

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
[IN BANKRUPTCY AND INSOLVENCY]**

**IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**MOTION RECORD
(returnable on a date to be scheduled)
VOLUME 2 OF 3**

Date: October 31, 2022

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO # 61044N)
Tel: (416) 865-3406 / Fax: (416) 863-1515
Email: kplunkett@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724 / Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for the Bankruptcy Trustee

TO: SERVICE LIST

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Gross Medical Opportunities Fund
Offering Memorandum

May 25, 2017

Thank you

for choosing

GROSS 
SECURITIES

OFFERING MEMORANDUM

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

Refer to “Glossary of Terms” for the meanings of capitalized words and phrases that are used but not defined in this summary.

Dated:	May 25, 2017
Name:	Gross Medical Opportunities Fund (the “Trust”) Suite 103, 200 Ronson Drive, Toronto, Ontario M9W 5Z9 phone: (416) 645-2272 fax: (416) 748-9163 e-mail: info@grosssecurities.ca
Currently Listed:	No. These securities do not trade on any exchange or market.
Reporting Issuer:	No.
SEDAR Filer:	No.

THE OFFERING

Securities Offered:	Units of the Trust (the “Trust Units”).
Price Per Security:	\$1 per Trust Unit.
Maximum Offering:	The maximum offering under the Previous Offerings of the Trust was \$50,000,000 of which \$2,014,999 was raised. The Maximum Offering under this Offering is \$47,985,001 (47,985,001 Trust Units).
Minimum Offering:	The Offering is not subject to any minimum offering amount and as such you may be the only purchaser.
Available Funds:	Funds available from this Offering may not be sufficient to accomplish the Trust’s proposed objectives.
Minimum Subscription Amount:	Each Subscriber purchasing not less than 5,000 Trust Units (\$5,000).
Payment Terms:	The subscription price is payable at the time of Closing by cheque, bank draft or such other manner as may be accepted at Closing by the Trust in its sole discretion. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.
Proposed Closing Dates:	Closings may occur from time to time as AdminCo determines. See Item 5.2 – “Subscription Procedure”.
Eligibility for Deferred Plans:	The Units are intended to be able to be held by taxable and tax exempt investors, such as trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts. There are important tax consequences to investors holding Units. See Item 6 – “Income Tax Consequences and Deferred Plan Eligibility”. See Item 6.5 – “Qualified Investments for Deferred Plans” and Item 8 – “Maintaining “Mutual Fund Trust” Status Requires Meeting Ongoing Requirements”.
Tax Consequences:	There are important tax considerations relating to the ownership of these securities. All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment. Costs associated with the preparation and filing of such returns may be material. See Item 6 – “Income Tax Consequences and Deferred Plan Eligibility.”
Selling Agent:	Where allowed by applicable securities legislation, the Trust intends to offer compensation of up to seven and one half percent (7.5%) on the Gross Cash Proceeds realized from the sale of Trust Units under this Offering to any one of, or a combination of, the following parties: investment dealers, Exempt Market Dealers and/or their dealing representatives. The Trust expects that the majority, if not all, of the Trust Units under the Offering will be sold to investors by Gross Securities Corp. (“Gross Securities”), a private Ontario corporation registered as an Exempt Market Dealer in the Provinces of Ontario and Quebec. See Item 7 – “Compensation Paid to Sellers and Finders”.
Related and Connected Issuer:	Gross Securities is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust. As a consequence Gross Securities and the Trust are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Trust and Gross Securities may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution of the Trust Units under this Offering. See Item 7 – “Compensation Paid to Sellers and Finders – Related and Connected Issuer”.
Conflicts of Interest:	The actions of certain members of the Gross Parties may from time to time be in conflict with the activities of the Trust. Such conflicts are expressly permitted by the terms of the Declaration of Trust dated January 9, 2015 and amended on March 4, 2015 governing the Trust (the “Declaration of Trust”). See Item 2.5 – “Material Agreements - Summary of the Declaration of Trust - Conflicts of Interest”.
Resale Restrictions:	You will be restricted from selling your Trust Units for an indefinite period. See Item 10 – “Resale Restrictions”.

