

Note: [15 Sep 2004] – The following is 45-509F as it was initially implemented. This version of 45-509F is no longer current.

ASC FORM 45-509F

OFFERING MEMORANDUM FOR REAL ESTATE SECURITIES

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ASC FORM 45-509F

OFFERING MEMORANDUM FOR REAL ESTATE SECURITIES

General Instructions and Interpretation

1. Required Form

An issuer must prepare its offering memorandum in accordance with this form if it is offering real estate securities using the offering memorandum exemptions (OM Exemptions) set out in subsections 4.1(3) or (4) of Multilateral Instrument 45-103 *Capital Raising Exemptions* (MI 45-103). See section 2 of ASC Rule 45-509 *Offering Memorandum for Real Estate Securities* (ASC Rule 45-509) for this requirement.

Although the issuer must prepare the offering memorandum in accordance with this form and not the forms listed in MI 45-103, such offerings of real estate securities must still comply with other requirements set out in MI 45-103 that pertain to the OM Exemptions. Issuers should refer to Part 4 of MI 45-103 for those requirements and to its companion policy for guidance relating to the use of the OM Exemptions. See section 2 of Companion Policy 45-509CP for additional guidance about the interaction of MI 45-103 and ASC Rule 45-509.

2. Use of this Form

- (a) Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
- (b) Address the items required by this form; however, it is not necessary to provide disclosure about an item that does not apply.
- (c) You must disclose the information required by item 1 on the cover page of the offering memorandum and the certificate required by item 15 on the last page. Otherwise you do not have to use the order, numbering, or headings included in this form.
- (d) You may include additional information in the offering memorandum other than that specifically required by this form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.
- (e) You may construct the offering memorandum using another form of disclosure document, by supplementing or “wrapping” the other disclosure document with the additional information and certificates required by this form, so that the complete document contains all of the information and certificates required by this form. The offering memorandum may provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.

- (f) It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to any additional information that is voluntarily provided.

3. Definitions

In this Form,

- (a) “principal holder of the real estate securities” means a holder of the real estate securities who holds a sufficient number of the real estate securities to affect materially the control of the real estate project;
- (b) “qualified appraiser” means an accredited member of the Appraisal Institute of Canada in good standing;
- (c) “real estate project” means
- (i) a business or undertaking that is proposed primarily to generate for purchasers of real estate securities income, gain or other return, or funds distributable on dissolution or sale, the amount of which is primarily dependent on the use or management of real property by persons other than those purchasers, or
 - (ii) real property that is proposed to be developed or redeveloped for use in a business or undertaking described in (i) or for resale;
- (d) “real estate security” is an investment contract under which
- (i) the purchaser’s economic entitlement is to a material extent attributable to a real estate project, and
 - (ii) the occupation or use by the purchaser of the real property that is the subject of the real estate project is prohibited or materially restricted; and
- (e) “related party” includes
- (i) a director, officer, promoter or control person of the issuer,
 - (ii) a promoter of the real estate project or a principal holder of the real estate securities,
 - (iii) in regard to a person referred to in (i) or (ii), that person’s child, parent, grandparent or sibling, or other relative living in the same residence,
 - (iv) in regard to a person referred to in (i), (ii), or (iii), his or her spouse or a person with whom he or she is living in a marriage-like relationship,
 - (v) an insider of the issuer (and if the issuer is not a reporting issuer, the reference to “insider” includes persons or companies who would be insiders of the issuer if that issuer were a reporting issuer),
 - (vi) a company controlled by one or more individuals referred to in (i) to (v), and
 - (vii) in the case of an insider, promoter, or control person of the issuer, or of a promoter of the real estate project or principal holder of the real estate securities, that is not an individual, any person or company that controls that entity.

4. Who is the issuer?

See section 4 of Companion Policy 45-509CP for guidance about determining who the issuer is.

