II LPA or otherwise in connection with the matters contemplated therein, provided that no such LP II Indemnified Party shall be so indemnified, with respect to any matter for which indemnification is sought, to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the LP II Indemnified Party acted in bad faith or engaged in fraud or willful misconduct, or in the case of a criminal matter, engaged in actions that the LP II Indemnified Party knew to be unlawful.

A LP II Indemnified Party shall not be denied indemnification in whole or in part under the LP II LPA because the LP II Indemnified Party had an interest in the transaction with respect to which indemnification applies if the transaction was otherwise permitted by the terms of the LP II LPA. The satisfaction of any indemnification and holding harmless pursuant to the LP II LPA shall be from and limited to the property of LP II. GP II may, in its sole discretion, have LP II purchase insurance to insure the LP II Indemnified Parties. Any person entitled to indemnification from LP II hereunder shall obtain the written consent of GP II (which consent shall not be unreasonably withheld) prior to entering into any compromise or settlement which would result in an obligation of LP II to indemnify such person. For greater certainty, the indemnification provided for in the LP II LPA shall not extend to losses which were caused as a result of a LP II Indemnified Party acting as a lender to LP II, economic losses incurred by a LP II Indemnified Party solely as a result of such LP II Indemnified Party’s ownership of interests in LP II, or expenses of LP II that such LP II Indemnified Party has agreed to bear.

GP II shall be subject to all of the liabilities applicable under the *Partnership Act* (British Columbia); provided, however, that to the fullest extent permitted by law, none of the LP II Indemnified Parties, shall be liable to LP II to the GP II, the Special Limited Partner, and each of the Limited Partners (collectively, the “**Partners**”, and each a “**Partner**”) for any liabilities incurred by such person as a result of any act or omission of the LP II Indemnified Party, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such liabilities resulted from the LP II Indemnified Party’s bad faith, fraud, wilful misconduct, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful.

Reimbursement of Costs and Expenses

GP II may pay out of the assets and property of LP II all expenses relating to the administration, management and operation of LP II and the carrying on of its activities.

Where any expenses which are to be paid by LP II are paid directly or indirectly by GP II, the Manager or their affiliates on behalf of LP II (which for greater certainty, includes any expenses allocable to LP II), GP II, Manager or applicable affiliate shall be entitled to obtain prompt reimbursement therefor from LP II upon providing LP II with a proper account.

Authority and Liability of Limited Partners

No Limited Partner, in its capacity as a Limited Partner, shall:

- (a) take part in the control or management of the business of LP II;
- (b) transact any business on behalf of LP II or make any commitment on behalf of or otherwise obligate or bind LP II or another Partner;
- (c) execute any document that binds, or purports to bind, LP II or another Partner;
- (d) hold itself out as having the power or authority to bind LP II or another Partner;
- (e) undertake any obligation or responsibility on behalf of LP II; or
- (f) bring an action for partition or sale in respect of any or all of the assets or property of LP II or record or permit any encumbrance in respect of such property.

Subject to the provisions of the *Partnership Act* (British Columbia) or other applicable law, the liability of each Limited Partner for the debts, commitments and obligations of LP II is limited to the amount of the Limited Partner’s capital contribution.

Outside Activities

The GP II shall, for so long as it is the general partner of the LP II, maintain as its sole activity the activity of acting as the general partner of the LP II and undertaking activities that are ancillary or related thereto. The GP II is not permitted to engage in any business or activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner.

The Limited Partners acknowledge that there are and will continue to be potential or actual conflicts of interest of the LP II Indemnified Parties (other than the GP II), with respect to business or other interests held by, and/or contractual arrangements or transactions involving, one or more of the LP II Indemnified Parties, and the Limited Partners agree that such conflicts of interest of the LP II Indemnified Parties will not form the basis for any claim against any LP II Indemnified Party, or for any attempt to challenge or attack the validity of any contract, transaction or arrangement (or renewal, extension or amendments of same).

Each LP II Indemnified Party (other than the GP II) shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether:

- (a) such activities are similar to those activities of the GP II, Trust II, the Manager or the LP II; or
- (b) such businesses and activities directly

compete with, or disfavor or exclude, Trust II, the Manager, the LP II or the GP II. Such business interests, activities and engagements shall be deemed not to constitute a breach of the LP II LPA or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the GP II or the LP II (or any of their respective investors) and shall be deemed not to be a breach of the GP II's fiduciary duties or any other obligation of any type whatsoever of the GP II. None of the GP II, Trust II or the LP II or any other person shall have any rights by virtue of the LP II LPA or the partnership relationship established under the LP II LPA or otherwise in any business ventures of a LP II Indemnified Party.

The GP II and the LP II Indemnified Parties (including Messrs. Dick Westeringh and Nicholas Westeringh) shall have no obligation under the LP II LPA or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to Trust II, the LP II or the Limited Partners.

The Limited Partners acknowledge and agree that the Manager, in conducting the activities and providing the services contemplated in the LP II LPA and in the Fund II Management Agreement, may have the incidental effect of providing the Manager with additional information which may be utilized with respect to, or which may augment the value of, business interests and related assets in which the Manager or its affiliates have an interest and, subject to compliance with the LP II LPA and the Management Agreement, that neither the Manager nor its affiliates will be liable to account to the LP II or the Limited Partners with respect to such activities or results.

Independent Review Committee

The GP II will appoint the Fund II Independent Review Committee. See "*Independent Review Committee*".

Transactions with Affiliates

Apart from transactions which are expressly contemplated by the LP II LPA, the GP II, and its respective affiliates and associates shall not engage in any transaction with the LP II or any investment unless the terms of the transaction are on terms which are no less favourable to the LP II or the investment than would reasonably be expected to be obtained if the transaction were being entered into by the LP II or the investment with an unaffiliated person and being negotiated at arm's length.

Manager

The Manager shall have the powers and duties as may be expressly contemplated for in the LP II LPA as well as in the Management Agreement, which duties shall include providing advice and certain management and administrative services to the LP II. In consideration for the services provided by the Manager, the LP II will pay to the Manager a fee or fees as provided for in the Management Agreement. Westbow Asset Management Inc. shall be the initial Manager of the LP II. See "*Management Agreement*" and "*Fees and Expenses*".

Withdrawal or Removal of the General Partner

The GP II may not be removed until such time as the LP II has been dissolved. Notwithstanding the foregoing, the GP II may be removed if:

- (a) The GP II is in default of its obligations under the LP II LPA and such default: (i) has or can reasonably be expected to have a material adverse impact on the LP II; and (ii) continues for 60 days following the giving to the GP II of a written notice by a Limited Partner to remedy such default (unless the nature of such default is such that more than 60 days are required for its cure and the GP II commences to cure such default within such 60 day period and diligently pursues the completion of such curative measures);
- (b) the GP II is adjudicated in a final, non-appealable judgment by a court of competent jurisdiction as having committed in respect of the LP II an act involving fraud or wilful misconduct, or in the case of a criminal matter, engaged in actions that the GP II knew to be unlawful; or
- (c) the GP II enters into involuntary liquidation or files a petition for protection from creditors.

If any event described above occurs, the Limited Partners may remove the GP II by: (a) a resolution proposed to be passed as a special resolution at a meeting of Limited Partners (including an adjourned meeting), voting as a single series, duly convened for that purpose and held in accordance with the provisions of the LP II LPA and passed by more than 75% of the votes cast on such resolution by Limited Partners present or represented by proxy at the meeting; or (b) a resolution in writing executed by Limited Partners holding more than 75% of the votes attached to outstanding LP II Units of all series at any time.

Notwithstanding the foregoing, the resolution to remove the GP II shall only be effective if it includes provision for the appointment of a substitute general partner of the LP II to be appointed concurrent with the removal of the GP II. The Limited Partners must provide the GP II with written notice stating the effective date of the removal, provided that the removal of the GP II shall only take effect, notwithstanding the resolution, once the following has occurred:

- (a) the full and unconditional release of the GP II and its affiliates or associates (as the case may be) is obtained in respect of any mortgage or other indebtedness, liability or obligation of the LP II to which they are subject, whether as a guarantor, co-covenantor or otherwise;
- (b) the payment of all money owing to the GP II, the Special Limited Partner and the Manager as of the effective date of the removal; and
- (c) the payment to the Special Limited Partner of any Special Allocation (including in respect of the final Special Allocation Period).

If the GP II is removed by way of resolution of the Limited Partners pursuant to the LP II LPA, and all of the events set forth above have occurred, then the LP II shall pay to the Special Limited Partner the amount of any credit balance then in its capital account and the Special Limited Partner shall withdraw from the LP II.

Assignment of Interest

The GP II may not sell, assign, transfer or otherwise dispose of its interest, and the GP II shall not have the right to resign or withdraw from the LP II, except upon written notice from the GP II to the LP II and with the prior approval of the Limited Partners given by special resolution unless such assignment, transfer or disposition is to an affiliate of the GP II.

Dissolution

The LP II shall dissolve and its affairs shall be wound up upon the earliest of:

- (a) the date upon which the GP II resolves to dissolve the LP II;
- (b) the date of the occurrence of any event that makes it unlawful for the activities of the LP II to continue to be carried on; or
- (c) the date that the GP II resigns or is removed in accordance with the LP II LPA, unless a successor general partner has been appointed by special resolution of the Limited Partners within 30 days of the resignation or removal of the outgoing GP II, with any such appointment being deemed to have occurred on the date of the resignation or removal, as the case may be, of the outgoing GP II. Subject to the mandatory provisions of the Act, the LP II shall not dissolve at any other time or for any other reason whatsoever. The admission, withdrawal, bankruptcy or insolvency of the GP II or a Limited Partner, or any transfer of Units, will not cause a dissolution of the LP II.

Meetings

The GP II may at any time and from time to time call a meeting of the Partners for the purpose of considering any business set out in a meeting notice. There is no requirement or obligation to hold annual meetings of Limited Partners. Upon receipt of a request for a meeting of the Partners, the GP II shall call such meeting, providing the meeting request: (a) is made by Limited Partners holding in aggregate not less than 20% of the issued and outstanding LP II Units; and (b) contains sufficient detail of the business to be considered at the meeting to permit the GP II to distribute a meeting notice.

Capital Account

There shall be established for each Partner on the books of account of the LP II a capital account which shall be credited with each Partner's capital contributions. The GP II shall also credit to the capital account of each Partner the amount of all income of the LP II allocated to such Partner and shall debit the capital account of such Partner the amount of all losses of the LP II allocated to such Partner and the amount of any funds or the fair market value of any property (determined on the date of distribution, net of liabilities assumed by such Partner) distributed from time to time by the LP II to the Partner. The interest of a Partner shall not terminate by reason of there being a negative or nil balance in the Partner's account.

In the event that the GP II shall determine that it is prudent to modify the manner in which the capital account, or any debits or credits thereto, are computed in order to comply with applicable laws, the GP II may make such modification, provided that it is not likely to have a material adverse effect on the amount distributable to any Partner pursuant to the LP II LPA upon the dissolution of the LP II.

Determination and Allocation of Net Income or Net Loss

Except as may be otherwise required for purposes of the LP II LPA, the net income or net loss of the LP II for any fiscal year will be calculated in accordance with the Tax Act, consistently applied. Net income or net loss of the LP II will be calculated annually as at the end of the fiscal year of the LP II.

Subject to the terms of the LP II LPA, the net income or net loss of the LP II for each fiscal year shall be allocated among the Partners by the GP II in a manner consistent with the distribution provisions set out in the LP II LPA, provided, however, where a Limited Partner redeems LP II Units during a fiscal year but is not redeeming all LP II Units held by it during a fiscal year, the net income or net loss of the LP II allocable to the LP II Units of the Limited Partner so redeemed shall be determined by the GP II in its sole discretion, reasonably exercised. In so allocating the net income or net loss, the GP II shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Partners (including the GP II) with a view to ensuring that, over the term of the LP II, each Partner is allocated a portion of the LP II's net income that substantially corresponds to the distributions received by such Partner.

Accounting and Reporting

The GP II shall keep and maintain full, complete and accurate books of account and records of the LP II with respect to the LP II's activities and financial affairs at the principal address of the LP II. Such books of account and records shall be retained by the GP II for a minimum period of seven years or longer if required by applicable law and shall be made available for review by Limited Partners upon request. A Limited Partner, however, will not have access to any information of the LP II contained in its books of account and records which, in the opinion of the GP II, should be kept confidential in the interests of the LP II, and each Limited Partner hereby waives any right, statutory or otherwise, to greater access to the books of account and records of the LP II than is permitted in the LP II LPA, to the greatest extent permitted by law.

Within 120 days after the end of each fiscal year, the GP II shall make available to each person who is a Limited Partner financial statements of the LP II, as of the end of such fiscal year, prepared in accordance with IFRS and accompanied by an audit engagement report.

Tax Reporting

The GP II shall send, in a timely manner, to each person who was a Limited Partner at any time during a fiscal year, such information and documents as are reasonably necessary for such person to make appropriate tax filings with respect to that fiscal year (provided however that the LP II shall not be required to re-compute its Canadian tax results (as defined in the Tax Act) in the functional currency of any particular Limited Partner that has made a functional currency election under the Tax Act.) The GP II shall file, on behalf of itself and the Limited Partners, annual LP II information returns and declarations and any other information required to be filed under the Tax Act and any other applicable tax legislation in respect of LP II matters.

Power of Attorney

Pursuant to the LP II LPA, each Limited Partner irrevocably nominates and appoints the GP II and any person appointed to replace the GP II, in accordance with the LP II LPA, as its true and lawful attorney on its behalf with full power and authority in such Limited Partner's name to execute, acknowledge, deliver, record and file, as and where required or appropriate, certain necessary instruments or documents.

The foregoing power of attorney is a power coupled with an interest and will survive the death or disability of any Limited Partner or the transfer of all or any portion of such Limited Partner's interest and extend to the heirs, executors, administrators, successors and assigns of the Limited Partner and may be exercised by the GP II on behalf of each Limited Partner by listing or referring to all the Limited Partners and executing any instrument with a single signature as an attorney and agent for all of them.

Amendments to the Partnership Agreement

The LP II LPA may be amended in writing by the GP II:

- (a) with the consent of the Limited Partners given by special resolution, provided that any amendment which materially and adversely affects the rights, liabilities or obligations of a Limited Partner holding LP II Units of a series of LP II Units that is affected in a manner or extent substantially differing from that in or to which it affects the rights of the Limited Partners holding any other series of LP II Units shall have been approved by such Limited Partners in accordance with the LP II LPA; and
- (b) without prior notice to or consent from any Limited Partner:
 - (i) for the purpose of ensuring or facilitating compliance, by the LP II and/or any Limited Partner, with applicable laws, regulations, requirements or policies of any governing authority having jurisdiction over the LP II;
 - (ii) for the purpose of adding to the LP II LPA (or amending existing provisions) any provisions which, in the reasonable opinion of the GP II, are for the protection of the Limited Partners or to mitigate potential adverse commercial or tax consequences;
 - (iii) making amendments which, in the opinion of the GP II, provide additional protection or added benefits for the holders of LP II Units;
 - (iv) to cure any ambiguity or to correct or supplement any provisions which, in the reasonable opinion of the GP II, are defective or inconsistent with any other provision of the LP II LPA, provided that, in the reasonable opinion of the GP II, the cure, correction or supplemental provision does not and will not materially adversely affect the interests of any Limited Partner;
 - (v) in response to changes to accounting standards from time to time provided that the GP II has reasonably determined that such changes will not adversely affect the interests of any Limited Partner; and
 - (vi) for the purpose of creating new classes/series of LP II Units and other securities of the LP II from time to time in accordance with the provisions of the LP II LPA; or in any other manner provided the amendment does not materially adversely affect (and is not likely to materially adversely affect in the future) the interests of any Limited Partner.

For greater certainty, each amendment requires the written approval of the GP II.

Fiscal Year-End

The fiscal year of the LP II shall end on the 31st day of December of each calendar year or such other date as the GP II may determine from time to time, provided that the GP II has obtained any necessary consents from applicable taxation authorities.

Management Agreement

The Manager, Trust II and LP II have entered into the Fund II Management Agreement, pursuant to which Trust II and LP II have engaged the Manager to provide or arrange for the provision of certain management and administration services to Trust II and LP II.

The following is a summary only of certain terms in the Fund II Management Agreement which, together with other summaries of additional terms of the Fund II Management Agreement appearing elsewhere in this Information Circular, are qualified in their entirety by reference to the actual text of the Fund II Management Agreement, a review of which is recommended to Unitholders.

Services Rendered

Without limiting the generality of Section 2.1 of the Fund II Management Agreement, the Manager will provide the following management services to Fund II:

- (a) identifying potential LP II Properties for acquisition by the LP II;
- (b) determining whether prospective investments by the LP II meet the investment criteria and restrictions set out in any Trust II offering memorandum;
- (c) evaluating prospective investments, including conducting any due diligence required;
- (d) undertaking and performing all acts, duties and responsibilities with respect to the acquisition and disposition of LP II Properties, and negotiating and carrying out the acquisition and disposition of the LP II Properties;
- (e) establishing appropriate legal and accounting systems for the proper control of the LP II Properties owned by the LP II;
- (f) providing supervision of property management, financial and business planning services for the LP II, including overseeing the operations of the LP II Properties;
- (g) overseeing the execution of any business plans established for an investment and ensuring that such plans remain appropriate for the assets from time to time;
- (h) maintaining ongoing liaison with lenders and using commercially reasonable efforts to arrange financing of any mortgage loans or a refinancing of any mortgage loans and any subsequent refinancing;
- (i) conducting ongoing analysis of market conditions to monitor the LP II's investment in its LP II Properties;
- (j) undertaking and performing all acts, duties and responsibilities with respect to the raising of funds by Fund II by way of the issuance of units of Fund II by Fund II to investors, including approving, executing and delivering offering memorandums in respect thereof and providing communications in connection therewith;
- (k) appointing registered dealers to distribute units of Fund II and providing marketing advice and assistance to registered dealers in connection with the distribution and sale of units of Fund II;
- (l) preparing and causing to be provided to unitholders on a timely basis all information to which unitholders are entitled under the Trust II Declaration of Trust, the LP II LPA and under applicable laws, including notices, financial statements and tax information relating to Fund II and, if applicable, file such information with the applicable governing authorities;
- (m) preparing, or causing to be prepared, the financial statements of Fund II, as well as relevant tax information, which are to be provided to unitholders or to be included in any offering document;
- (n) computing, determining, declaring and directing distributions (if any) to unitholders and, in connection therewith, withholding (or advise the Trust II Trustees and the GP II to withhold) all amounts required by applicable tax law, and making all such remittances and filings (or advising the Trust II Trustees and the GP II to make all such remittances and filings) in connection with such withholdings;
- (o) determining any amounts requiring determination pursuant to the terms of the Trust II Declaration of Trust and the LP II LPA;
- (p) ensuring compliance by Fund II with all applicable laws, including without limitation, securities legislation and related regulation (which includes all of Fund II's continuous disclosure obligations, if any);
- (q) providing investor relations services to Fund II;
- (r) arranging for and holding any meetings of unitholders as may be called pursuant to the Trust II Declaration of Trust and the LP II LPA and preparing, approving and arranging for the distribution of all such materials (including notices of meetings, instruments of proxy and information circulars) in respect thereof;
- (s) attending to all administrative and other matters arising in connection with any redemptions of units of Trust II and the LP II;
- (t) monitoring Trust II's status as such a "mutual fund trust" and a "unit trust", within the meaning of the Tax Act, and providing the Trust II Trustees with written notice when Trust II ceases or is at risk of ceasing to be a "mutual fund" trust or a "unit trust";
- (u) monitoring Fund II's investment and holding in or of property to ensure that Trust II is not at any time a "SIFT trust" and the LP II is not at any time a "SIFT partnership" as defined in the Tax Act;
- (v) monitoring Trust II's compliance with subsection 132(7) of the Tax Act and monitoring and enforcing the non-resident restrictions contained in the Trust II Declaration of Trust and the LP II LPA;

- (w) undertaking, performing and providing, for and on behalf of Fund II, all acts, duties and responsibilities as the Manager considers, in its discretion, necessary or desirable in connection with, or for completion of, any offering of securities of Fund II;
- (x) establishing, implementing and amending (when and as required, once established) any distribution reinvestment plans, unit purchase plans, and incentive option and other compensation plans as may be determined to be desirable for Fund II to establish, and attending to all matters in connection with the operation of such plans;
- (y) attending to all matters in connection with the administration or operation of any unitholder rights plan, distribution reinvestment plans, unit purchase plans, incentive option and other compensation plans as may be established by Fund II from time to time;
- (z) exercising, in respect of all matters properly construed as having been delegated to the Manager, the discretion which the Trust II Trustees and the GP II are otherwise permitted to exercise under the Trust II Declaration of Trust and the LP II LPA, respectively, in respect to such matters;
- (aa) entering into insurance policies with respect to Fund II's assets, together with other insurance against other risks, including directors and officers insurance, as the GP II or Trust II Trustees, as applicable, may from time to time agree;
- (bb) engaging (including negotiating contracts with) and overseeing third party providers of services to Fund II (including investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents or otherwise) in connection with provision of the services; and
- (cc) providing such other services to Fund II as may be agreed from time to time by the Manager and Fund II from time to time.

Supervision of Property Management

In addition to the foregoing services, during the term of the Fund II Management Agreement, the Manager will take all steps necessary to monitor and supervise the management of the LP II Properties by the property manager or managers appointed by it for that purpose, including:

- (a) conducting regular visits to such LP II Properties;
- (b) verifying proper maintenance of such LP II Properties through ongoing site inspections and meetings with the property managers;
- (c) using reasonable commercial efforts to ensure that vacancies are minimized;
- (d) reviewing the annual budget and monthly financial performance with respect to that budget; and
- (e) reviewing the need for any capital repairs on an ongoing basis.

Fees and Expenses

The LP II will pay the Manager the Fund II Acquisition Fee upon the closing of an LP II Property acquisition and the Fund II Management Fee. No Fund II Management Fee shall be payable on Series M Trust II Units, Series X Trust II Units, Series M LP II Units or Series X LP II Units.

Fees in respect of any additional series of units of Fund II created from time to time shall be agreed to by the parties at such time. The LP II shall not revise the terms of an offering document relating to such fees without obtaining the prior written consent of the Manager.

To the extent that the Manager performs any leasing, project management or property management services that would not typically fall under services described above, it may earn additional fees at market rates for such services provided.

The Manager may assign all or some of its fees with any other person in its sole discretion.

The Manager may, from time to time, waive or defer the obligation of the LP II to pay all or any portion of: (a) the Fund II Management Fee, and (b) the Fund II Acquisition Fee in respect of one or more acquisitions, provided that any such deferral(s) shall accrue without interest until paid and for greater certainty, the waiver or deferral of the obligation of the LP II to pay all or any portion of the Fund II Acquisition Fee in respect of one or more acquisitions shall not act as a waiver or deferral of such obligation in subsequent acquisitions.

Each of Trust II and the LP II, respectively, is responsible for all expenses relating to the administration, management and operation of Trust II and the LP II, respectively, including, without limitation, the expenses set out in the Trust II Declaration of Trust and the LP II LPA, respectively.

The Manager may from time to time during the term of the Fund II Management Agreement incur certain costs for and on behalf of Fund II in the performance of its duties under the Fund II Management Agreement. In any such event, Fund II shall reimburse the Manager immediately upon the request of the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations under the Fund II Management Agreement.

The Manager, Trust II, and LP II acknowledge and agree that all or a portion of the compensation paid or payable to employees or other personnel of the Manager, as well as overhead costs (e.g. the cost of office space, furniture and day-to-day office supplies and services)

associated with such employees who devote all or a portion of their time to the provision of services to Fund II, may be allocated to Fund II (or Trust II or LP II) as expenses of Fund II, provided however, that the costs of the specific expenses set forth in this paragraph shall not, in the aggregate, exceed \$300,000 per annum until the aggregate Net Asset Value of all series of LP II Units of the LP II is equal to \$60,000,000, at which point the specific expenses set forth in this paragraph shall not, in the aggregate, exceed 0.5% of the LP II's Net Asset Value.

Delegation

The Manager may delegate specific aspects of its obligations under the Fund II Management Agreement to any other person, provided that such delegation shall not relieve the Manager of any of its material obligations under the Fund II Management Agreement and provided that the Manager shall not delegate any of its obligations under the Fund II Management Agreement to any person not affiliated with the Manager to manage and administer the affairs of Fund II, unless the Manager shall have notified Fund II of the name of the person or persons to whom such delegation is to be made and the terms and conditions thereof. The Manager shall not, in any manner, directly or indirectly, be liable or held to account for the activity or inactivity of any person, other than an affiliate of the Manager, to whom any such obligations may be delegated. Any such delegation shall not impact the Fund II Management Fee or Fund II Acquisition Fee to which the Manager is entitled to under the Fund II Management Agreement. The cost of any delegated services shall be borne by the Manager.

Indemnification and Liability of the Manager

The Manager, in carrying out its duties and responsibilities pursuant to the Fund II Management Agreement, agrees to exercise its powers and discharge the duties of its office honestly and in good faith with a view to the best interests of Fund II and, in connection therewith, to devote such time and attention and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The indemnification and limitation of liability provisions set forth in the Trust II Declaration of Trust and the LP II LPA shall enure to the benefit of the Manager and any of its affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees (each a **"Manager Indemnified Party"** and for whom the Manager holds such rights in trust), who will each be entitled to rely upon such provisions as fully as though it were a party to the Trust II Declaration of Trust and/or the LP II LPA, as applicable, and each will have standing, in its sole discretion and in its own name, to require the parties to each such agreement, as applicable, to perform their obligations and responsibilities under such provisions, and to assert and protect its rights thereunder, as against such parties directly, including but not limited to initiating and pursuing legal proceedings, and the Manager shall hold the benefit of such provisions in trust for the benefit of each Manager Indemnified Party.

Other Activities of Manager

Neither the Manager nor any affiliate nor any director, officer, member, partner, shareholder or employee of either will be prohibited from engaging in other business activities, or providing services to, any third parties, including third parties that compete directly or indirectly with Fund II.

Term and Termination

The Fund II Management Agreement shall commence on the date of execution of the Fund II Management Agreement and shall terminate on the termination of the Trust II and the LP II in accordance with the terms of the Trust II Declaration of Trust and the LP II LPA, unless terminated earlier in accordance with the following provisions.

Trust II or LP II may terminate the Fund II Management Agreement (but only with respect to such entity) at any time upon the occurrence and during the continuation of any of the following events:

- (a) effective upon 30 days' prior written notice to the Manager;
- (b) the commission by the Manager of any act constituting fraud, wilful misconduct, gross negligence or a wilful and material violation of applicable laws;
- (c) a material breach by the Manager of its duties and responsibilities under the Fund II Management Agreement, which breach is not cured within 60 days of the receipt from Trust II or LP II of written notice of such breach by the Manager; or
- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the Manager.

The Manager may terminate the Fund II Management Agreement at any time upon the occurrence and during the continuation of any of the following events:

- (a) effective upon 30 days' prior written notice to Trust II or LP II;
- (b) the commission by Fund II of any act constituting fraud, wilful misconduct, gross negligence or a wilful and material violation of applicable laws;
- (c) upon a material breach by Fund II of its duties and responsibilities under the Fund II Management Agreement, which breach is not cured within 60 days of the receipt from the Manager of written notice of such breach by Fund II, as applicable; or
- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of Trust II or the LP II.

Upon the termination of the Fund II Management Agreement, the Manager shall do all things and take all steps necessary or advisable to transfer management of the activities of Fund II and the books, records and accounts of Trust II or LP II to the applicable entity, or such other

person as the Trust II Trustees or the GP II may designate, and shall execute and deliver all documents and instruments necessary or advisable to effect such transfers. Further, Fund II will continue to be responsible for the payment to the Manager of, and upon the Manager's demand therefor will pay to the Manager, any and all fees payable under the Fund II Management Agreement and all expenses incurred and paid by the Manager during the term in accordance with the provisions of the Fund II Management Agreement.

Effective upon termination of the Fund II Management Agreement, Fund II will, and will cause each of their respective affiliates, subsidiaries and associates (other than the Manager) to:

- (a) immediately cease using "Westbow", "WB" and all related names and logos or any variation of any of them, or anything which in the opinion of the Manager, acting reasonably, is substantially or confusingly similar to such names or logos;
- (b) immediately cease using or displaying, in any signage or any other manner whatsoever, any trademarks, service marks, trade names, business names, domain names, logos or other indicia of origin used or held by Westbow Asset Management Inc., Westbow Construction Group Ltd., or their affiliates;
- (c) amend the LP II LPA and the Trust II Declaration of Trust to change the names of Fund II to names which do not include the name "Westbow", "WB Real Estate", "WB" or any name similar thereto; and
- (d) execute and deliver all instruments necessary to evidence each change of name in each public registry, if any, where the names of Fund II shall have been registered and to disclaim any right, title or interest in or to names including "Westbow", "WB" or any name similar thereto.

Reimbursement Agreement

As Trust II is intended to be a vehicle to obtain financing for LP II from time to time as may be required by LP II to enable it to invest in its business, LP II has entered into the Reimbursement Agreement with Trust II and the Manager dated September 8, 2021 (the "**Reimbursement Agreement**").

Under the terms of the Reimbursement Agreement, LP II has agreed to reimburse Trust II and the Manager for, or pay directly, all costs and expenses to be incurred by them, for and on behalf of LP II, in connection with Trust II and the Manager obtaining financing for LP II, including: (a) maintaining Trust II's and the Manager's existence which includes, but is not limited to, Trust II's obligations to unitholders under the Trust II Declaration of Trust, all accounting and legal costs and all costs of compliance with applicable laws (including the Tax Act); and (b) administration of any unitholder rights plans, distribution reinvestment plans and unit purchase plans.

Distribution Reinvestment Plan

Trust II has adopted the Trust II DRIP, which will allow eligible holders of LP II Units to elect to have their monthly cash distributions (if any) reinvested in additional Trust II Units of the same series, such that such electing Trust II Unitholder will receive 100% of their monthly distribution amount in additional Trust II Units through the Trust II DRIP.

Upon making an initial selection, Trust II Unitholders who participate in Trust II DRIP will be locked-in for the first three years of their investment term. After the three-year lock-in period, such Trust II Unitholders may freely move into and out of the Trust II DRIP on a quarterly basis by notifying the Manager at least ten (10) business days prior to the end of each quarter. Notwithstanding the foregoing, the Manager may, with respect to one or more participants in the Trust II DRIP, waive the three-year lock-in period in its sole discretion at any time.

The issuance price for Trust II Units issued pursuant to the Trust II DRIP will be determined by the Manager in its sole discretion from time to time. For Trust II Unitholders that initially select to participate in the Trust II DRIP, the issuance price for Units issued pursuant to the Trust II DRIP will be 97% of the then issue price of the applicable series of Trust II Units (and if such series is not being distributed at such time, 97% of the then Net Asset Value of the applicable series of Corresponding LP II Units).

All holders of Series A Units, Series B Units, Series E Units, Series F Units, Series P Units, Series M Units, and Series X Units of Trust II resident in Canada are eligible to participate in the Trust II DRIP. Trust II Unitholders who do not enroll in the Trust II DRIP will receive their regular cash distributions. The Manager reserves the right to limit the amount of new Trust II Units of any series available under the Trust II DRIP on any particular distribution payment date. Accordingly, participation may be prorated in certain circumstances. In the event of proration, or if for any other reason all or a portion of the distributions cannot be reinvested under the Trust II DRIP, holders of Trust II Units enrolled in the Trust II DRIP will receive the portion of their distribution that cannot be reinvested as regular cash distributions.

All Trust II Units acquired under the Trust II DRIP on the reinvestment of cash distributions will be issued from treasury of Trust II on the applicable distribution payment date. Participation in the Trust II DRIP does not relieve Trust II Unitholders of any liability for any income or other taxes that may be payable on or in respect of the distributions that are reinvested for their account under the Trust II DRIP. An account will be maintained by the Manager, or such other party as may be appointed by Trust II as plan agent, on behalf of Trust II, for each participant with respect to purchases of Series A Units, Series B Units, Series E Units, Series F Units, Series P Units, Series M Units, and Series X Units of Trust II made under the Trust II DRIP for the participant's account.

The Manager, or such other party as may be appointed by Trust II as plan agent, will send or otherwise make available to each participant (other than CDS Clearing and Depository Services Inc.) an annual unaudited statement regarding cash distributions credited and reinvested for the participant's account under the Trust II DRIP during the period. These statements are a participant's continuing record of purchases of Trust II Units made for their account and should be retained for income tax purposes. Beneficial owners who participate in the Trust II DRIP indirectly through a broker, investment dealer, financial institution or other nominee will not receive such statements and should consult such nominee to confirm what statements or reports (if any) will be provided by the nominee, whether for tax reporting or otherwise.

TERMS OF SECURITIES

Investments in Trust II are represented by Trust II Units. Trust II is permitted to have an unlimited number of series of Trust II Units, which may be created and issued by the Trust II Trustees in their sole discretion from time to time, having such attributes as determined by the Trust II Trustees.

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

Unitholders are advised that any description of the Trust II Units in this Information Circular is a summary only of the material terms of those Trust II Units and remains subject to the Trust II Declaration of Trust. Unitholders are advised to review the Trust II Declaration of Trust and the Trust II Unit provisions in detail with their own legal, tax and investment advisors.

Distributions

Purchase of LP II Units

Trust II will use the proceeds of Series A, Series B, Series E, Series F, and Series P Units of Trust II to purchase Series A, Series B, Series E, Series F, and Series P Units of LP II.

LP II Distributions

Distributions, including without restriction returns of capital, in such amount as may be determined by the GP II, may be declared payable by the GP II on such day or days and to Limited Partners of record as at the close of business on such day or days as the GP II from time to time determines (the "**Distribution Amount**"). For greater certainty, a distribution may be made with respect to one or more series and not with respect to one or more other series provided that no distribution may be made with respect to a series if the net asset value of such series after such distribution would be reduced to below zero.

The Distribution Amount in respect of each series shall be distributed as follows:

- (a) first, to the GP II and the Special Limited Partner, in the first instance, whereby the GP II and the Special Limited Partner will each receive 0.001% of the Distribution Amount allocated to such series; then
- (b) the remainder of the Distribution Amount shall be distributed to the holders of LP II Units of the applicable series equally on a unit-for-unit basis.

Notwithstanding the above, in the event that an LP II Unit was not issued and outstanding each day within a period to which a Distribution Amount relates, then the amount distributed in respect of such LP II Unit may be adjusted by the GP II, acting in its sole discretion, to be the product obtained when the amount that would have been distributed if the LP II Unit had been issued and outstanding each day within such period is multiplied by the quotient obtained when (a) the number of days in such period during which such LP II Unit was issued and outstanding, is divided by (b) the total number of days in such period, and such amount shall be payable as the distribution in respect of such LP II Unit.