Redemption Rights:	Unitholders may redeem their Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustees. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units". The Redemption Price will be determined as follows: the subscription price paid by a Unitholder with respect to each Trust Unit to be redeemed adjusted as follows: (i) decreased by any unpaid Net Operating Expenses incurred directly by the Trust determined on a per Trust Unit basis (the aggregate of the unpaid Net Operating Expenses divided by the number of Trust Units issued and outstanding) as at the date the Redemption Price is being determined; (ii) decreased by all distributions of Cash Flow of Trust made with respect to a Trust Unit by the Trust up to and including the date the Redemption Price is being determined; and (iii) with the net resulting balance based on the adjustments in subparagraphs (i) and (ii) above multiplied by 95%. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units".	
Purchasers' Rights:	You have two (2) Business Days to cancel your Subscription Agreement to purchase the Trust Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 - "Purchasers' Rights."	
Income Allocation:	The Trust will hold Class A LP Units in the Limited Partnership. The Limited Partnership will allocate income to, or for the benefit of, the Trust. See Item 5 - "Description of Securities Offered."	
OM Marketing Materials:	All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.	
GROSS MEDICAL OPPORTUNITIES FUND - COPY		
Please print your name, sign and date below and submit this page with your Subscription Agreement.		
_____ Investor Name	_____ Investor Signature	_____ Date

OFFERING MEMORANDUM

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

Refer to “Glossary of Terms” for the meanings of capitalized words and phrases that are used but not defined in this summary.

Dated:	May 25, 2017
Name:	Gross Medical Opportunities Fund (the “Trust”) Suite 103, 200 Ronson Drive, Toronto, Ontario M9W 5Z9 phone: (416) 645-2272 fax: (416) 748-9163 e-mail: info@grosssecurities.ca
Currently Listed:	No. These securities do not trade on any exchange or market.
Reporting Issuer:	No.
SEDAR Filer:	No.

THE OFFERING

Securities Offered:	Units of the Trust (the “Trust Units”).
Price Per Security:	\$1 per Trust Unit.
Maximum Offering:	The maximum offering under the Previous Offerings of the Trust was \$50,000,000 of which \$2,014,999 was raised. The Maximum Offering under this Offering is \$47,985,001 (47,985,001 Trust Units).
Minimum Offering:	The Offering is not subject to any minimum offering amount and as such you may be the only purchaser.
Available Funds:	Funds available from this Offering may not be sufficient to accomplish the Trust's proposed objectives.
Minimum Subscription Amount:	Each Subscriber purchasing not less than 5,000 Trust Units (\$5,000).
Payment Terms:	The subscription price is payable at the time of Closing by cheque, bank draft or such other manner as may be accepted at Closing by the Trust in its sole discretion. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.
Proposed Closing Dates:	Closings may occur from time to time as AdminCo determines. See Item 5.2 – “Subscription Procedure”.
Eligibility for Deferred Plans:	The Units are intended to be able to be held by taxable and tax exempt investors, such as trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts. There are important tax consequences to investors holding Units. See Item 6 - “Income Tax Consequences and Deferred Plan Eligibility”. See Item 6.5 - “Qualified Investments for Deferred Plans” and Item 8 - “Maintaining “Mutual Fund Trust” Status Requires Meeting Ongoing Requirements”.
Tax Consequences:	There are important tax considerations relating to the ownership of these securities. All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment. Costs associated with the preparation and filing of such returns may be material. See Item 6 – “Income Tax Consequences and Deferred Plan Eligibility.”
Selling Agent:	Where allowed by applicable securities legislation, the Trust intends to offer compensation of up to seven and one half percent (7.5%) on the Gross Cash Proceeds realized from the sale of Trust Units under this Offering to any one of, or a combination of, the following parties: investment dealers, Exempt Market Dealers and/or their dealing representatives. The Trust expects that the majority, if not all, of the Trust Units under the Offering will be sold to investors by Gross Securities Corp. (“Gross Securities”), a private Ontario corporation registered as an Exempt Market Dealer in the Provinces of Ontario and Quebec. See Item 7 - “Compensation Paid to Sellers and Finders”.
Related and Connected Issuer:	Gross Securities is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust. As a consequence Gross Securities and the Trust are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Trust and Gross Securities may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution of the Trust Units under this Offering. See Item 7 - “Compensation Paid to Sellers and Finders – Connected Issuer”.
Conflicts of Interest:	The actions of certain members of the Gross Parties may from time to time be in conflict with the activities of the Trust. Such conflicts are expressly permitted by the terms of the Declaration of Trust dated January 9, 2015 and amended on March 4, 2015 governing the Trust (the “Declaration of Trust”). See Item 2.5 - “Material Agreements - Summary of the Declaration of Trust - Conflicts of Interest”.
Resale Restrictions:	You will be restricted from selling your Trust Units for an indefinite period. See Item 10 – “Resale Restrictions”.