5. Requirements for non-corporate issuers

- (a) If the issuer is a limited partnership,
 - (i) provide disclosure for the general partner(s) of the limited partnership where this form requires disclosure about directors of the issuer,
 - (ii) provide disclosure of the directors and senior officers of the general partner if the general partner is a corporation,
 - (iii) the general partner must sign the certificate as promoter of the issuer, and
 - (iv) the chief executive officer, chief financial officer and directors of the general partner must sign as the chief executive officer, chief financial officer and directors of the issuer if the general partner is a corporation.
- (b) If the issuer is a trust,
 - (i) provide disclosure for the trustee(s) and manager of the trust where this form requires disclosure about directors of the issuer,
 - (ii) provide disclosure of the directors and senior officers of the trustee if the trustee is a corporation,
 - (iii) provide disclosure of the directors and senior officers of the manager of the trust if the manager of the trust is a corporation,
 - (iv) each trustee and the manager of the trust must sign the certificate as promoters of the issuer,
 - (v) the signing officers of the trustee must also sign the certificate as promoters of the issuer if the trustee is a corporation, and
 - (vi) the chief executive officer, chief financial officer and directors of the manager must sign as the chief executive officer, chief financial officer and directors of the issuer if the manager of the trust is a corporation.
- (c) See section 5 of the Companion Policy 45-509CP for guidance for non-corporate issuers.

Contents of the Offering Memorandum

Item 1 Cover Page

1.1 Mandatory Disclosure on the Cover Page

- (1) The information required by this section 1.1 must be disclosed on the first page of the offering memorandum.
- (2) At the top of the cover page state in bold:
“No securities regulatory authority has assessed the merits of this offering or reviewed this offering memorandum. Any representation to the contrary is an offence.

The information disclosed on this page is a summary only. Purchasers should read the entire offering memorandum for full details about the offering.

This is a risky investment. You could lose all the money you invest.”

- (3) State the date of the offering memorandum, which must be the same date as on the certificate page.
- (4) State the issuer’s full legal name, addresses of the issuer’s head office and registered office, phone number, fax number and e-mail address.
- (5) Provide a summary of the offering including the following information:
 - (a) describe the real estate security including its price and key terms;
 - (b) state whether there is a minimum and maximum to the offering, and if there is no minimum, state “There is no minimum and you may be the only purchaser.”;
 - (c) state the proposed closing date(s);
 - (d) describe any tax consequences and cross-reference to the information disclosed under item 10; and
 - (e) state the name of the selling agent.
- (6) State in bold:
“You have 2 business days to cancel your agreement to purchase these real estate securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See ‘Purchaser’s Rights’ on page ●.

You will not be able to sell these real estate securities except in very limited circumstances. You may never be able to resell these real estate securities. See ‘Resale Restrictions’ on page ●.”

Item 2 The Real Estate Security

2.1 Real Estate Security

Describe the material terms of the real estate security, including the material terms of all agreements that the purchaser must enter into with the issuer.

2.2 Purchaser's Interest in Real Property

- (1) If, as part of the investment in the real estate security, the purchaser will acquire an interest in real property, disclose the following:
 - (a) what the interest in the real property is;
 - (b) how the ownership of that interest will be evidenced;
 - (c) any existing or anticipated encumbrances on that interest; and
 - (d) any risks that pertain to owning that interest.
- (2) If, as part of the investment in the real estate security, the purchaser will not acquire an interest in real property, disclose that fact.

2.3 Subscription Procedure

- (1) Describe how a purchaser can subscribe for the real estate securities and the method of payment.
- (2) State that the consideration will be held in trust and for how long it will be held in trust. The consideration must be held in trust for at least two business days pursuant to section 4.6 of MI 45-103.
- (3) Disclose any conditions of closing. If there is a minimum offering, disclose when the consideration will be returned to purchasers if the minimum is not met.

Item 3 The Real Estate Project

3.1 Real Estate Project

Describe the real estate project.