Notwithstanding the above, the LP II may not make distributions where the LP II would, after the distribution, be unable to discharge the liabilities of the LP II or would contravene the *Partnership Act* (British Columbia).

In respect of each LP II Unit and each Special Allocation Period, the Special Limited Partner shall be entitled to an allocation equal to the lesser of (a) and (b) where:

- (a) equals the SLP Percentage of the Aggregate Overall Appreciation during such Special Allocation Period; and
- (b) equals the positive difference, if any, between the Net Asset Value per LP II Unit at the end of such Special Allocation Period (prior to the deduction of any Special Allocation for such Special Allocation Period and adjusted as necessary to reflect any distributions made by the LP II during such Special Allocation Period) and the Adjusted Net Asset Value per LP II Unit;

with the amounts allocated to the Special Limited Partner being the Special Allocation.

The Special Allocation shall be estimated and accrued on each date that the Net Asset Value is determined (such that the Net Asset Value per LP II Unit reflects such accrual) and calculated and paid at the end of each Special Allocation Period. Special Allocations with respect to an LP II Unit shall be paid out of the assets of the LP II attributable to the series to which the LP II Unit belongs and shall not be specifically allocated to the holder of the LP II Unit.

The Special Limited Partner may, in its sole discretion, elect to receive all or a portion of the Special Allocation it is allocated in cash or in Series M Units of LP II.

The Special Limited Partner may, in its sole discretion, agree with a Limited Partner to waive all or a portion of the Special Allocation attributable to some or all of the LP II Units held by such Limited Partner. The Special Limited Partner may pay all or a portion of any Special Allocation it is allocated to third parties, including registered dealers whose clients hold LP II Units of the LP II. Any such arrangements will be made in accordance with applicable law. Such payments may be modified or discontinued by the Special Limited Partner at any time.

Trust II Distributions

When Trust II receives a distribution from the LP II with respect to a Corresponding LP II Unit then Trust II will promptly pay or make payable a distribution to the holder of record of the applicable Trust II Unit in an amount equal to the distribution received with respect to the Corresponding LP II Unit. Any such distributions will be made to the person who, according to the register, was the holder of record of the applicable Trust II Unit on the date the distribution is declared by Trust II.

Notwithstanding the foregoing, the Trust II Trustees or the Manager may reduce the amounts distributable to holders of Trust II Units which the Trust II Trustees or the Manager may reasonably consider to be necessary to provide for:

- (a) the payment of any costs, expenses or liabilities, which have been or may be incurred in the undertaking and activities of Trust II;
- (b) the payment of any income tax liability of Trust II; or
- (c) any allowances for contingencies, working capital, investments or acquisitions, or such reserves as are, in the opinion of the Trust II Trustee or the Manager, necessary or desirable;

which reduction shall reduce the distribution first referred to above to each holder of Trust II Units on a *pro rata* basis.

Where Trust II is allocated income from the LP II that is attributable to a series of Corresponding LP II Units but Trust II receives no corresponding distribution from the LP II then such income of Trust II will be distributed to the applicable series of Trust II Units, with each Trust II Unit of such series being distributed its proportionate share of such aggregate distribution.

In addition to the foregoing distributions, the Trust II Trustees may allocate, declare to be payable and make distributions or advances to Trust II Unitholders, from time to time, out of income of Trust II, net realized capital gains, the capital of Trust II or otherwise, in any year, in such amount or amounts, and on such dates as the Trust II Trustee may determine.

Having regard to the present intention of the Trust II Trustees to allocate, distribute and make payable to the Trust II Unitholders of all applicable amounts so that Trust II will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts, without any further actions on the part of the Trust II Trustee, are due and payable to Trust II Unitholders of record on the last day of each taxation year of Trust II:

- (a) the amount, if any, of income of Trust II for such taxation year not previously paid or made payable to Trust II Unitholders in the taxation year; and
- (b) the amount, if any, of net realized capital gains for such taxation year not previously paid or made payable to Trust II Unitholders in such taxation year, except to the extent of net realized capital gains in respect of which the tax payable by Trust II would be refunded as a capital gains refund as defined in the Tax Act for such taxation year.

Each Trust II Unitholder's share of any such allocation, distribution or advance pursuant to (a) and (b) above is an amount equal to the proportionate share of such distribution for each Trust II Unit multiplied by the number of Trust II Units owned of record by each such Trust II Unitholder on the last day of the taxation year in the year of such distribution.

When determining the proportionate share of a distribution payable to Trust II Unitholders, the Trust II Trustees may make any variation or adjustment so as to ensure where possible that Trust II Unitholders are treated equitably and fairly taking into account such considerations as the Trust II Trustees, in their discretion, acting reasonably and in good faith, deem appropriate in the circumstances and determine to be equitable and fair.

Each Trust II Unitholder has the legal right to enforce payment arising as of the applicable record date of any amount payable to such Trust II Unitholder as a result of any distribution declared or otherwise payable to, and not yet received by, such Trust II Unitholder.

Trust II has adopted the Trust II DRIP, which will allow eligible holders of Trust II Units to elect to have their distributions reinvested in additional Trust II Units of the same series. The issuance price for Trust II Units issued pursuant to the Trust II DRIP will be determined by the Manager in its sole discretion from time to time. For Trust II Unitholders that initially select to participate in the Trust II DRIP, the issuance price for Trust II Units issued pursuant to the Trust II DRIP will be 97% of the then issue price of the applicable series of Trust II Units (and if such series is not being distributed at such time, 97% of the then Net Asset Value of the applicable series of Corresponding LP II Units). The Manager may, at its discretion, terminate the Trust II DRIP. See "*Distribution Reinvestment Plan*".

Distribution Policy of Trust II and LP II

The GP II's objective is to make monthly cash distributions at a target annual rate equal to \$0.60 per LP II Unit (though distributions may be lower during the first fiscal year of the LP II). Distributions from the LP II are not guaranteed.

Trust II intends to distribute amounts received from the LP II to Trust II Unitholders in accordance with the Trust II Declaration of Trust. Although it is the LP II's intention that distributions on the LP II Units be primarily paid from cash flow from the LP II's investments, in certain circumstances, payments and distributions may exceed the cash flow of the LP II for any particular distribution period (including the period prior to the LP II investing in any LP II Properties). In such circumstances, distributions to Trust II (and in turn the Trust II Unitholders) may consist, directly or indirectly, of the proceeds from the sale of securities by Trust II.

The return on an investment in Trust II Units is not comparable to the return on an investment in fixed-income securities. Cash distributions to Trust II Unitholders are not guaranteed and are not fixed obligations of Trust II. Any receipt of cash distributions by a Trust II Unitholder is at any time subject to the terms of the Trust II Declaration of Trust. Any anticipated return on investment is based upon many

performance assumptions. Although Trust II intends to distribute its available cash to Trust II Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of Trust II to make cash distributions and the actual amount distributed depends on the receipt of distributions from the LP II and the performance of the LP II Properties acquired by the LP II, and will be subject to various factors including those referenced in “*Schedule D - Certain Risk Factors Related to Fund II*”. The value of the Trust II Units may decline if Trust II is unable to meet its cash distribution targets in the future and that decline may be significant.

It is important for investors to consider the particular risk factors that may affect the industry in which they are investing, and therefore the stability of the distributions that Trust II Unitholders receive. See, for example, “*Schedule D - Certain Risk Factors Related to Fund II*”, which also describes Trust II’s assessment of those risk factors, as well as the potential consequences to a Trust II Unitholder if the events contemplated by a particular risk factor should occur.

Voting Rights

Each Trust II Unit confers the right to one vote at any meeting of Trust II Unitholders. See “*Declaration of Trust*”.

Redemption and Retraction of Trust II Units

Right of Redemption

Each Trust II Unitholder may require Trust II to redeem at any time or from time to time at the demand of the Trust II Unitholder all or any part of the Trust II Units registered in the name of the Trust II Unitholder.

Exercise of Redemption Right

To exercise a Trust II Unitholder’s right to require redemption, the Trust II Unitholder must send a duly completed and properly executed notice requiring Trust II to redeem Trust II Units, in a form approved by the Manager, to the Manager at the head office of Trust II and, if a transfer agent has been appointed, at the head office of the transfer agent. No form or manner of completion or execution is sufficient unless the same is in all respects reasonably satisfactory to the Manager and, if a transfer agent has been appointed, the transfer agent, and is accompanied by any further evidence that the Manager and such transfer agent may reasonably require with respect to the identity, capacity or authority of the person giving such notice. Any expense associated with the preparation and delivery of redemption notices is for the account of the Trust II Unitholder exercising the redemption privilege.

Upon receipt by or on behalf of Trust II and, if a transfer agent has been appointed, the transfer agent of the notice to redeem Trust II Units, the Trust II Unitholder thereafter ceases to have any rights with respect to the Trust II Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for herein) including the right to receive any distributions thereon which are declared payable to the Trust II Unitholders of record on a date which is subsequent to the day of receipt by Trust II of such notice. Trust II Units are considered to be tendered for redemption on the Redemption Date.

Redemption Price

Subject to the limitations in the following paragraphs, upon receipt by Trust II of the notice to redeem a Trust II Unit, the applicable Trust II Unitholder is entitled to receive the redemption price for such Trust II Unit being redeemed equal to redemption proceeds received by Trust II from the LP II with respect to Trust II’s redemption of the Corresponding LP II Unit, which shall in turn be an amount equal to the Net Asset Value per LP II Unit determined as at the last business day of the quarter in which the Redemption Date occurs, multiplied by the applicable percentage set out in the table below.

Period of time between the issuance date of the LP II Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	Series E	Series F	Series P
< 1 year	90%	93%	95%	95%	94%
1 year to < 2 years	92%	95%	97%	97%	96%
2 years to < 3 years	94%	97%	99%	99%	98%
3 years to < 4 years	96%	99%	100%	100%	100%
4 years to < 5 years	98%	100%	100%	100%	100%
5 years and greater	100%	100%	100%	100%	100%

Pursuant to the foregoing table, a Trust II Unitholder will receive a lower redemption price if such Trust II Unitholders redeems his or her Trust II Units within a certain period of time from the date of investment. This is intended to protect Trust II and existing Trust II Unitholders from a reduction in the value of Trust II due to the payment of selling commissions and offering costs.

For example, if a Trust II Unitholder holds 1000 Series A Trust II Units, the Net Asset Value per Corresponding LP II Unit equals \$15 on the day described in the preceding paragraph, and such Trust II Unitholder provides Trust II with its redemption notice between two and three years after it acquired the Series A Trust II Units, the Trust II Unitholder would receive \$14,100 (1000 x \$15 x 0.94).

Cash Redemption

The redemption price payable in respect of the Trust II Units tendered for redemption during any calendar quarter is to be satisfied by way of a cash payment on the last day of the calendar month following the end of the calendar quarter in which the Trust II Units were tendered for redemption. Payments made by Trust II of the redemption price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust II Units unless such cheque is dishonoured upon presentment. Upon such payment, Trust II is discharged from all liability to the former Trust II Unitholder and any party having a security interest in respect of the Trust II Units so redeemed (other than in respect of unpaid distributions with a record date prior to the Redemption Date).

No Cash Redemption in Certain Circumstances

The two foregoing paragraphs do not apply to Trust II Units tendered for redemption by a Trust II Unitholder, where:

- (a) the total amount payable by Trust II pursuant to the two foregoing paragraphs and the LP II pursuant to the LP II LPA, in respect of such Trust II Units and all other Trust II Units and/or LP II Units validly tendered for redemption in the same calendar quarter (excluding for greater certainty, LP II Units tendered for redemption by Trust II) exceeds \$150,000.00 (the “**Quarterly Limit**”); provided that the Trust II Trustees or the Manager may, in their sole discretion, waive or increase such limitation in respect of all Trust II Units tendered for redemption in any calendar quarter;
- (b) in the Trust II Trustees’ or the Manager’s opinion (in their sole discretion) Trust II is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in the Trust II Trustees’ or the Manager’s opinion (in their sole discretion), Trust II has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust II Unitholders or Trust II, generally.

In the event that the Quarterly Limit is exceeded in a calendar quarter, the cash amount payable by the Trust and the LP II shall be split amongst them on a *pro rata* basis based on the total amount payable by the Trust pursuant to the Trust II Declaration of Trust and by the LP II pursuant to the LP II LPA in respect of redemptions in such calendar quarter. The redemption price per Trust II Unit in excess of such cash amount allocated to the Trust will be paid and satisfied by the issuance of a redemption note, subject to any applicable regulatory approvals.

If, as a result of any limitations in (b) or (c) above, a Trust II Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust II Unitholders’ Trust II Units then the redemption price per Trust II Unit to which the Trust II Unitholder would otherwise be entitled will be paid and satisfied by the delivery to the Trust II Unitholder of a redemption note, subject to any applicable regulatory approvals.

Trust II will redeem the Trust II Units according to the order in which redemption notices are received by the Trust II Trustees or the Manager. Unless the Quarterly Limit is waived as specified, and provided that paragraphs (b) and (c) above do not apply, Trust II Units tendered for redemption in any calendar quarter in which the total amount payable by the Trust exceeds the redemption limit are to be redeemed for a combination of cash and the issuance of redemption notes on a *pro rata* basis, provided however that, if the Quarterly Limit has not been exhausted by redemptions which pre-date the redeeming Trust II Unitholder’s redemption notice then the minimum cash to be distributed to such redeeming Trust II Unitholder is to be not less than \$1,000 (unless waived by the Trust II Trustees or the Manager in their sole discretion or the entire redemption price is paid in cash). For illustration and greater certainty (and subject always to the Trust II Declaration of Trust), if the Trust receives more than 150 redemption requests in a calendar quarter, then (provided that certain other limitations on cash redemptions do not apply) the first 150 redeeming Trust II Unitholders are to receive the first \$1,000 of their redemption price in cash and the remainder of the redemption price by the issuance of redemption notes, and each redeeming Trust II Unitholder beyond the first 150 is to receive the entire redemption price by the issuance of redemption notes.

Retraction of Trust II Units by the Trust II Trustees or Manager

The Trust II Trustees or the Manager may, in their sole discretion, at any time and from time to time, upon giving notice in writing (the “**Retraction Notice**”), retract one or more of the then outstanding Trust II Units, as if such Trust II Units were tendered by the applicable holder for redemption as at the date of the Retraction Notice. For greater certainty, Retraction Notices may be given to one or more Trust II Unitholders to the exclusion of other Trust II Unitholders.

Suspension of Redemptions

As an extraordinary measure and subject to the unanimous approval of the Fund II Independent Review Committee, the Trust II Trustees or the Manager may, from time to time, suspend the redemption of Trust II Units or postpone the date of payment of redeemed Trust II Units. Examples of circumstances which as an extraordinary measure may require a suspension of redemptions include, without limitation, if the Trust II Trustees or the Manager reasonably determine that: (a) Trust II’s assets are invested in such a manner so as to not reasonably permit immediate liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by Trust II of part or all of its investments is not reasonable or practicable, or would be prejudicial to Trust II or Trust II Unitholders generally; (c) not suspending redemptions would have an adverse effect on continuing Trust II Unitholders; or (d) they are unable to value the assets of Trust II (or the LP II). The Trust II Trustees or the Manager may also suspend the redemption of Trust II Units upon an announcement by the Trust II Trustees that Trust II will be terminated. For greater certainty, the intention of this provision is not to generally restrict the ability of Trust II Unitholders to redeem Trust II Units, but rather to permit the Trust II Trustees or the Manager to protect Trust II and/or its Trust II Unitholders from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

Transfer of Trust II Units

Trust II Units may only be transferred in accordance with applicable securities laws and the Trust II Declaration of Trust. The Trust II Declaration of Trust provides that no Trust II Units are to be transferred without the written consent of the Manager (which consent may be unreasonably withheld) and otherwise in accordance with applicable law and the Trust II Declaration of Trust. To validly transfer any Trust II Unit, the Trust II Declaration of Trust requires a Trust II Unitholder to execute and deliver to the Manager a transfer form and acknowledgement confirming the transfer in which the transferee agrees, among other things, to be bound by the terms of the Trust II Declaration of Trust, in a form acceptable to the Manager. See "*Schedule D - Certain Risk Factors Related to Fund II*".

Participation Upon Liquidation or Winding Up

In the event of the liquidation, dissolution or winding up of Trust II or other distribution of assets of Trust II among its Trust II Unitholders for the purpose of winding up the affairs of Trust II, the holders of Trust II Units shall be entitled to participate in the distribution.

Each holder of Series A Units, Series B Units, Series E Units, Series F Units, Series P Units, Series M Units, and Series X Units of Trust II shall be entitled to receive the amount received from the LP II with respect to the Corresponding LP II Unit of such Trust II Units in the same manner as a distribution by Trust II after paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of Trust II.

Rights of Trust II Unitholders

Trust II Unitholders are NOT shareholders and do not enjoy all of the protections, rights and remedies generally offered to shareholders of a corporation incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Although the Trust II Declaration of Trust confers upon a Trust II Unitholder some of the same protections, rights and remedies as a voting shareholder of a corporation governed by the BCBCA, significant differences do exist.

Trust II Unitholders do not have recourse to a dissent right under which shareholders of a BCBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its assets, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on, or (b) the issue, transfer or ownership of shares. As an alternative, Trust II Unitholders seeking to terminate their investment in Trust II are entitled to redeem their Trust II Units, subject to certain conditions and limitations.

Trust II Unitholders do not have recourse to the statutory oppression remedy that is available to shareholders of a BCBCA corporation where the corporation undertakes actions that are oppressive or unfairly prejudicial to shareholders. Shareholders of a BCBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Trust II Unitholders cannot. Shareholders of a BCBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The BCBCA also permits shareholders to bring derivative actions in the name of the corporation or defend, in the name and on behalf of the corporation, a proceeding brought against the corporation, in each case with leave of a court. The Trust II Declaration of Trust does not include a comparable right of Trust II Unitholders to commence or participate in legal proceedings with respect to Trust II.

For further information on terms contained in the Trust II Declaration of Trust which affect the rights of Trust II Unitholders, see "*Declaration of Trust*".

Schedule D

CERTAIN RISK FACTORS RELATED TO FUND II

The following is a summary of certain risk factors pertaining to Fund II but does not purport to be a complete summary of all of the risks associated with an investment in securities of Fund II. The business, operations, financial condition, revenues and profitability of Fund II could be materially adversely affected by any of these risks.

INVESTMENT RISK FACTORS

Risks that are specific to the Trust II Units include the following:

Blind Pool Investment

The Trust II Units represent a partial “blind pool” investment, meaning that other than the LP II Portfolio Properties, the investments to be made by LP II have not yet been identified and Trust II Unitholders will not have an opportunity to evaluate additional investments or the terms of such acquisitions. While Trust II anticipates that LP II will be able to identify and complete the purchase of (or investment in) LP II Properties on an on-going basis that satisfies LP II’s investment and business objectives, there is no assurance that it will be able to do so. Even if investment and/or acquisition opportunities are identified and the investment or acquisition, as the case may be, is determined to be in the best interest of LP II, LP II may not be able to finance the investment or acquisition and additional funds may be required to complete the investment or acquisition. If LP II is unable to identify and acquire suitable investments or acquisitions, its business, operating results and financial condition could be adversely affected. LP II will not have the earnings to support payment of distributions to holders of LP II Units (including Trust II) should its investments or acquisitions not prove to be profitable. In addition, if LP II makes only a limited number of acquisitions of LP II Properties, the aggregate returns realized by LP II could be adversely affected in a material manner by the unfavourable performance of even one such LP II Property.

No Guarantee that Investment will be Successful

There is no guarantee that Trust II Unitholders will not realize losses from Trust II Units and there can be no assurance that LP II’s investment strategy will be successful or that Trust II’s objective of earning a profit on its investment in the LP II Properties, indirectly through LP II, will be achieved. The success of Trust II and LP II relies on the Manager and on external factors such as, among other things, the real estate market, bank interest rates and the general political and economic conditions that may prevail from time to time, which factors are outside of the Manager’s control. A return on investment for a Trust II Unitholder depends upon the net revenues received by LP II from its investment in LP II Properties. As a result, there is no guarantee that Trust II and, correspondingly, the Trust II Unitholders will earn a return on their investment.

Cash Distributions are Not Guaranteed

There is no assurance that there will be adequate cash flow of Trust II to meet its anticipated obligations and economic objectives. Returns of each Trust II Unitholder will vary from the total return target based on the timing of the Trust II Unitholder’s investments. The ability of LP II to make distributions to Trust II, and accordingly, the ability of Trust II to make distributions on Trust II Units, will be completely dependent upon LP II receiving payments from LP II Properties. There can be no assurance that Trust II’s income from the distributions on the LP II Units held by it will sufficiently fund distributions (if any) to Trust II Unitholders.

The return on an investment in the Trust II Units is not comparable to the return on an investment in fixed-income securities.

Cash distributions to Trust II Unitholders are not guaranteed and are not fixed obligations of Trust II. Any receipt of cash distributions by Trust II Unitholders is at any time subject to the terms of the Trust II Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although Trust II intends to distribute its available cash to Trust II Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of Trust II to make cash distributions and the actual amount distributed depends on the receipt of distributions from LP II and the performance of the LP II Properties acquired by LP II, and will be subject to various factors including those referenced below. The value of the Trust II Units may decline if Trust II is unable to meet its cash distribution targets in the future and that decline may be significant.

Trust II Units are Not Liquid

There is currently no market through which the Trust II Units may be sold and it is very unlikely that one will develop. Trust II intends to restrict the transfer of Trust II Units to prevent the development of a market for the Trust II Units. In addition, redemption of Trust II Units is limited. None of the Trust II Units will be listed or posted for trading on a recognized stock exchange or other trading or quotation system. Trust II has not prepared, filed or delivered to potential Trust II Unitholders a prospectus. The Trust II Units are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, Trust II Unitholders will not be able to trade the Trust II Units unless they comply with an exemption from the prospectus under securities legislation.

Unless permitted under securities legislation, no Trust II Unitholder can trade Trust II Units before the date that is four months and a day after the date Trust II becomes a reporting issuer in any province or territory of Canada. Trust II is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore, the Trust II Units will be subject to an indefinite hold period. The Trust II Units may only be transferred under limited exemptions under applicable securities laws. Consequently, Trust II Unitholders may not be able to sell the Trust II Units readily or at all, and they may not be accepted as collateral for a loan. Trust II Unitholders should be prepared to hold the Trust II Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Under certain conditions, redemptions may not be payable in cash but rather, satisfied through the distribution of redemption notes. There will be no market for redemption notes and redemption notes will not be qualified investments for exempt plans. Accordingly, an investment in Trust II Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

Trust II Units may only be transferred in accordance with applicable securities laws and the Trust II Declaration of Trust. The Trust II Declaration of Trust provides that no Trust II Units are to be transferred without the written consent of the Manager (which consent may be unreasonably withheld) and otherwise in accordance with the Trust II Declaration of Trust.

Redemption Rights

Redemption rights under the Trust II Declaration of Trust are subject to certain restrictions. Once the Quarterly Limit is reached, redeeming Trust II Unitholders may receive from Trust II (in lieu of cash), redemption notes. Redemption notes so issued will be unsecured debt securities of Trust II and may be subordinated to other of Trust II's debt obligations. Furthermore, redemption notes will not be qualified investments for exempt plans which could give rise to adverse consequences to an exempt plan or the annuitant under an exempt plan, including the redeeming Trust II Unitholder becoming subject to a penalty tax or having its tax-exempt status revoked depending on the circumstances.

The redemption price payable to Trust II Unitholders redeeming Trust II Units may be lower than the price per Trust II Unit paid by the Trust II Unitholder for such Trust II Unit, as a Trust II Unitholder will receive a lower redemption price if such Trust II Unitholder redeems his or her Trust II Units within a certain period of time from the date of investment (depending on the series of Trust II Unit held by the Trust II Unitholder). This is intended to protect Trust II and existing Trust II Unitholders from a reduction in the value of Trust II due to the payment of selling commissions and offering costs. There is no assurance that Trust II Unitholders will be paid the full amount of their investment through any exercise of redemption rights.

Subject to the unanimous approval of the Fund II Independent Review Committee, the Trust II Trustees may also, as an extraordinary measure, from time to time, suspend the redemption of Trust II Units or postpone the date of payment of redeemed Trust II Units.

Substantial Redemption of Trust II Units

Trust II Unitholders have the right to redeem their Trust II Units upon the terms outlined in the Trust II Declaration of Trust. A redemption of a Trust II Unit will lead Trust II to make a demand for redemption of the Corresponding LP II Unit. Accordingly, a substantial redemption of Trust II Units will lead to Trust II redeeming a substantial amount of Corresponding LP II Units, which may adversely affect the available capital required by LP II to carry out its investments and acquisitions.

Trust II Unitholders have Limited Voting Rights

Trust II Unitholders are NOT shareholders and do not enjoy the rights and privileges offered to shareholders of a corporation under corporate statutes. Trust II is not generally regulated by established corporate law and Trust II Unitholders' rights are governed primarily by the specific provisions of the Trust II Declaration of Trust. Subject to the Trust II Declaration of Trust, Trust II Unitholders have rights to attend and vote at meetings of Trust II Unitholders. However, Trust II may, but is not required to, hold annual meetings of Trust II Unitholders or any Trust II Unitholder meetings on a periodic basis.

The Trust II Unitholders have no right to remove the Manager or to terminate the Fund II Management Agreement.

Further, unlike a corporation governed by the BCBCA, Trust II Unitholders do not have the right to appoint Trust II's auditor as such right is held by the Manager.

Nature of the Trust II Units

The Trust II Units do not represent a direct investment in LP II or any LP II Portfolio Property and should not be viewed by Trust II Unitholders as a direct interest in LP II or any LP II Portfolio Property. The Trust II Units are not debt instruments and there is no principal amount owing to Trust II Unitholders under the Trust II Units. Trust II is not generally regulated by established corporate law and Trust II Unitholders' rights are governed primarily by the specific provisions of the Trust II Declaration of Trust. As holders of Trust II Units, Trust II Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to seek recourse under the oppression remedy or to bring a derivative action. Further, in the event of insolvency or restructuring under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), a Trust II Unitholder's position may be quite different than that of a shareholder of a corporation.

Liability of Trust II Unitholders

Notwithstanding certain provisions of the Trust II Declaration of Trust, there is a risk that a party may seek to assert that Trust II Unitholders be held personally liable for the obligations of Trust II or in respect of claims against Trust II. Such risks are expected to be limited since Trust II intends to limit its investments to LP II Units of LP II and Trust II does not intend to carry on any other business. However, there is no assurance that Trust II Unitholders will not be personally liable for the obligations of Trust II.

Pursuant to the Trust II Declaration of Trust, if any Trust II Unitholder is held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of Trust II, or any action taken on behalf of Trust II, such Trust II Unitholder is entitled to indemnity and reimbursement out of Trust II assets to the full extent of such liability for all costs of any litigation or other proceedings in which such liability has been determined, including all fees and disbursements of counsel. The rights accruing to a Trust II Unitholder do not exclude any other rights to which such Trust II Unitholders may be lawfully entitled, nor does anything contained in the Trust II Declaration of Trust restrict the right of the Trust II Trustee to indemnify or reimburse a Trust II Unitholder out of Trust II's assets in any appropriate situation not specially provided herein but, for greater certainty, the Trust II Trustees and the Manager have no liability to reimburse a Trust II Unitholder for taxes assessed against them by reason of or arising out of his ownership of Trust II Units.

Trust II Unitholders will not have the benefit of the *Income Trust Liability Act* (British Columbia), as Trust II is not a reporting issuer as defined under the *Securities Act* (British Columbia).

Trust II Unitholders could also be required to return distributions previously made by Trust II if it is determined that such distributions were wrongfully made or, in certain other circumstances, under the terms of the Trust II Declaration of Trust. Where a Trust II Unitholder has received the return of all or part of the amount contributed to Trust II, the Trust II Unitholder is nevertheless liable to Trust II or, where Trust II is terminated, to its creditors for any amount not in excess of the amount returned with interest that is necessary to discharge the liabilities of Trust II to all creditors who extended credit or whose claims otherwise arose before the return of the contribution. Additionally, Trust II Unitholders may have to return all or a portion of distributions made to them to the extent Trust II has an obligation to withhold any amounts from such distribution for tax purposes.

Inability to Remove or Affect Management of the Manager or the General Partner

Although the Trust II Unitholders and holders of LP II Units have a right to remove the Trust II Trustees and the GP II, respectively, pursuant to the Trust II Declaration of Trust and LP II LPA, there is no guarantee that the Trust II Unitholders or holders of LP II Units will be able to meet the voting thresholds necessary to do so.

Furthermore, the Trust II Unitholders do not have a right to appoint new directors to GP II's or the Manager's board of directors, to remove existing directors from GP II's or the Manager's board of directors or to prevent a change of control of GP II or the Manager. As a result, unlike shareholders of most corporations, Trust II Unitholders do not possess a general mechanism to influence the direction of Trust II or LP II, including their policies and procedures, or to cause a change in their management, even if they are unsatisfied with the performance of Trust II or LP II.

Trust II Units are Not Insured

The Trust II Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation or any other insurance company or program.

Non-Cash Distributions

To the extent amounts of income of Trust II or net realized capital gains for a particular taxation year are not paid in cash, such amounts shall be paid at the end of the taxation year by the issuance of additional Trust II Units at the fair market value of such Trust II Units, as determined in the reasonable discretion of the Trust II Trustees or the Manager, computed at the end of such taxation year. Unless the Trust II Trustees or the Manager determine otherwise, Trust II Units so issued will be automatically consolidated immediately after the issuance such that the Trust II Unitholders will hold the same number of Trust II Units after the consolidation as they held prior to the distribution of additional Trust II Units. No notice to Trust II Unitholders shall be required for such consolidation.

Notwithstanding the foregoing, where tax is required to be withheld in respect of a Trust II Unitholder's share of the distribution, Trust II shall withhold from the cash portion of such distribution, if any, or the Trust II Unitholder shall make a cash payment to Trust II, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by Trust II, or, if such withholding cannot be made by Trust II or such payment is not made by the Trust II Unitholder, then Trust II shall be entitled to deduct such amount from any subsequent cash distribution from Trust II to such Trust II Unitholder.

Income Tax Risks

Canadian federal, provincial and local tax aspects should be considered by Unitholders prior to the Meeting. Unitholders are urged to consult their own tax advisors with respect to the specific tax consequences to them of becoming Trust II Unitholders. No advance income tax ruling has been applied for or received with respect to the income tax consequences of the Transaction described in this Information Circular.

There can be no assurance that Canadian federal income tax laws or the judicial interpretation thereof or the administrative or assessing practices of the CRA respecting the treatment of trusts or limited partnerships will not be changed in a manner that adversely affects Trust II Unitholders or fundamentally alters the income tax consequences of investing in, holding or disposing of the Trust II Units.

It is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. If such challenge were to succeed, it could have a material adverse effect on the tax position of Trust II and Trust II Unitholders.

It is possible that Trust II could become a "SIFT trust" for the purposes of the Tax Act if the Trust II Units become listed for trading or if a public market is created on which the Trust II Units are traded. If Trust II became a "SIFT trust" adverse tax consequences could result to Trust II and the Trust II Unitholders. There is no intention to list the Trust II Units.

In order for Trust II to qualify as a mutual fund trust, and hence be a qualified investment for exempt plans, it must have at least 150 Trust II Unitholders, each holding at least \$500 worth of Trust II Units. There can be no assurance that Trust II will maintain at least 150 Trust II Unitholders, each holding at least \$500 worth of Trust II Units, and qualify as a mutual fund trust.

The Tax Act imposes penalties on exempt plans or holders, annuitants and subscribers of certain exempt plans for the acquisition or holding of non-qualified investments. While the Trust II Units are expected to be a qualified investment for a trust governed by a TSFA, FHSA, RDSP, RRSP, RRIF or RESP, the holder, annuitant or subscriber thereof will be subject to a penalty tax in respect of Trust II Units held in a trust governed by an exempt plan if such Trust II Units are a "prohibited investment" for the purposes of the Tax Act.

The possibility exists that a Trust II Unitholder will receive distributions of income without receiving cash distributions from Trust II in the year sufficient to satisfy the Trust II Unitholder's tax liability for the year arising on such income.

U.S. Withholding Tax Risk and International Tax Reporting

Generally, the Foreign Account Tax Compliance provisions of the *U.S. Hiring Incentives to Restore Employment Act* of 2010 (the “**FATCA**”), imposes a 30% withholding tax on “withholdable payments” made to an investment entity, unless the investment entity enters into a FATCA agreement with the U.S. Internal Revenue Service (“**IRS**”) (or is subject to an intergovernmental agreement as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will in certain cases require an investment entity to obtain certain information from certain Trust II Unitholders and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to disclose such information, including account balances, and documentation to the IRS.

Under the terms of the Canada-U.S. IGA, and its implementing provisions under the Tax Act, Trust II will be treated as complying with FATCA and not subject to the 30% withholding tax if Trust II complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, Trust II will not have to enter into an individual FATCA agreement with the IRS but Trust II will be required to report information, including certain financial information, on accounts held by Trust II Unitholders that fail to provide information to their financial advisor or dealer related to their citizenship and residency for tax purposes and/or Trust II Unitholders that are identified as, or in the case of certain entities as having one or more controlling persons who are, U.S. persons owning, directly or indirectly, an interest in Trust II to the CRA. The CRA will in turn provide such information to the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in Trust II, the Trust II Unitholder is deemed to consent to Trust II disclosing such information to the CRA. If Trust II is unable to comply with any of its obligations under the Canada-U.S. IGA, an imposition of the 30% U.S. withholding tax may affect the value of Trust II’s assets and may result in reduced investment returns to Trust II Unitholders. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of Trust II.

The foregoing rules and requirements may be modified by future amendments of the Canada-U.S. IGA, and its implementation provisions under the Tax Act, future U.S. Treasury regulations, and other guidance.

In addition, to meet the objectives of the Organisation for Economic Co-operation and Development Common Reporting Standards (the “**CRS**”), Trust II is required under the Tax Act to identify to report to the CRA certain information (including residency details and financial information such as account balances) relating to investments held by investors or by the “controlling persons” of certain entities who are resident in a country other than Canada or the United States. The information would then be available for sharing with CRS participating jurisdiction in which the securityholder resides for tax purposes under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. The CRA has provided guidance that FHSAs are currently under consideration for being added to the list of excluded accounts for CRS purposes and that these accounts do not need to be reviewed, identified or reported at this time.

No Independent Counsel for Trust II Unitholders

Trust II, the Trust II Trustees and the Manager have consulted with and retained for their benefit legal counsel to advise them in connection with the formation and terms of Trust II and the offering of Trust II Units. No independent counsel was retained on behalf of the Trust II Unitholders with respect to the Transaction. There has been no review by independent counsel on behalf of the Trust II Unitholders of the Information Circular, or any other documentation in relation to the Transaction. No due diligence has been conducted on behalf of Trust II Unitholders by counsel. Therefore, to the extent that the Trust II Unitholders could benefit by further independent review, such benefit will not be available unless individual Trust II Unitholders retain their own legal counsel.