Redemption Rights:	Unitholders may redeem their Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustees. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units". The Redemption Price will be determined as follows: the subscription price paid by a Unitholder with respect to each Trust Unit to be redeemed adjusted as follows: (i) decreased by any unpaid Net Operating Expenses incurred directly by the Trust determined on a per Trust Unit basis (the aggregate of the unpaid Net Operating Expenses divided by the number of Trust Units issued and outstanding) as at the date the Redemption Price is being determined; (ii) decreased by all distributions of Cash Flow of Trust made with respect to a Trust Unit by the Trust up to and including the date the Redemption Price is being determined; and (iii) with the net resulting balance based on the adjustments in subparagraphs (i) and (ii) above multiplied by 95%. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units".
Purchasers' Rights:	You have two (2) Business Days to cancel your Subscription Agreement to purchase the Trust Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 - "Purchasers' Rights."
Income Allocation:	The Trust will hold Class A LP Units in the Limited Partnership. The Limited Partnership will allocate income to, or for the benefit of, the Trust. See Item 5 - "Description of Securities Offered."
OM Marketing Materials:	All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.
INVESTOR COPY	

ELIGIBILITY FOR INVESTMENT

The Trust Units will be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, or a tax-free savings account (each, a "Deferred Plan") provided that the Trust meets certain requirements as outlined in Item 6 – Income Tax Consequences and Deferred Plan Eligibility. **Notwithstanding the foregoing, if the Trust Units are found to be "prohibited investments", some Trust Unitholders will be subject to a penalty tax as set out in the Tax Act. If the Trust ceases to qualify as a mutual fund trust, the Trust Units will cease to be qualified investments for Deferred Plans which would have adverse tax consequences to Deferred Plans and their annuitants or beneficiaries.**

INVESTMENT NOT LIQUID

The Trust Units offered hereunder will be subject to indefinite resale restrictions and a number of redemption restrictions. Until the indefinite restriction on trading expires, if ever, a Trust Unitholder will not be able to trade the Trust Units, unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Trust has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, Trust Unitholders may not be able to liquidate their Trust Units in a timely manner, if at all, or pledge their Trust Units as collateral for loans. Further, the Declaration of Trust contains certain redemption restrictions. Subject to certain restrictions, a Trust Unitholder may redeem the Trust Units for the Redemption Price. See Item 10 – "Resale Restrictions and Redemption Restrictions."

FORWARD LOOKING STATEMENTS

This Offering Memorandum includes statements with respect to the Trust, including its business operations and strategy, and financial performance and condition, which may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this Offering Memorandum, the Trust's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "should", "believe" or "continue", or the negative thereof, or other similar expressions concerning matters that are not historical facts.

Forward-looking information in this Offering Memorandum includes, but is not limited in any manner to:

- (a) statements with respect to the current state of the North American economy and real estate markets and the expectation that continued improvement in the economy will lead to increases in the demand for and values of real estate properties in the targeted markets;
- (b) the stated expectation that Properties will be available for acquisition at prices which provide an initial annual return on the unlevered purchase price of approximately 7% to 9% and that mortgage financing will be available at annual interest rates of between 4% and 6%, and the stated intention to utilize mortgage financing of 60% to 75% loan-to-value ratio;
- (c) the stated intention to use the net proceeds from the Offering to acquire, own and lease a portfolio of medical related revenue-producing commercial real estate properties in the Province of Ontario and elsewhere within Canada;
- (d) the stated intention to make distributions monthly; and
- (e) the expectation that the Trust will satisfy the requirements stipulated by the Tax Act to qualify as a "mutual fund trust".

Important factors and assumptions used by management of the Trust to develop the forward-looking information include, but are not limited to, management's current expectations about: the availability of Properties for acquisition and the price at which such Properties may be acquired; the availability of mortgage financing and current interest rates; the extent of competition for Properties; assumptions about the markets in which the Limited Partnership intends to operate; the global and North American economic environment; and changes in governmental regulations or tax laws.