3.2 Real Property

- (1) Describe the real property pertaining to the real estate project, including the following:
 - (a) its location, both legal and descriptive;
 - (b) ownership as described on legal title;
 - (c) a summary of encumbrances, covenants and conditions relating to the real property and a description of how they may affect the real estate project and the purchaser's investment;
 - (d) present use of the real property;
 - (e) proposed use of the real property and why the issuer considers the real property to be suitable for the real estate project;
 - (f) disclose who provides utilities and services or, if they are not being provided, describe how they will be provided and who will provide them;
 - (g) any environmental liabilities and hazards; and

- (h) any tax arrears.
- (2) Describe any requirements, consents or procedures that pertain to a sale or disposition of the real property.

3.3 Values of the Real Property or Real Estate Project

- (1) If the real estate project is a proposal to develop or redevelop real property for use in a business or undertaking (clause (ii) of the definition of “real estate project”), disclose the market value of the real property, based on the current permitted use of the real property, as determined by an independent qualified appraiser.
- (2) Disclosure of value of the real property or the real estate project, whether required under subsection (1) or disclosed voluntarily, must also set out the following:
 - (a) a summary of the appraisal;
 - (b) the qualified appraiser’s name and credentials;
 - (c) the date of the appraisal;
 - (d) the definition of “value” used by the qualified appraiser;
 - (e) the basis on which the value was determined; and
 - (f) the following mandatory statement:
 “The stated value for [the real property or the real estate project] is an estimate only. The amount that a purchaser might actually receive if [the real property or the real estate project] were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.”
- (3) State that the purchaser is entitled to receive, on request and without charge, a copy of the appraisal referred to in subsection (2).

Specific Instructions

- (1) *Only values of the real property or real estate project that have been determined by a qualified appraiser who is independent of the issuer, the real estate project and the real property can be disclosed in the offering memorandum (see section 3 of Rule 45-509).*
- (2) *The appraiser must be an accredited member of the Appraisal Institute of Canada in good standing and the value must be determined in an appraisal made in accordance with the standards of the Appraisal Institute of Canada.*

3.4 History of Ownership of the Real Property

Using the following table and starting with the most recent owner, disclose the following for the 2 years preceding the date of the offering memorandum:

- (a) the date of any transfer of the real property;
- (b) whether the transfer was to a related party, and if not, state “arm’s length”;
- (c) if the transfer was to a related party, state the name of the related party and describe the relationship to the issuer, the real estate project or the real property; and

- (d) the amount and form of consideration exchanged for each transfer.

Date of Transfer	Arm's Length or Related Party Transfer	Name and Relationship (if Related Party)	Amount and Form of Consideration Exchanged

3.5 Approvals

- (1) Disclose any approvals - municipal, provincial or otherwise - anticipated to be required for the real estate project.
- (2) Describe how the approvals will be obtained, including anticipated cost and timing.
- (3) Describe any reports that may be required, including anticipated cost and timing.
- (4) Discuss what will happen if the approvals are not obtained, including the effect on the following:
 - (a) the real estate project;
 - (b) the purchaser's investment; and
 - (c) the purchaser's interest in the real property.

3.6 Capital Requirements of the Real Estate Project

Disclose the following:

- (a) estimated costs to complete the real estate project;
- (b) material assumptions that underlie the cost estimates; and
- (c) when major costs will be incurred.

3.7 Objectives

- (1) Disclose the short-term objectives for the real estate project over the next 24 months, including the following:
 - (a) when and how the issuer intends to meet those short-term objectives;
 - (b) what the estimated costs will be; and
 - (c) how the issuer will fund those costs.
- (2) Disclose the long-term objectives for the real estate project, including the following:
 - (a) a timeline for meeting those long-term objectives; and
 - (b) if the long-term objectives are to be completed in phases, provide details about each phase.
- (3) Discuss what might happen if any of the stated objectives are not met, including the effect on the following:
 - (a) the real estate project;
 - (b) the purchaser's investment; and
 - (c) the purchaser's interest in the real property.