Series Risk

LP II offers more than one series of LP II Units. The relative interest of each LP II Unit will be determined based on the Net Asset Value of each such series relative to the aggregate Net Asset Value of all series. If there are insufficient assets attributable to a series to pay expenses and liabilities allocated to such series, the assets attributable to other series may be used to make up the difference and this may reduce the returns realized by holders of LP II Units of those other series, including Trust II. This is because LP II as a whole is legally responsible for the financial obligations of all of its LP II Units.

ISSUER RISKS

Risks that are specific to Trust II include the following:

Limited Operational History

Trust II has been recently formed for a limited purpose and will carry on no business other than to:

- distribute Trust II Units;
- invest proceeds from the issue and sale of Trust II Units in LP II and hold LP II Units of LP II; and
- pay distributions to Trust II Unitholders in each distribution period pursuant to the Trust II Declaration of Trust.

Trust II’s and LP II’s business are subject to all the risks inherent in the establishment of a new business enterprise. There is no certainty that Trust II’s and LP II’s business strategy will be successful. The likelihood of success of Trust II and LP II must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If Trust II and LP II fail to address any of these risks or difficulties adequately, their business will likely suffer. There is no assurance that Trust II and LP II can operate profitably.

Trust II has Limited Assets and Working Capital

Trust II is not expected to have assets other than LP II Units. The LP II Portfolio Properties will represent the primary assets of Trust II (indirectly through LP II). Trust II will not carry on an active business and will have limited sources of working capital. There is no assurance that Trust II will have adequate working capital to meet the anticipated requirements. In addition, there is no assurance that Trust II will have access to additional debt or equity financing when needed or at all, or on acceptable terms.

Financing

The funds available to Trust II and LP II may not be sufficient to accomplish Trust II's and LP II's proposed objectives and there is no assurance that alternative financing will be available on acceptable terms or at all. Trust II and LP II may depend upon future financing to fund its business objectives. Trust II and LP II may, to the extent available on acceptable terms, obtain institutional financing or other arm's length, third party financing to fund, in part, its objectives. There is no assurance that the Manager will be able to obtain sufficient loan proceeds for LP II to finance the purchase of LP II Properties, or, if available, that the Manager will be able to obtain loans for LP II on commercially acceptable terms. In the absence of mortgage financing, the number of LP II Properties that LP II (and, indirectly through LP II, Trust II) is able to purchase will decrease and the projected return from the ownership of LP II Properties may be reduced. No alternate financing has been arranged for Trust II and LP II as of the date of this Information Circular. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that Trust II or LP II will have adequate working capital to meet the anticipated requirements described in this Information Circular.

Operational Dependence

Trust II is an investment trust that will entirely depend upon LP II since Trust II's primary asset is its interest in LP II as a holder of LP II Units. Distributions, if any, to Trust II Unitholders will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins and capital expenditures of LP II.

The LP II Portfolio Properties will represent the primary asset of LP II. Trust II's financial performance is directly tied to the performance of LP II and consequently, directly tied to the performance of the LP II Portfolio Properties. Neither LP II nor Trust II has any other investments of significance. Therefore, Trust II's success depends solely on the success of LP II. The success of LP II depends, to a large extent, on the good faith, experience, ability and judgment of the management of the Manager and GP II to make appropriate decisions with respect to the operations of LP II. Trust II Unitholders must rely on the good faith, experience, ability and judgment of management of the Manager and GP II and an investment in Trust II Units would not be appropriate for those unwilling to do so.

Management's Experience is not Indicative of the Future Results of Trust II Units

While the officers and directors of the Manager and of GP II have experience in the real estate investment and development industries, there is no assurance that any success achieved by those individuals in their prior opportunities will be similarly enjoyed by LP II or Trust II.

Historical successes of past projects experienced by the officers and directors of the Manager and of GP II have been based on different investment models and relate to properties that will not be acquired by LP II. These historical successes cannot, and should not, be viewed as indicative of future performance of Trust II and the Trust II Units and must not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in the Trust II Units.

Reputational Risk

The growth of the business of Trust II and LP II depends on the business relationships of the Manager, Trust II and LP II and the Manager's, Trust II's and LP II's reputation. Poor performance of any kind of Trust II, LP II or the LP II Portfolio Properties could Trust II's and LP II's reputation with potential Trust II Unitholders and make it more difficult for Trust II to raise new capital. Reputational damage could arise from allegations of misconduct from private litigants or regulators, whether the allegations are valid or invalid and whether the outcome is favourable or unfavourable. Such allegations may result in negative publicity and press speculation about Trust II and LP II, their investment activities or the real estate markets in general, in each case potentially harming Trust II's and LP II's business.

Reliance on the Manager and the General Partner

All decisions with respect to the assets and operations of Trust II and LP II are expected to be made exclusively by the Manager and GP II. Trust II and LP II do not have any employees and depend on the management and administration services provided by the Manager pursuant to the Fund II Management Agreement and may also depend on property management services provided by the Manager (or its affiliates).

Personnel and support staff of the Manager that provide services to Trust II and LP II are not required to treat their responsibilities to Trust II and LP II as their primary responsibilities or to act exclusively for Trust II or LP II. The Fund II Management Agreement does not require the Manager to maintain the employment of any of its personnel or to cause any particular person to provide services to Trust II or LP II. There can be no assurance that any of the personnel and support staff of the Manager will remain in their current positions. Any failure of the Manager to effectively manage the operations of Trust II and LP II or to implement their investment strategy could have a material adverse effect on their businesses, financial condition and results of operations.

Trust II Unitholders will have no right to make any decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding Trust II's and LP II's business and affairs.

Dependence on Staff and Key Personnel

The success of Trust II and LP II will depend on the continued service of personnel and support staff of the Manager, who are not obligated to remain employed with the Manager. In particular, Trust II, LP II and GP II are highly dependent on Nicholas Westeringh and Dick Westeringh to implement their respective business plans, including with respect to identifying potential investments, negotiating the pricing

and other terms of the agreements leading to the acquisition of LP II Properties and leveraging business relationships from their associated businesses. The ability of LP II to successfully implement its investment strategy will depend in large part on the continued employment and involvement of the support staff and key executives and the loss of their services or the failure to appoint qualified or effective successors in the event of such departure may materially adversely affect the business, financial condition and results of operations of LP II and consequently Trust II. There can be no assurance that any of the key individuals of LP II, GP II or Trust II will remain in their current positions.

Reliance on Westbow Construction

The success of LP II depends, in part, on the involvement of Westbow Construction to, among other things, transfer purpose-built LP II Properties to LP II and provide renovation services to aging and/or distressed LP II Portfolio Properties acquired by LP II. However, Westbow Construction has no obligation to provide these services to LP II. If Westbow Construction does not provide or is otherwise unable to provide such services to LP II, LP II's ability to achieve its investment objectives may be materially adversely affected.

LP II and the Manager do not deal at arm's length with Westbow Construction. As such, there is greater risk that transactions between LP II and the Manager, on one hand, and Westbow Construction, on the other hand, may be perceived as not taking place at fair market value. To address this risk, the unanimous approval of the Fund II Independent Review Committee will be required for transactions between LP II and/or the Manager and Westbow Construction.

No Guarantee that Benefits from the Relationship with Westbow Construction will be Realized

The realization of anticipated results and benefits of the Manager's relationship with Westbow Construction to Trust II and LP II, including the opportunity to acquire new purpose-built rentals below market value from Westbow Construction from time to time, can be jeopardized from unexpected circumstances. There can be no assurance that the Manager's relationship with Westbow Construction will benefit Trust II and LP II.

Lack of Negotiated Arrangements with the Manager

The terms of Trust II's and LP II's arrangements with the Manager were effectively determined by the Manager. While the terms of these arrangements were approved by the Trust II Trustees and GP II, they did not negotiate the terms. These terms, including terms relating to (a) compensation, (b) contractual or fiduciary duties, (c) conflicts of interest, (d) the activities of Trust II and LP II and limitations on liability and indemnification, and (e) the Manager's ability to engage in outside activities, including activities that compete with Trust II and LP II, may be less favourable than otherwise might have resulted if the negotiations had involved unrelated parties.

Conflicts and Potential Conflicts of Interest

The directors and officers of GP II and the Trust II Trustees may also hold similar positions in other entities. Accordingly, there may be conflicts of interest if the interests of these persons or entities are inconsistent. The LP II LPA and the Trust II Declaration of Trust contain various provisions that modify the fiduciary duties that might otherwise be owed to Trust II, LP II and Trust II Unitholders, including when conflicts of interest arise. When resolving conflicts of interest, the Trust II Declaration of Trust and the LP II LPA do not impose any limitations on the discretion of the Fund II Independent Review Committee or the factors which it may consider in resolving any such conflicts. In addition, the LP II LPA and the Trust II Declaration of Trust provide that the Trust II Trustees, GP II and their affiliates, including the Manager, do not have any obligation under the LP II LPA or the Trust II Declaration of Trust, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to Trust II, LP II or Trust II Unitholders. The Trust II Declaration of Trust and the LP II LPA also allow the Trust II Trustees, the Manager and their affiliates, GP II's affiliates, their respective partners, officers, directors, trustees, shareholders, agents and employees, and the Fund II Independent Review Committee (and its members) (excluding GP II) to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of GP II, the Manager, LP II or Trust II; or (b) such businesses and activities directly compete with, or disfavor or exclude, GP II, the Manager, LP II or Trust II. Modifications to the fiduciary duties in the LP II LPA and the Trust II Declaration of Trust are detrimental to Trust II Unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty.

In addition to those discussed above, additional conflicts of interest matters may arise.

Conflicts of Interest in Organizational Structure

Trust II's and LP II's organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between Trust II Unitholders, on the one hand, and the Manager (or its principals), on the other hand. The Manager has not agreed to commit to LP II any minimum level of dedicated resources for the pursuit of investment opportunities. In certain instances, the interests of the Manager may differ from the interests of Trust II Unitholders, including with respect to the types of acquisition opportunities pursued, the timing and amount of distributions by Trust II and LP II, the reinvestment of returns generated by LP II's investments, the use of leverage when making acquisitions and the appointment of outside advisors and service providers. In addition, the Manager receives the Fund II Management Fee as consideration for services provided to Trust II and LP II pursuant to the Fund II Management Agreement.

GP II, the sole shareholders of which are the same as those of the Manager, has sole authority to determine whether LP II will make distributions holders of LP II Units (including Trust II) and the amount and timing of such distributions. Trust II's and LP II's arrangements with the Manager may create an incentive for the Manager to take actions which would have the effect of increasing or decreasing distributions, which may be to the detriment of Trust II, LP II and the Trust II Unitholders. Furthermore, the Special Limited Partner of LP II, the majority shareholder of which is the Manager, is entitled to share in the returns generated by LP II's operations, which could create an incentive for the Manager to assume greater risks when making decisions differently than it otherwise would in the absence of such entitlement.

Change of Control of the General Partner

GP II may transfer its general partnership interest to a third party in a merger or consolidation or in a transfer of all or substantially all of its assets without the consent of the holders of LP II Units. Furthermore, at any time, Nicholas Westeringh and Dick Westeringh, as the sole shareholders of GP II, may sell or transfer all or part of their shares in GP II without the approval of the holders of LP II Units. If a new owner were to acquire ownership of GP II and appoint new directors or officers, it would be able to exercise substantial influence over LP II's policies and procedures and affect the acquisition opportunities that LP II pursues. Such changes could result in LP II's capital being used to make acquisitions in which the Manager has no involvement or in making acquisitions that are not aligned with LP II's current investment criteria. LP II cannot predict with any certainty the effect that any transfer in the ownership of GP II would have on the price of the LP II Units and Trust II Units, Trust II's ability to raise capital or LP II's ability to make investments. As a result, the future of Trust II and LP II would be uncertain and their business, financial condition and results of operations may be materially affected.

Termination of Management Agreement

The Trust II Unitholders and holders of LP II have no general ability to terminate the Fund II Management Agreement. Unless and until the Trust II Trustees or GP II is removed and replaced pursuant to the Trust II Declaration of Trust or the LP II LPA, as applicable, the Trust II Trustees, as beneficial owners of the Manager, and GP II, as an affiliate of the Manager, may be unwilling to terminate the Fund II Management Agreement, even if a default does occur in the manner described in the Fund II Management Agreement. If the Manager's performance does not meet the expectations of Trust II Unitholders, and the Trust II Trustees or GP II are unable or unwilling to terminate the Fund II Management Agreement, the price of the LP II Units and the Trust II Units could suffer.

Limited Liability of the Manager

Neither the Manager, nor its affiliates (other than Trust II and LP II), and their respective partners, directors, officers, directors, trustees, shareholders, agents and employees have assumed any liability for Trust II or LP II. In addition, under the LP II LPA and the Trust II Declaration of Trust, the liability of GP II, and its affiliates, which includes the Manager, are limited to the fullest extent permitted by law, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such action or failure to act resulted from bad faith, fraud, wilful misconduct or breach of the standard of care, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful. Furthermore, each of LP II and Trust II have agreed to indemnify the Manager, its affiliates and associates and each of their respective partners, officers, directors, trustees, shareholders, agents and employees, from and against any claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated that are incurred by any indemnified person and arise out of or in connection with the affairs of Trust II, the performance by such indemnified person of any of the Trust II Trustees' or the Manager's responsibilities or otherwise in connection with the matters contemplated by the Trust II Declaration of Trust, except to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the indemnified person acted in bad faith or engaged in fraud or wilful misconduct or breached its standard of care in the performance of his duties, or in the case of a criminal matter, engaged in actions that the indemnified person knew to be unlawful. These protections may result in the Manager tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Manager is a party may also give rise to legal claims for indemnification that are adverse to Trust II, LP II and Trust II Unitholders.

Sale of Additional Securities

Trust II may issue additional Trust II Units (including Trust II Units), and LP II may issue additional securities (including LP II Units), in the future. The authorized number of Trust II Units for issuance by Trust II and the authorized number of LP II Units for issuance by LP II is unlimited. Such additional securities may be issued without the approval of Trust II Unitholders, and may be issued in such number and for such price as is determined in the sole discretion of the Manager or GP II, as applicable. Trust II Unitholders have no pre-emptive rights in connection with such additional issuances. It is not possible to predict the effect, if any, that future issuances of securities will have on the fair market value of the Trust II Units. With any additional issuance of Trust II Units by Trust II or LP II Units by LP II, Trust II Unitholders will experience dilution. Trust II Unitholders who invest after a particular LP II Property is acquired will be entitled to receive the same distributions as a Trust II Unitholder who invested before such LP II Property was acquired and will therefore be entitled to the equivalent benefits or disadvantages as each other Trust II Unitholder.

Status of Trust II

Trust II is not a "mutual fund" or an "investment fund" for securities law purposes. As a result, some of the protections provided under such laws to those that invest in mutual funds or investment funds will not be available to Trust II Unitholders who invest in the Trust II Units and certain restrictions imposed on mutual funds and investment funds under Canadian securities laws, including National Instrument 81-102 - *Investment Funds*, will not apply to Trust II.

Mutual Fund Trust Status

Trust II is and intends to continue as a mutual fund trust for the purposes of the Tax Act. Should Trust II cease to qualify as a mutual fund trust, the income tax considerations respecting Trust II would be materially different and adverse income tax consequences may result, including: (a) the Trust II Units would cease to be qualified investments for exempt plans with the result that an exempt plan may become subject to a penalty tax (or other adverse consequences), the beneficiary of such exempt plan may be deemed to have received income therefrom or, in the case of an RESP, the RESP may have its tax exempt status revoked; (b) Trust II will be subject to alternative minimum tax under the Tax Act; (c) Trust II may be required to pay tax under Part XII.2 of the Tax Act; and (d) Trust II will cease to be eligible for the capital gains refund mechanism available to mutual fund trusts. Trust II may take certain measures in the future to the extent Trust II believes them necessary to ensure that it maintains its status as a mutual fund trust. These measures could be adverse to certain Trust II Unitholders.

Securities Regulatory Risks

In the ordinary course of business, Trust II may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect Trust II Unitholders or the public interest.

While Trust II believes that its position regarding compliance with securities laws is appropriate and supportable, it is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on Trust II. There can be no assurance that applicable securities laws or the securities regulators' interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects Trust II.

Changes in Applicable Law

Legal, tax and regulatory changes may occur that can adversely affect Trust II, the Manager, LP II, GP II and the Trust II Unitholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by Trust II or by the Trust II Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust II Unitholders.

Various provinces of Canada have implemented (or are proposing to implement) taxes targeted at vacant real estate properties and/or foreign ownership of real estate. To date, mutual fund trusts are not generally subject to such taxes. However, if Trust II ceases to qualify as a "mutual fund trust" under the Tax Act, then such taxes may apply. There can be no assurance that such laws and policies will not be implemented in a manner which adversely affects Trust II Unitholders.

Alberta and Saskatchewan do not currently have vacancy taxes. However, certain municipalities in Alberta are taking steps to begin taxing vacant residential properties to combat rising housing costs. For example, the city council in Canmore, Alberta has voted to begin drafting implementation plans to impose taxes for "sitting" on vacant real estate. Municipalities have the ability to set class and sub-class taxation rates under the *Municipal Government Act* (Alberta), which may be used to impose higher property tax for vacant real estate properties. There is no guarantee that other municipalities will not follow suit. Additionally, British Columbia introduced the *Speculation and Vacancy Tax Act* in 2018. The *Speculation and Vacancy Tax Act* applies on residential properties left vacant for six months or more within a calendar year, though it does not apply to mutual fund trusts such as Trust II. In addition, the City of Vancouver introduced the *Empty Homes Tax* in 2017 which targets residences in the City of Vancouver that remain unoccupied for six months or more within a calendar year. Mutual fund trusts are not exempt from the *Empty Homes Tax*, however, apartment buildings in which at least one unit is occupied are exempt.

On January 1, 2023, the PPRP Act came into force. Subject to the detailed rules of the PPRP Act the regulations made thereunder, and with very few exceptions, individuals who are not Canadian citizens, not permanent residents or not registered under the *Indian Act*, as well as corporations and entities formed outside of Canada or controlled by non-Canadians, are prohibited from purchasing, directly or indirectly, residential property that is situated in census metropolitan and census agglomeration areas in Canada, with serious penalties for non-compliance. There are no exceptions or relief provided for investment entities (such as Trust II and LP II) or their investors. It is also possible that managers, trustees, general partners, and other professional advisors may be liable for penalties if there is noncompliance with the PPRP Act. Trust II and LP II currently restrict their investors to such persons described above. Trust II and LP II will incur transaction costs to redeem Trust II Units and LP II Units held by investors that are not such persons described above and who acquired such units before the PPRP Act came into force. In addition, Trust II and LP II may experience increased transaction costs in order to maintain their ongoing compliance with the PPRP Act. Such transaction costs may adversely affect Trust II and LP II. The PPRP Act is set to expire on January 1, 2027, although the expiry date could be changed.

Reliance on Assumptions

Trust II's and LP II's investment objectives and strategy have been formulated based on the Manager's analysis and expectations regarding developments in the real estate development and management industries. Such analysis may be incorrect and such expectations may not be realized, in which event Trust II, through LP II, may not generate sufficient funds to pay the expected distributions.

Risks Associated with the Level of Foreign Ownership

Currently, one of the conditions for Trust II to qualify as a mutual fund trust is that Trust II cannot reasonably be considered to have been established or maintained primarily for the benefit of Non-Resident persons. The Trust II Declaration of Trust contains a limitation on Non-Resident ownership which provides that at no time may Non-Residents be the beneficial owners of more than 45% of the outstanding Trust II Units. The Trust II Declaration of Trust provides powers to the Manager to enforce this limitation, including by selling the Trust II Units of a Non-Resident Trust II Unitholder without their consent or requiring a Non-Resident Trust II Unitholder to redeem its Trust II Units. The exercise of the Manager powers to enforce such Non-Resident ownership limitation may have an adverse effect on one or more Trust II Unitholders.

Additional Tax on Non-Resident Trust II Unitholders

Net income of Trust II, other than certain net realized capital gains, paid or credited to Non-Resident Trust II Unitholders will be subject to withholding tax under the Tax Act at a 25% rate, subject to reduction under an applicable income tax treaty. There can be no assurance that Canadian tax laws or international tax treaties will not be changed in a manner which adversely affects the rate of withholding on distributions of Trust II's capital and/or income. If Trust II ceases to qualify as a "mutual fund trust" for purposes of the Tax Act, Non-Resident Trust II Unitholders may be subject to Canadian tax (subject to any treaty relief) on gains realized on a disposition of Trust II Units if such Trust II Units constitute "taxable Canadian property" as defined in the Tax Act (to the extent they are not otherwise liable for such tax).

Limited Liability

The limited liability of Trust II, as a holder of LP II Units, may be lost in certain circumstances, including where it takes part in the control or management of the business of LP II or through non-compliance with the *Partnership Act* (British Columbia). In addition, holders of LP II Units may lose their limited liability to the extent the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province.

ACQUISITION RISK

Risks that are specific to acquisitions and investments by Trust II and LP II include the following:

Acquisition Risks

LP II's growth depends in large part on sourcing, evaluating and acquiring suitable LP II Properties. The acquisition of, or investment in, LP II Properties entails risks that investments will fail to perform in accordance with expectations. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such investments. The real estate assets may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect operations, financial condition and results. Trust II may not be indemnified for some or all of such liabilities. The vendor representations and warranties, if any, given by arm's length third parties may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, real estate assets acquired may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment. Trust II Unitholders will be reliant on the Manager's due diligence process for determining the investment quality of the LP II Properties acquired by LP II. There is generally little or no publicly available information about any target, and the Manager must rely on the diligence of its employees and consultants to obtain the information necessary to make a decision regarding an investment in such target. While the Manager undertakes substantial due diligence on all investments, there can be no assurance that the diligence efforts of the Manager will uncover all material information or potential risks about a target necessary for the Manager to make a fully informed investment decision.

Accordingly, while Trust II anticipates that the Manager will be able to identify and complete the purchase of future LP II Properties on an on-going basis that will enable LP II to meet the investment objectives and achieve acceptable returns, there can be no assurance that LP II will be able to acquire future LP II Properties at all or at its targeted rate of return.

Difficulty in Valuing Properties

Real estate appraisals are estimates of the market value of an LP II Property and caution should be used in evaluating data with respect to appraisals. Appraisals are measures of value based on information gathered in the investigation, appraisal techniques employed, and reasoning (both quantitative and qualitative), leading to an opinion of value. The valuation of investments is inherently highly subjective and imprecise and requires the use of techniques that are costly, time consuming and ultimately provide no more than an estimate of value. The analysis, options and conditions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecasts of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Manager may consult with accounting firms, investment banks and other third parties when needed. The value ultimately set may not reflect the price at which LP II could dispose of its investments at any given time.

Competitive Marketplace

The real estate market is highly competitive and fragmented and LP II will be competing for LP II Properties with other entities including banks, private equity funds, real estate investment trusts, institutional investors and strategic investors. Many of the entities which LP II may compete with are substantially larger than LP II and possess greater financial, technical and marketing resources. Some competitors may have higher risk tolerances, different risk assessments, fewer investment restrictions, lower return thresholds, a lower cost of capital, or a lower effective tax rate (or no tax rate at all), all of which could allow them to consider a wide variety of investments and to bid more aggressively on investments than LP II. An increase in the availability of investment funds, and an increase in interest in LP II Properties, may increase competition for investments, thereby increasing purchase prices and reducing the return on investments. Competitive forces could have a negative effect on occupancy levels, rental rates or operating costs such as marketing. LP II may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors, some of whom may have synergistic businesses which allow them to consider bidding a higher price than LP II can reasonably offer. The competition faced by LP II in acquiring LP II Properties may also be impacted by the economic uncertainty created by various global issues, including the current and proposed tariffs between the United States and Canada. Increased costs associated with the goods and materials used in the construction or renovation of properties may affect LP II to a greater extent than larger competitors with greater resource pools. As a result of this competition, there can be no assurance that LP II will be able to locate suitable LP II Properties, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its capital contributions.

Timing for Investment of Available Funds

The timing of investments will depend, among other things, on the identification by LP II of suitable LP II Properties. There is a risk that LP II may not be able to invest in LP II Properties in the intended time frame and therefore, may not be able to generate sufficient funds to pay cash distributions on the LP II Units, which will negatively impact Trust II's ability to pay distributions to the Trust II Unitholders.

Potential Undisclosed Liabilities Associated with Properties

LP II's growth depends in large part on identifying, pursuing and acquiring suitable LP II Properties. The acquisition of or investment in LP II Properties entails risks that investments will fail to perform in accordance with expectations. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such acquisitions or investments. The LP II Properties may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect LP II's operations and financial condition and results. The representations and warranties, if any, given by arm's length third parties to LP II may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. LP II Properties may not achieve anticipated success levels and the estimates relating to the future performance of an LP II Property may prove inaccurate or may not have the intended results.

Anticipated Results from Proposed Acquisition May Not Be Met

LP II will undertake investments in the ordinary course of business. Achieving the benefits of investments depends in part on having the acquired assets perform as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters and ultimately, LP II may fail to realize anticipated benefits of its investments.

RISKS PERTAINING TO THE BUSINESS

Risks that are specific to the business of Trust II and LP II include the following:

Risks of Real Estate Property Ownership

Real estate investments and projects are, generally, subject to numerous risks depending on the nature and location of the property that can affect attractiveness and sale ability of real estate assets to potential purchasers or other investors, or the owner's use of such real estate assets, all of which are beyond the control of LP II. Such risks include:

- the highly competitive nature of the real estate industry;
- changes in general economic conditions (such as the availability and cost of the property or widespread fluctuations in adjacent property values);
- changes in general or local conditions (such as the supply of competing real estate assets or the possibility of competitive overbuilding, demand for commercial real estate properties, multi-family residential, office, retail and industrial properties, or the inability to obtain full occupancy or other usage of any real estate assets);
- governmental regulation, rules or policies (such as increased taxation on the sale of or profits from real estate property, rent control, environmental legislation or municipal approvals for usage, development or subdivision); and
- changes in costs or operating expenses anticipated for real estate assets.

Each segment of the real estate industry is capital intensive and is typically sensitive to interest rates. Any proceeds generated by the sale of real estate assets depend upon general economic conditions and, accordingly, the ability to repay its financing may be affected by changes in those conditions. LP II will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, mortgage payments, maintenance costs, property management costs, insurance costs and related charges which must be made regardless of whether or not real estate assets are producing sufficient income to service such expenses. If LP II is unable or unwilling to meet the payment obligations on such mortgage loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale. As a result, LP II's ability to make distributions to Trust II could be adversely affected.

In addition, real estate property investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. This illiquidity will tend to limit the ability of LP II to vary its portfolio of LP II Portfolio Properties promptly in response to changes in economic or investment conditions. If LP II is required to quickly liquidate the LP II Portfolio Properties, there is risk that it would realize sale proceeds of less than the stated value of the LP II Portfolio Properties.

Substitutions for Residential Rental Units

Demand for residential rental real estate is impacted by, and inversely related to, the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. Interest rates offered by financial institutions for financing home ownership rose during 2023 and remain relatively high compared to pre-COVID-19 levels. However, it remains possible that interest rates will fluctuate and lower levels may result in lower demand for rental properties. A reduction in the demand for rental properties may have a material adverse effect on LP II's business, financial condition, results of operations and cash flows.

General Economic Conditions

Trust II, LP II and the LP II Portfolio Properties are subject to changes in North American and international economic conditions, including but not limited to, recessionary or inflationary trends, capital market volatility, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, corporate taxation and overall consumer confidence. These factors negatively impact company valuations and may impact the value of real estate properties. In addition, rental rates could decline, tenant bankruptcies could increase and tenant renewals may not be achieved, particularly in the event of an economic slowdown. A return of any

of these negative economic events could have a material adverse effect on the business, financial condition, results of operations and cash flows of Trust II, LP II and the LP II Portfolio Properties.

Globally, recent market events and conditions, including increases in interest rates, decreasing availability of credit, elevated inflation rates, national and international political circumstances and unforeseen events causing economic uncertainty such as a global pandemic, have resulted in a deterioration of global economic conditions. Furthermore, oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities. Notwithstanding various actions by governments, concerns remain about the general condition of the real estate markets, capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors negatively impacted company valuations and impacted the performance of the global economy. Furthermore, economic conditions in Canada may be affected, directly or indirectly, by geopolitical events throughout the world that cause disruptions in the financial and commodity markets, such as Russia's invasion of Ukraine, the Israeli-Palestine conflict in the Middle East, attacks on Red Sea shipping lanes by Houthi rebels, and any restrictive actions that are or may be taken by Canada, the United States and other countries in response thereto, such as sanctions or export controls. Various geopolitical conflicts have contributed to global economic uncertainty. In particular, the impact or effect of the recent imposition of tariffs by the U.S. onto Canada, the uncertainty regarding potential future tariffs imposed on Canadian exports, as well as the existing and potential retaliatory tariffs imposed onto the U.S. by Canada remain unpredictable, which could have significant effects on the economy and impact LP II's financial condition and operations. Furthermore, additional tariff deadline extensions for certain products as well as fluctuating tariff quanta have created further uncertainty as to the overall impact of the tariffs. The current and proposed tariffs could: (a) disrupt global and domestic supply chains; (b) increase U.S./foreign currency exchange rate fluctuations; (c) increase economic, financial and market volatility; (d) increase inflation; (e) reduce consumer and investor confidence; and (f) increase the difficulty and cost of accessing capital. The duration and severity of any tariffs could adversely affect global economies resulting in a short-term or long-term economic downturn.

Furthermore, economic conditions in Canada may be affected, directly or indirectly, by political events throughout the world that cause disruptions in the financial and commodity markets, such as Russia's invasion of Ukraine, the Israeli-Palestine conflict in the Middle East and any restrictive actions that are or may be taken by Canada, the U.S. and other countries in response thereto, such as sanctions or export controls, or, conversely, peaceful developments, arising in the Middle East, the Korean Peninsula or Eastern Europe and other areas of the world that have a significant impact on the price of important commodities. Any such negative impacts could have a material adverse effect on the business, financial condition, results of operations and cash flows of Trust II, LP II and the LP II Portfolio Properties.

Risks Associated with Financial Institutions

The global economic slowdown, inflation, rising interest rates and the prospects for recession, as well as recent and potential future disruptions in access to bank deposits or lending commitments due to bank failure, could materially and adversely affect the liquidity and financial condition of Trust II and LP II. The recent closures of Silicon Valley Bank and Signature Bank and their placement into receivership with the Federal Deposit Insurance Corporation created bank-specific and broader financial institution liquidity risk and concerns. Although the United States Department of the Treasury, the United States Federal Reserve, and the Federal Deposit Insurance Corporation jointly released a statement that depositors at Silicon Valley Bank and Signature Bank would have access to their funds, even those in excess of the standard Federal Deposit Insurance Corporation insurance limits, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages. The failure of any bank in which Trust II or LP II deposits its funds could reduce the amount of cash available for operations or delay Trust II's or LP II's ability to access such funds. Any such failure may, increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and/or custodial financial institutions. Trust II and LP II do not currently have a commercial relationship with a bank that has failed or is, to the Manager's knowledge, otherwise distressed, nor has Trust II or LP II experienced delays or other issues in meeting their financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, Trust II's and LP II's ability to access their cash and cash equivalents and investments maybe threatened and could have a material adverse effect on the business and financial condition of Trust II and LP II.

Interest Rate Fluctuations

LP II will be, and thus Trust II will indirectly be, exposed to interest rate risk to the extent of any upward revision in prime lending rates. Lending rates increased towards the end of 2022 through the first few months of 2023 in response to rising inflation, which has and may continue to have an adverse effect on the profitability of LP II Portfolio Properties. Central banks have signaled that prime interest rates may remain at an elevated level for an extended period of time. Although central banks have held rates steady since July 2023, a continued increase in interest rates may result in a significant increase in the amount paid by the LP II to service debt. Certain of LP II's long term debt facilities have variable rates which increase LP II's cost of borrowing. However, LP II attempts to mitigate this risk by staggering the maturity dates of its mortgages. In addition, LP II will attempt to secure mortgages that are insured by CMHC under the National Housing Association mortgage program. This added level of insurance offered to lenders allows LP II to receive the best possible financing and interest rates, significantly reducing the possibility of a lender calling a loan prematurely.

Furthermore, consistently high or increasing interest rates may have an adverse effect on Trust II and LP II as Trust II Units would be subject to the risk that the target distribution yield would become less attractive to investors relative to other investments. LP II's investments are subject to interest rate risk as increases in interest rates would result in increased costs of borrowing (including variable rate debt that may be incurred in the future), potentially reducing returns on investments, which can have a constraining effect on the real estate market as well as result in higher capitalization rates and consequently decreased real estate prices and values. Additionally, in a rising interest rate environment, the cost of acquiring, financing, developing, expanding and renovating real property also increases, and together with upward pressure on capitalization rates and decreased investment property demand, the value of the LP II Properties may decline as a result. Fluctuating interest rates may also impact the discount rate used by the Manager in the analysis and valuation of the current and forecasted value of prospective or current investments of Trust II (indirectly through LP II). Interest rates are highly sensitive to factors beyond Trust II's and LP II's control, including, among others, governmental monetary and tax policies and domestic and international economic and political conditions.

Financing of Property Acquisitions

LP II has the discretion to incur indebtedness to fund acquisitions of LP II Properties and the Manager will target a target a loan-to-value ratio of approximately 85%, at the portfolio level. The Manager intends to finance its acquisition of LP II Properties through new mortgage loan facilities or the assumption of existing facilities attached to such LP II Properties. The use of financial leverage adds financial risk to any investment, including but not limited to the following: (a) cash flow may be insufficient to meet required payments of principal and interest; (b) payments of principal and interest on borrowings may leave LP II with insufficient cash resources to pay operating expenses and dividends/distributions; (c) if LP II is unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavourable terms, LP II may have difficulty completing acquisitions or may generate profits that are lower than would otherwise be the case; (d) LP II may not be able to refinance indebtedness on its assets at maturity due to company and market factors such as the estimated cash flow produced by LP II's assets, the value of such assets, liquidity in the debt markets, and/or financial, competitive, business and other factors; and (e) if LP II is able to refinance its assets, the terms of a refinancing may not be as favourable as the original terms of the related indebtedness. If LP II is unable to refinance indebtedness on acceptable terms, or at all, LP II may need to utilize available liquidity, which would reduce its ability to pursue new investment opportunities, or LP II may need to dispose of one or more of its assets on disadvantageous terms, or raise funds causing dilution to existing securityholders. Furthermore, even if the Manager is successful in obtaining adequate loans for LP II, LP II may not be able to generate sufficient funds through its operations to service the loans. If a default occurs under any of the loans, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the applicable LP II Portfolio Property.