Although the Trust believes that the expectations reflected in such forward-looking statements are reasonable and represent the Trust's internal projections, expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Trust's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the Trust's expectations include, among other things, the availability of suitable Properties for purchase by the Limited Partnership, the availability of mortgage financing for such Properties, and general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, in addition to those factors discussed or referenced in "Item 8 - Risk Factors" of this Offering Memorandum.

Investors are cautioned against placing undue reliance on forward-looking statements.

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GLOSSARY OF TERMS

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

"2014 Issued Trust Unit Exchange" means the exchange by the 2014 Trust Unitholders of all of the 2014 Issued Trust Units in exchange for 13,250 Trust Units of the Trust;

"2014 Issued Trust Units" means collectively 13,250 trust units issued to trust unitholders (collectively the **"2014 Trust Unitholders"**) of the 2014 Trust for the subscription price of \$100 per trust unit;

"2014 Offering" means collectively the offering of up to 500,000 2014 Trust Units made by the 2014 Trust pursuant to an Offering Memorandum dated January 27, 2014 and amended March 26, 2014 (the **"2014 Trust OM"**) together with the issue of 1,350 2014 Issued Trust Units to Gross Capital;

"2014 Trust" means Gross Medical Income & Growth Fund, an unincorporated, open-ended investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated January 2, 2014 (the **"2014 Declaration of Trust"**);

"2014 Trust Unitholders" means the holder of one or more 2014 Issued Trust Units, as shown on the register of such holders;

"Acquisition Fee" means the fee to be paid by the Limited Partnership to the General Partner upon the acquisition of a Property by the Limited Partnership equal to one percent (1%) of the purchase price with respect to the purchase of a Property by the Limited Partnership;

"AdminCo" means Gross Adminco Inc., a private Ontario corporation controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust;

"Administration Agreement" means the agreement, dated March 11, 2015, between AdminCo and the Trust, as amended, supplemented or amended and restated from time to time;

"affiliate" or **"associate"** when used to indicate a relationship with a person or company, has the same meaning as set forth in the *Securities Act* (Alberta);

"Alternative Vehicle" shall have the meaning specified in Item 2.1.3 – "The Limited Partnership" herein;

"Annual Limit" means the maximum annual limit of \$500,000 for the redemption of Trust Units by the Trust;

"applicable law" means any applicable law including any statute, regulation, by-law, treaty, guideline, directive, rule, standard, requirement, policy, order, judgment, decision, injunction, award, decree or resolution of any governmental authority, whether or not having the force of law;

"Asset Management Fee" means the fee payable by the Limited Partnership to the General Partner pursuant to the terms of the Partnership Agreement on the basis described in Item 2.1.2 – "The General Partner" herein;

"Auditors" means the firm of chartered professional accountants to be appointed as the auditor of the Trust from time to time;

"Available Funds" means, at any time, such amounts as indicated in the table under Item 1.1 – "Available Funds" herein;

"Board of Directors" means the board of directors of the General Partner;

"Business Day" means any day of the week except a Saturday, a Sunday or any statutory holiday in Calgary, Alberta;

"Capital Contribution", with respect to any Limited Partner, means the amount of capital contributed by such Limited Partner to the Limited Partnership in accordance with the Limited Partnership Agreement;

"Cash Flow of the Trust" means for, or in respect of, any Distribution Period:

- (i) all cash amounts which are received by the Trust for, or in respect of, the Distribution Period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness; plus
- (ii) the proceeds of any issuance of Trust Units or any other securities of the Trust, net of the expenses of distribution, and, if applicable, the use of proceeds of any such issuance for the intended purpose; plus
- (iii) all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed; less the sum of;
- (iv) all costs and expenses of the Trust which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing in respect of, or which relate to, such Distribution Period or a prior Distribution Period if not accrued or deducted in determining the Cash Flow of the Trust in such prior period;
- (v) all amounts which relate to the redemption of Trust Units and which have become payable in cash by the Trust in the Distribution Period;
- (vi) all debt repayments and interest costs and expenses, if any, incurred by the Trust between distributions;

- (vii) all costs and expenses of the Trust relating to capital acquisitions which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing during such Distribution Period or a prior Distribution Period if not accrued or deducted in such prior period;
- (viii) all amounts contributed or loaned, or which the Trustees reasonably expect to contribute or loan to an associate or affiliate of the Trust; and
- (ix) any other amounts (including taxes) required by law or the Declaration of Trust to be deducted, withheld or paid by or in respect of the Trust in such Distribution Period;