3.8 Material Agreements

- (1) Disclose all material agreements in connection to the real estate project that have been entered into, or are reasonably expected to be entered into, including any agreement that the purchaser may have to enter into.
- (2) For each material agreement referred to in subsection (1) disclose the following:
 - (a) the effective date;
 - (b) the parties' names and relationship with the issuer or real estate project;
 - (c) summary of obligations of each party;
 - (d) any direct and any indirect compensation paid or payable including acquisition fees, development fees, construction fees, management fees, and fees paid in the form of equity or participating interests;
 - (e) the purchase price and payment terms for any asset, property or interest in an asset or property that has been or will be acquired, disposed of, leased or under option;
 - (f) the principal amount, repayment terms, security, due date and interest rate for any credit agreement, mortgage, debenture or loan;
 - (g) the amount of any finder's fee or commission paid or payable;
 - (h) how each party can terminate the agreement including any costs associated with terminating the agreement; and
 - (i) the consequences if the agreement is breached or becomes unenforceable.

3.9 Interest of Management and Others in Material Transactions

- (1) Describe and state the approximate amount of any material interest, direct or indirect, of any related party in any transaction within the 36 months preceding the date of the offering memorandum, or in any proposed transaction, that has materially affected or will materially affect the issuer, the real property or the real estate project.
- (2) The disclosure required under subsection (1) must include the following:
 - (a) a description of the transaction;
 - (b) the name of each related party;
 - (c) the nature of the relationship to the issuer, the real property and the real estate project; and
 - (d) for any transaction involving the purchase of assets by, or sale of assets to, the issuer or the real estate project, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within the 36 months preceding the date of the offering memorandum.

Specific Instruction

For the purpose of subsection (1) the materiality of an interest is to be determined on the basis of the significance of the information to purchasers of the real estate security in light of the circumstances of the particular case. Among the factors to be considered in determining the significance of the information to those purchasers would be

- *the importance of the interest to the person having the interest,*
- *the relationship of the parties to the transaction with each other, and*
- *the amount involved.*

Item 4 The Offering

4.1 Net Proceeds

Using the following table, disclose the net proceeds of the offering. If there is no minimum to the offering, state "\$0" as the minimum.

	Assuming minimum offering	Assuming maximum offering
Amount to be raised by this offering	\$	\$
Selling commissions and fees	\$	\$
Estimated offering costs (e.g. legal, accounting, audit)	\$	\$
Net proceeds	\$	\$

4.2 Use of Net Proceeds

(1) Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds.

Description of intended use of net proceeds	Assuming minimum offering	Assuming maximum offering
	\$	\$
	\$	\$

(2) If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, its relationship to the issuer or the real estate project, and the amount.

4.3 Insufficient Proceeds

(1) Disclose whether the net proceeds of the minimum offering will be sufficient to accomplish all of the issuer's proposed short-term objectives disclosed under subsection 3.7(1).

(2) If the net proceeds are insufficient to accomplish those short-term objectives

(a) state in bold:

“The net proceeds of this offering are insufficient to meet all of our proposed short-term objectives and there is no assurance that additional financing will be available.”;

(b) disclose how the issuer plans to fund the proposed short-term objectives;

(c) disclose the following if additional financing has been arranged:

(i) the parties;

(ii) if the parties are related parties, describe the relationship; and

(iii) the key terms; and

(d) discuss the effect on the purchaser's investment and on the purchaser's interest in the real property if the issuer is unable to obtain additional financing.

4.4 Future Cash Calls

Disclose whether the real estate security requires the purchaser to contribute additional funds in the future and if so, disclose the following:

- (a) how much the purchaser will be required to contribute;
- (b) when the purchaser will be required to contribute; and
- (c) the effect on the purchaser's investment and the purchaser's interest in the real property if
 - (i) the purchaser fails to contribute, and
 - (ii) if the purchaser contributes, but other purchasers fail to contribute.