Covenants and Risk of Default

The mortgage loan instruments attached to the LP II Portfolio Properties held by LP II may require LP II to operate within certain covenants, including financial covenants with respect to leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and distribution limitations (on the investment vehicle level). If LP II violates any of the covenants or otherwise default under these instruments, then LP II's lenders could declare all indebtedness under these facilities to be immediately due and payable which would have a material adverse effect on LP II's business and could require LP II to sell one or more of its LP II Portfolio Properties under distressed conditions and seek replacement financing on substantially more expensive and/or unfavourable terms.

Regulatory Approvals

Development of particular LP II Portfolio Properties may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take many months and there can be no assurance that the necessary approvals will be obtained. Holding costs accrue while regulatory approvals are being sought and delays could render the sale and/or development of the LP II Portfolio Properties uneconomic.

Development is Seasonal

Real estate development in certain regions of Canada, including in regions where LP II may make investments, is seasonal and progress in respect of any real estate development project may be adversely affected by factors outside LP II's control, including weather conditions. In addition, natural disasters, such as tornados, forest fires, floods, hurricanes, earthquakes, snowstorms, heat waves and avalanches could adversely impact a real estate development project. LP II may incur additional costs to remedy damages caused by such disruptions and the development of properties so affected may be unable to be completed on schedule or within budget.

Key Personnel

Trust II, LP II and GP II are highly dependent on Nicholas Westeringh, Dick Westeringh and Jason Tiessen to implement their respective business plans, including with respect to identifying potential LP II Properties and negotiating the pricing and other terms of the agreements leading to the acquisition of LP II Properties. The ability of LP II to successfully implement its investment strategy will depend in large part on the continued employment and involvement of these key executives and the loss of their services may materially adversely affect the business, financial condition and results of operations of LP II and consequently Trust II. Neither LP II nor Trust II maintains key-person life insurance for any of these named individuals. There can be no assurance that any of the key individuals of LP II, GP II or Trust II will remain in their current positions.

Vacancy Risk

LP II will be subject to tenant vacancy risk. LP II relies upon periodic lease or rental payments from tenants to pay for an LP II Portfolio Property's maintenance and other operating expenses, to fund capital improvements and to service debt. Vacancy rates can be affected negatively by poor economic conditions resulting in financial difficulties for tenants. The rise of inflation rates in Canada have contributed to slower economic growth which may have a corresponding impact on rental and vacancy rates. LP II's operating results and ability to repay its indebtedness may be adversely impacted by a decline in revenues if LP II is unable to maintain the existing occupancy levels of its LP II Portfolio Properties, if existing tenants experience financial difficulty and become unable to fulfill their lease commitments, if LP II becomes unable to attract new tenants at rental rates similar to those paid by existing tenants, or if existing tenants do not renew at the expiry of the lease term and such space cannot be re-leased. There is no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the terms of their leases, and no assurance can be given that leases that expire can or will be renewed, that the space covered by leases that expire or are terminated can or will be leased in a timely manner at comparable rents or on comparable terms, or that LP II will be able to fund any required tenant improvements.

Residential vacancy rates generally increase and rental revenue cash flow generally decreases when, in some markets and under certain economic conditions, housing/condominiums are affordable, financing is readily available and interest rates are low, making it easier for renters to become homebuyers. Residential vacancy rates can also be affected negatively by increased supply of rental units in LP II's core markets. Numerous other residential developers and apartment owners compete for potential tenants. In addition, an increase in alternative housing could have a material adverse effect on LP II's ability to lease units and in the rents charged and could adversely affect revenues and ability to meet its obligations.

Accordingly, Trust II's performance, indirectly, will always be affected by the supply and demand for residential real estate in Alberta, British Columbia, Saskatchewan and in other geographic areas into which LP II expands its business. The potential for reduced rental revenue exists in the event that LP II is unable to maintain the LP II Portfolio Properties at a high level of occupancy, or in the event of a downturn in the economy, which could result in lower rents or higher vacancy rates.

Quality of Property Management

The financial performance of an LP II Portfolio Property is also dependent on the performance, capability and viability of its property manager. Property managers observe and assess market conditions and make recommendations to owners/borrowers regarding capital improvements, ongoing maintenance and changes to rental rate structures. There can be no assurance regarding the performance of the current or future property managers of the LP II Portfolio Properties or that any such property manager will at all times continue to fulfill its management responsibilities.

Disease Outbreaks May Negatively Impact the Performance of Trust II and LP II

A local, regional, national or international outbreak of a contagious disease, including, but not limited to, coronavirus (including COVID-19), Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness could result in: a general or acute decline in economic activity in the regions Trust II and LP II operates in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, adverse impacts on LP II's tenants' employment and/or businesses and thereby LP II's tenants' ability to meet their payment obligations, mobility restrictions and other quarantine measures, supply shortages, risks to employee health and safety increased labor and fuel costs, increased government regulation, restricted access to courts thereby encumbering LP II's ability to bring forward any eviction rights it might want to assert, and the quarantine or contamination of one or more of the LP II Portfolio Properties.

Contagion in one of the LP II Portfolio Properties or a location in which Trust II and LP II operate could negatively impact the operations of the LP II Portfolio Properties and/or the reputation of Trust II and LP II. Furthermore, there is no assurance that any monetary or fiscal interventions by governments or financial institutions will be available to help alleviate these issues, and for those measures that are put in place, there is no assurance that such measures will be sufficient or fully implemented as publicized. In addition, outbreaks such as COVID-19 may cause the Manager to spend considerable time planning for and addressing such events, which diverts attention from other business concerns. All of these occurrences may negatively and materially adversely affect the ability of Trust II or GP II to discharge their duties and may have a material adverse effect on Trust II's and LP II's business, operations, financial condition and cash flows, which in turn, could adversely affect Trust II's ability to pay distributions to Trust II Unitholders.

Market Risks

The economic performance and value of Trust II's indirect investments in real estate assets will be subject to all of the risks associated with investing in real estate, including, but not limited to: (a) changes in the national, regional, state and local economic climates; (b) local conditions, including an oversupply of properties or a reduction in demand for properties; (c) the attractiveness of all or parts of real estate assets to renters or purchasers; (d) competition from other available real estate assets; and (e) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

The performance of LP II will be affected by the supply and demand for property in its geographic area(s) of ownership, which is initially expected to be western Canada. Key drivers of demand include employment levels, population growth, demographic rents and consumer confidence. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes overabundant thereby driving down prices for real estate assets.

Workforce Availability

LP II's ability to provide services to its existing tenants will be somewhat dependent on the availability of well-trained employees and contractors (including those of Westbow Construction) to service such tenants and complete required maintenance and capital upgrades on the LP II Portfolio Properties. LP II must also balance requirements to maintain adequate staffing levels with overall costs. In order for LP II to remain operational, it is crucial for the Manager to keep essential operating staff in place.

Trademark Risks

Trust II and LP II use the names "Westbow" and "WB" under licence from the Manager. If the Fund II Management Agreement is terminated, Trust II and LP II will be required to immediately cease (a) using "Westbow" and "WB" and all related names and logos or any variation of any of them or anything which in the opinion of the Manager, acting reasonably, is substantially or confusingly similar to such names or logos; and (b) using or displaying, in any signage or any other manner whatsoever, any trademarks, service marks, trade names, business names, domain names, logos or other indicia of origin used or held by the Manager or its affiliates. Accordingly, if the Fund II Management Agreement is terminated, that will require Trust II and LP II to change its name and the name under which it operates its business, which could have a material adverse effect on LP II's business.

Increase in Operating Costs

LP II's operating margins can be negatively impacted from increases in operating costs such as property tax, staffing costs, insurance premiums, repairs and maintenance costs, utility costs and others due to various factors such as the need for governments to raise funds, natural disasters, disease, epidemic or pandemics, commodity and energy prices.

Liquidity Risk

LP II manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities. Typically, LP II ensures that it has sufficient cash or liquid investments available to meet expected operating expenses

for a period of 30 days, excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the foreseeable future, LP II anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its operating requirements, debt repayment obligations and will provide sufficient funding for anticipated capital expenditures. However, the occurrence of events that are beyond the control of LP II, including natural disasters, may affect the cash flow of LP II, and in turn may result in LP II being unable to meet its financial obligations as they become due.

Refinancing Risk

There is no certainty that financing will be available upon the maturity of any existing mortgage at terms that are as favorable as the expiring mortgage, or at all. If LP II is unable to refinance an existing indebtedness, on favorable terms, LP II may need to dispose of one or more LP II Portfolio Properties on disadvantageous terms. Prevailing interest rates, limited availability of credit or other factors at the time of refinancing could increase interest expenses and ultimately decrease the return to Trust II Unitholders.

The Manager mitigates refinancing risk in various ways, including refinancing where appropriate to ensure a loan-to-value ratio of approximately 85% at the portfolio level, insuring LP II Portfolio Properties under the National Housing Association mortgage program and maintaining a balanced maturing portfolio.

Vacancy Risk

Trust II will indirectly, through LP II, be subject to tenant vacancy risk. Vacancy rates can be affected negatively by poor economic conditions resulting in financial difficulties for tenants. The rise of inflation and interest rates in Canada have contributed to slower economic growth which may have a corresponding impact on rental and vacancy rates. Trust II's operating results may be adversely impacted by a decline in revenues if LP II is unable to maintain the existing occupancy levels of its LP II Portfolio Properties, if existing tenants become unable to fulfill their lease commitments, if LP II becomes unable to attract new tenants at rental rates similar to those paid by existing tenants, or if existing tenants do not renew at the expiry of the lease term and such space cannot be re-leased.

With respect to residential vacancies, vacancy rates generally increase and rental revenue cash flow generally decrease when in some markets and under certain economic conditions, housing/condominiums are affordable, financing is readily available and interest rates are low, making it easier for renters to become homebuyers.

Residential vacancy rates can also be affected negatively by increased supply of rental units in LP II's core markets. Numerous other residential developers and apartment owners compete for potential tenants. In addition, an increase in alternative housing could have a material adverse effect on LP II's ability to lease units and in the rents charged and could adversely affect revenues and ability to meet its obligations.

Accordingly, Trust II's performance, indirectly, will always be affected by the supply and demand for rental real estate in western Canada and potentially in other geographic areas into which LP II expands its business. The potential for reduced rental revenue exists in the event that LP II is not able to maintain its LP II Portfolio Properties at a high level of occupancy, or in the event of a downturn in the economy, which could result in lower rents or higher vacancy rates.

Risks upon Dispositions of Investments

In connection with the disposition of a Property, LP II may be required to make standard representations about the business and financial affairs of such Property. It may also be required to indemnify the purchasers of such Property to the extent that any such representation turns out to be inaccurate. These arrangements may result in contingent liabilities of LP II, which might ultimately have to be funded by the Trust II Unitholders to the extent that such contingent liabilities exceed the reserves and other assets of LP II and such Trust II Unitholders have received prior distributions from LP II.

Substitutions for Residential Rental Units

Demand for residential rental properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. While interest rates offered by financial institutions for financing home ownership rose during 2022 and remain relatively high, interest rates will fluctuate and lower levels may result in lower demand for rental properties. A reduction in the demand for rental properties may have a material adverse effect on LP II's ability to lease suites and on the rents charged. This, in turn, may have a material adverse effect on Trust II.

Rent Control

LP II may be subject to legislation that exists or is enacted in certain jurisdictions which restricts the right of landlords to increase rents charged to tenants. As a result, the inability to adjust rents to address higher operating costs or to improve margins on certain LP II Portfolio Properties may have an adverse effect on the returns available from such LP II Portfolio Properties.

Currently, it is expected that LP II will operate in western Canada. Neither Alberta nor Saskatchewan is subject to rent control legislation; however, under Alberta legislation, a landlord is only entitled to increase rents once every twelve months. There is no guarantee that Alberta or Saskatchewan will not pass stricter rent control legislation. Any imposition of rent control has the potential to adversely affect the rental income LP II derives from the LP II Portfolio Properties in such provinces.

Under British Columbia's rent control legislation, a landlord is entitled to increase the rent for existing tenants once every twelve months. As of January 1, 2025, the maximum rent increase in respect of residential tenancies is 2.5%. When a unit is vacant, however, the landlord is entitled to lease the unit to a new tenant at any rental amount, after which annual increases are limited to the applicable guideline amount. The landlord may also be entitled to a greater increase in rent for a unit under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of that unit. If British Columbia implements legislation limiting rent increases, as it

did in 2021 in response to COVID-19, the rental income LP II derives from the LP II Portfolio Properties in British Columbia could be adversely affected, which, in turn, could affect the distributions to Trust II Unitholders.

To manage this risk, prior to entering a market where rent controls are in place, an extensive amount of time is spent researching the existing rules, and, where possible, LP II will ensure it retains individuals who are experienced in working in these controlled environments.

Utilities Risk

Trust II will also, indirectly through LP II, be exposed to fluctuating utility and energy costs such as electricity and natural gas (heating) prices. Natural gas prices have increased significantly over the past year, due in part to the war in Ukraine and the imposition of the federal carbon tax in Alberta and Saskatchewan. LP II will try to mitigate this risk by acquiring LP II Portfolio Properties where the tenants are responsible for making utilities payments.

Renovation Risk

LP II will be subject to the financial risk of having unoccupied units during extended periods of renovations. During renovations, these LP II Portfolio Properties will be unavailable for occupancy and will not generate income. Certain significant expenditures, including property taxes, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of LP II Portfolio Properties regardless of whether the LP II Property is producing revenue. Delays in the renovation of a building or individual units as a result of labour shortage and similar risks could delay the renting of such building or units resulting in an increased period of time where the building is not producing revenue or produces less revenue than a fully-tenanted building. Although LP II intends to source the majority of its renovation supplies and services from Westbow Construction, LP II may source a portion of its renovation supplies directly from domestic or international manufacturers, thus subjecting LP II to shipping risks and currency fluctuations, all of which may result in unexpected or higher costs or possible delays.

Reliance on Trades and Suppliers

The real estate development industry may from time to time experience significant difficulties in the supply of materials and services such as shortages of qualified trades people, labor disputes, shortages of building materials, unforeseen environmental and engineering problems and increases in the cost of certain materials (particularly increases in the price of lumber, wall board and cement, which may be significant components of construction costs). Should any of these difficulties occur, it may cause delays and increase the cost of property development, construction and renovation, adversely affecting Trust II's and LP II's operations.

Inflation Risk

The rate of inflation impacts the general economic and business environment in which Trust II operates. Continued inflationary pressures experienced domestically and globally, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, will put pressure on Trust II's development, financing, operation and labour costs and could negatively impact levels of demand for real property. Accordingly, continued inflationary pressures and the resulting economic impacts may adversely affect Trust II's financial condition, results of operations and the ability for the Trust II to make distributions to Trust II Unitholders.

If inflation at elevated levels persists and interest rates continue to increase, an economic contraction may result. Higher inflation and the prospect of moderated growth also negatively impacts the debt and equity markets in which Trust II seeks capital, and in turn might impact Trust II's ability to obtain capital in the future on favourable terms, or at all. As discussed in the sections above relating to General Economic Conditions and geopolitical risks, various international conflicts, including trade disputes and consequence tariffs may increase inflationary pressures going forward. These pressures may affect LP II's business. There can be no assurances regarding the impact of a significant economic contraction on the business, operations and financial performance of LP II and its tenants.

Risk of Significant Capital Expenditures and Other Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, are made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, LP II must maintain or, in some cases, improve each LP II Portfolio Property's condition to meet market demand. Maintaining rental properties in accordance with market standards may entail significant costs, which LP II may not be able to pass on to tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading the LP II Portfolio Properties exceed the Manager's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if LP II is not permitted to raise the rents due to legal constraints, additional and unexpected costs will be incurred. If competing properties of a similar type are built in the area where one of the properties is located or similar properties located in the vicinity of one of the properties is substantially refurbished, the net operating income derived from and the value of such LP II Portfolio Property could be reduced.

Any failure by LP II to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on Trust II's and LP II's cash flow, financial condition and results of operation and the ability to make distributions on the Trust II Units.

Environmental Matters

The LP II Portfolio Properties may carry varying degrees of inherent risk or liability related to the environment, health and safety, including the risk of government imposed orders to remedy unsafe conditions and contaminated lands, and potential civil liability. Compliance with

environmental, health and safety standards and the requirements set out in any licenses, permits and other approvals may be material to the LP II Portfolio Properties and, by extension, LP II.

The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, or restrictions imposed by environmental laws on the manner in which the LP II Portfolio Properties may be operated or developed could adversely affect LP II's ability to sell the LP II Portfolio Properties and pay cash distributions and could potentially also result in claims against LP II.

Environmental, health and safety laws and regulations can change rapidly and significantly and LP II and the LP II Portfolio Properties may become subject to more stringent laws and regulations in the future. The occurrence of any adverse environmental event, or any changes, additions to, or more rigorous enforcement of environmental, health and safety standards, licenses, permits or other approvals could have a significant impact on the LP II's business and operations and/or result in material expenditures.

Environmental, health and safety laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental health and safety laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could be substantial and reduce cash distributions to Trust II.

Under various environmental, health and safety laws, ordinances and regulations, the current or previous owner or operator of properties acquired or refinanced, may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such properties. These costs could be substantial. Such environmental, health and safety laws could impose liability whether or not LP II knew of, or was responsible for, the presence of such hazardous or toxic substances.

LP II may be subject to liability for undetected pollution or other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the perception of relative risk. Such factors may have an adverse impact on LP II.

Climate Change and Transition to a Lower Carbon Economy

Climate change could pose significant environmental, social and business risks and have an adverse effect Trust II's and LP II's business, financial condition or results of operation. Physical risks from climate change, including natural disasters and severe weather, such as floods, earthquakes, forest fires, snow storms and rising temperatures, may result in damage to LP II Portfolio Properties and business interruption losses that are greater than the aggregate limits of insurance coverage of LP II. LP II maintains comprehensive insurance policies to cover such events, however, some insurance coverage may be or become unavailable or cost prohibitive. The extent of Trust II's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area.

LP II is also exposed to risks associated with inclement winter weather, including the physical impacts from climate change. Changing weather patterns could have effects on Trust II's and LP II's business by increasing the cost of property insurance and/or energy at LP II Portfolio Properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Trust II's and LP II's costs and reduce cash flow.

Furthermore, transitioning to a lower-carbon economy may entail extensive policy, legal, technological and market changes to address mitigation and adaption requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to Trust II and LP II. Policy action around climate change, such as implementing carbon-pricing mechanisms to reduce green house gas emission, shifting energy use toward lower emission sources, adopting energy-efficiency solutions, encouraging greater water efficiency measures and promoting more sustainable land-use practices, can result in financial impacts to Trust II and LP II, including additional costs of auditing and reporting such data. Alterations to third-party certifications/ratings may impact investor or tenant demand and consequential valuation for buildings with lower scoring. Climate related litigation claims can also result in financial and reputational damage and have been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organization's contribution to, or detraction from, the transition to a lower-carbon economy.

Uninsured Losses

LP II will carry comprehensive general liability, fire, flood, extended coverage, rental loss with policy specifications, limits and deductibles customarily carried for similar real estate properties. However, there are certain types of risks, generally of a catastrophic nature, such as wars, terrorist attacks or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, LP II could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but would continue to be obligated to repay any recourse mortgage indebtedness on such LP II Portfolio Properties.

From time to time LP II may be subject to lawsuits as a result of the nature of its business. LP II intends to maintain business and property insurance policies in amounts and with such coverage and deductibles as are deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. However, there can be no assurance that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against LP II that is not covered by, or in excess of, LP II's insurance could materially affect LP II's operating results and financial condition, which would have an adverse effect on Trust II. Claims against LP II, regardless of their merit or eventual outcome, will require the management of LP II to devote time to matters unrelated to the operation of the business.

Insurance Renewals

There is a possibility that LP II may not be able to renew its current insurance policies or obtain new insurance policies in the future for the LP II Portfolio Properties once they expire. The current terms and levels of coverage may not be available to LP II for property and casualty insurance, as well as insurance against natural disasters. In addition, the premiums that insurance companies may charge in the future may be significantly greater than they are currently. If LP II is unable to obtain adequate insurance for the LP II Portfolio Properties, LP II could be in default under certain contractual commitments that it has made. LP II may also be subject to a greater risk of not being covered should damages to the LP II Portfolio Properties occur, therefore affecting LP II's businesses, cash flows, financial conditions, results of operations and Trust II's ability to make distributions to Trust II Unitholders.

No Right to Use of Property

Trust II Unitholders for the Trust II Units hereunder will have no right to the use of, to occupy, or to seek partition of, any part of the real estate investments that LP II may acquire from time to time, nor may any investor in trust II encumber any part of the estate investments that LP II may acquire from time to time for its business.

Ground Lease Risk

LP II has a right-to-use the property located at 7816 Cedarbrook Road and 8071 Foxfern Road, Chilliwack, British Columbia, V2R 6G7 (the "Cedarbrook Homes") by way of a long-term ground lease expiring on July 10, 2144. Lessees under a ground lease typically pay rent for use of the land and are responsible for building costs and expenses, including replacements, repairs, property taxes, utilities, insurance and maintenance. Notably, the land and all improvements thereon revert to the lessor upon expiry of the lease term. There is no assurance that LP II will be able to, or choose to, renew such lease or purchase the land, building and improvements, in which case LP II and Trust II would not benefit from income generation on the Cedarbrook Homes, and it could have a material adverse effect on the business, financial condition and results of operations of Trust II.

Management of Growth

LP II may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of LP II to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of LP II to deal with this growth may have a material adverse effect on LP II's business, financial condition, results of operations and prospects.

Climate-Related Risk

Climate-related disasters, such as floods, wildfires, earthquakes or severe winter storms may result in direct damage to assets and business interruption losses that are greater than the aggregate limits of the insurance coverage of LP II. In recent years, certain areas of British Columbia, Alberta and Saskatchewan have experienced severe wildfires and floods. Increases in the frequency and magnitude of natural disasters may result in increased repair and maintenance costs on the LP II Portfolio Properties. LP II maintains comprehensive insurance policy to cover such events, however, some insurance coverage may be or become unavailable or cost prohibitive.

Climate-related risks also include actions taken by governments to curb the physical impacts of climate change and to transition to a lower-carbon economy. LP II may incur financial costs to comply with policies that are implemented in connection with such sustainable initiatives and failure to comply could result in fines or adversely affect LP II and Trust II's reputation or financial performance.

Credit Risk

Third parties may not fulfil their payment obligations to LP II, which could include money, securities or other assets, thereby impacting LP II's operations and financial results. Such third parties may include deal and trading counterparties, governmental agencies and financial intermediaries. Third parties may default on their obligations to LP II due to bankruptcy, lack of liquidity, operational failure or other reasons.

Use and Dependence on Information Technology Systems

LP II's business will depend on information technology systems and other technology, such as telecommunications networks and computer systems used for information storage, processing, administrative and commercial functions. LP II will rely on this technology functioning as intended. There is a risk that information systems and technology may not continue to be able to accommodate the growth of LP II, and the cost of maintaining such systems may increase from its predicted levels. A failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on LP II.

Data Security and Privacy Breaches

The cybersecurity risks faced by businesses that use and depend on information technology system have increased in recent years due to the proliferation of cyber-threats that target computers, information systems, software, data and networks. Cyber-threats include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, telecommunication failures, shut-downs, the introduction of computer viruses / worms, and other malicious codes such as "ransomware", and fraudulent "phishing" emails that seek to misappropriate data and information or install malware on users' computers. The potential effects of cyber-threats or cyber-terrorism include the theft or loss of data, unauthorized access to, and disclosure of, confidential personal and business-related information, service disruption, remediation costs, increased cybersecurity costs, lost revenue, litigation and reputational harm, all of which can materially affect LP II. Cyber-threats and cyber-attacks vary in technique and sources, are persistent, frequently change and are increasingly becoming more sophisticated and targeted. Given the use of emerging technologies, such as advanced forms of artificial intelligence and quantum computing, cyber-threats and cyber-attacks have become increasingly more difficult to detect and prevent. The Manager monitors security threats to its information technology systems and implements measures to manage these threats; however the risk cannot be fully mitigated

due to the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats. Cyber incidents may also remain undetected for an extended period, which could exacerbate the consequences aforementioned.

Fluctuations in Foreign Currency Exchange Rates

Fluctuations in foreign currency exchange rates could adversely affect LP II and payments of distributions to Trust II Unitholders. Although the LP II Portfolio Properties are initially expected to be located in Canada and use the functional currency of Trust II, which is the Canadian dollar, future properties may be located in other jurisdictions, including the United States and may pay distributions to LP II in United States dollars, which LP II or Trust II would have to convert to Canadian dollars prior to making distributions to Trust II Unitholders.

Need for Follow-On Investments

Following an initial investment, LP II may decide to provide additional funds to its LP II Portfolio Properties or may have the opportunity to increase its investment in them. There is no assurance that LP II will make follow-on investments or that LP II will have sufficient funds to make all or any of such investments. Any decision by LP II not to make follow-on investments or its inability to make such investments may have a substantial negative effect on the Property in need of such an investment.

General Litigation Risk

In the normal course of LP II's operations, whether directly or indirectly, it may become involved in, named as a part to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to LP II and as a result, could have a material adverse effect of LP II's investments, liabilities, business, financial condition and results of operations. Even if LP II prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of GP II, the Manager and key personnel from LP II's business operations, which could have a material adverse effect on LP II's business, cash flow, financial condition and results of operations and ability to make distributions to holders of LP II Units, including Trust II.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in Trust II. Unitholders should consult their own counsel and financial advisors.

Schedule E
TRUST I ANNUAL FINANCIAL STATEMENTS

Westbow Capital Income Fund
Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

Westbow Capital Income Fund

Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

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Westbow Capital Income Fund

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Management's Statement of Responsibility

Management of Westbow Capital Income Fund (the "Fund") is responsible for the preparation of the Fund's financial statements that present fairly, in all material aspects, the statement of financial position of the Fund as at December 31, 2024 and 2023 and its statements of income and comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2024 and 2023, in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management is responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to provide reasonable assurance that the information provided in the financial statements are free from material misstatement due to fraud or error, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with applicable legislation, regulations, authorities and policies.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, and disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Fund will continue operations, intends to liquidate the Fund or cease operations, or has no realistic alternative to do so.

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

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Westbow Capital Income Fund

Opinion

We have audited the financial statements of Westbow Capital Income Fund (the "Fund") which comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of income and comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 14, 2025

Westbow Capital Income Fund
Statements of Financial Position
(Expressed in Canadian Dollars)
As at December 31, 2024 and 2023

	2024	2023
Assets		
Investment in WB Capital Limited Partnership (Note 3)	\$ 10,568,500	\$ 9,541,509
Total assets	\$ 10,568,500	\$ 9,541,509
Liabilities		
Amounts owing to WB Capital Limited Partnership	529,095	482,153
Total liabilities (excluding net assets attributable to holders of redeemable units)	529,095	482,153
Net assets attributable to holders of redeemable units (Note 5)	\$ 10,039,405	\$ 9,059,356
Net assets attributable to holders of redeemable units per series (Note 5)		
Series A	\$ 3,697,314	\$ 3,393,737
Series B	653,292	610,048
Series M	186,844	159,219
Series P	5,501,955	4,896,352
	\$ 10,039,405	\$ 9,059,356

Subsequent Event (Note 8)

On behalf of the Fund by the manager,
Westbow Asset Management Inc.:

/s/ Nick Westeringh

/s/ Dick Westeringh

The accompanying notes are an integral part of these financial statements.

Westbow Capital Income Fund
Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

	2024	2023
Revenue		
Net partnership income (Note 3)	\$ 1,484,319	\$ 1,582,661
Expenses		
Commissions	46,942	47,133
Total expenses	46,942	47,133
Net income and comprehensive income attributable to holders of redeemable units	\$ 1,437,377	\$ 1,535,528
Net income and comprehensive income attributable to holders of redeemable units per series		
Series A	\$ 505,741	\$ 550,980
Series B	90,551	100,334
Series M	27,625	27,758
Series P	813,460	856,456
	\$ 1,437,377	\$ 1,535,528

The accompanying notes are an integral part of these financial statements.

Westbow Capital Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Series A	Series B	Series M	Series P	Total
Balance, December 31, 2023	\$ 3,393,737	\$ 610,048	\$ 159,219	\$ 4,896,352	\$ 9,059,356
Units redeemed	(90,939)	-	-	(178,452)	(269,391)
Distributions	(250,457)	(47,307)	(18,265)	(348,181)	(664,210)
Distributions reinvested	139,232	-	18,265	318,776	476,273
Net income and comprehensive income	505,741	90,551	27,625	813,460	1,437,377
Balance, December 31, 2024	\$ 3,697,314	\$ 653,292	\$ 186,844	\$ 5,501,955	\$ 10,039,405

Limited Partners					
	Series A	Series B	Series M	Series P	Total
Balance, December 31, 2022	\$ 2,967,791	\$ 557,021	\$ 131,461	\$ 4,156,116	\$ 7,812,389
Units redeemed	(14,028)	-	-	(86,200)	(100,228)
Distributions	(244,923)	(47,307)	(17,165)	(340,282)	(649,677)
Distributions reinvested	133,917	-	17,165	310,262	461,344
Net income and comprehensive income	550,980	100,334	27,827	856,456	1,535,528
Balance, December 31, 2023	\$ 3,393,737	\$ 610,048	\$ 159,219	\$ 4,896,352	\$ 9,059,356

The accompanying notes are an integral part of these financial statements.

Westbow Capital Income Fund
Statements of Cash Flows
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

	2024	2023
Cash was provided by (used for):		
Operating activities		
Net income	\$ 1,437,377	\$ 1,535,528
Items not affecting cash:		
Net income on investment (Note 3)	(1,484,319)	(1,582,661)
Net cash used by operating activities	(46,942)	(47,133)
Investing activities		
Purchase of WB Capital Limited Partnership units (Note 3)	(476,273)	(461,344)
Redemption of WB Capital Limited Partnership units (Note 3)	269,391	100,228
Distributions from WB Capital Limited Partnership units (Note 3)	664,210	649,677
Net cash provided by investing activities	457,328	288,561
Financing activities		
Advances from WB Capital Limited Partnership	46,942	47,133
Redemption of redeemable units	(269,391)	(100,228)
Distributions paid	(187,937)	(188,333)
Net cash used for financing activities	(410,386)	(241,428)
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

1. Nature of Operations and Basis of Presentation

(a) Nature of Operations

The Fund is an unincorporated trust established by declaration of trust dated January 2, 2020 (the "Declaration of Trust"). The Fund qualifies as a "unit trust" and as a "mutual fund trust" for the purposes of the Income Tax Act (Canada) (the "Tax Act").

The Fund was formed to raise funds pursuant to an offering (Note 5) for the purposes of acquiring units in WB Capital Limited Partnership (the "Partnership"), a British Columbia limited partnership. The Partnership is considered a related party due to common officers and directors of the manager of the Fund, Westbow Asset Management Inc. (the "Manager"). The Partnership intends to acquire primarily residential real estate properties in Western Canada, with a focus on low to medium-density real estate properties.

The address of the Fund is 401-44561 Skylark Road, Chilliwack, BC, V2R 6J6.

(b) Basis of Presentation

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the IASB. The financial statements were authorized for issue by the Westbow Asset Management, Inc. the Manager of the Fund on April 14, 2025.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

2. Summary of Material Accounting Policies

Critical Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments

Going Concern Assumption

When preparing the financial statements, management is required to make an assessment of the Fund's ability to continue as a going concern. When management is aware, in making this assumption, of material uncertainties related to events or conditions that may cast significant doubt upon the Fund's ability to continue as a going concern, the Fund shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least, but not limited to, 12 months from the statement of financial position date.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Judgments (continued)

Investment in the WB Capital Limited Partnership and Consolidation of Structured Entities

The Partnership receives rental income on investment properties that it owns. The Fund and other limited partners hold an investment in the Partnership. Generally, the Partnership units have only voting rights for certain specified conditions.

The determination of the entity having the ability to affect the returns on their investment in the Partnership requires the use of significant judgment. Based on the evaluation of the activities of the Partnership and the Partnership agreement, management concluded the substance of the relationship between the Partnership, the General Partner and the Fund indicates the Partnership is controlled by the general partner. In addition, the evaluation of whether or not the Fund has significant influence over the Partnership is a matter of significant judgment. Based on the review of the activities of the Partnership, management has concluded that the Fund is able to significantly influence these activities.

Use of Estimates

The key assumptions concerning the future and other key sources of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund.

Valuation of Investment in Partnership

Management reviews for objective evidence whether there may be an impairment of the investment in Partnership. The review includes a review of various assumptions and estimates to estimate the fair value of the investment in the Partnership. Based on the analysis completed during the year ended December 31, 2024, no impairment indicators have been identified.

Financial Instruments

Recognition and Classification

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

The Fund classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired:

- (i) Fair value through profit or loss;
- (ii) Amortized cost; and
- (iii) Fair value through other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss

This category has two subcategories: financial assets and liabilities held for trading; and financial assets and liabilities designated at fair value through profit or loss at inception.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Financial Instruments (continued)

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- (i) Fair value through profit or loss and;
- (ii) Amortized cost.

The Fund does not have any financial liabilities that it classifies as fair value through profit or loss or other liabilities aside from its obligation for net assets attributable to holders of redeemable units, which is presented at the redemption amount, and the amounts owing the WB Capital Limited Partnership which it classifies as amortized cost.

Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

Fair Value Hierarchy

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

Investments in Associates

Investments in associates consisting of the investment in WB Capital Limited Partnership is initially recorded at cost, and the carrying amount is increased or decreased to recognize the Partnership's share of the profit or loss after the date of acquisition. The Fund's share of the Partnership's profit or loss is recognized in the Fund's profit or loss. Distributions received from the Partnership reduce the carrying amount of the investment.

Redeemable Units

The units of the Fund ("Trust 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, except where certain conditions are met, in which case, the puttable instrument may be presented as equity. The Trust Units did not meet the conditions for presentation as equity, and have therefore been presented as liabilities at the redemption amount. Costs incurred in connection with the offering of Trust Units are reflected as a reduction of Net Assets Attributable to Holders of Redeemable Trust Units.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Impairment of Non-Financial Assets

The carrying amounts of the Fund's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The Fund has no impairment from non-financial assets.

Impairment of Financial Assets

At each reporting date, the Fund assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Fund on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. The Fund considers evidence of impairment for loans and receivables at both a specific asset and collective level. The Fund has no impairment loss from financial assets.

Income Taxes

The Fund is subject to tax under Part I of the Tax Act on its income for each taxation year, including net realized taxable capital gains, dividends, accrued interest and other income paid or payable to it, less the portion thereof that is paid or payable in the year by the Fund to holders of Trust Units (collectively, the "Trust unitholders", and each, a "Trust Unitholder") and which is deducted by the Fund in computing its income for purposes of the Tax Act. An amount will be considered to be payable to a Trust Unitholder in a taxation year if it is paid in the year by the Fund or the Trust Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the Fund will end on December 31 of each year.

The Fund generally intends to deduct, in computing its income, the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined and to make payable to Trust unitholders an amount equal to its remaining taxable income.

Net Assets Attributable to Holders of Redeemable Units per Unit

The net assets attributable to holders of redeemable Trust Units per unit is calculated by dividing the net assets attributable to holders of redeemable Trust Units of a particular series of Trust Units by the total number of Trust Units of that particular series outstanding at the end of the year.

Related Parties

For the purpose of these financial statements, a party is considered related to the Fund if such a party or the Fund has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operational decisions, or if the Fund and such party are subject to common significant influence. Related parties may be individuals or other entities.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Revenue Recognition

The Fund earns investment income through distributions from its investments. Investment income from the investments is recognized when the Fund's right to receive payment is established. Distribution income is shown as part of the net partnership income in the statement of income and comprehensive income.

Issuance Costs

Issuance costs associated with the offering are recorded as a reduction of net assets attributable to holders of redeemable Trust Units during the period in which they were incurred. The amount represents a one-time charge in connection with the offering and is paid out of the gross proceeds of the offering. Series specific issuance costs are deducted from the equity of the specific Trust Unit.

New Standards, Interpretations and Amendments not yet Adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective as at December 31, 2024, and have not been applied in preparing the financial statements. None of these are expected to have an effect on the financial statements of the Fund.

3. Investment in WB Capital Limited Partnership

As at December 31, 2024 the Fund held 53.59% (2023 – 53.64%) of the limited partner units ("LP Units") of the Partnership, there is only one class of units which are split into different series with no difference in rights. The holders of the LP Units are entitled to receive a pro rata share of distributions, and only have voting rights in certain circumstances.

The Fund has investments in WB Capital Limited Partnership units. As at December 31, 2024, the Fund held 421,539 Series A LP units, 78,845 Series B LP units, 31,646 Series M LP units, and 598,646 Series P LP units (2023 – 416,415 Series A LP units, 78,845 Series B LP units, 29,739 Series M LP units, and 585,296 Series P). The continuity of the investment in the WB Capital Limited Partnership is as follows:

	2024	2023
Balance, beginning of year	\$ 9,541,509	\$ 8,247,409
Purchase of Limited Partnership units	476,273	461,344
Distributions to Trust Unitholders	(664,210)	(649,677)
Redemption of Partnership Units	(269,391)	(100,228)
Attributed income of the Partnership	1,484,319	1,582,661
	\$ 10,568,500	\$ 9,541,509

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

3. Investment in WB Capital Limited Partnership (continued)

The summarized financial information of the Partnership is as follows:

	2024	2023
Assets		
Current:		
Cash and cash equivalents	\$ 1,367,790	\$ 2,463,775
Trade and other receivables	303,111	107,386
Prepaid expenses	211,346	236,259
Prom note receivable	2,000,000	1,000,000
Amount due from Westbow Capital Income Fund	529,095	482,180
	<u>4,411,342</u>	<u>4,289,600</u>
Non-current assets:		
Investment in WB Real Estate Properties LP	6,487,808	5,055,098
Investment properties	77,887,964	78,457,334
	<u>84,375,772</u>	<u>83,512,432</u>
Total assets	<u>\$ 88,787,114</u>	<u>\$ 87,802,032</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	959,936	872,676
Current portion of long-term debt	36,264,253	1,309,916
	<u>37,224,189</u>	<u>2,182,592</u>
Long-term debt	<u>31,827,405</u>	<u>67,891,325</u>
Total liabilities	<u>69,051,594</u>	<u>70,073,917</u>
Partners' equity	<u>19,735,520</u>	<u>17,728,115</u>
Total liabilities and partners' equity	<u>\$ 88,787,114</u>	<u>\$ 87,802,032</u>

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

3. Investment in WB Capital Limited Partnership (continued)

	2024	2023
Revenue		
Rental income	\$ 8,405,239	\$ 8,311,242
Revenue from services to tenants	189,741	228,556
	<u>8,594,980</u>	<u>8,539,798</u>
Operating Expenses		
Property management	1,930,141	3,502,692
Finance costs	1,821,077	1,933,485
Depreciation of investment properties	3,468,449	1,961,800
Total operating expenses	<u>7,219,667</u>	<u>7,397,977</u>
Expenses		
General and administrative	193,244	164,288
Investor relations, marketing and professional fees	47,788	35,097
Management fees	304,104	307,540
Total expenses	<u>545,136</u>	<u>506,925</u>
Other Income		
Gain on sale of investment properties	64,602	609,468
Interest income	196,539	78,541
WB Real Estate LP income	1,672,710	1,604,714
Total other income	<u>1,933,851</u>	<u>2,292,723</u>
Net income and comprehensive income	\$ 2,764,028	\$ 2,927,619

The maximum exposure to loss is equal to the current carrying amounts of the assets and liabilities recognized by the Fund. The Fund does not provide financial support to the Partnership, nor has the Fund provided any guarantees or other contingent support to the Partnership.

As at December 31, 2024, the Fund has an amount owing to the WB Capital Limited Partnership in the amount of \$529,095 (2023 - \$482,180) which relates to costs paid for on the Fund's behalf, this amount is unsecured, non-interest bearing and due upon demand.

4. Capital Management

The Fund's capital is comprised of redeemable Trust Units. The Fund's capital management policy is to acquire, invest in, dispose of and otherwise deal with securities and may include the Fund temporarily holding cash and other short-term investments in connection with and for the purposes of the Fund's undertaking, paying administration and Fund expenses, paying any amounts required in connection with the redemption of Trust Units and making distributions to Trust Unitholders.

The Fund will use the funds from the offering to purchase securities in the Partnership. The Partnership will, in turn, use the funds available to it from the sale of securities to the Fund, as well as the proceeds from the Partnership offering to acquire primary residential real estate properties in Western Canada, with a focus on low to medium-density real estate properties.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

4. Capital Management (continued)

The Fund intends to distribute to unitholders when the Fund receives a distribution from the Partnership with respect to a corresponding unit of the Partnership. The Partnership will seek to make distributions on a regular basis, with the amount of any such distributions determined by the general partner of the Partnership in its sole discretion. Such distributions, if any, will generally be made on a quarterly basis; however, the general partner of the Partnership reserves the right to make more frequent distributions in its sole discretion. Distributions will be paid to limited partners of the Partnership of record as of the distribution date and will be paid on or before the 30th day following the distribution date. The Fund has adopted a distribution reinvestment plan, which will allow eligible unit holders to elect to have their distributions reinvested in additional Trust Units of the same series at a purchase price equal to \$9.50 or \$10.00 per unit, or such other price as may be determined by the Manager from time to time.

5. Redeemable Units

The Fund is authorized to issue an unlimited number of Trust Units of a single class divided into an unlimited number of series, in such number and designation as determined by the trustees of the Trust (the "Trustees") from time to time.

The Fund offers the following units:

Series A Units, Series B Units, Series E Units, Series F Units, Series M and Series and Series P Units.

The following is a continuity of the Fund's issued and outstanding units:

	Series A	Series B	Series M	Series P	Total 2024	Total 2023
Opening balance	416,415	78,845	29,739	583,296	1,108,295	1,070,806
Issuance of units	14,448	-	1,907	33,254	49,609	48,037
Redemption of units	(9,324)	-	-	(17,904)	(27,228)	(10,548)
Balance as at December 31, 2024	421,539	78,845	31,646	598,646	1,130,676	1,108,295

Each Trust Unit of a particular series vests indefeasibly in the holder thereof and the interest in the Fund at any time and from time to time of each Trust Unitholder of a particular series is determined by the number of Trust Units of a particular series registered in the name of the holder as is proportionate to the total number of Trust Units of a particular series. No Trust Unitholder of a particular series has any preference, priority or right in any circumstance over any other Trust Unitholder of a particular series (other than arising out of or resulting from the number of Trust Units held by such holder of Trust Units). The issued and outstanding Trust Units of a particular series may be subdivided or consolidated from time to time by the Trustees without the prior approval of, or notice to, any Trust Unitholder.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

5. Redeemable Units (continued)

Trust Units are redeemable at the option of the Trust Unitholder subject to the terms and conditions set out in the Declaration of Trust. Trust Units are considered to be tendered for redemption on the date that the Fund has, to the satisfaction of the Manager, received the redemption notice and further documents or evidence that the Manager may reasonably require with respect to the identity, capacity or authority of the person giving the redemption notice. The aggregate redemption price payable by the Fund in respect of Trust Units tendered for redemption is to be satisfied by way of a cash payment (to be paid by cheque) on the last day of the calendar month following the end of the calendar quarter in which the Trust Units were tendered for redemption, provided that the entitlement of a Trust Unitholder to receive cash upon the redemption of such Trust Unitholders shall be limited in certain circumstances, including where:

- (a) the total amount payable by the Fund in respect of such Trust Units and all other Trust Units validly tendered for redemption in the same calendar quarter exceeds \$50,000 (the "Quarterly Limit"); provided that the Trustees or the Manager may, in its sole discretion, waive or increase such limitation in respect of all Trust Units tendered for redemption in any calendar quarter;
- (b) in the Trustees' or the Manager's opinion (in their sole discretion) the Fund is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in the Trustees' or the Manager's opinion (in their sole discretion), the Fund has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust Unitholders or the Fund, generally.

If, as a result of any such limitations under the Declaration of Trust, a Trust Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust Units tendered for redemption, then the redemption price per Trust Unit to which the Trust Unitholder would otherwise be entitled, is to be paid and satisfied by the delivery to such holders of redemption notes (subject to any applicable regulatory approvals). Redemption notes so issued will be unsecured debt securities of the Fund and may be subordinated to other of the Fund's debt obligations. Furthermore, redemption notes will not be qualified investments for exempt plans (i.e., an RRSP, an RESP, an RRIF, a DSPS, a TFSA or an RDSP) ("Exempt Plan") which could give rise to adverse consequences to an Exempt Plan or the annuitant under an Exempt Plan, including the redeeming unitholder becoming subject to a penalty tax or having its tax exempt status revoked depending on the circumstances.

On a redemption by a Trust Unitholder, the redemption price per Trust Unit shall be equal to the redemption proceeds received by the Fund from the Partnership with respect to the Fund's redemption of the corresponding unit of the Partnership, which shall be the lesser of: (i) the subscription price of such Trust Unit (up to a maximum of \$10) multiplied by the percentage set out below, minus any amount distributed in respect of such Trust Unit in respect of the Series A Return of Capital, Series B Return of Capital, Series E Return of Capital, Series F Return of Capital, Series M Return of Capital, Series P Return of Capital or Series I Return of Capital of the corresponding unit of the Partnership of such Trust Unit, and (ii) the market value of the corresponding unit of the Partnership of such Trust Unit.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

5. Redeemable Units (continued)

The percentages are as follows:

Period of time between the issuance date of the Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	Series E	Series F	Series I	Series M	Series P
< 1 year	90%	93%	95%	95%	95%	95%	94%
1 year to < 2 years	92%	95%	97%	97%	97%	97%	96%
2 years to < 3 years	94%	97%	99%	99%	99%	99%	98%
3 years to < 4 years	96%	99%	100%	100%	100%	100%	100%
4 years to < 5 years	98%	100%	100%	100%	100%	100%	100%
5 years and greater	100%	100%	100%	100%	100%	100%	100%

Offering

The Fund has prepared an offering memorandum for the offering of Trust Units (the "Offering") with up to an aggregate maximum gross proceeds of \$30,000,000 and no minimum gross proceeds. The price per Trust Unit was initially \$9.50 with subsequent tranches of \$9.75 and \$10.00 in the first and second year of the offering. The minimum investment in the Fund for Series A Units, Series E Units, Series F Units and Series P Units, is \$6,000. The minimum investment in the Fund for Series B Units is \$100,000. These minimum amounts may be waived by the Manager, in its sole discretion.

The net proceeds of the Offering were used to purchase corresponding units of the Partnership. The Partnership has acquired residential real estate properties located throughout Western Canada, with a focus on low to medium-density real estate properties.

The Offering may be closed in stages until the maximum offering is subscribed for or is otherwise terminated.

The distribution of Trust Units pursuant to the Offering will be subject to payment of selling commissions ("Selling Commissions"). The following Selling Commissions will be payable by the Fund in respect of the gross proceeds realized on the Trust Units sold under the Offering:

Series A Units

- up-front commission of up to 6.00% (including an administration fee of up to 1% and trailing commissions of up to 1.25% per annum)

Series B Units

- up-front commission of up to 4.00% (including an administration fee of 1% and trailing commissions of up to 0.75% per annum)

Series E Units

- trailing commissions of up to 1.00% per annum

Series F Units

- no commission

Series P Units

- up-front commissions of up to 3.00%

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

5. Redeemable Units (continued)

Management Fees

For investment management services related to the Fund and the Partnership, there will be a fee payable by the Partnership to the Manager equal to 1/12th of 1.9% of the gross purchase price paid by investors to the Fund and the Partnership for each of the outstanding Series A, Series B, Series E, Series F, and Series P of each of the Fund and the Partnership (excluding for greater certainty, the purchase price of LP Units purchased by the Fund), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.

Other Expenses

The Fund and the Partnership will pay for all ongoing expenses associated with the operation of the Fund and the Partnership, including all general and administrative expenses, marketing and operating expenses, insurance costs, office space and staffing costs, expenses related to the acquisition and disposition of properties, legal, banking, audit and accounting fees, investor reporting costs, printing and mailing costs and costs incurred in connection with any governmental or regulatory filing requirements.

The Manager provides to the Partnership and the Fund, among other services, office space, furniture, day-to-day office supplies and services, and assistance with all continuous disclosure obligations imposed on the Fund and the Partnership by applicable laws (which for greater certainty excludes external legal, accounting and other advisors). The costs of providing such services are reimbursed by the Partnership to the Manager, such reimbursement to be unanimously approved by the independent review committee of the Fund and the Partnership (in addition to the requisite majority of directors of the General Partner or the Trustees, as applicable).

6. Financial Instruments – Classification and Risks

(a) Classification and Fair Value

The Trust's overall risk management program seeks to maximize the returns derived for the level of risk to which the Trust is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

Fair Value of Financial Instruments and Investment Properties

The fair value of the Fund's financial assets and liabilities, except as noted below and elsewhere in the financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

The Fund has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurement* ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Fund's own assumptions about market value. The hierarchy levels are defined below.

The Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considered factors specific to the asset or liability. For assets and liabilities measured at fair value as at December 31, 2024 and 2023 there were no transfers between Level 1, Level 2, and Level 3 during the fiscal years ended.

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

6. Financial Instruments – Classification and Risks (continued)

Fair Value of Financial Instruments and Investment Properties (continued)

The following tables present the Fund's estimates of assets and liabilities measured at fair value on recurring basis based on information available to management as at December 31, 2024 and 2023, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Fund could ultimately realize.

		Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2024				
Recurring Measurements				
<i>Assets</i>				
Investment in WB Capital Limited Partnership	\$	-	\$ -	\$ 10,568,500
<i>Liabilities</i>	\$	-	\$ -	-

		Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2023				
Recurring Measurements				
<i>Assets</i>				
Investment in WB Capital Limited Partnership	\$	-	\$ -	\$ 9,541,509
<i>Liabilities</i>	\$	-	\$ -	-

Westbow Capital Income Fund
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

6. Financial Instruments – Classification and Risks (continued)

The main risks arising from the Fund's financial instruments are concentration risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity risk. These risks arise from exposures that occur in the normal course of business. During the year ended December 31, 2024, the Fund was not exposed to any credit, interest rate, foreign exchange or commodity risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. As of December 31, 2024, the Fund has invested 100% in the Partnership, and in the residential real estate sector, as a result of this investment.

Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership does not maintain any cash on hand to Fund anticipated redemptions.

7. Subsequent Event

Subsequent to year-end, the Fund issued 3,668 Series A Units, 496 Series M Units and 8,616 Series P Units for a total capital contribution of \$122,663.

Schedule F
LP I ANNUAL FINANCIAL STATEMENTS

WB Capital Limited Partnership
Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

WB Capital Limited Partnership

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

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WB Capital Limited Partnership

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Management's Statement of Responsibility

Management of WB Capital Limited Partnership (the "Partnership") is responsible for the preparation of the Partnership's consolidated financial statements that present fairly, in all material aspects, the consolidated statements financial position of the Partnership as at December 31, 2024 and 2023 and its consolidated statements of partners' capital, income and comprehensive income, and cash flows for the years ended December 31, 2024 and 2023, in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Management is responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to provide reasonable assurance that the information provided in the consolidated financial statements are free from material misstatement due to fraud or error, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with applicable legislation, regulations, authorities and policies.

In preparing the consolidated financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, and disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Partnership will continue operations, intends to liquidate the Partnership or cease operations, or has no realistic alternative to do so.

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

INDEPENDENT AUDITORS' REPORT

To the Partners and Directors of WB Capital Limited Partnership

Opinion

We have audited the consolidated financial statements of WB Capital Limited Partnership and its subsidiary (the "Partnership") which comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of partners' capital for the years then ended;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Partnership as at December 31, 2024 and 2023, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Partnership in accordance with the ethical requirements that are relevant to ours audits of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 14, 2025

WB Capital Limited Partnership
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at December 31, 2024 and 2023

	2024	2023
Assets		
Current:		
Cash and cash equivalents (Note 3)	\$ 1,367,790	\$ 2,463,775
Trade and other receivables (Note 4) (Note 5)	303,111	107,386
Prepaid expenses	211,346	236,286
Promissory note receivable (Note 5)	2,000,000	1,000,000
Amount due from Westbow Capital Income Fund (Note 5)	529,095	482,153
	4,411,342	4,289,600
Non-current assets:		
Investment in WB Real Estate Properties LP (Note 6)	6,487,808	5,055,098
Investment properties (Note 7)	77,887,964	78,457,334
	84,375,772	83,512,432
Total assets	\$ 88,787,114	\$ 87,802,032
Liabilities		
Current:		
Accounts payable and accrued liabilities (Note 5)	959,936	872,676
Current portion of long-term debt (Note 8)	36,264,253	1,309,916
	37,224,189	2,182,592
Long-term debt (Note 8)	31,827,405	67,891,325
Total liabilities	69,051,594	70,073,917
Partners' capital (Note 9)	19,735,520	17,728,115
Total liabilities and partners' capital	\$ 88,787,114	\$ 87,802,032

Nature of Operations and Basis of Presentation (Note 1)

Subsequent Events (Note 18)

On behalf of the Partnership by the General Partner WB Capital GP Inc.:

/s/ Nick Westeringh

/s/ Dick Westeringh

The accompanying notes are an integral part of these consolidated financial statements.

WB Capital Limited Partnership

Consolidated Statements of Partners' Capital

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Number of Units	General Partner	Limited Partners					
			Series A	Series B	Series M	Series P	Total	
Balance, December 31, 2023	2,066,018	\$ 11	\$ 3,724,623	\$ 2,347,645	\$ 2,576,637	\$ 9,079,199	\$ 17,728,115	
Partners' units redeemed	(27,228)	-	(90,939)	-	-	(178,452)	(269,391)	
Distributions		-	(250,457)	(184,950)	(190,543)	(619,455)	(1,245,405)	
Distributions reinvested	79,152	-	139,232	78,337	190,543	350,061	758,173	
Net income and comprehensive income		2	565,489	333,791	476,925	1,387,821	2,764,028	
Balance, December 31, 2024	2,117,942	\$ 13	\$ 4,087,948	\$ 2,574,823	\$ 3,053,562	\$ 10,019,174	\$ 19,735,520	

The accompanying notes are an integral part of these consolidated financial statements.

WB Capital Limited Partnership

Consolidated Statements of Partners' Capital

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Number of Units	General Partner	Limited Partners				Total
			Series A	Series B	Series M	Series P	
Balance, December 31, 2022	2,000,725	9	\$ 3,240,410	\$ 2,092,173	\$ 2,104,410	\$ 7,951,348	\$ 15,388,350
Partners' units redeemed	(10,548)	-	(14,028)	-	-	(86,200)	(100,228)
Distributions	-	-	(244,922)	(180,223)	(178,978)	(609,697)	(1,213,820)
Distributions reinvested	75,841	-	133,917	73,610	178,978	339,689	726,194
Net income and comprehensive income	-	2	609,246	362,085	472,227	1,484,059	2,927,619
Balance, December 31, 2023	2,066,018	11	\$ 3,724,623	\$ 2,347,645	\$ 2,576,637	\$ 9,079,199	\$ 17,728,115

The accompanying notes are an integral part of these consolidated financial statements.

WB Capital Limited Partnership

Consolidated Statements of Income and Comprehensive Income

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	2024	2023
Revenue		
Rental income	\$ 8,405,239	\$ 8,311,242
Revenue from services to tenants	189,741	228,556
	8,594,980	8,539,798
Operating Expenses		
Depreciation of investment properties (Note 7)	1,930,141	1,961,800
Finance costs (Note 11)	1,821,077	1,933,485
Property management (Note 12)	3,468,449	3,502,692
Total operating expenses	7,219,667	7,397,977
Expenses		
General and administrative (Note 13)	193,244	164,288
Investor relations, marketing and professional fees (Note 14)	47,788	35,097
Management fees (Note 15)	304,104	307,540
Total expenses	545,136	506,925
Other Income		
Gain on sale of Investment Properties	64,602	609,468
Interest income (Note 5)	196,539	78,541
WB Real Estate Properties LP attributed gain (Note 6)	1,672,710	1,604,714
Total other income	1,933,851	2,292,723
Net income and comprehensive income	\$ 2,764,028	\$ 2,927,619

The accompanying notes are an integral part of these consolidated financial statements.

WB Capital Limited Partnership

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

	2024	2023
Cash was provided by (used for):		
Operating activities		
Net income	\$ 2,764,028	\$ 2,927,619
Items not affecting cash:		
Depreciation of investment properties	1,930,141	1,961,800
Items reclassified from operating activities		
Interest on long-term debt	1,612,487	1,725,335
Amortization of deferred borrowing costs	208,590	208,150
Income on investment on WB Real Estate Properties LP	(1,672,710)	(1,604,714)
Gain on sale of investment properties	(64,602)	(609,468)
Change in non-cash operating working capital		
Accounts receivable	(195,725)	236,080
Accounts payable and accrued liabilities	87,260	(146,735)
Amounts owing from Westbow Capital Income Fund	(46,942)	(47,133)
Prepaid expenses	24,940	(58,651)
Net cash provided by operating activities	4,647,467	4,592,283
Financing activities		
Proceeds from issuance of partnership units	758,173	726,194
Redemption of partnership units	(269,391)	(100,228)
Distributions	(1,245,405)	(1,213,820)
Interest paid	(1,612,487)	(1,725,335)
Repayment of long-term debt	(1,318,173)	(4,062,620)
Net cash used for financing activities	(3,687,283)	(6,375,809)
Investing activities		
Promissory note issued to Westbow Equity Partners II Inc.	(1,000,000)	(1,000,000)
Net sales proceeds received from sale of investment properties	432,578	3,931,123
Distribution received from Investment in WB Real Estate Properties Limited Partnership	240,000	240,000
Improvements to investment property	(1,728,747)	(173,354)
Net cash provided by (used for) investing activities	(2,056,169)	2,997,769
Change in cash and cash equivalents	(1,095,985)	1,214,243
Cash and cash equivalents, beginning of year	2,463,775	1,249,532
Cash and cash equivalents, end of year (Note 3)	\$ 1,367,790	\$ 2,463,775

The accompanying notes are an integral part of these consolidated financial statements.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

1. Nature of Operations and Basis of Presentation

(a) Nature of Operations

The Partnership is a limited partnership formed on January 3, 2019 under the laws of the Province of British Columbia and is governed by a limited partnership agreement (the "Partnership Agreement").

The purpose of the Partnership is primarily to seek income and capital appreciation through one or more direct or indirect investments in residential properties in Western Canada with a focus on low to medium-density real estate properties.

WB Capital GP Inc., the general partner of the Partnership (the "General Partner"), was incorporated on January 2, 2019, under the laws of the Province of British Columbia to act as the general partner. The General Partner contributed \$10 to the capital of the Partnership.

The Partnership has its registered office at 7350 Barrow Road, Chilliwack, BC, V2R 4J8.

(b) Basis of Presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

The consolidated statements were approved and authorized for issue by the General Partner on April 14, 2025.

Basis of Measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is functional and presentation currency of the Partnership and its subsidiaries.

Basis of Consolidation

Subsidiaries are all entities over which the Partnership has control. The Partnership controls an entity where the Partnership is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Partnership. They are deconsolidated from the date that control ceases.

These consolidated financial statements include the accounts of the Partnership and the following entities:

Entity	Country	Percentage Ownership
WB Capital Limited Partnership	Canada	-
WB Capital AB Properties Limited Partnership	Canada	100%
WB Capital AB Properties GP Ltd.	Canada	100%

All inter-entity balances and transactions have been eliminated on consolidation.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies

Critical Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments

Going concern assumption

When preparing the consolidated financial statements, management is required to make an assessment of the Partnership's ability to continue as a going concern. When management is aware, in making this assumption, of material uncertainties related to events or conditions that may cast significant doubt upon the Partnership's ability to continue as a going concern, the Partnership shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least, but not limited to, 12 months from the consolidated statement of financial position date.

Investment in the WB Real Estate Limited Partnership and Consolidation of Structured Entities

The Partnership has invested in WB Real Estate Limited Partnership (the "Investee Partnership") in exchange for units of the Investee Partnership. The Investee Partnership receives rental income on investment properties that it owns. Holders of units of the Investee Partnership are entitled to certain voting rights as set out in the Investee Partnership's limited partnership agreement.

The determination of the entity having the ability to affect the returns on their investment in the Investee Partnership requires the use of significant judgment. Based on the evaluation of the activities of the Investee Partnership and the Investee Partnership agreement, management concluded the substance of the relationship between the Partnership, the General Partner and the Investee Partnership indicates the Investee Partnership is controlled by the Investee Partnership's general partner. In addition, the evaluation of whether or not the Partnership has significant influence over the Investee Partnership is a matter of significant judgment. Based on the review of the activities of the Investee Partnership, management has concluded that the Partnership is able to significantly influence these activities.

Estimates

The key assumptions concerning the future and other key sources of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are the estimated useful lives of buildings for amortization in investment properties. The Partnership based its assumptions and estimates on parameters available when consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Partnership.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (Continued)

Financial Instruments

Recognition and Classification

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

The Partnership classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired:

- (i) Fair value through profit or loss;
- (ii) Amortized cost; and
- (iii) Fair value through other comprehensive income

The Partnership does not have any financial assets that it classifies as fair value through other comprehensive income. The Partnership classifies its cash and cash equivalents as fair value through profit or loss.

Amortized Cost

These assets incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest method, less provision for impairment.

The Partnership's financial assets measured at amortized cost are comprised of trade and other receivables and amounts due from Westbow Capital Income Fund.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- (i) Fair value through profit or loss and;
- (ii) Amortized cost

The Partnership has classified its funds held in trust as fair value through profit or loss and accounts payable, long-term debt, and promissory note payable have been classified as amortized cost.

Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (Continued)

Financial Instruments (continued)

Fair Value Hierarchy

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Investments in Associates

Investments in associates consisting of the investment in WB Real Estate Properties LP are initially recorded at cost, and the carrying amount is increased or decreased to recognize the Partnership's share of the profit or loss after the date of acquisition. The Partnership's share of the investee's profit or loss is recognized in the Partnership's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

Income Taxes

The income (loss) of the Partnership is subject to income taxes at the individual partner's level.

Partners' Capital

Partners' capital represents the value of interests that have been issued. Costs incurred in connection with the offering of units of the Partnership ("LP Units") are reflected as a reduction of Partners' capital. Distributions payable to Partners are payable when the distributions have been approved by the General Partner prior to the reporting date.

Issuance Costs

Issuance costs that are directly attributable to the sale of LP Units are treated as an equity transaction and deduction from equity. Series specific issuance costs are deducted from the equity of the specific unit.

Related Parties

For the purpose of these consolidated financial statements, a party is considered related to the Partnership if such a party or the Partnership has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operational decisions, or if the Partnership and such party are subject to common significant influence. Related parties may be individuals or other entities.

Impairment of Non-Financial Assets

The carrying amounts of the Partnership's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The Partnership has no impairment loss from non-financial assets.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (Continued)

Impairment of Financial Assets

At each reporting date, the Partnership assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a Partnership of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Partnership on terms that the Partnership would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or other observable data relating to a Partnership of assets such as adverse changes in the payment status of borrowers or issuers in the Partnership, or economic conditions that correlate with defaults in the Partnership.

The Partnership considers evidence of impairment for loans and receivables at both a specific asset and collective level. The Partnership has no impairment loss from financial assets.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Partnership and the revenue can be reliably measured.

The Partnership has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the Partnership is required to make additions to the property in the form of tenant improvements which enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease.

Rental income also includes recoveries of operating expenses, including property and capital taxes. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

All other revenues are recorded when amounts are known and collectible.

Tenant Inducements

Incentives such as cash, rent-free periods and move-in allowances maybe provided to lessees to enter into a lease. These incentives are capitalized and amortized on a straight-line basis over the term of the lease as a reduction of rental revenue.

Investment Properties

Investment properties are comprised of residential properties held to earn rental income or for capital appreciation or both.

Date of Recognition

The Partnership recognizes investment properties on the date at which they are originated or purchased.

Initial Classification of Measurement

Investment properties are initially measured at cost, including transaction costs. The cost of commercial properties includes direct purchase costs, realty taxes, land transfer taxes, acquisition fees and legal fees directly attributable to the acquisition. Capital expenditures are added to the carrying value of investment properties to the extent it is probable that future economic benefits associated with the expenditure will flow to the partnership and the expenditure can be reliably measured.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (Continued)

Investment Properties (continued)

Depreciation

Depreciation is calculated to write-off the cost of investment property less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of investment properties are as follows:

- buildings: 25 to 40 years
- equipment: 5 years

Finance Costs

Finance costs include interest expense on loans and mortgages and amortization of deferred borrowing costs. Borrowing costs are deferred and recognized in income using the effective interest method.

New Standards, Interpretations and Amendments not yet Adopted

The following standards, amendments and interpretations have been issued but are not yet effective:

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance ("ESG")-linked features and other similar contingent features.

The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Partnership.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements which will replace International Accounting Standard ("IAS") 1, Presentation of Financial Statements. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Partnership is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a significant impact on the Partnership.

3. Cash and Cash Equivalents

The cash and cash equivalents disclosed on the consolidated statements of financial position and in the consolidated statements of cash flows include \$335,624 (2023 - \$327,595) which are tenant security deposits. These amounts are subject to restrictions and are therefore not available for general use.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

4. Accounts Receivable

	2024	2023
Rent receivable	\$ 141,707	\$ 31,142
Receivable from property managers	79,263	40,196
Amounts receivable from related parties	60,941	14,848
Refundable deposits	21,200	21,200
	\$ 303,111	\$ 107,386

5. Related Party Transactions and Balances

Included in accounts payable is \$34,316 (2023 - \$15,247) due to WB Real Estate Properties LP, a related party by common control, hired to provide contract labor, \$3,263 (2023 - \$6,131) due to WB Payroll Services Ltd. a related party by common control, hired to provide administrative services, \$16,856 (2023 - \$nil) due to Prokey Living Ltd., a related party by common control hired to manage several of their investment properties, and \$34,011 (2023 - \$99,835) due to Westbow Asset Management Inc., the manager of the Partnership (the "Manager").

Included in accounts receivable is \$11,046 (2023 - \$nil) due from 102140200 SK Ltd., a related party by common control that hired the Partnership to provide contract labor, \$25,369 (2023 - \$5,756) due from WB Real Estate Properties LP, a related party by common control that hired the Partnership to provide contract labor, \$16,667 (2023 - \$1,233) due from Westbow Equity Partners II Inc., a related party under common control to which the Partnership issued a promissory note during the year, \$7,859 (2023 - \$7,859) due from Westbow Horizon LP, a related party by common control that hired the Partnership to provide contract labor, and \$79,263 (2023 - \$41,972) due from Prokey Living Ltd., a related party under common control hired to manage several of their investment properties.

During the year ended December 31, 2024, the Partnership received distributions in the amount of \$240,000 (2023- \$240,000) from WB Real Estate Properties LP. This has been accounted for as part of the carrying amount of investment in WB Real Estate Properties LP.

During the years ended December 31, 2024 and 2023, the Partnership had the following transactions with entities controlled by the directors and management of the general partner:

	2024	2023
WB Real Estate Properties Limited Partnership income	\$ 1,672,710	\$ 1,604,714
Property management services	317,588	449,127
Management fees	304,104	307,540
WB Real Estate Properties LP Distributions	240,000	240,000
Distributions	176,675	165,948
Reinvested distributions	176,675	165,948
Improvements to investment properties	157,553	-
Interest income	141,506	51,233
Contract labour revenue	111,657	78,042
Administrative services	39,008	30,133
Capital raising and security filing services	33,227	19,674
WB Real Estate Properties Limited Partnership prepaid distributions	20,000	-
Board remuneration	6,300	3,000
	\$ 3,377,003	\$ 3,115,359

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

5. Related Party Transactions and Balances (Continued)

As at December 31, 2024, the Partnership has an amount owing from the Westbow Capital Income Fund (the "Fund") in the amount of \$529,095 (2023 - \$482,180) relating to various costs paid for by the Partnership on behalf of the Fund. The amount due from the Fund is non-interest bearing, unsecured and due on demand.

As at December 31, 2024, the Partnership has a promissory note receivable owing from Westbow Equity Partners II Inc. ("WEP") in the amount of \$2,000,000 (2023 - \$1,000,000). There are no specific terms of repayment, and the amount due from WEP bears simple interest at 10% per annum and is unsecured. Interest earned during the year was \$141,506 (2023 - \$51,233).

Upon the acquisition of a property, the Partnership is committed to pay 1% of the purchase price to Westbow Asset Management (the "Manager") upon closing.

The Partnership is committed to pay the Manager a management fee equal to 1/12th of 1.9% of the gross purchase price paid by investors to the Fund Entities for each of the Series A Units, Series B Units, Series E Units, Series F Units and Series P Units of each of the Fund Entities. No Management Fee shall be payable on Series M Units of the Partnership.

The Partnership is committed to reimburse the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations provided. The costs of such expenses reimbursed by the Partnership shall not exceed \$300,000 per annum. This includes all or a portion of the compensation paid or payable to employees or other personnel of the Manager, as well as overhead costs associated with such employees who devote all or a portion of their time to the provision of services to the Partnership may be allocated to the Partnership as expenses of the Partnership.

Two properties of the Partnership are managed by Prokey Living Ltd., a related entity under common control. The Partnership is committed to pay Prokey Living Ltd. monthly management fees equal to 4% of net total revenue and all other monies from time to time received from the operations of the properties.

6. Investment in WB Real Estate Properties LP

During the year ended December 31, 2024 the Partnership held 7.12% (2023 - 9.09%) of limited partner units ("LP Units") of WB Real Estate Properties Limited Partnership. There are 9 classes of units (2023 - 7 classes) which are split into different series. The holders of the LP Units are entitled to receive a pro rata share of distributions and only have voting rights in certain circumstances. During the year ended December 31, 2024, the Partnership received distributions of \$240,000 (2023 - \$240,000).