Item 5 Risk Factors

5.1 Mandatory Statement

State in bold:

“Your rights under an agreement pertaining to real property may be construed under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with those laws before entering into an agreement to purchase the real estate securities.

All real estate investment is subject to significant risk arising from rapidly changing market conditions.”

5.2 Risk Factors

- (1) Disclose risk factors material to the real estate project that would most likely influence a reasonable purchaser's decision to purchase the real estate securities.
- (2) If a risk factor has been disclosed under another item, there is no need to repeat the disclosure about that risk factor under this item; however, the issuer may provide a cross-reference to that disclosure.
- (3) The disclosure about a risk factor should describe how the risk factor could affect, where applicable, the following:
 - (a) the real estate project;
 - (b) the purchaser's investment; and
 - (c) the purchaser's interest in the real property.
- (4) The following are examples of risk factors that might be material to the real estate project:
 - (a) risks that are particular to the type of real estate project, for example industry risks associated with
 - (i) the development of undivided land into subdivisions, or
 - (ii) the operation of rental or time-share businesses,
 - (b) risks associated with encumbrances, conditions, or covenants on the real property that could affect
 - (i) the purchaser's interest in the real property, and
 - (ii) the completion of the real estate project,
 - (c) risks pertaining to the management of the real estate project, for example,

- (i) rights of the purchaser in the management and control of the real estate project, and
- (ii) right of the purchaser to change the manager or developer of the real estate project,
- (d) risks particular to ownership of the real property, for example, potential liability for
 - (i) environmental damage, and
 - (ii) unpaid obligations to builders, contractors and trades, and
- (e) any outstanding material litigation that relates to the real estate project or a past real estate project against
 - (i) the issuer,
 - (ii) a director, officer, promoter or control person of the issuer, or
 - (iii) a promoter of the real estate project.

Item 6 Prior Sales of the Real Estate Security

6.1 Prior Sales

Using the following table, disclose prior sales of the real estate security. If real estate securities were previously issued in exchange for assets or services, describe in a note to the table the assets or services that were exchanged.

Date of issuance	Number of subscribers	Number of real estate securities issued	Price per real estate security	Total funds received

Item 7 The Issuer

7.1 Description of the Issuer

Disclose the business structure (e.g., partnership, corporation or trust), the statute and the province or other jurisdiction under which the issuer is incorporated, continued or organized, and the date of incorporation, continuance or organization.

7.2 Business of the Issuer

Describe the principal business of the issuer during the past 5 years. This may include principal projects, services, operations, market and strategies.

7.3 Role of the Issuer in the Real Estate Project

Disclose the following if the issuer has provided, or will provide, assets or services to the real estate project:

- (a) what assets or services the issuer has provided or will provide; and
- (b) what consideration has been paid, or will be payable, to the issuer for providing such assets or services.

Item 8 Directors, Officers and Promoters

8.1 Directors, Officers, Promoters and Control Persons of the Issuer

- (1) Using the following table disclose the specified information about each director, officer, promoter and control person of the issuer:

Name ¹ and municipality of principal residence	Positions held in the issuer and the date the position was obtained	Number, type and percentage of securities of the issuer held	Number and percentage of real estate securities held	
			Minimum offering	Maximum offering

Note to the table:

1. If a promoter or control person of the issuer is not an individual, state the name of any person or company that
 - (a) beneficially owns or controls, directly or indirectly, more than 50% of the voting rights of that promoter or control person, or
 - (b) is one of a combination of persons or companies acting in concert that hold collectively more than 50% of the voting rights of that promoter or control person.
- (2) Disclose the following about each director, senior officer and promoter of the issuer:
- (a) the person's principal occupations over the past five years;
 - (b) any relevant experience in a business similar to the issuer's and in a project similar to the real estate project; and
 - (c) if the person has no such experience, state that fact.
- (3) Penalties, Sanctions and Bankruptcy
- (a) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if a director, senior officer, promoter or control person of the issuer has been subject to
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable purchaser in making an investment decision.
 - (b) Disclose if a director, senior officer, promoter or control person of the issuer, within the 10 years preceding the date of the offering memorandum,
 - (i) became bankrupt,
 - (ii) made a proposal under any legislation relating to bankruptcy or insolvency,
 - (iii) became subject to or instituted any proceedings, arrangement or compromise with creditors, or
 - (iv) had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