As at year ended December 31, 2024, the Partnership held 400,000 (2023 - 400,000) of Series X units. The continuity of the investment in the WB Real Estate Properties Limited Partnership is as follows:

	2024	2023
Balance, beginning of year	\$ 5,055,098	\$ 3,690,384
Distributions received	(240,000)	(240,000)
Attributed gain of the Partnership	1,672,710	1,604,714
	\$ 6,487,808	\$ 5,055,098

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

6. Investment in WB Real Estate Properties LP (Continued)

The summarized financial information of WB Real Estate Properties LP is as follows:

Assets	2024	2023
Current:		
Cash and cash equivalents	\$ 16,178,850	\$ 8,644,331
Accounts receivable	1,626,549	1,564,532
Prepaid expenses	1,101,715	988,610
Amount due from Westbow Real Estate Properties Trust	944,777	619,706
Promissory note receivable	500,000	500,000
	20,351,891	12,317,179
Non-current assets:		
Refundable deposits	500,009	1,884,792
Investment properties	324,249,999	224,290,435
	324,750,088	226,175,227
Total assets	\$ 345,101,899	238,492,406
Liabilities		
Current:		
Accounts payable and accrued liabilities	5,951,193	5,729,281
Current portion of long-term debt	3,187,542	37,062,550
Demand loan payable	32,000,000	33,000,000
	41,138,735	75,791,831
Long-term debt	212,430,838	105,123,808
Total liabilities	253,569,573	180,915,639
Partners' capital	91,532,326	57,576,767
Total liabilities and partners' capital	\$ 345,101,899	\$ 238,492,406

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

6. Investment in WB Real Estate Properties LP (Continued)

	2024	2023
Revenue		
Rental income	\$ 18,602,477	\$ 11,401,426
Operating Expenses		
Property management	12,035,100	6,410,853
Finance costs	9,846,311	6,169,899
Total operating expenses	\$ 21,881,411	\$ 12,580,752
Expenses		
General and administrative	416,915	335,589
Investor relations, marketing, and professional fees	621,978	491,923
Management fees	1,001,762	534,781
Total expenses	2,040,655	1,362,293
Other Income		
Fair value adjustment of investment properties	25,811,578	19,752,871
Interest income	381,273	303,716
Total other income	26,192,851	20,056,587
Net income and comprehensive income	\$ 20,873,262	\$ 17,514,968

The maximum exposure to loss is equal to the current carrying amounts of the assets and liabilities recognized by the Limited Partnership. The Partnership does not provide financial support to WB Real Estate Properties Limited Partnership, nor has the Partnership provided any guarantees or other contingent support to WB Real Estate Properties Limited Partnership.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

7. Investment Properties

Description	Balance – December 31, 2023			Movements during 2024					Balance - December 31, 2024		
	Cost	Accum Amort	Opening Net Book Value	Additions	Disposal	Amort	Amort Disposals	Net Movements	Cost	Accum Amort	Closing Net Book Value
Land – Windsor Apt	4,225,000	-	4,225,000	-	-	-	-	-	4,225,000	-	4,225,000
Building – Windsor Apt	21,333,226	(2,779,790)	18,553,436	4,460	-	(533,386)	-	(528,926)	21,337,687	(3,313,175)	18,024,512
Equip – Windsor Apt	39,814	(5,438)	34,376	17,602	-	(9,723)	-	7,879	57,416	(15,161)	42,255
Land – Sunridge	110,000	-	110,000	-	(110,000)	-	-	(110,000)	-	-	-
Building – Sunridge	295,432	(37,456)	257,976	-	(295,432)	-	37,456	(257,976)	-	-	-
Land – Kay Four	1,100,000	-	1,100,000	-	-	-	-	-	1,100,000	-	1,100,000
Building – Kay Four	8,924,136	(859,325)	8,064,811	1,379,989	-	(240,353)	-	1,139,636	10,304,125	(1,099,678)	9,204,447
Equip – Kay Four	192,864	(115,719)	77,145	-	-	(38,573)	-	(38,573)	192,864	(154,292)	38,572
Land – Baydo Apt	8,110,000	-	8,110,000	-	-	-	-	-	8,110,000	-	8,110,000
Building – Baydo Apt	26,499,893	(2,399,554)	24,100,339	86,738	-	(663,582)	-	(576,844)	26,586,630	(3,063,137)	23,523,493
Equip – Baydo Apt	28,092	(5,605)	22,487	13,429	-	(6,961)	-	6,468	41,521	(12,566)	28,955
Land – Bristol & Bradford	2,000,000	-	2,000,000	-	-	-	-	-	2,000,000	-	2,000,000
Building – Bristol & Bradford	12,854,465	(1,069,867)	11,784,598	216,386	-	(431,657)	-	(215,271)	13,070,851	(1,501,524)	11,569,327
Equip – Bristol & Bradford	24,460	(7,294)	17,166	10,143	-	(5,906)	-	4,237	34,603	(13,200)	21,403
Total	85,737,382	(7,280,048)	78,457,334	1,728,747	(405,432)	(1,930,141)	37,456	(569,370)	87,060,697	(9,172,733)	77,887,964

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

7. Investment Properties (Continued)

Description	Balance – December 31, 2022			Movements during 2023					Balance - December 31, 2023		
	Cost	Accum Amort	Opening Net Book Value	Additions	Disposal	Amort	Amort Disposals	Net Movements	Cost	Accum Amort	Closing Net Book Value
Land – Windsor Apt	4,225,000	-	4,225,000	-	-	-	-	-	4,225,000	-	4,225,000
Building – Windsor Apt	21,333,226	(2,246,459)	19,086,767	-	-	(533,331)	-	(533,331)	21,333,226	(2,779,790)	18,553,436
Equip – Windsor Apt	4,854	(971)	3,883	34,960	-	(4,467)	-	30,493	39,814	(5,438)	34,376
Land – Sunridge	990,000	-	990,000	-	(880,000)	-	-	(880,000)	110,000	-	110,000
Building – Sunridge	2,658,887	(270,628)	2,388,259	-	(2,363,455)	(54,048)	287,220	(2,130,283)	295,432	(37,456)	257,976
Land – Rajput	125,000	-	125,000	-	(125,000)	-	-	(125,000)	-	-	-
Building – Rajput	298,961	(47,637)	251,324	574	(299,535)	(11,478)	59,115	(251,324)	-	-	-
Land – Kay Four	1,100,000	-	1,100,000	-	-	-	-	-	1,100,000	-	1,100,000
Building – Kay Four	8,897,793	(636,551)	8,261,242	26,343	-	(222,774)	-	(196,431)	8,924,136	(859,325)	8,064,811
Equip – Kay Four	192,864	(77,146)	115,718	-	-	(38,573)	-	(38,573)	192,864	(115,719)	77,145
Land – Baydo Apt	8,110,000	-	8,110,000	-	-	-	-	-	8,110,000	-	8,110,000
Building – Baydo Apt	26,456,449	(1,737,600)	24,718,849	43,444	-	(661,954)	-	(618,510)	26,499,893	(2,399,554)	24,100,339
Equip – Baydo Apt	9,322	(1,864)	7,458	18,770	-	(3,741)	-	15,029	28,092	(5,605)	22,487
Land – Bristol & Bradford	2,000,000	-	2,000,000	-	-	-	-	-	2,000,000	-	2,000,000
Building – Bristol & Bradford	12,813,504	(642,495)	12,171,009	40,961	-	(427,372)	-	(386,411)	12,854,465	(1,069,867)	11,784,598
Equip – Bristol & Bradford	16,158	(3,232)	12,926	8,302	-	(4,062)	-	4,240	24,460	(7,294)	17,166
Total	89,232,018	(5,664,583)	83,567,435	173,354	(3,667,990)	(1,961,800)	346,335	(5,110,101)	85,737,382	(7,280,048)	78,457,334

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

7. Investment Properties (Continued)

Windsor Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Fort Saskatchewan, Alberta. The investment property is pledged as security against the associated long-term debt.

Kay Four Properties

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Winnipeg, Manitoba. The investment property is pledged as security against the associated long-term debt.

Baydo Property

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Saskatoon, Saskatchewan. The investment property is pledged as security against the associated long-term debt.

Bristol and Bradford Property

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Red Deer, Alberta. The investment property is pledged as security against the associated long-term debt.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

8. Long-term debt

	2024	2023
Mortgage - Baydo Property	\$ 27,008,836	\$ 27,568,923
Mortgage - Windsor Apartments	20,246,022	20,602,733
Mortgage - Bristol Property	7,970,523	8,100,355
Mortgage - Bradford Property	7,888,404	8,016,898
Mortgage - Kay Four - 800 Roanoke	2,810,211	2,862,004
Mortgage - Kay Four - 114 Kildare	1,743,898	1,776,038
Mortgage - Kay Four - 128 Kildare	1,206,477	1,228,712
Mortgage - Kay Four - 122 Kildare	1,115,693	1,136,255
Promissory Note - Kay Four Properties	930,000	930,000
Mortgage - Kay Four - 132 Kildare	818,027	834,345
less: current portion	(36,264,253)	(1,309,916)
	\$ 35,473,838	\$ 71,746,347
Deferral of borrowing costs	(4,554,150)	(4,617,342)
Amortization of deferred borrowing costs	907,717	762,320
Balance as at December 31, 2024	\$ 31,827,405	\$ 67,891,325

Estimated principal repayments are as follows:

2025	\$ 36,264,253
2026	647,508
2027	15,708,711
2028	396,368
2029	18,721,252
	\$ 71,738,092

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

8. Long-term debt (Continued)

Details of each mortgage are provided below:

Long-term debt	Commencement date	Maturity date	Interest rate	Payment	Term	Security
Mortgage - Windsor Apartments	2019-06-01	2029-09-01	2.65%	\$74,620 monthly blended	10.3 years	Windsor Apartments
Mortgage - Kay Four - 800 Roanoke	2020-04-01	2025-06-01	2.25%	\$9,613 monthly blended	5.3 years	800 Roanoke property
Mortgage - Kay Four - 114 Kildare	2020-04-01	2025-06-01	2.25%	\$5,966 monthly blended	5.3 years	114 Kildare property
Mortgage - Kay Four - 122 Kildare	2020-04-01	2025-06-01	2.25%	\$3,817 monthly blended	5.3 years	122 Kildare property
Mortgage - Kay Four - 128 Kildare	2020-04-01	2025-06-01	2.25%	\$4,127 monthly blended	5.3 years	128 Kildare property
Mortgage - Kay Four - 132 Kildare	2020-04-01	2025-06-01	2.25%	\$2,798 monthly blended	5.3 years	132 Kildare property
Mortgage - Baydo Property	2020-09-01	2025-12-01	1.58%	\$82,518 monthly blended	5.3 years	Baydo property
Promissory Note - Kay Four Properties	2020-04-01	2025-04-01	Prime + 1%	Interest only	5 years	n/a
Mortgage – Bristol Place	2021-12-01	2026-12-01	2.497%	\$27,465 monthly blended	5 years	Bristol Place property
Mortgage – Bradford Place	2021-12-01	2026-12-01	2.497%	\$27,182 monthly blended	5 years	Bradford Place property

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital

The Partnership is authorized to issue an unlimited number of LP Units, divided into one or more classes of LP Units (each a "Class") and each Class shall be further divided into one or more series (each a "Series"), each representing a share of the aggregate interests in the assets of the Partnership attributable to that Class or Series as applicable. Each limited partner of the Partnership (a "Limited Partner") shall be entitled to one vote for each LP Unit held by such Limited Partner in respect of all matters to be voted upon by the Limited Partners.

The Partnership offers Series A LP Units, Series B LP Units, Series E LP Units, Series F LP Units, Series I LP Units, Series M LP Units, Series P LP Units and other series of LP units to be determined by the General Partner from time to time.

The following is a continuity of the Partnership's issued and outstanding LP Units:

	Series A	Series B	Series M	Series P	Total 2024	Total 2023
Balance as at January 1	416,415	305,219	310,157	1,034,227	2,066,018	2,000,725
Distributions reinvested	14,448	8,190	20,042	36,472	79,152	75,841
Redemption of units	(9,324)	-	-	(17,904)	(27,228)	(10,548)
Balance as at December 31	421,539	313,409	330,199	1,052,795	2,117,942	2,066,018

Net income or loss of the Partnership

Net income or loss of the Partnership will be calculated annually as at the end of the fiscal year of the Partnership. Net income or loss of the Partnership for each fiscal year shall be allocated among the Partners by the General Partner in a manner consistent with the distribution provisions of the Partnership Agreement.

Distributions of the Partnership

The Partnership will seek to make distributions to its Limited Partners on a regular basis, with the amount of any such distributions determined by the General Partner in its sole discretion. Distributions, if any, will generally be made on a quarterly basis, however, the General Partner reserves the right to make more frequent distributions in its sole discretion. Distributions will be paid to Limited Partners of record as of the distribution date and distributions will be paid on or before the 30th day following the distribution date. When determining amounts available for distribution, the General Partner will:

- (i) first, ascertain the sum of all cash amounts received by the Partnership since the previous distribution was declared by the Partnership (such aggregate amount being the "Gross Proceeds");
- (ii) second, subtract from the Gross Proceeds (A) amounts necessary for the payment of all outstanding common expenses for which reserves have not previously been made, (B) amounts reasonably reserved for future common expenses, and (C) amounts reasonably reserved having regard to current and anticipated commitments of the Partnership (the Gross Proceeds less the aggregate amounts in (A), (B) and (C) being the "Net Proceeds");
- (iii) third, divide the Net Proceeds among the various Series of LP Units and the General Partner based on the aggregate Net Capital Contributions (as defined in the Partnership Agreement) made by each such Series and the General Partner, respectively to the Partnership, with the Net Proceeds allocated to each Series being the "Series Proceeds"; and
- (iv) fourth, subtract from the Series Proceeds of each Series (A) amounts necessary for the payment of all outstanding Series expenses with respect to the applicable Series for which reserves have not previously been made, and (B) amounts reasonably reserved for future Series expenses of the Series (the Series Proceeds less the aggregate amounts in (A) and (B) being the "Net Series Proceeds").

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (Continued)

Once the Net Series Proceeds of a particular Series has been determined, then the General Partner will, to the extent possible based on the amount of such Net Series Proceeds, pay to the holder of each LP Unit of such Series an amount equal to the outstanding and accrued Preferred Return (being \$0.70 per annum) with respect to such LP Unit (or, to the extent such Net Series Proceeds are not sufficient to pay the outstanding and accrued Preferred Returns of all LP Units of such Series, an amount equal to such LP Unit's *pro rata* amount of the Net Series Proceeds based on the outstanding and accrued Preferred Return owed to such LP Unit relative to the aggregate outstanding and accrued Preferred Returns owed to all Units of such Series), with the Net Series Proceeds less such aggregate amounts paid with respect to such Series being the "Distributable Proceeds".

The Distributable Proceeds with respect to a particular Series will then be apportioned equally among the LP Units of such Series. Following such apportionment, the Distributable Proceeds, in the sole discretion of the General Partner, will be either (i) reinvested in the Partnership and allocated on the books and records of the Partnership to such Series or (ii) distributed in the following amounts and order of priority:

- (i) first, 100% to the holder of the LP Unit until the holder has received aggregate distributions in an amount equal to \$10.00 with respect to such LP Unit (excluding, for greater certainty, any Preferred Return distributions received by such holder with respect to such LP Unit but including, for greater certainty, any other previous distributions received by the holder with respect to such Unit) (the distributions pursuant to this section are referred to as the "Return of Capital");
- (ii) second, 50% to the General Partner and 50% to the holder of the LP Unit until the General Partner has received aggregate distributions under this paragraph (ii) equal to the GP Percentage (see table below) of the total distributions made pursuant to the Preferred Return and this paragraph (ii) (for illustrative purposes if \$75 is distributed pursuant to the Preferred Return and \$25 is distributed under this paragraph (ii) then the total distribution would be \$100);
- (iii) and thereafter, the GP Percentage to the General Partner and the LP Percentage (see table below) to the holder of the LP Unit.

The GP and LP percentages are as follows:

Series	GP Percentage	LP Percentage
A	25%	75%
B	25%	75%
E	25%	75%
F	25%	75%
M	25%	75%
I	25%	75%
P	25%	75%

The General Partner, in its capacity as a General Partner of the Partnership, shall hold a general partner interest in the Partnership and shall have the right to receive distributions in respect of that interest only as expressly provided for in the Partnership Agreement.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (Continued)

Transfer of LP Units

A Limited Partner may not assign or otherwise transfer its interest in the Partnership in whole or in part to any Person without the prior written consent of the General Partner, which consent the General Partner may unreasonably withhold. In addition, no assignment or transfer of an interest in the partnership shall be made unless:

- (i) such assignment or transfer would not violate applicable law;
- (ii) such assignment or transfer would not cause the Partnership to lose its status as a limited partnership under the Canadian Income Tax Act (the "Tax Act") or for income tax purposes;
- (iii) the assignee or transferee is a resident of Canada (or a Canadian partnership) within the meaning of the Tax Act, except where such requirement is waived in the sole discretion of the General Partner, provided, however, that no waiver shall be given if there are any adverse tax consequences or material costs to the Partnership or any other Limited Partner as a result of such Person becoming a Limited Partner;
- (iv) the assignee or transferee is not a Financial Institution (as defined in the Tax Act) if, following such transfer, the Partnership would be a Financial Institution; and
- (v) the assignee and any beneficial purchaser for which the assignee is acting is not a person or partnership an interest in which would be, and is not acquiring an interest in the Partnership as, a tax shelter investment (as defined in the Tax Act).

In connection therewith, the General Partner may require any representations and warranties, documentation or legal opinions, at the expense of the assignor or transferor or the proposed assignee or transferee, that it deems necessary or advisable, acting reasonably, in connection with any assignment or transfer. Each assigning or transferring Limited Partner agrees that it will pay all reasonable expenses, including legal, accounting and valuation fees and expenses, incurred by the Partnership in connection with an assignment or transfer of an Interest by such Limited Partner, except to the extent that the assignee or transferee thereof agrees to bear such expenses.

Redemption of LP Units

There is no general right of redemption by a Limited Partner and all redemptions are subject to the approval of the General Partner, in its sole discretion, provided that in the event that a Limited Partner that is a mutual fund trust for the purposes of the Tax Act makes a demand for redemption of any LP Units held by it, then the General Partner shall approve such redemption of LP Units, and shall redeem such LP Units in accordance with the other provisions set forth in the Limited Partnership Agreement.

To request the redemption of a LP Unit, a Limited Partner must send a duly completed and properly executed notice, in a form approved by the General Partner requesting the General Partner to redeem the LP Unit. Any expense associated with the preparation and delivery of redemption notices is for the account of the Limited Partner requesting the redemption.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

9. Partners' Capital (Continued)

Redemption of LP Units (continued)

If a redemption request is accepted by the General Partner then the redemption price payable by the Partnership in respect of the LP Unit accepted for redemption will be satisfied by way of a cash payment (to be paid by cheque) on the last day of the calendar quarter in which the redemption is accepted, provided that the entitlement of a Limited Partner to receive cash upon the redemption of a LP Unit shall be limited where:

- (i) the total amount payable by the Partnership in respect of such LP Unit and all other LP Units tendered for redemption in the same calendar quarter exceeds \$50,000 (the "Quarterly Limit"); provided that the General Partner may, in its sole discretion, waive such limitation in respect of all LP Units tendered for redemption in any calendar quarter;
- (ii) in the General Partner's opinion (in its sole discretion), the Partnership is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (iii) in the General Partner's opinion (in its sole discretion), the General Partner has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Limited Partners or the Partnership, generally.

LP Units tendered for redemption in any calendar quarter in which the total amount payable by the Partnership exceeds the Quarterly Limit are to be redeemed for a combination of cash and a distribution of Redemption Notes as specified in the paragraph below on a pro rata basis, subject to any applicable regulatory approvals. Redemption Notes so issued will be unsecured debt securities of the Partnership and may be subordinated to other of the Partnership's debt obligations.

If, as a result of any such limitations listed above in Section (i), (ii), and (iii), a Limited Partner is not entitled to receive cash upon the redemption of some or all of the Limited Partners' LP Units approved for redemption then the redemption price per LP Unit to which the Limited Partner would otherwise be entitled will be paid and satisfied by the delivery to the Limited Partner of a Redemption Note.

Redemption Price Percentage:

Period of time between the issuance date of the LP Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	Series E	Series F	Series I	Series M	Series P
< 1 year	90%	93%	95%	95%	95%	95%	94%
1 year to < 2 years	92%	95%	97%	97%	97%	97%	96%
2 years to < 3 years	94%	97%	99%	99%	99%	99%	98%
3 years to < 4 years	96%	99%	100%	100%	100%	100%	100%
4 years to < 5 years	98%	100%	100%	100%	100%	100%	100%
5 years and greater	100%	100%	100%	100%	100%	100%	100%

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (Continued)

Term of the Partnership

The General Partner shall dissolve the Partnership and distribute the assets of the Partnership pursuant to the Partnership Agreement to the Limited Partners of the Partnership upon the earliest of: (a) the fifth (5th) anniversary of the Final Closing Date (being the earlier to occur of: (i) the date that is 24 months subsequent to the date of the Partnership Agreement; and (ii) the date upon which the Partnership has received gross proceeds of at least \$30,000,000 from the sale of LP Units), which date may be extended, in the sole discretion of the General Partner, for up to two additional 18-month periods; (b) the date of the occurrence of any event that makes it unlawful for the activities of the Partnership to continue to be carried on; (c) the date that the General Partner resigns or is removed in accordance with the Partnership Agreement, unless a successor general partner has been appointed by Special Resolution (as defined in the Partnership Agreement) of the Limited Partners within 30 days of the resignation or removal of the General Partner, with any such appointment being deemed to have occurred on the date of resignation or removal, as the case may be, of the General Partner; or (d) the date of completion of the disposition of all investments of the Partnership and distribution to the Limited Partners of all net sale proceeds therefrom.

Relationship Between the Partnership and the Fund

Westbow Capital Income Fund (the "Fund") has prepared an offering memorandum for the offering (the "Offering") of units of the Trust (the "Trust Units") with up to an aggregate maximum gross proceeds of \$30,000,000 and no minimum gross proceeds. The price per Trust Unit is \$10.50. The minimum investment in the Fund for Series A Units, Series E, Series F and Series P Trust Units is \$6,000. The minimum investment in the Fund for Series B Units is \$100,000. These minimum amounts may be waived by the Manager, in its sole discretion.

The net proceeds of the Offering will be used to purchase LP Units. The Partnership will acquire primarily residential real estate properties in Western Canada, with a focus on low to medium-density real estate properties. The Offering may be closed in stages until the maximum offering is subscribed for or the Offering is otherwise terminated.

The Partnership is expected to hold and have responsibility for all of the assets of the business. The Partnership may acquire and hold investment properties from time to time, and may issue securities to additional investors. The ability of the Partnership to make distributions to the Fund will be completely dependent upon the Partnership receiving payments from investment properties it holds. If the Partnership does not receive payments from the investment properties, the Partnership will not have sufficient cash flow to make cash distributions to Limited Partners, including the Fund.

For investment management services related to the Fund and the Partnership, there will be a fee payable by the Partnership to the Manager equal to 1/12th of 1.9% of the gross purchase price paid by investors to the Fund and the Partnership for each of the outstanding Series A, Series B, Series E, Series F, and Series P units of each of the Fund and the Partnership (excluding for greater certainty, the purchase price of LP Units purchased by the Fund), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.

Management fees for the year were \$304,104 (2023 - \$307,540).

For services related to the research, identification, due diligence, financing and acquisition of a property, the Manager will receive a fee upon the acquisition of a property equal to 1% of the total purchase price of such property plus additional capital committed to such property.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

10. Capital Management

The Partnership defines its capital as the aggregate of its Partners' equity, which is mainly comprised of issued LP Units. The Partnership's objective in managing its capital is to use the proceeds from the LP Units to acquire primarily residential real estate properties located in Western Canada, with a focus on low to medium-density real estate properties, to pursue its strategy of growth, and to provide returns to Limited Partners of the Partnership.

The Partnership will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. In order to maintain or adjust the capital structure, the Partnership may adjust its capital spending to manage its current and projected capital structure.

The Partnership does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

11. Finance Costs

Finance costs are comprised of:

		2024		2023
Interest expense	\$	1,612,487	\$	1,725,335
Amortization of deferred borrowing costs		208,590		208,150
	\$	1,821,077	\$	1,933,485

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

12. Property Management

The property management expenses incurred by the Partnership during the current year consist of the following:

	2024		2023
Utilities	\$ 856,885	\$	818,805
Property tax	823,101		681,589
Wages	622,689		638,685
Repairs and maintenance	466,685		513,909
Property manager	360,404		368,630
Insurance	217,194		288,614
Office and sundry	72,151		68,474
Advertising	29,254		33,279
Equipment lease	12,820		12,820
Bad debts	5,296		54,285
Travel	1,709		816
Legal and professional fees	261		22,786
Property management expenses	\$ 3,468,449	\$	3,502,692

13. General and Administrative Expenses

The general and administrative expenses incurred by the Partnership during the current year consist of the following:

	2024		2023
Audit and accounting	\$ 136,185	\$	118,125
Wages	39,008		30,271
Board remuneration	6,300		3,150
Office and sundry	5,602		5,535
Legal and professional fees	5,008		6,176
Bank charges	1,141		1,031
General and administrative expenses	\$ 193,244	\$	164,288

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

14. Investor Relations, Marketing and Professional Fees

The capital raising and securities filings expenses incurred by the Partnership during the current year consist of the following:

	2024	2023
Wages	\$ 17,804	\$ 10,509
Marketing	15,423	9,942
Commissions	14,290	14,250
Legal and professional fees	271	10
Software	-	386
	\$ 47,788	\$ 35,097

15. Management Fees

The costs incurred for management fees (Note 9) consist of the following:

	2024	2023
Series A Management Fee	\$ 72,993	\$ 73,376
Series B Management Fee	54,072	53,924
Series P Management Fee	177,039	180,240
	\$ 304,104	\$ 307,540

16. Financial Instruments – Classification and Risks

(a) Classification and Fair Value

The Partnership's overall risk management program seeks to maximize the returns derived for the level of risk to which the Partnership is exposed and seeks to minimize potential adverse effects on the Partnership's financial performance.

Fair Value of Financial Instruments and Investment Properties

The fair value of the Partnership's financial assets and liabilities, except as noted below and elsewhere in the financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

The Partnership has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurement* ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Partnership's own assumptions about market value.

The Partnership's assessment of the significant of a particular input to the fair value measurement in its entirety requires judgment and considered factors specific to the asset or liability. For assets and liabilities measured at fair value as at December 31, 2024 and 2023 there were no transfers between Level 1, Level 2, and Level 3 during the fiscal year ended.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

16. Financial Instruments – Classification and Risks (Continued)

Fair Value of Financial Instruments and Investment Properties (continued)

The following tables present the Partnership's estimates of assets and liabilities measured at fair value on recurring basis based on information available to management as at December 31, 2024 and 2023, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Partnership could ultimately realize.

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2024			
Recurring Measurements			
<i>Assets</i>			
Cash and cash equivalents	\$ 1,367,790	\$ -	\$ -
<i>Liabilities</i>	\$ -	\$ -	\$ -
As at December 31, 2023			
Recurring Measurements			
<i>Assets</i>			
Cash and cash equivalents	\$ 2,463,775	\$ -	\$ -
<i>Liabilities</i>	\$ -	\$ -	\$ -

(b) Risks

The main risks arising from the Partnership's financial instruments are concentration risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity risk. These risks arise from exposures that occur in the normal course of business. During the year ended December 31, 2024, the Partnership was not exposed to any significant credit, foreign exchange or commodity risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. As of December 31, 2024, the Partnership has invested 100% in the Canadian residential real estate sector.

WB Capital Limited Partnership

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

16. Financial Instruments – Classification and Risks (Continued)

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is exposed to credit risk from tenants. In order to reduce its credit risk, the Partnership reviews a new tenants' credit history before extending credit and conducts regular reviews of its existing tenants' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Partnership has a significant number of tenants which minimizes concentration of credit risk.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Partnership is exposed to interest rate from the interest rate differentials between the market rate and the rates used on these financial instruments.

Approximately 52.3% (2023 - 4.8%) of the Partnerships mortgages and demand loans payable are up for renewal in the next 12 months. Changes in interest rates have the potential to adversely affect the profitability of the Partnership, however the Partnership attempts to mitigate this risk by staggering the maturity dates for its mortgages. A 1% change in the prime lending rate would have resulted in a change of \$19,244 (2023 - \$34,454) interest expense for the year ended December 31, 2024.

Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership maintains sufficient cash on hand to meet its current obligations and to fund anticipated redemptions of LP units.

17. Segmented Information

The Partnership currently operates in one single operational and geographical segment which is the investment in residential real estate properties located in Canada.

18. Subsequent Events

Subsequent to year-end, the Partnership issued 3,668 Series A LP units, 2,128 Series B LP Units, 5,210 Series M LP Units and 9,452 Series P LP Units for a total capital contribution of \$195,930.

Subsequent to year-end, the Partnership repaid in full the \$930,000 promissory note payable to Kay Four Properties (Note 8).

Schedule G
TRUST II ANNUAL FINANCIAL STATEMENTS

Westbow Real Estate Properties Trust
Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Westbow Real Estate Properties Trust

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Management's Statement of Responsibility

Management of Westbow Real Estate Properties Trust (the "Trust") is responsible for the preparation of the Trust's financial statements that present fairly, in all material aspects, the statement of financial position of the Trust as at December 31, 2024 and 2023, and its statement of income and comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2024 and 2023, in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management is responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to provide reasonable assurance that the information provided in the financial statements are free from material misstatement due to fraud or error, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with applicable legislation, regulations, authorities and policies.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, and disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Trust will continue operations, intends to liquidate the Trust or cease operations, or has no realistic alternative to do so.

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

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Westbow Real Estate Properties Trust.

Opinion

We have audited the financial statements of Westbow Real Estate Properties Trust (the "Trust") which comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of income and comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 14, 2025

Westbow Real Estate Properties Trust

Statements of Financial Position

(Expressed in Canadian Dollars)
As at December 31, 2024 and 2023

	2024	2023
Assets		
Investment in WB Real Estate Properties Limited Partnership (Note 3)	\$ 38,422,635	\$ 25,072,557
Total assets	\$ 38,442,635	\$ 25,072,557
Liabilities		
Amounts owing to WB Real Estate Properties Limited Partnership	944,777	619,706
Total liabilities (excluding net assets attributable to holders of redeemable units)	944,777	619,706
Net assets attributable to holders of redeemable units (Note 5)	\$ 37,477,858	\$ 24,452,851
Net assets attributable to holders of redeemable units per series (Note 5)		
Series A	\$ 13,862,145	\$ 9,260,909
Series B	4,538,062	2,702,528
Series H	1,997,892	-
Series M	1,122,779	604,649
Series P	15,430,741	11,884,765
Series W	526,239	-
	\$ 37,477,858	\$ 24,452,851

Subsequent Event (Note 8)

On behalf of the Trust by the manager,
Westbow Asset Management Inc.:

/s/ Nick Westeringh

/s/ Dick Westeringh

The accompanying notes are an integral part of these financial statements.

Westbow Capital Real Estate Properties Trust

Statements of Income and Comprehensive Income

(Expressed in Canadian Dollars)

For the years December 31, 2024 and 2023

	2024	2023
Revenue		
Net partnership income (Note 3)	\$ 7,125,741	\$ 7,492,010
Expenses		
Commissions	118,449	71,012
Net income and comprehensive income attributable to holders of redeemable units	\$ 7,007,292	\$ 7,420,998
Net income and comprehensive income attributable to holders of redeemable units per series		
Series A	\$ 2,537,504	2,781,811
Series B	842,516	812,606
Series H	379,863	-
Series M	213,476	185,256
Series P	2,933,878	3,641,325
Series W	100,055	-
	\$ 7,007,292	\$ 7,420,998

The accompanying notes are an integral part of these financial statements

Westbow Real Estate Properties Trust

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Unitholders						Total
	Series A	Series B	Series H	Series M	Series P	Series W	
Balance, December 31, 2023	\$ 9,260,910	\$ 2,702,528	\$ -	\$ 604,649	\$ 11,884,764	\$ -	24,452,851
Partners' units issued	2,506,903	1,153,657	1,630,479	304,654	923,042	426,184	6,944,919
Partners' units redeemed	(49,970)	-	-	-	(65,548)	-	(115,518)
Issuance costs (Note 6)	(143,634)	(46,146)	(12,450)	-	(4,391)	-	(206,621)
Distributions	(520,897)	(145,829)	-	(33,073)	(595,703)	-	(1,295,502)
Distributions reinvested	271,329	31,336	-	33,073	354,699	-	690,437
Net income and comprehensive income for the year	2,537,504	842,516	379,863	213,476	2,933,878	100,055	7,007,292
Balance, December 31, 2024	\$ 13,862,145	\$ 4,538,062	\$ 1,997,892	\$ 1,122,779	\$ 15,430,741	\$ 526,239	37,477,858

	Unitholders				Total
	Series A	Series B	Series M	Series P	
Balance, December 31, 2022	\$ 3,703,237	\$ 1,795,831	\$ 268,963	\$ 6,626,379	\$ 12,394,410
Partners' units issued	3,124,604	200,000	150,430	1,872,519	5,347,553
Partners' units redeemed	-	-	-	(6,668)	(6,668)
Issuance costs (Note 6)	(172,731)	(8,000)	-	(11,693)	(192,424)
Distributions	(333,337)	(123,262)	(22,271)	(466,300)	(945,170)
Distributions reinvested	157,325	25,353	22,271	229,203	434,152
Net income and comprehensive income for the year	2,781,811	812,606	185,256	3,641,325	7,420,998
Balance, December 31, 2023	\$ 9,260,910	\$ 2,702,528	\$ 604,649	\$ 11,884,764	\$ 24,452,851

The accompanying notes are an integral part of these financial statements

Westbow Real Estate Properties Trust

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	2024	2023
Cash was provided by (used for):		
Operating activities		
Net income	\$ 7,007,292	\$ 7,420,998
Items not affecting cash:		
Net income on investment (Note 3)	(7,125,741)	(7,492,010)
Cash used in operating activities	(118,449)	(71,012)
Investing activities		
Purchase of investment in WB Real Estate Properties Limited Partnership (Note 3)	(7,635,356)	(5,781,705)
Redemption of WB Real Estate Properties Limited Partnership units	115,518	6,668
Distributions from investment in WB Real Estate Properties Limited Partnership (Note 3)	1,295,502	945,170
Cash used in investing activities	(6,224,336)	(4,829,867)
Financing activities		
Advances from WB Real Estate Properties Limited Partnership	325,070	263,435
Proceeds from issuance of redeemable units net of issuance costs	6,738,298	5,155,130
Payments made on redemption	(115,518)	(6,668)
Distributions paid	(605,065)	(511,018)
Cash provided by financing activities	6,342,785	4,900,879
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	-

The accompanying notes are an integral part of these financial statements.

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

1. Description of Business

Westbow Real Estate Properties Trust (the "Trust") is an unincorporated trust established by declaration of trust dated August 30, 2022, as amended by the amended and restated declaration of trust dated September 8, 2021 (the "Declaration of Trust"). The Trust intends to qualify as a "unit trust" and as a "mutual fund trust" for the purposes of the Income Tax Act (Canada) (the "Tax Act").

The Trust was formed to raise funds by way of multiple offerings (Note 6) for the purposes of acquiring units in WB Real Estate Properties Limited Partnership (the "Partnership"), a British Columbia limited partnership. The Partnership is considered a related party due to common officers and directors of the manager of the Trust, Westbow Asset Management Inc. (the "Manager"). The purpose of the Partnership is to seek income and capital appreciation through one or more direct or indirect investments in primarily residential real estate properties located in Canada and the United States, with a focus on western Canada.

The address of the Trust is 44561 Skylark Rd, Chilliwack, BC V2R 6H5 (2022 – 7350 Barrow Road, Chilliwack, BC, V2R 4J8).

2. Summary of Material Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the IASB. The financial statements were authorized for issue by Manager on April 14, 2025.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Trust's functional and presentation currency.

Critical Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments

Going Concern Assumption

When preparing the financial statements, management is required to make an assessment of the Trust's ability to continue as a going concern. When management is aware, in making this assumption, of material uncertainties related to events or conditions that may cast significant doubt upon the Trust's ability to continue as a going concern, the Trust shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least, but not limited to, 12 months from the statement of financial position date.

Investment in the WB Real Estate Properties Limited Partnership and Consolidation of Structured Entities

The Trust and other persons invest in the Partnership in exchange for units of the Partnership. The Partnership receives rental income on investment properties that it owns. Holders of units of the Partnership are entitled to certain voting rights as set out in the Partnership's limited partnership agreement.

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Judgments (continued)

The determination of the entity having the ability to affect the returns on their investment in the Partnership requires the use of significant judgment. Based on the evaluation of the activities of the Partnership and the Partnership agreement, management concluded the substance of the relationship between the Partnership, the General Partner and the Trust indicates the Partnership is controlled by the general partner. In addition, the evaluation of whether or not the Trust has significant influence over the Partnership is a matter of significant judgment. Based on the review of the activities of the Partnership, management has concluded that the Trust is able to significantly influence these activities.

Use of Estimates

The key assumptions concerning the future and other key sources of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust.

Valuation of Investment in Partnership

Management reviews for objective evidence whether there may be an impairment of the investment in Partnership. The review includes a review of various assumptions and estimates to estimate the fair value of the investment in the Partnership. Based on the analysis completed during the year ended December 31, 2024, no impairment indicators have been identified.

Financial Instruments

Recognition and Classification

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

The Trust classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired:

- (i) Fair value through profit or loss;
- (ii) Amortized cost; and
- (iii) Fair value through other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss

This category has two subcategories: financial assets and liabilities held for trading; and financial assets and liabilities designated at fair value through profit or loss at inception. The Trust's investment in the Partnership is classified as fair value through profit or loss.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are managed, and their performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy.

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities

Financial liabilities are classified into one of two categories:

- (i) Fair value through profit or loss; and
- (ii) Amortized cost.

The Trust does not have any financial liabilities that it classifies as fair value through profit or loss or other liabilities aside from its obligation for net assets attributable to holders of redeemable units, which is presented at the redemption amount, and the amounts owing to the Partnership which it classifies as amortized cost.

Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

Fair Value Hierarchy

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Redeemable Units

The units of the Trust (the "Trust 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, except where certain conditions are met, in which case, the puttable instrument may be presented as equity. The Trust Units did not meet the conditions for presentation as equity, and have therefore been presented as liabilities at the redemption amount. Costs incurred in connection with the offering of Trust Units are reflected as a reduction of Net Assets Attributable to Holders of Redeemable Trust Units.

Issuance costs

Issuance costs that are directly attributable to the sale of Trust Units are treated as an equity transaction and deduction from equity. Series specific issuance costs are deducted from the equity of the specific Trust Unit.

Impairment of Non-financial Assets

The carrying amounts of the Trust's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The Trust has no impairment from non-financial assets.

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Impairment of Financial Assets

At each reporting date, the Trust assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Trust on terms that the Trust would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. The Trust considers evidence of impairment for loans and receivables at both a specific asset and collective level. The Trust has no impairment loss from financial assets.

Income Taxes

The Trust is subject to tax under Part I of the Tax Act on its income for each taxation year, including net realized taxable capital gains, dividends, accrued interest and other income paid or payable to it, less the portion thereof that is paid or payable in the year by the Trust to holders of Trust Units (collectively, the "Trust Unitholders", and each, a "Trust Unitholder") and which is deducted by the Trust in computing its income for purposes of the Tax Act. An amount will be considered to be payable to a Trust Unitholder in a taxation year if it is paid in the year by the Trust or the Trust Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the Trust will end on December 31 of each year.

The Trust generally intends to deduct, in computing its income, the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined and to make payable to Trust unitholders an amount equal to its remaining taxable income.

Net Assets Attributable to Holders of Redeemable Units per Unit

The net assets attributable to holders of redeemable Trust Units per unit is calculated by dividing the net assets attributable to holders of redeemable Trust Units of a particular series of Trust Units by the total number of Trust Units of that particular series outstanding at the end of the year.

Related Parties

For the purpose of these financial statements, a party is considered related to the Trust if such a party or the Trust has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operational decisions, or if the Trust and such party are subject to common significant influence. Related parties may be individuals or other entities.

Revenue Recognition

The Trust earns investment income through distributions from its investments. Investment income from the investments is recognized when the Trust's right to receive payment is established. Distribution income is shown as part of the net partnership income in the statement of income and comprehensive income.

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

New Standards, Interpretations and Amendments not yet Adopted

The following standards, amendments and interpretations have been issued but are not yet effective:

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features.

The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Trust.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements which will replace International Accounting Standard (“IAS”) 1, Presentation of Financial Statements. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Trust is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a significant impact on the Trust.

3. Investment in WB Real Estate Properties Limited Partnership

As at December 31, 2024 the Trust held 46.19% (2023 – 44.02%) of the limited partner units (the “LP Units”) of the Partnership. The Partnership currently has one class of LP Units which are split into different series. The holders of the LP Units are entitled to receive a pro rata share of distributions.

The Trust has investments in the Partnership. As at December 31, 2024, the Trust held 994,576 Series A LP Units, 327,985 Series B LP Units, 131,048 Series H LP Units, 70,243 Series M LP Units, 1,033,341 Series P LP Units, and 39,238 Series W LP Units. The continuity of the investment in the WB Real Estate Properties Limited Partnership is as follows:

		2024		2023
Balance, beginning of year	\$	25,072,557	\$	12,750,681
Purchase of Limited Partnership units		6,944,919		5,347,552
Redemption of Limited Partnership units		(115,518)		(6,668)
Distributions to Trust Unitholders		(1,295,502)		(945,170)
Distributions reinvested		690,437		434,152
Attributed income of the Partnership		7,125,741		7,492,010
	\$	38,422,635	\$	25,072,557

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

3. Investment in WB Real Estate Properties Limited Partnership (continued)

The summarized financial information of the Partnership is as follows:

	2024	2023
Assets Current:		
Cash and cash equivalents	\$ 16,178,850	\$ 8,644,331
Accounts receivable	1,626,549	1,564,532
Prepaid expenses	1,101,715	988,611
Amount due from Westbow Real Estate Properties Trust	944,777	619,706
Amount due from Westbow Real Equity II Inc.	500,000	500,000
	20,351,891	12,317,180
Non-current assets:		
Refundable deposits	500,009	1,884,792
Investment property	324,249,999	224,290,435
	324,750,008	226,175,227
Total assets	\$ 345,101,899	\$ 238,492,406
Liabilities		
Current:		
Accounts payable and accrued liabilities	10,838,215	5,729,281
Current portion of mortgages payable	3,187,542	37,062,550
Demand loan payable	32,000,000	33,000,000
Total liabilities	46,025,757	75,791,831
Mortgages payable – long-term	212,430,838	105,123,808
Total liabilities	258,456,595	180,915,639
Partners' equity	86,645,304	57,576,767
Total liabilities and partners' equity	\$ 345,101,899	\$ 238,492,406

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

3. Investment in WB Real Estate Properties Limited Partnership (continued)

	2024	2023
Revenue		
Rental income	\$ 18,602,477	\$ 11,401,426
Operating Expenses		
Finance costs	12,035,100	6,410,853
Property management	9,846,311	6,169,899
Total operating expenses	21,881,411	12,580,752
Expenses		
General and administrative	416,915	335,589
Investor relations, marketing and professional fees	621,978	491,923
Management fees	1,001,762	534,781
Total expenses	2,040,655	1,362,293
Other Income		
Fair value adjustment of investment property	25,811,578	19,752,871
Interest income	381,273	303,716
Total other income	26,192,851	20,056,587
Net income and comprehensive income for the year	\$ 20,873,262	\$ 17,514,968

The maximum exposure to loss is equal to the current carrying amounts of the assets and liabilities recognized by the Trust. The Trust does not provide financial support to the Partnership, nor has the Trust provided any guarantees or other contingent support to the Partnership.

As at December 31, 2024, the Trust has an amount owing to the WB Real Estate Properties Limited Partnership in the amount of \$944,777 (2023 - \$619,706) which relates to costs paid for on the Trust's behalf. This amount is unsecured, non-interest bearing and due upon demand.

4. Capital Management

The Trust's capital is comprised of redeemable Trust Units. The Trust's capital management policy is to acquire, invest in, dispose of and otherwise deal with securities and may include the Trust temporarily holding cash and other short-term investments in connection with and for the purposes of the Trust's undertaking, paying administration and Trust expenses, paying any amounts required in connection with the redemption of Trust Units and making distributions to Trust Unit holders.

The Trust will use the funds that it receives from its offerings to purchase LP Units. The Partnership will, in turn, use such funds, as well as the proceeds from the Partnership's own offerings to acquire primarily residential real estate properties located in Canada and the United States, with a focus on western Canada.

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

4. Capital Management (continued)

The Trust intends to make distributions to Unitholders when the Trust receives a distribution from the Partnership with respect to a corresponding LP Unit of the Partnership. The Partnership will seek to make distributions on a regular basis, with the amount of any such distributions determined by the general partner of the Partnership in its sole discretion. Such distributions, if any, will generally be made on a monthly basis; however, the general partner of the Partnership reserves the right to make more frequent or less frequent distributions in its sole discretion. The Trust has adopted a distribution reinvestment plan (the "DRIP"), which will allow eligible Unitholders to elect to have their distributions (if any) reinvested in additional Trust Units of the same series, such that the electing unitholder will receive 100% of their distribution amount in additional Trust Units.

The issuance price for Trust Units issued pursuant to the DRIP will be determined by the Manager in its sole discretion from time to time. For Trust Unitholders that initially select to participate in the DRIP, the issuance price for Trust Units issued pursuant to the DRIP will be 97% of the then issue price of the applicable series of Trust Units (and if such series is not being distributed at such time, 97% of the then net asset value of such series of Trust Units).

Any such distributions will be made to the person who, according to the register, was the holder of record of the applicable Trust Unit on the date the distribution is declared by the Trust. The Trustees of the Trust (the "Trustees") or the Manager may reduce the amounts distributable to holders of Trust Units for the payment of any costs, expenses or liabilities, which have been or may be incurred in the undertaking and activities of the Trust, the payment of any income tax liability of the Trust and any allowances for contingencies, working capital, investments or acquisitions, or such reserves as are in the opinion of the Trustees or the Manager, necessary or desirable. Such reductions will be on a pro rata basis.

5. Redeemable Units

The Trust is authorized to issue an unlimited number of Trust Units of a single class divided into an unlimited number of series, in such number and designation as determined by the Trustees of the Trust (the "Trustees") from time to time.

The Trust offers the following Trust Units:

Series A Units, Series B Units, Series E Units, Series F Units, Series H Units, Series M, Series P, Series W Units and Series X Units.

Description of Security	Number Authorized to be issued	Price per Security
Initial Trust Unit	1	\$10.00
Series A Units	Unlimited	\$10.00
Series B Units	Unlimited	\$10.00
Series E Units	Unlimited	\$10.00
Series F Units	Unlimited	\$10.00
Series H Units	Unlimited	\$10.00
Series M Units	Unlimited	\$10.00
Series P Units	Unlimited	\$10.00
Series W Units	Unlimited	\$10.00
Series X Units	Unlimited	\$10.00

Westbow Real Estate Properties Trust

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

5. Redeemable Units (continued)

The following is a continuity of the Trust's issued and outstanding units:

	Initial Trust Unit	Series A	Series B	Series H	Series M	Series P	Series W	Total
Balance as at December 31, 2023	1	744,447	225,199	-	46,562	920,828	-	1,937,037
Issuance of units	-	230,492	99,884	131,048	21,112	87,488	39,238	609,262
Redemption of units	-	(5,260)	-	-	-	(6,787)	-	(12,047)
Reinvested units	-	24,897	2,903	-	2,568	31,812	-	62,180
Balance as at December 31, 2024	1	994,576	327,986	131,048	70,242	1,033,341	39,238	2,596,432

	Initial Trust Unit	Series A	Series B	Series M	Series P	Total
Balance as at December 31, 2022	1	415,768	202,585	29,223	710,607	1,358,184
Issuance of units	-	312,460	20,000	15,043	187,252	534,755
Redemption of units	-	-	-	-	(660)	(660)
Reinvested units	-	16,219	2,614	2,296	23,629	44,758
Balance as at December 31, 2023	1	744,447	225,199	46,562	920,828	1,937,037

Each Trust Unit of a particular series vests indefeasibly in the holder thereof and the interest in the Trust at any time and from time to time of each Trust Unitholder of a particular series is determined by the number of Trust Units of a particular series registered in the name of the holder as is proportionate to the total number of Trust Units of a particular series. No Trust Unitholder of a particular series has any preference, priority or right in any circumstance over any other Trust Unitholder of a particular series (other than arising out of or resulting from the number of Trust Units held by such holder of Trust Units). The issued and outstanding Trust Units of a particular series may be subdivided or consolidated from time to time by the Trustees without the prior approval of, or notice to, any Trust Unitholder.

Trust Units are redeemable at the option of the Trust Unitholder subject to the terms and conditions set out in the Declaration of Trust. Trust Units are considered to be tendered for redemption on the date that the Trust has, to the satisfaction of the Manager, received the redemption notice and further documents or evidence that the Manager may reasonably require with respect to the identity, capacity or authority of the person giving the redemption notice. The aggregate redemption price payable by the Trust in respect of Trust Units tendered for redemption is to be satisfied by way of a cash payment (to be paid by cheque) on the last day of the calendar month following the end of the calendar quarter in which the Trust Units were tendered for redemption, provided that the entitlement of a Trust Unitholder to receive cash upon the redemption of such Trust Unitholders shall be limited in certain circumstances, including where:

- (a) the total amount payable by the Trust in respect of such Trust Units and all other Trust Units validly tendered for redemption in the same calendar quarter exceeds \$150,000 (the "Quarterly Limit"); provided that the Trustees or the Manager may, in its sole discretion, waive or increase such limitation in respect of all Trust Units tendered for redemption in any calendar quarter;
- (b) in the Trustees' or the Manager's opinion (in their sole discretion) the Trust is or, after the redemption, would be unable to pay its liabilities as they become due; or

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

5. Redeemable Units (continued)

- (c) in the Trustees' or the Manager's opinion (in their sole discretion), the Trust has insufficient liquid assets to Trust such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust Unitholders or the Trust, generally.

If, as a result of any such limitations under the Declaration of Trust, a Trust Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust Units tendered for redemption, then the redemption price per Trust Unit to which the Trust Unitholder would otherwise be entitled, is to be paid and satisfied by the delivery to such holders of redemption notes (subject to any applicable regulatory approvals). Redemption notes so issued will be unsecured debt securities of the Trust and may be subordinated to other of the Trust's debt obligations. Furthermore, redemption notes will not be qualified investments for exempt plans (i.e., an RRSP, an RESP, an RRIF, a DSPS, a TFSA or an RDSP) (an "Exempt Plan") which could give rise to adverse consequences to an Exempt Plan or the annuitant under an Exempt Plan, including the redeeming unitholder becoming subject to a penalty tax or having its tax exempt status revoked depending on the circumstances.

On a redemption by a holder of Trust Units, the redemption price per Trust Unit shall be equal to the redemption proceeds received by the Trust from the Partnership with respect to the Trust's redemption of the corresponding LP Unit of the Partnership, which shall be an amount equal to the net asset value per LP Unit determined as at the last business day of the calendar quarter in which the redemption date occurs, multiplied by the percentages set out below.

The percentages are as follows:

Period of time between the issuance date of the Unit being redeemed and the date the notice of redemption is provided	Series A	Series B	Series E	Series F	Series H	Series M	Series P	Series W	Series X
< 1 year	90%	93%	95%	95%	94%	95%	94%	100%	100%
1 year to < 2 years	92%	95%	97%	97%	96%	97%	96%	100%	100%
2 years to < 3 years	94%	97%	99%	99%	98%	99%	98%	100%	100%
3 years to < 4 years	96%	99%	100%	100%	100%	100%	100%	100%	100%
4 years to < 5 years	98%	100%	100%	100%	100%	100%	100%	100%	100%
5 years and greater	100%	100%	100%	100%	100%	100%	100%	100%	100%

6. Issuance Costs

Issuance costs include the following:

	Series A	Series B	Series M	Series P	Series W	Series H	Total 2024	Total 2023
Upfront commissions	\$ 143,634	46,146	-	4,391	-	12,450	\$206,621	\$192,424
	\$ 143,634	46,146	-	4,391	-	12,450	\$206,621	\$192,424

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

7. Risks Associated with Financial Instruments

The Trust's overall risk management program seeks to maximize the returns derived for the level of risk to which the Trust is exposed and seeks to minimize potential adverse effects on the Trust's financial performance.

The fair value of the Partnership's financial assets and liabilities, except as noted below and elsewhere in the financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

The Partnership has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurement* ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Partnership's own assumptions about market value. The hierarchy levels are defined below.

Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs based on factors other than quoted prices included in Level 1 which make include quoted prices for similar asset and liabilities in active markets, as well as inputs that are observable for the asset or liability) other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 – Inputs which are unobservable for the asset or liability and are typically based on the Partnership's own assumptions as there is little, if any, related market activity.

The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considered factors specific to the asset or liability. For assets and liabilities measured at fair value as at December 31, 2024 and 2023 there were no transfers between Level 1, Level 2, and Level 3 during the fiscal year and period ended.

The following tables present the Partnership's estimates of assets and liabilities measured at fair value on recurring basis based on information available to management as at December 31, 2024 and 2023, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Partnership could ultimately realize.

Westbow Real Estate Properties Trust
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

7. Risks Associated with Financial Instruments (continued)

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2024			
Recurring Measurements			
<i>Assets</i>			
Investment in LP	\$ -	\$ -	\$ 38,422,635

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2023			
Recurring Measurements			
<i>Assets</i>			
Investment in LP	\$ -	\$ -	\$ 25,072,557

The main risks arising from the Trust's financial instruments are concentration risk and liquidity risk. These risks arise from exposures that occur in the normal course of business. During the year ended December 31, 2024 the Trust was not exposed to any credit, interest rate, foreign exchange or commodity risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. As of December 31, 2024 the Trust has invested 100% in the Partnership, and in the residential real estate sector, as a result of this investment.

Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership does not maintain any cash on hand to complete Trust anticipated redemptions.

8. Subsequent Event

Subsequent to year-end, the Trust issued 6,645 Series A, 1,155 Series B, 14,399 Series H, 2,162 Series M units, 7,413 Serie P and 10,639 Series W units for a total capital contribution of \$455,804. Additionally, the Trust purchased 6,645 Series A, 1,155 Series B, 8,250 Series H, 2,162 Series M units, 7,413 Serie P and 10,639 Series W units for a total investment of \$535,804.

Schedule H
LP II ANNUAL FINANCIAL STATEMENTS

WB Real Estate Properties Limited Partnership

Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

WB Real Estate Properties Limited Partnership

Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

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WB Real Estate Properties Limited Partnership

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Management's Statement of Responsibility

Management of WB Real Estate Properties Limited Partnership (the "Partnership") is responsible for the preparation of the Partnership's financial statements that present fairly, in all material aspects, the statements financial position of the Partnership as at December 31, 2024 and 2023, and its statements of partners' capital, income and comprehensive income, and cash flows for the years ended December 31, 2024 and 2023, in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Management is responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to provide reasonable assurance that the information provided in the financial statements are free from material misstatement due to fraud or error, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with applicable legislation, regulations, authorities and policies.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, and disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Partnership will continue operations, intends to liquidate the Partnership or cease operations, or has no realistic alternative to do so.

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

INDEPENDENT AUDITORS' REPORT

To the Partners and General Partner of WB Real Estate Properties Limited Partnership:

Opinion

We have audited the financial statements of WB Real Estate Properties Limited Partnership (the "Partnership") which comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of partners' capital for the years then ended;
- the statements of income and comprehensive income for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 14, 2025

WB Real Estate Properties Limited Partnership

Statements of Financial Position

(Expressed in Canadian Dollars)
As at December 31, 2024 and 2023

	2024	2023
Assets		
Current:		
Cash and cash equivalents (Note 3)	\$ 16,178,850	\$ 8,644,330
Accounts receivable (Note 4)	1,626,549	1,564,532
Prepaid expenses	1,101,715	988,611
Amount due from Westbow Real Estate Properties Trust (Note 5)	944,777	619,706
Amount due from Westbow Equity Partners II Inc. (Note 5)	500,000	500,000
	20,351,891	12,317,179
Non-current assets:		
Refundable deposits (Note 5)	500,009	1,884,792
Investment properties (Note 6)	324,249,999	224,290,435
	324,750,008	226,175,227
Total assets	\$ 345,101,899	\$ 238,492,406
Liabilities		
Current:		
Accounts payable and accrued liabilities (Note 5)	5,951,193	5,729,281
Current portion of mortgages payable (Note 8)	3,187,542	37,062,550
Demand loan payable (Note 7)	32,000,000	33,000,000
	41,138,735	75,791,831
Mortgages payable – long-term (Note 8)	212,430,838	105,123,808
Total liabilities	253,569,573	180,915,639
Partners' capital (Note 9)	91,532,326	57,576,767
Total liabilities and partners' capital	\$ 345,101,899	\$ 238,492,406

Nature of Operations and Basis of Presentation (Note 1)

Subsequent Events (Note 19)

Approved on behalf of the Partnership by the General Partner Westbow Real Estate Properties GP Inc.:

/s/ Nick Westeringh

/s/ Dick Westeringh

The accompanying notes are an integral part of these financial statements.

WB Real Estate Properties Limited Partnership
Statements of Partners' Capital
(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Number of Units	General Partner		Special Partner	Limited Partners											
					Series A	Series B	Series E	Series G	Series H	Series M	Series P	Series W	Series X	Total		
Balance, December 31, 2023	4,400,308	\$	16	-	\$ 9,895,926	\$ 4,970,498	\$ 2,830,985	\$ 12,170,951	-	\$ 3,026,616	\$ 19,578,946	-	5,102,829	\$ 57,576,767		
Partners' units issued	1,457,927		-	-	2,506,904	1,378,658	-	6,102,450	2,830,478	5,481,676	923,042	426,183	-	19,649,391		
Partners' units redeemed	(55,626)		-	-	(39,871)	-	-	-	-	-	(605,690)	-	-	(645,561)		
Issuance costs (Note 11)	-		-	-	(4,520)	(11,399)	(1,010)	(5,704)	(1,048)	(1,323)	(7,548)	-	-	(32,552)		
Distributions	-		-	(4,887,022)	(520,896)	(255,823)	(130,099)	-	-	(154,381)	(984,329)	-	(240,000)	(7,172,550)		
Distributions reinvested	116,820		-	-	271,329	69,241	130,099	-	-	154,381	658,519	-	-	1,283,569		
Net income and comprehensiv e income for the year	-		6	4,887,022	2,783,735	1,944,181	403,598	3,382,673	905,917	1,245,185	3,518,748	129,487	1,672,710	20,873,262		
Balance, December 31, 2024	5,919,429	\$	22	-	\$ 14,892,607	\$ 8,095,356	\$ 3,233,573	\$ 21,650,370	3,735,347	\$ 9,752,154	\$ 23,081,688	\$ 555,670	6,535,539	\$ 91,532,326		

The accompanying notes are an integral part of these financial statements.

WB Real Estate Properties Limited Partnership
Statements of Partners' Capital
(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	Number of Units	General Partner	Limited Partners										
			Series A	Series B	Series E	Series G	Series M	Series P	Series X	Total			
Balance, December 31, 2022	2,695,936	\$ 11	\$ 3,956,807	\$ 3,523,457	\$ -	\$ -	\$ 1,928,914	\$ 11,838,074	\$ 3,738,115	\$ 24,985,378			
Partners' units issued	1,624,436	-	3,124,603	350,000	2,000,000	8,431,810	150,430	2,187,520	-	16,244,363			
Partners' units redeemed	(20,869)	-	-	(186,811)	-	-	-	(5,618)	-	(192,429)			
Issuance costs (Note 11)	-	-	(13,472)	(13,341)	(4,018)	(14,097)	(4,524)	(31,728)	-	(81,180)			
Distributions	-	-	(333,337)	(229,387)	(112,879)	-	(133,558)	(822,711)	(240,000)	(1,871,872)			
Distributions reinvested	100,805	-	157,325	51,017	112,879	-	133,558	522,760	-	977,539			
Net income and comprehensive income for the year	-	5	3,004,000	1,475,563	835,003	3,753,238	951,796	5,890,649	1,604,714	17,514,968			
Balance, December 31, 2023	4,400,308	\$ 16	\$ 9,895,926	\$ 4,970,498	\$ 2,830,985	\$ 12,170,951	\$ 3,026,616	\$ 19,578,946	\$ 5,102,829	\$ 57,576,767			

The accompanying notes are an integral part of these financial statements.

WB Real Estate Properties Limited Partnership
Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
For the years ended December 31, 2024 and 2023

	2024	2023
Revenue		
Rental income	\$ 18,602,477	\$ 11,401,426
Operating Expenses		
Finance costs (Note 12)	12,035,100	6,410,853
Property management (Note 13)	9,846,311	6,169,899
Total operating expenses	21,881,411	12,580,752
Expenses		
General and administrative (Note 14)	416,915	335,589
Investor relations, marketing and professional fees (Note 15)	621,978	491,923
Management fees (Note 16)	1,001,762	534,781
Total expenses	2,040,655	1,362,293
Other Income		
Fair value adjustment of investment properties (Note 6)	25,811,578	19,752,871
Interest income	381,273	303,716
Total other income	26,192,851	20,056,587
Net income and comprehensive income	\$ 20,873,262	\$ 17,514,968

The accompanying notes are an integral part of these financial statements.

WB Real Estate Properties Limited Partnership

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

	2024	2023
Cash provided by (used for):		
Operating activities		
Net income	\$ 20,873,262	\$ 17,514,968
Items reclassified from operating activities		
Interest paid	10,998,638	6,145,023
Amortization of deferred borrowing costs	1,036,462	265,830
Fair value adjustment of investment properties	(25,811,578)	(19,752,871)
Change in non-cash operating working capital		
Accounts payable and accrued liabilities	221,912	4,546,135
Accounts receivable	(62,017)	(1,544,635)
Amounts advanced to Westbow Equity Partners II Inc.	-	(500,000)
Amounts advanced to Westbow Real Estate Properties Trust	(325,071)	(263,435)
Increase in prepaid expenses	(113,104)	(813,142)
Cash provided by operating working capital	6,818,503	5,597,873
Financing activities		
Proceeds from demand loan	32,000,000	33,000,000
Proceeds from long-term debt	113,933,528	96,206,409
Repayment of long-term debt	(70,201,840)	(53,136,433)
Proceeds from issuance of partnership units	14,762,369	16,244,362
Issuance costs	(32,552)	(81,180)
Redemption of partnership units	(645,561)	(192,429)
Distributions paid net of re-investment	(1,001,959)	(894,332)
Interest paid	(10,998,638)	(6,145,023)
Deferral of borrowing costs	(4,396,127)	(2,130,563)
Cash provided by financing activities	73,479,220	82,970,811
Investing activities		
Purchase of investment properties	(72,263,194)	(87,861,717)
Deposits paid	(500,009)	-
Cash used for investing activities	(72,763,203)	(87,861,717)
Change in cash and cash equivalents	7,534,519	606,967
Cash and cash equivalents, beginning of year	8,644,331	8,037,364
Cash and cash equivalents, end of year (Note 3)	\$ 16,178,850	\$ 8,644,331

The accompanying notes are an integral part of these financial statements.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

1. Nature of Operations and Basis of Presentation

(a) Nature of Operations

The Partnership is a limited partnership formed on September 8, 2021 under the laws of the Province of British Columbia and is governed by a limited partnership agreement (the "Partnership Agreement").

The purpose of the Partnership is primarily to seek income and capital appreciation through one or more direct or indirect investments in primarily residential real estate properties located in Canada, with a focus on western Canada.

Westbow Real Estate Properties GP Inc., the general partner of the Partnership (the "General Partner"), was incorporated on August 26, 2022 under the laws of the Province of British Columbia to act as the general partner. The General Partner contributed \$10 to the capital of the Partnership.

The Partnership has its registered office at 401-44561 Skylark Rd, Chilliwack, BC, V2R 6H5 (2022 – 7350 Barrow Road, Chilliwack, BC, V2R 4J8).

(b) Basis of Presentation

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the IASB.

The financial statements were approved and authorized for issue by the General Partner on April 10, 2025.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Partnership's functional and presentation currency.

2. Summary of Material Accounting Policies

Critical Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgments

Going concern assumption

When preparing the financial statements, management is required to assess the Partnership's ability to continue as a going concern. When management is aware, in making this assumption, of material uncertainties related to events or conditions that may cast significant doubt upon the Partnership's ability to continue as a going concern, the Partnership shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least, but not limited to, 12 months from the statement of financial position date.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Judgments (continued)

Valuation of investment properties

The fair value of investment properties represents an estimate of the price that would be agreed upon knowledgeable, willing parties in an arm's length transaction. The critical estimate and assumptions underlying valuation of investment properties are described in Note 6.

Use of Estimates

The key assumptions concerning the future and other key sources of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Partnership based its assumptions and estimates on parameters available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Partnership.

The fair value of the investment property is dependent on stabilized net operating income or forecasted future cash flows and property specific capitalization or discount rates. The stabilized net operating income or forecasted future cash flows involve assumptions of future rental income, including estimated market rental rates and vacancy rates, estimated direct operating costs and estimated capital expenditures. Capitalization and discount rates consider the location, size and quality of the property, as well as market data at the valuation date.

Financial Instruments

Recognition and Classification

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

Financial assets that are held for collection of contractual cash flows represent solely payments of principal and interest are measured at amortized cost. This includes cash and cash equivalents, restricted cash, and accounts receivable. Financial assets are initially recognized at fair value plus transaction costs, adjusted for an expected credit loss. Subsequently, receivables are measured at amortized cost using the effective interest method adjusted for expected credit losses.

For financial assets, the Partnership applies the simplified expected credit loss approach, which requires expected lifetime losses to be recognized from initial recognition of the accounts receivable.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Financial liabilities are initially recognized at fair value, net of any transaction costs incurred. Financial liabilities include accounts payable, accrued liabilities, and general debt. Subsequently, financial liabilities are measured at amortized cost using the effective interest method and financial liabilities designated as fair value through profit or loss ("FVTPL") are remeasured at fair value with changes in fair value recorded through income.

Modifications of financial liabilities carried at amortized cost that do not result in derecognition give rise to a modification gain or loss equal to the change in discounted contractual cash flows using the original effective interest rate. This modification gain, or loss is recognized in the statements of income and comprehensive income.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

The following summarizes the type and measurement the Partnership has applied to each of its significant categories of financial instruments:

Type	Measurement base
Financial assets	
Cash and cash equivalents	FVTPL
Refundable deposits	Amortized cost
Accounts receivables	Amortized cost
Due from Westbow Real Estate Properties Trust	Amortized cost
Due from Westbow Equity Partners II Inc.	Amortized cost
Financial Liabilities	
Mortgages payable	Amortized cost
Accounts payable	Amortized cost
Other liabilities	Amortized cost

Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

Fair Value Hierarchy

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Leases

Leases are recorded in accordance with IFRS 16, Leases. The leases impacted by IFRS 16 include the Partnership's two subleases which give the Partnership the right to use these two investment properties in Chilliwack, British Columbia (Note 6). These right-of-use assets meet the definition of the investment property under IAS 40; therefore, they are recorded as an investment property as described below and the fair value model is applied to these assets.

Income Taxes

The income (loss) of the Partnership is subject to income taxes at the individual partner's level.

Partners' Capital

Partners' equity represents the value of interests that have been issued. Costs incurred in connection with the offering of units of the Partnership ("LP Units") are reflected as a reduction of Partners' Capital. Distributions payable to Partners are payable when the distributions have been approved by the General Partner prior to the reporting date.

Issuance costs

Issuance costs that are directly attributable to the sale of LP Units are treated as an equity transaction and deduction from equity. Series specific issuance costs are deducted from the equity of the specific unit.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Related Parties

For the purpose of these financial statements, a party is considered related to the Partnership if such a party or the Partnership has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operational decisions, or if the Partnership and such party are subject to common significant influence. Related parties may be individuals or other entities.

Impairment of Financial Assets

At each reporting date, the Partnership assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a Partnership of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Partnership on terms that the Partnership would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or other observable data relating to a Partnership of assets such as adverse changes in the payment status of borrowers or issuers in the Partnership, or economic conditions that correlate with defaults in the Partnership.

The Partnership considers evidence of impairment for loans and receivables at both a specific asset and collective level. The Partnership has no impairment loss from financial assets.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Partnership and the revenue can be reliably measured.

The Partnership has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the Partnership is required to make additions to the property in the form of tenant improvements which enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease.

Rental income also includes recoveries of operating expenses, including property and capital taxes. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

All other revenues are recorded when amounts are known and collectible.

Tenant Inducements

Incentives such as cash, rent-free periods and move-in allowances may be provided to lessees to enter into a lease. These incentives are capitalized and amortized on a straight-line basis over the term of the lease as a reduction of rental revenue.

Investment Properties

The Partnership considers its residential real estate properties to be investment properties under IAS 40, *Investment Property* ("IAS 40"), and has chosen the fair value model to account for investment properties. Fair value represents the amount at which the properties could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's-length transaction at the date of valuation.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

Investment Properties (continued)

Date of Recognition

The Partnership recognizes investment properties on the date at which they originate or are purchased.