- (c) Describe the basis on which an order was made and whether the order is still in effect if a director, senior officer, promoter or control person of the issuer is, or has been within the 10 years preceding the date of the offering memorandum, a director, senior officer or promoter of any issuer that, while the person was acting in that capacity,
 - (i) was the subject of a cease trade order or a similar order, or an order that denied that issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or
 - (ii) was subject to an event that resulted in that issuer being the subject of a cease trade order or a similar order, or an order that denied that issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, after the person ceased to act in that capacity.
- (d) Disclose if a director, senior officer, promoter or control person of the issuer is, or has been within the 10 years preceding the date of the offering memorandum, a director, senior officer or promoter of any issuer that
 - (i) became bankrupt,
 - (ii) made a proposal under any legislation relating to bankruptcy or insolvency,
 - (iii) was subject to or instituted any proceedings, arrangement or compromise with creditors, or
 - (iv) had a receiver, receiver manager or trustee appointed to hold its assets,
 while the person was acting in that capacity, or within one year of the person ceasing to act in that capacity.

8.2 Promoters of the Real Estate Project and Principal Holders of the Real Estate Securities

- (1) Using the following table, disclose the specified information for each
 - (a) promoter of the real estate project, and
 - (b) principal holder of the real estate securities.

Name ¹ and municipality of principal residence	Number and percentage of the real estate securities held	
	Minimum offering	Maximum offering

Note to the table:

- 1. If a promoter of the real estate project or principal holder of the real estate securities is not an individual, state the name of any person or company that
 - (a) beneficially owns or controls, directly or indirectly, more than 50% of the voting rights of that promoter or principal holder, or
 - (b) is one of a combination of persons or companies acting in concert that hold collectively more than 50% of the voting rights of that promoter or principal holder.
- (2) Disclose the following for each promoter of the real estate project:
 - (a) the person’s principal occupations over the past five years;
 - (b) any relevant experience in a project similar to the real estate project; and
 - (c) if the person has no such experience, disclose that fact.

- (3) Penalties, Sanctions and Bankruptcy
- (a) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter of the real estate project or a principal holder of real estate securities has been subject to
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable purchaser in making an investment decision.
 - (b) Disclose if a promoter of the real estate project or a principal holder of real estate securities, within the 10 years preceding the date of the offering memorandum
 - (i) became bankrupt,
 - (ii) made a proposal under any legislation relating to bankruptcy or insolvency,
 - (iii) became subject to or instituted any proceedings, arrangement or compromise with creditors, or
 - (iv) had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.
 - (c) Describe the basis on which an order was made and whether the order is still in effect if a promoter of the real estate project or a principal holder of the real estate securities is, or has been within the 10 years preceding the date of the offering memorandum, a director, senior officer or promoter of any issuer that, while the person was acting in that capacity,
 - (i) was the subject of a cease trade order or a similar order, or an order that denied that issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or
 - (ii) was subject to an event that resulted in that issuer being the subject of a cease trade order or a similar order, or an order that denied that issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, after the person ceased to act in that capacity.
 - (d) Disclose if a promoter of the real estate project or a principal holder of real estate securities is, or has been within the 10 years preceding the date of the offering memorandum, a director, senior officer or promoter of any issuer that
 - (i) became bankrupt,
 - (ii) made a proposal under any legislation relating to bankruptcy or insolvency,
 - (iii) was subject to or instituted any proceedings, arrangement or compromise with creditors, or

- (iv) had a receiver, receiver manager or trustee appointed to hold its assets,
while the person was acting in that capacity, or within one year of the person ceasing to act in that capacity.