Investment Properties

The investment properties include residential rental properties held for the long term to earn rental income or for capital appreciation, or both.

Investment properties are measured initially at cost, including transaction costs, unless the acquisition is a part of a business combination, in which case the investment properties are measured at acquisition-date fair value. Subsequent to initial recognition, investment properties are measured at fair value, in accordance with IAS 40, as previously defined on page 12.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use. The fair value of its investment properties is reviewed by management each reporting period and revisions to carrying values are made when market circumstances change the underlying variables used to fair value investment properties.

The fair value of investment properties is based on valuations by a combination of management estimates and independent appraisers, who hold recognized and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. External appraisals of investment property are performed for certain properties throughout each year and are used to verify certain variables used in the internal calculation of investment property values. Management uses the external investment property appraisals to verify its assessment of regional vacancy, management overhead, and capitalization rate information, which is then applied to the stabilized annual net operating income ("NOI") to calculate the fair value of the remainder of the Partnership's investment properties within the region. The fair value is determined using the capitalization rate approach, whereby the projected stabilized NOI is divided by the capitalization rate. Fair value gains and losses arising from changes in the fair value of investment properties are included in the statements of income and comprehensive income in the period in which they arise (Note 6). There has been no change to the valuation technique during the period.

The Partnership uses independent third-party qualified appraisers who are knowledgeable and have experience in the fair value techniques applied in valuing investment properties. Changes in fair value are recognized in the statement of income and comprehensive income in the period in which they arise, but not for all properties.

Finance Costs

Finance costs include interest expense on loans and mortgages and amortization of deferred borrowing costs. Borrowing costs are deferred and recognized in income using the effective interest method.

New Standards, Interpretations and Amendments not yet Adopted

The following standards, amendments and interpretations have been issued but are not yet effective:

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance ("ESG")-linked features and other similar contingent features.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

2. Summary of Material Accounting Policies (continued)

New Standards, Interpretations and Amendments not yet Adopted (continued)

The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Partnership.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements which will replace International Accounting Standard ("IAS") 1, Presentation of Financial Statements. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Trust is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a significant impact on the Trust.

3. Cash and Cash Equivalents

The cash and cash equivalents disclosed on the statement of financial position and in the statement of cash flows includes \$877,540 (2023 - \$649,452) which are tenant security deposits. These amounts are subject to restrictions and are therefore not available for general use.

4. Accounts Receivable

	2024	2023
Mortgage proceeds receivable	\$ 1,055,102	\$ -
Accounts receivable	401,570	873,563
Trade receivables from related parties (note 5)	33,448	639,044
Rent receivable	124,754	42,285
GST receivable	11,675	9,640
	<u>\$ 1,626,549</u>	<u>\$ 1,564,532</u>

5. Related Party Transactions and Balances

Included in accounts payable is \$2,081,922 (2023 - \$2,934,783) to Westbow Horizon Limited Partnership, for the purchase of investment properties, \$312,898 (2023 - \$994,744) to Westbow Asset Management Inc, the manager of the Partnership (the "Manager"), \$62,860 to Prokey Living Ltd (2023 - \$nil), \$30,217 (2023 - \$18,932), and to WB Payroll Services Inc. and \$25,379 (2023 - \$5,756) to WB Capital Limited Partnership. The Partnership's General Partner has management and directors in common with the manager and with WB Capital Limited Partnership, Cedarbrook Development Limited Partnership and WB Payroll Services Inc., therefore the entities are considered to be related parties.

Included in accounts receivable is nil (2023 - \$610,641) due from Prokey Living Ltd., \$15,591 (2023 - \$15,247) from WB Capital Limited Partnership, \$4,247 (2023 - \$8,356) from Westbow Equity Partners II Inc., and to entities under common control \$nil (2023 - \$4,800) from Cedarbrook Development Limited Partnership, and \$1,276 (2023 - \$nil) from 102140200 SK Ltd.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

5. Related Party Transactions and Balances (continued)

For services related to the research, identification, due diligence, financing and acquisition of a property, the Manager will receive a fee upon the acquisition of a property equal to 1% of the total purchase price (the "Acquisition Fee") of such property plus additional capital committed to such property. The Acquisition Fee will be payable upon the closing of such acquisition. No management fee shall be payable on Series M Units or Series X Units of the Partnership. Key Management Personnel are not compensated; compensation for management of the Partnership is described in detail in Note 5.

The Partnership is committed to pay the Manager a management fee equal to 1/12th of 1.85% of the net asset value attributed to each of the outstanding Series A Units, Series B Units, Series E Units, Series F Units and Series P Units of the Partnership. No management fee shall be payable on Series M Units or Series X Units of the Partnership. Key Management Personnel are not compensated; compensation for management of the Partnership is described in detail in Note 5.

The Partnership is committed to reimburse the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations provided. The costs of such expenses reimbursed by the Partnership shall not exceed \$300,000 per annum until the aggregate net asset value of all series of units of the Partnership is equal to \$60,000,000, at which point the specific expenses shall not, in the aggregate, exceed 0.5% of the Partnership's net asset value. This includes all or a portion of the compensation paid or payable to employees or other personnel of the Manager, as well as overhead costs associated with such employees who devote all or a portion of their time to the provision of services to the Partnership may be allocated to the Partnership as expenses of the Partnership.

Properties are managed by Prokey Living Ltd., a related entity under common control. The Partnership is committed to pay Prokey Living Ltd. monthly management fees equal to 4% of net total revenue and all other monies from time to time received from the operations of the properties.

Refundable deposits consist of a refundable purchase deposit in the amount of \$nil (2023 - \$1,884,792) paid to Westbow Horizon Limited Partnership, a related entity under common control. The deposit relates to a purchase of 46 townhouse units in Warman, Saskatchewan which is subject to certain conditions precedent. If such conditions are not satisfied the deposit may be refunded. These units were completed in December 2023 and 12 units were transferred to the Partnership, with the remaining units transferring title in January 2024.

During the years ended December 31, 2024 and 2023, the Partnership had the following transactions with entities controlled by the directors and management of the general partner:

	2024	2023
Purchase of investment properties	\$ 10,200,000	\$ 3,600,000
Acquisition fee capitalized to cost of investment properties (Note 5)	660,900	904,824
Management fees	1,001,762	534,782
Property management fees	1,241,518	750,144
Distributions	5,242,427	348,406
Capital raising and security filing services	297,307	328,440
Reinvested distributions	115,405	108,406
Rental income	17,128	90,150
Service revenue	106,929	68,572
Administrative services	153,887	59,270
Organization and marketing expenses	77,225	48,681
Interest income	50,437	33,151
Repairs and improvements	7,479,505	-
Strata fees	56,724	-
Insurance expense	12,442	-
Prepaid distributions	20,000	-
Software and other IT costs	-	3,918
	\$ 26,733,596	\$ 6,878,744

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

5. Related Party Transactions and Balances (continued)

As at December 31, 2024, the Partnership had an amount owing from Westbow Real Estate Properties Trust (the "Trust") in the amount of \$944,777 (2023 - \$619,706) relating to various costs paid for by the Partnership on behalf of the Trust. The amount due from the Trust is non-interest bearing, unsecured and due on demand.

As at December 31, 2024, the Partnership had an amount owing from Westbow Equity Partners II Inc. in the amount of \$500,000 (2023 - \$500,000) relating to a promissory note issued during the year. The amount due to the Partnership is 10% interest bearing, unsecured and due on demand.

During the year, Westbow Equity Partners II issued a \$33,000,000 promissory note to the Partnership to bridge the repayment of the VTB on District before refinancing. The amount was issued on April 1, 2024, and repaid on September 25, 2024. The interest rate was 12% per annum. As of December 31, 2024, the promissory note balance due to you from the Partnership was \$nil.

6. Investment Properties

Description	Balance - December 31, 2023	Movements during 2024		Balance - December 31, 2024
		Additions	Fair value adjustment	
Hollick Kenyon Apartments	\$ 50,250,000	\$ 106,977	\$ 4,393,023	\$ 54,750,000
Hillcrest Apartments	33,200,000	89,056	260,944	33,550,000
Fairway Apartments	21,750,000	87,416	2,612,584	24,450,000
Lymburn Lane Apartments	12,100,000	52,225	847,775	13,000,000
7816 Cedarbrook Road	1,180,000	-	-	1,180,000
8071 Foxfern Road	680,000	-	-	680,000
District Apartments	100,800,000	1,525,258	4,074,741	106,399,999
Horizon Units	4,330,435	10,355,344	2,274,221	16,960,000
Beddington	-	17,147,376	1,502,624	18,650,000
Sarona	-	8,559,305	(429,305)	8,130,000
Chuchill	-	36,225,029	10,274,971	46,500,000
Total	\$ 224,290,435	\$ 74,147,986	\$ 25,811,578	\$ 324,249,999

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

6. Investment Properties (continued)

Description	Balance - December 31, 2022	Movements during 2023		Balance - December 31, 2023
		Additions	Fair value adjustment	
Hollick Kenyon Apartments	\$ 49,650,630	\$ 53,689	\$ 545,681	\$ 50,250,000
Hillcrest Apartments	32,550,000	102,288	547,712	33,200,000
Fairway Apartments	20,000,000	107,371	1,642,629	21,750,000
Lymburn Lane Apartments	11,950,000	36,157	113,843	12,100,000
7816 Cedarbrook Road	1,180,000	-	-	1,180,000
8071 Foxfern Road	680,000	-	-	680,000
District Apartments	-	84,569,057	16,230,943	100,800,000
Horizon Units	-	3,658,372	672,063	4,330,435
Total	\$ 116,010,630	\$ 88,526,934	\$ 19,752,871	\$ 224,290,435

As at December 31, 2024, the Partnership had 99% of its properties appraised by a qualified external appraiser (2023 – 99%). These appraisals use significant estimates which are input into the model used for the year-end valuation. Capitalization rates used by the appraisers are based on recently closed transactions for similar properties and other current market indicators for similar properties. Changes in the capitalization rate could significantly alter the fair value of investment properties. The tables below show the impact of changes in the capitalization rate and the resulting increase (decrease) in fair values of the significant investment properties as at each date indicated:

December 31, 2024			
Stabilized NOI		\$	16,580,004
Capitalization rate used	(range 4.50% - 5.75%)	Weighted average	5.01%
Value used		\$	331,210,395
Change in rate		Change in value	
	-0.25%	\$	17,410,564
	+0.25%	\$	(15,754,271)

December 31, 2023			
Stabilized NOI		\$	11,911,536
Capitalization rate used	(range 4.50-5.75%)	Weighted average	4.98%
Value used		\$	240,042,690
Change in rate		Change in value	
	-0.25%	\$	12,661,513
	+0.25%	\$	(11,450,179)

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

6. Investment Properties (continued)

Hillcrest Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Edmonton, Alberta. The investment property is pledged as security against the associated demand first mortgage.

Fairway Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Saskatoon, Saskatchewan. The investment property is pledged as security against the associated first mortgage.

8071 Foxfern Road

As at December 31, 2024, the Partnership has a right-to-use investment property located in Chilliwack, British Columbia by way of a lease for which all lease payments have been paid. The lease term that ends on July 10, 2144. The investment property is pledged as security against the associated first mortgage.

7816 Cedarbrook Road

As at December 31, 2024, the Partnership has a right-to-use investment property located in Chilliwack, British Columbia by way of a lease for which all lease payments have been paid. The lease term ends on July 10, 2144. The investment property is pledged as security against the associated first mortgage.

Hollick Kenyon Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Edmonton, Alberta. The investment property is pledged as security against the associated first mortgage.

Lymburn Lane Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Edmonton, Alberta. The investment property is pledged as security against the associated demand first mortgage.

District Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Calgary, Alberta. The investment property is pledged as security against the associated demand first mortgage.

Horizon Units

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Warman, Saskatchewan. There is no security related to this property.

Beddington Heights

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Calgary, Alberta. The investment property is pledged as security against the associated demand first mortgage.

Sarona Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Victoria, British Columbia. The investment property is pledged as security against the associated demand first mortgage.

Churchill Apartments

As at December 31, 2024, the Partnership holds 100% ownership of the property located in Edmonton, Alberta. The investment property is pledged as security against the associated demand first mortgage.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

7. Demand Loans Payable

Sarona

As at December 31, 2024, the Partnership held a demand first mortgage payable in the amount of \$7,000,000 for the Sarona investment property ("the Property"). The mortgage interest rate is the greater of prime + 2.50% and 9.20% per annum, calculated daily and compounded monthly. The mortgage is due on demand. The loan is secured by:

- a demand first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

The loan has been personally guaranteed by the shareholders of the General Partnership, which are related parties. These related parties have not received compensation for the personal guarantee.

Churchill

As at December 31, 2024, the Partnership held a demand first mortgage payable in the amount of \$25,000,000 for the District Apartment investment property ("the Property"). The mortgage interest rate is the greater of prime + 2.15% per annum, calculated daily and compounded monthly, not in advance and 9.35% per annum, calculated daily and compounded monthly. The mortgage is due on demand. The loan is secured by:

- a demand first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

The loan has been personally guaranteed by the shareholders of the General Partnership, which are related parties. These related parties have not received compensation for the personal guarantee.

District Apartments

This demand loan was repaid within the year. As at December 31, 2023, the Partnership held a demand first mortgage payable in the amount of \$33,000,000 for the District Apartments investment property ("the Property"). The mortgage is due on demand or upon maturity of term on February 1, 2024 and required interest of 0% for the first seven months at which point it was paid. The loan was secured by:

- a demand first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

The loan was personally guaranteed by the shareholders of the General Partnership, which are related parties. These related parties have not received compensation for the personal guarantee.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

7. Demand Loans Payable (continued)

The changes in the demand loan payable balance are as follows:

	2024	2023
Balance as at January 1	\$ 33,000,000	\$ 36,341,178
Repayment of note	(33,000,000)	(36,341,178)
Proceeds from the issuance of notes	32,000,000	33,000,000
Balance as at December 31	\$ 32,000,000	\$ 33,000,000

8. Mortgages Payable

	2024	2023
Mortgage – Hollick Kenyon Apartments	\$ 48,064,824	\$ 48,362,574
Mortgage – District Apartments	89,842,644	36,272,699
Mortgage – Hillcrest Apartments	28,725,450	28,905,165
Mortgage – Fairway Gardens Apartments	18,880,542	19,096,548
Mortgage – Lymburn Lane Apartments	11,213,737	11,213,737
Mortgage – 7816 Cedarbrook Road	705,310	723,172
Mortgage – 8071 Foxfern Road	405,375	415,474
Mortgage – Horizon (First 12)	2,403,175	-
Mortgage – Horizon (Next 34)	7,390,000	-
Mortgage – Beddington	14,150,000	-
less: current portion	(3,187,542)	(37,062,550)
	\$ 218,593,515	\$ 107,926,819
Deferral of borrowing costs	(7,199,139)	(3,068,841)
Amortization of deferred borrowing costs	1,036,462	265,830
Balance as at December 31	\$ 212,430,838	\$ 105,123,808

Estimated principal repayments are as follows:

2025	\$ 3,187,542
2026	16,307,811
2027	2,242,024
2028	87,918,182
2029	87,838,375
Thereafter	24,287,122
	\$ 221,781,056

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

8. Mortgages Payable (continued)

Details of each mortgage are provided below:

Long Term debt	Commencement date	Maturity date	Interest rate	Payment	Term	Security pledged
Mortgage – Hollick Kenyon Apartments	2023-01-01	2028-06-01	4.30%	\$195,901 monthly blended	5 years & 5 months	Hollick Kenyon Apartments
Mortgage - District Apartments	2024-10-01	2025-11-07	3.33%	\$328,407 monthly blended	5 years & 1 month	District Apartments
Mortgage – Hillcrest Apartments	2023-06-01	2028-05-07	4.20%	\$114,987 monthly blended	5 years	Hillcrest Apartments
Mortgage – Fairway Gardens Apartments	2023-06-01	2033-06-01	3.76%	\$77,067 monthly blended	10 years	Fairway Gardens Apartments
Mortgage - Lymburn Lane Apartments	2022-12-01	2028-11-07	4.35%	\$45,853 monthly blended	5 years	Lymburn Lane Apartments
Mortgage – 7816 Cedarbrook Road	2022-05-04	2025-05-03	4.45%	\$4,147 monthly blended	36 months	7816 Cedarbrook Road
Mortgage – 8071 Foxfern Road	2022-05-04	2025-05-03	4.45%	\$2,378 monthly blended	36 months	8071 Foxfern Road
Mortgage - Horizon (12 units)	2024-10-04	2029-04-10	6.40%	\$16,251 monthly blended	5 years	Horizon units 12-19, 28-31
Mortgage - Horizon (34 units)	2024-12-15	2029-12-15	5.69%	\$46,223 monthly blended	5 years	Horizon units 1-2, 10-11, 24-27, 32-55, 60-61
Mortgage - Beddington Heights	2024-07-01	2026-07-01	Prime Rate + 1.70% (with a floor rate of 8.90%)	\$104,946 monthly blended	24 months	Beddington Heights

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

8. Mortgages payable (continued)

These mortgages are secured with the underlying investment properties as follows:

Hollick Kenyon Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

District Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

Hillcrest Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

Lymburn Lane Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

8. Mortgages payable (continued)

Fairway Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

7816 Cedarbrook Road

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

8071 Foxfern Road

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

Beddington Heights

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

Sarona Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

8. Mortgages payable (continued)

Churchill Apartments

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

Horizon Units

- a first mortgage on the Property,
- a general assignment of all rents and leases of the Property,
- a first fixed security interest over all present and after acquired personal property of the Partnership,
- a general assignment of the security deposit account for the Property,
- an assignment of all insurance policies, and
- other security as the Lender deems necessary.

9. Partners' Capital

The Partnership is authorized to issue an unlimited number of LP Units, divided into one or more classes of LP Units and each class shall be further divided into one or more series, each representing a share of the aggregate interests in the assets of the Partnership attributable to that class or series as applicable. Each limited partner of the Partnership (a "Limited Partner") shall be entitled to one vote for each LP Unit held by such Limited Partner in respect of all matters to be voted upon by the Limited Partners.

The Partnership offers Series A LP Units, Series B LP Units, Series E LP Units, Series G LP Units, Series H LP Units, Series M LP Units, Series P LP Units, Series W LP Units, Series X LP Units, and such other series of LP units as may be determined by the General Partner from time to time.

The following is a continuity of the Partnership's issued and outstanding LP Units:

	General Partner	Special Partner	Series A	Series B	Series E	Series G	Series H	Series M	Series P	Series W	Series X	Total
Balance as at December 31, 2023	10	-	744,447	401,681	211,637	843,181	-	238,313	1,561,039	-	400,000	4,400,308
Adjustment to prior year units	-	10	-	-	-	-	-	-	-	-	-	10
Issuance of units	-	-	230,492	119,700	-	412,048	230,551	338,400	87,488	39,238	-	1,457,917
Redemption of units	-	-	(5,260)	-	-	-	-	-	(50,366)	-	-	(55,626)
Reinvestment of units	-	-	24,897	6,448	10,565	-	-	12,107	62,803	-	-	116,820
Balance as at December 31, 2024	10	10	994,576	527,829	222,202	1,255,229	230,551	588,820	1,660,964	39,238	400,000	5,919,429

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (continued)

	General Partner	Series A	Series B	Series E	Series G	Series M	Series P	Series X	Total
Balance as at December 31, 2022	10	415,768	381,630	--	--	209,501	1,289,027	400,000	2,695,936
Issuance of units	-	312,460	35,000	200,000	843,181	15,043	218,752	-	1,624,436
Redemption of units	-	-	(20,209)	-	-	-	(660)	-	(20,869)
Reinvestment of units	-	16,219	5,260	11,637	-	13,769	53,920	-	100,805
Balance as at December 31, 2023	10	774,447	401,681	211,637	843,181	238,313	1,561,039	400,000	4,400,308

Net income or loss of the Partnership

Net income or loss of the Partnership will be calculated annually as at the end of the fiscal year of the Partnership. Net income or loss of the Partnership for each fiscal year shall be allocated among the General Partner and the Limited Partners by the General Partner in a manner consistent with the distribution provisions of the Partnership Agreement.

Distributions of the Partnership

Distributions, including without restriction returns of capital, in such amounts as may be determined by the General Partner, may be declared payable by the General Partner on such day or days and to Limited Partners of record as at the close of business on such day or days as the General Partner from time to time determines. For greater certainty, a distribution may be made with respect to one or more Series and not with respect to one or more other Series provided that no distribution may be made with respect to a Series if the Net Asset Value of such Series after such distribution would be reduced to below zero.

The Distribution Amount in respect of each series shall be distributed as follows:

- first, to the General Partner and the Special Limited Partner, in the first instance, whereby the General Partner and the Special Limited Partner will each receive 0.001% of the distribution amount allocated to such series; then
- to the Special Limited Partner, amounts equal to the Special Allocation per the terms of the Partnership Agreement up to the total of income to be allocated (2024 - \$4,887,022, 2023 - \$nil); then
- the remainder of the distribution amount shall be distributed to the holders of LP Units of the applicable series equally on a unit-for-unit basis.

Notwithstanding the above, in the event that an LP Unit was not issued and outstanding each day within a period to which a distribution amount relates, then the amount distributed in respect of such LP Unit may be adjusted by the General Partner, acting in its sole discretion, to be the product obtained when the amount that would have been distributed if the LP Unit had been issued and outstanding each day within such period is multiplied by the quotient obtained when (i) the number of days in such period during which such LP Unit was issued and outstanding, is divided by (ii) the total number of days in such period, and such amount shall be payable as the distribution in respect of such LP Unit.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (continued)

Distributions of the Partnership (continued)

The Partnership has adopted a distribution reinvestment plan (the "DRIP"), which will allow eligible unitholders to elect to have their cash distributions (if any) reinvested in additional LP Units of the same series, such that the electing unitholder will receive 100% of their distribution amount in additional LP Units. The issuance price for LP Units issued pursuant to the DRIP will be determined by the Manager in its sole discretion from time to time. For holders of LP Units that initially select to participate in the DRIP, the issuance price for LP Units issued pursuant to the DRIP will be 97% of the then issue price of the applicable series of LP Units (and if such series is not being distributed at such time, 97% of the then net asset value of such series of LP Units).

The Trust has prepared an offering memorandum dated May 30, 2022 for the offering (the "Offering") of units of the Trust (the "Trust Units") with no minimum or maximum gross proceeds. The price per Trust Unit was initially \$9.50 with subsequent tranches priced at \$9.60, \$9.70, \$9.80, \$9.90 and \$10.00 in the first year of the offering. The minimum investment in the Trust for Series A Units, Series E Units, Series F Units and Series P Units is \$6,000. The minimum investment in the Trust for Series B Units is \$100,000. These minimum amounts may be waived by the Manager, in its sole discretion.

The net proceeds of the Offering will be used to purchase LP Units. The Partnership intends to make one or more direct or indirect investments in primarily residential real estate properties located in Canada and the United States, with a focus on western Canada. The Offering may be closed in stages at the discretion of the Manager. The

Partnership is expected to hold and have responsibility for all of the assets of the business. The Partnership may acquire and hold investment properties from time to time, and may issue securities to additional investors. The ability of the Partnership to make distributions to the Trust will be completely dependent upon the Partnership receiving payments from investment properties it holds. If the Partnership does not receive payments from the investment properties, the Partnership will not have sufficient cash flow to make cash distributions to Limited Partners, including the Trust, when the Trust acquires LP Units of the Partnership.

For investment management services related to the Trust and the Partnership, there will be a fee payable by the Partnership to the Manager equal to 1/12th of 1.85% of the Net Asset Value (as defined in the Partnership Agreement) attributed to each of the outstanding Series A LP Units, Series B LP Units, Series E LP Units, Series G LP Units, and Series P LP Units of the Partnership (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month. No Management Fee shall be payable on Series M Units or Series X Units of the Partnership.

For services related to the research, identification, due diligence, financing and acquisition of a property, the Manager will receive a fee upon the acquisition of a property equal to 1% of the total purchase price (the Acquisition Fee) of such property plus additional capital committed to such property. The Acquisition Fee will be payable upon the closing of such acquisition.

The distribution of Trust Units pursuant to the Offering will be subject to payment of selling commissions (the "Selling Commissions"). The following Selling Commissions will be payable by the Trust in respect of the gross proceeds realized on the Trust Units sold under the Offering, except the trailing commissions which will be payable by the Trust in respect of the Net Asset Value of the applicable Trust Units.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

9. Partners' Capital (continued)

Distributions of the Partnership (continued)

Series	DRIP Option	Cash Option
Series A Units	Up-front commission of up to 6% (including an administration fee of 1%) Trailing Commission of up to 1% per annum	Up-front commission of up to 5.5% (including an administration fee of 1%) Trailing Commission of up to 1% per annum
Series B Units	Up-front commission of up to 4% (including an administration fee of 1%) Trailing Commission of up to 0.75% per annum	Up-front commission of up to 4% (including an administration fee of 1%) Trailing Commission of up to 0.75% per annum
Series E Units	Trailing Commission of up to 1% per annum	Trailing Commission of up to 1% per annum
Series G Units	No Selling Commissions	No Selling Commissions
Series H Units	No Selling Commissions	No Selling Commissions
Series M Units	No Selling Commissions	No Selling Commissions
Series P Units	Up-front commission of up to 4% (including an administration fee of 1%)	Up-front commission of up to 4% (including an administration fee of 1%)
Series W Units	No Selling Commissions	No Selling Commissions
Series X units	No Selling Commissions	No Selling Commissions

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

10. Capital Management

The Partnership defines its capital as the aggregate of its Partners' equity, which is mainly comprised of issued LP Units. The Partnership's objective in managing its capital is to use the proceeds from the LP Units to acquire primarily residential real estate properties located in Western Canada, with a focus on low to medium-density real estate properties, to pursue its strategy of growth, and to provide returns to Limited Partners of the Partnership.

The Partnership will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. In order to maintain or adjust the capital structure, the Partnership may adjust its capital spending to manage its current and projected capital structure.

The Partnership does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

The Partnership has certain capital requirements on the redemption of LP Units, namely:

- total amounts payable by the Partnership in respect of all LP Units tendered for redemption in the same calendar quarter shall not exceed \$150,000, subject to the General Partner's discretion;
- the General Partner shall not redeem LP Units if, in its opinion, the Partnership is or, after the redemption, would be unable to pay its liabilities as they become due; and
- the General Partner shall not redeem LP Units if, in its opinion, the General Partner has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Limited Partners or the Partnership, generally.

11. Issuance Costs

Issuance costs include the following:

	GP	Series A	Series B	Series E	Series G	Series H	Series M	Series P	Series W	Series X	Total 2024	Total 2023
Upfront commissions	\$	-	9,000	-	-	-	-	-	-	-	9,000	8,850
Cost of offering memorandum	-	4,520	2,399	1,010	5,704	1,048	1,323	7,548	-	-	23,552	72,330
	\$	-	4,520	11,399	1,010	5,704	1,048	1,323	7,548	-	32,552	81,180

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

12. Finance Costs

Finance costs are comprised of:

	2024	2023
Interest expense	\$ 10,998,638	\$ 6,145,023
Amortization of deferred borrowing costs	1,036,462	265,830
	\$ 12,035,100	\$ 6,410,853

13. Property Management

The property management expenses incurred by the Partnership during the current period consist of the following:

	2024	2023
Utilities	\$ 2,361,234	\$ 1,425,698
Repairs and maintenance	1,979,567	1,140,482
Wages	1,541,588	804,685
Property tax	1,515,354	1,146,901
Insurance	1,077,047	735,503
Property manager	796,414	529,363
Advertising	382,494	69,766
Office and sundry	146,214	73,833
Legal and professional	74,366	5,485
Leasing costs	55,251	42,494
Bad debts (recovery)	(95,032)	173,086
Travel	11,814	22,603
	\$ 9,846,311	\$ 6,169,899

14. General and Administrative Expenses

The general and administrative expenses incurred by the Partnership during the current period consist of the following:

	2024	2023
Audit and accounting	\$ 163,170	\$ 235,870
Departments L&OH	149,120	-
Legal and professional	62,553	4,132
Wages	22,161	83,293
Insurance	12,442	6,580
Bank charges	4,687	3,417
Office and sundry	2,782	2,297
	\$ 416,915	\$ 335,589

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

15. Investor Relations, Marketing and Professional Fees

The capital raising and securities filings expenses incurred by the Partnership consist of the following:

		2024	2023
Wages	\$	298,699	\$ 297,082
Commissions		183,265	58,868
Marketing		73,938	51,697
Legal and professional fees		61,614	75,241
Software		-	3,918
Travel		4,462	3,017
Security filings		-	2,100
	\$	621,978	\$ 491,923

16. Management Fees

The costs incurred for management fees (Note 5) consist of the following:

		2024	2023
Series A Management Fee	\$	190,665	\$ 108,025
Series B Management Fee		92,165	74,271
Series E Management Fee		54,790	36,488
Series G Management Fee		283,869	49,553
Series P Management Fee		369,285	266,444
Series W Management Fee		2,864	-
Series H Management Fee		8,124	-
	\$	1,001,762	\$ 534,781

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

17. Financial Instruments – Classification and Risks

(a) Classification and Fair Value

The Partnership's overall risk management program seeks to maximize the returns derived for the level of risk to which the Partnership is exposed and seeks to minimize potential adverse effects on the Partnership's financial performance.

Fair Value of Financial Instruments and Investment Properties

The fair value of the Partnership's financial assets and liabilities, except as noted below and elsewhere in the financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

The Partnership has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, Fair Value Measurement ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Partnership's own assumptions about market value. The hierarchy levels are defined below.

Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs based on factors other than quoted prices included in Level 1 which make include quoted prices for similar asset and liabilities in active markets, as well as inputs that are observable for the asset or liability) other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 – Inputs which are unobservable for the asset or liability and are typically based on the Partnership's own assumptions as there is little, if any, related market activity.

The Partnership's assessment of the significant of a particular input to the fair value measurement in its entirety requires judgment and considered factors specific to the asset or liability. For assets and liabilities measured at fair value as at December 31, 2024 and 2023 there were no transfers between Level 1, Level 2, and Level 3 during the fiscal year and period ended.

The following tables present the Partnership's estimates of assets and liabilities measured at fair value on recurring basis based on information available to management as at December 31, 2024 and 2023, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Partnership could ultimately realize.

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2024			
Recurring Measurements			
Assets			
Cash and cash equivalents	\$ 16,178,850	\$ -	\$ -
Investment properties	-	-	324,249,999 ⁽¹⁾
Liabilities			
	\$ -	\$ -	\$ -

(1) Fair value of investment properties is determined using either the DC or the DCF methods, which results in these measurements being classified as level 3 in the fair value hierarchy. See note 6 for detailed information on the valuation methodologies and fair value reconciliation.

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

17. Financial Instruments – Classification and Risks (continued)

(a) Classification and Fair Value (continued)

	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
As at December 31, 2023			
Recurring Measurements			
Assets			
Cash and cash equivalents	\$ 8,644,331	\$ -	\$ -
Investment properties	-	-	224,290,435 ⁽²⁾
Liabilities	\$ -	\$ -	\$ -

(2) Fair value of investment properties is determined using either the DC or the DCF methods, which results in these measurements being classified as level 3 in the fair value hierarchy. See note 6 for detailed information on the valuation methodologies and fair value reconciliation.

(b) Risks

The main risks arising from the Partnership's financial instruments are concentration risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity risk. These risks arise from exposures that occur in the normal course of business. During the period ended December 31, 2024 the Partnership was not exposed to any significant credit, foreign currency risk or commodity risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. As of December 31, 2024, the Partnership has invested 100% in the residential real estate sector.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is exposed to credit risk from tenants. In order to reduce its credit risk, the Partnership reviews a new tenants' credit history before extending credit and conducts regular reviews of its existing tenants' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Partnership has a significant number of tenants which minimizes concentration of credit risk.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Partnership is exposed to interest rate from the interest rate differentials between the market rate and the rates used on these financial instruments.

Approximately 13.87% (2023 – 39.4%) of the Partnerships mortgages and demand loans payable are up for renewal in the next 12 months. Changes in interest rates have the potential to adversely affect the profitability of the Partnership, however the Partnership attempts to mitigate this risk by staggering the maturity dates for its mortgages.

Approximately 77.52% (2023 – 60.4%) of the Partnership's mortgages are insured by CMHC; this added level of insurance offered to lenders allows the Partnership to receive the best possible financing and interest rates, and significantly reduces the potential for a lender to call a loan prematurely. A 1% change in the lending rate would have resulted in a change of \$1,570,503 interest expense for the year ended December 31, 2024 (2023 - \$1,394,853).

WB Real Estate Properties Limited Partnership

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2024 and 2023

17. Financial Instruments – Classification and Risks (continued)

Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership maintains sufficient cash on hand to meet its current obligations and to the Trust and anticipated redemptions of LP units.

18. Segmented Information

The Partnership currently operates in one single operational and geographical segment which is the investment in residential real estate properties located in Canada.

19. Subsequent Events

Subsequent to year-end, the Partnership issued 6,645 Series A LP Units, 1,939 Series B LP Units, 2,282 Series E LP Units, 4,253 Series M LP Units, 13,619 Series P LP Units, 17,492 Series H LP Units and 10,639 Series W LP Units for a total capital contribution of \$730,311.52.

Subsequent to year-end, the Partnership acquired an investment property known as Pier 45 for a purchase price of \$22,506,000 as part of a deal to purchase two properties for a total of \$35,506,000. The Pier 45 purchase closed on March 25, 2025 while the other purchase (known as Rockland - \$13,000,000) will close on May 30, 2025. During the year, a refundable deposit of \$500,000 was paid on the purchases. The acquisition of these properties is in accordance with the Partnership's investment strategy. The acquisitions will be reflected in the Partnership's financial statements for the period in which the transactions occur, and the properties will be recognized at fair market value in the period following the acquisitions.

In addition, the Partnership has committed to financing the properties for a total of \$31,955,000. Interest on Pier 45 (\$20,255,000) is 7.2% fixed until March 31, 2026 at which point the rate will increase to 10.20%. Interest on Rockland (\$11,700,000) is 7.2% fixed until June 1, 2026 at which point the rate will increase to 10.20%. Monthly payments are interest only and both loans are due on demand. The Partnership has paid a total of \$319,550 subsequent to year-end in lenders fees.

Subsequent to year-end, the Partnership has committed to refinancing the Churchill property for a total of \$32,000,000 with interest floating at the greater of prime + 2.15% and 9.35% per annum until June 7, 2025 at which point the interest rate will be fixed at 8.75% per annum until December 7, 2025, at which point the interest rate will be fixed at 11.75% per annum. Monthly payments are interest only. This loan will be payable on demand. The Partnership has paid \$105,000 in lenders fees subsequent to year-end.

20. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the statement of financial position for fiscal year ended December 31, 2023 to reclassify land value on the Horizon units purchased.