Item 9 Compensation Paid to Sellers and Finders

9.1 General Compensation

Disclose the following for each person or company that acts as a seller or finder and has received, or will receive, any compensation in connection with the offering:

- (a) the person's relationship with the issuer;
- (b) the type and estimated amount of the compensation to be paid; and
- (c) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering based on both the minimum and maximum offering.

9.2 Compensation Paid in Real Estate Securities

- (1) If any portion of the compensation will be paid in real estate securities, disclose details about the aggregate number and price of the real estate securities to be paid.
- (2) If any portion of the compensation will be paid as an option, or other right to acquire a real estate security, disclose its conversion terms including the exercise price, expiry date and the aggregate number of real estate securities to be acquired.

Item 10 Income Tax Consequences and RRSP Eligibility

10.1 Income Tax Consequences

- (1) State in bold:
“You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.”
- (2) If income tax consequences are a material aspect of the real estate securities being offered disclose the following:
 - (a) a summary of the significant income tax consequences to Canadian residents; and
 - (b) the name of the person or company providing the tax disclosure in (a).

10.2 RRSP Eligibility

Provide advice regarding the RRSP eligibility of the real estate securities and the name of the person or company providing the advice, or state in bold:

“Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these real estate securities.”

Item 11 Subsequent Information

11.1 Subsequent Information to be Provided

- (1) Describe what information relating to the real estate project will be sent to the purchaser on an ongoing basis, and when the information will be sent. If no information will be sent, state that fact.
- (2) If future-oriented financial information (FOFI) is included in the offering memorandum, state that the purchaser will receive annually a comparison of the FOFI to the actual results for the same period.

11.2 Mandatory Statement

State in bold:

“Financial or other information relating to the real estate project provided to you in the future may not by itself be sufficient for your needs – for example, to enable you to prepare your income tax returns or to assess the performance of your investment.”

Item 12 Resale Restrictions

12.1 Resale Restrictions under Securities Legislation

State in bold:

“These real estate securities are subject to resale restrictions under securities legislation. You will not be able to trade the real estate securities unless you are eligible to rely on an exemption from the prospectus and registration requirements under Alberta securities legislation. For information about these resale restrictions you should consult a lawyer.”

12.2 Other Resale Restrictions

Describe any restrictions on the purchaser’s ability to:

- (a) resell the real estate securities that arise under the terms of the material agreements,
- (b) assign any agreements that the purchaser is a party to, or
- (c) resell the purchaser’s interest in the real property (including whether the purchaser has to obtain consent from others before the purchaser can sell).

Item 13 Purchaser’s Rights

13.1 Mandatory Statement

State the following:

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

1. *Two-Day Cancellation Right* - You can cancel your agreement to purchase these real estate securities. To do so you must send a written notice to us by midnight on the 2nd day, exclusive of Saturdays and holidays, after you sign the agreement

to buy the real estate securities. This right is set out in section 209.1 of the *Securities Act* (Alberta).

2. *Rights of Action in the Event of a Misrepresentation* - If this offering memorandum contains a misrepresentation, you have a right to sue
- (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these real estate securities, or
 - (b) [state the name of issuer or other term used to refer to issuer and the name and title of any other person or company against whom the rights are available] for damages.

These rights are set out in section 204 of the *Securities Act* (Alberta).

If you elect to sue to cancel your agreement, then you will no longer have a right to sue for damages against a person or company referred to in (b) above.

You have these rights to sue whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the real estate securities.

If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the real estate securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the real estate securities.”

Item 14 Financial Statements

14.1 Financial Statements of the Real Estate Project

- (1) Include in the offering memorandum financial statements of a real estate project that
 - (a) is currently an operating business; or
 - (b) has been an operating business within the 12 months preceding the date of the offering memorandum.
- (2) Financial statements required under subsection (1) must satisfy the requirements set out in the Appendix to this Form.

14.2 Requirements for Other Financial Statements

Financial statements of a real estate project that does not meet the criteria in subsection 14.1(1), or of an issuer, are not required to be included in the offering memorandum, unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.

Item 15 Date and Certificate**15.1 Mandatory Statement**

The last page of the offering memorandum must contain a certificate that states the following:

“Dated [insert the date the certificate page of the offering memorandum is signed].

This offering memorandum does not contain a misrepresentation.”

15.2 Signatories of the Certificate

The certificate must be signed by the following:

- (a) the chief executive officer and the chief financial officer of the issuer, or if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity for the issuer;
- (b) on behalf of the directors of the issuer
 - (i) by any two directors who are authorized to sign other than the persons referred to in paragraph (a), or
 - (ii) by all the directors of the issuer, in the event that the issuer has only three directors;
- (c) by each promoter of the issuer; and
- (d) by each promoter of the real estate project.

Specific Instruction

In the case of a non-corporate issuer, see instruction 5 under “General Instructions and Interpretation” above to determine who should sign the certificate to meet the requirement set out in section 15.2.

APPENDIX

Financial Statement Requirements

1. All financial statements included in the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107).
2. If the real estate project has not completed one financial year, include the following financial statements for that real estate project:
 - (a) statements of income, retained earnings and cash flows for the period from inception to a date not more than 60 days before the date of the offering memorandum; and
 - (b) a balance sheet dated as at the ending date of the statements required by paragraph 2(a).
3. If the real estate project has completed one or more financial years, include the following financial statements for that real estate project:
 - (a) statements of income, retained earnings and cash flows for the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (b) a balance sheet as at the last day of the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (c) statements of income, retained earnings and cash flows for the most recently completed interim period ending 9, 6, or 3 months before the end of the financial year, if that interim period ended more than 60 days before the date of the offering memorandum and ended after the date of any financial statements required under paragraph 3(a); and
 - (d) a balance sheet dated as at the ending date of the statements required by paragraph 3(c).
4. If financial statements of the real estate project for a more recent annual or interim period than those required by sections 2 or 3 have been prepared, include those more recent financial statements in the offering memorandum.
5. Despite paragraph 3(c), if the real estate project has changed its financial year-end, interim financial statements are not required for any period in its transition year that ends within one month
 - (a) after the last day of the old financial year, or
 - (b) before the first day of the new financial year.
6. If the real estate project has completed two or more financial years that ended more than 120 days from the date of the offering memorandum, the annual financial statements required under paragraphs 3(a) and (b) must include comparatives for the prior year. The interim financial statements required under paragraphs 3(c) and (d) may exclude

comparatives if financial statements for the comparative periods were not previously prepared.

7. The annual financial statements required under paragraphs 3(a) and (b) must be audited and the audit report must be included in the offering memorandum. Refer to National Instrument 52-108 *Auditor Oversight* for requirements relating to auditors.
8. The financial statements required under section 2, paragraphs 3(c) and (d), section 4 and the comparatives required by section 6 may be unaudited. However, if any of those financial statements have been audited, the audit report on them must be included in the offering memorandum. All unaudited financial statements must indicate in bold that the financial statements have not been audited.
9. If the offering memorandum does not contain audited financial statements for the real estate project's most recently completed financial year, update the offering memorandum to include the audited annual financial statements and the audit report as soon as the issuer has approved the audited financial statements, but in any event no later than the 120th day following the financial year end.
10. The offering memorandum does not have to be updated to include interim financial statements for periods completed within 60 days before the date of the offering memorandum unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.
11. The board of directors of the issuer must approve all financial statements included in the offering memorandum. To fulfill its requirement to approve interim financial statements, the board of directors may delegate approval of interim financial statements to its audit committee.