"Class A LP Units" means the Class A limited partnership units of the Limited Partnership;

"Class B LP Units" means the Class B limited partnership units of the Limited Partnership;

"Closing" means the acceptance by the Trust of Subscription Agreements for Trust Units by Subscribers and the distribution of Trust Units to Subscribers by the Trust pursuant to those Subscription Agreements;

"Closing Date" means the date on which a Closing occurs;

"Counsel" means a law firm (who may be counsel to AdminCo) acceptable to the Trust;

"CRA" means the Canada Revenue Agency;

"Cumulative Preferred Return" means, with respect to a Limited Partner holding Class A LP Units and at any time of determination, the sum of the Preferred Return earned by such Limited Partner under the terms of the Partnership Agreement prior to the date of such determination;

"Cumulative Preferred Return Deficiency" means, with respect to a Limited Partner holding Class A LP Units and at any time of determination, an amount which equals the excess, if any, of (i) the Cumulative Preferred Return earned by such Limited Partner as of such date over (ii) the cumulative amount of cash distributed to such Limited Partners by the Partnership in respect of the payment of the Cumulative Preferred Return to a Limited Partner;

"Declaration of Trust" means the declaration of trust made as of March 11, 2015 and amended on September 9, 2016, between the Initial Trust Unitholder, as settlor, and the Trustees, as amended or supplemented from time to time;

"Deferred Plan" means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, or a tax free savings account, within the meaning of the Tax Act;

"discretion" means the sole, absolute and unfettered discretion without any requirement to be reasonable or to maintain an even hand, to be exercised as, when and however (including retroactively) deemed fit by the General Partner, the Trustees and/or AdminCo;

"Distributable Cash" means with respect to a particular period, the amount by which the Limited Partnership's cash on hand or to be received in respect of that period (excluding any proceeds from any financing) exceeds:

- (i) unpaid administration expenses of the Limited Partnership including any unpaid amounts with respect to the Asset Management Fee and the Acquisition Fee;
- (ii) amounts required for the business and operations of the Limited Partnership, including operating expenses and capital expenditures;
- (iii) amounts required in order to meet all debts, liabilities and obligations in respect of any financing, including reserves to ensure compliance with agreements to which the Limited Partnership is subject; and
- (iv) any amounts which the General Partner in its discretion determines is necessary to satisfy the Limited Partnership's current and anticipated debts, liabilities and obligations and to comply with applicable laws;

"Distribution" means a distribution paid by the Trust in respect of the Trust Units, expressed as a dollar amount per Trust Unit;

"Distribution Payment Date" in respect of a Distribution Period means a date no later than the 15th day following the end of the Distribution Period or, if such date is not a Business Day, the next following Business Day, or such other date determined from time to time by AdminCo;

"Distribution Period" means the period commencing immediately following the preceding Distribution Record Date and ending on the next following Distribution Record Date, or such other periods as may be determined from time to time by AdminCo from and including the first day thereof and to and including the last day thereof;

"Distribution Record Date" means until otherwise determined by AdminCo, the 15th day of each month commencing the month after the first month in which the Trust receives a cash distribution from the Limited Partnership;

"Effective Date" means March 11, 2015;

"Exchange Trust Units" means 13,250 Trust Units to be issued by the Trust to the 2014 Trust Unitholders pursuant to the 2014 Trust Unit Exchange;

"Exempt Market Dealer" means a person or company registered in the category of exempt market dealer pursuant to Canadian Securities Administrators National Instrument 31-103;

"Exempt Person" means a holder of Trust Units that is a person described in section 149 of the Tax Act not subject to tax under Part I therein and includes a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a tax free savings account or a registered disability savings plan, as defined in the Tax Act;

"Funding Agreement" means the agreement dated March 11, 2015 entered into between the Trust and the Limited Partnership which provides that the Limited Partnership will pay all costs, fees, Selling Commissions and expenses incurred by the Trust in connection with this Offering;

"General Partner" means Gross Medical Opportunities Fund GP Inc. in its capacity as the general partner of the Limited Partnership only, or any person who from time to time is admitted as a successor general partner under the Limited Partnership Agreement. The General Partner is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust;

"governmental authority" includes any court (including a court of equity); any multinational, federal, provincial, state, regional, municipal or other government or governmental department, ministry, commission, board, bureau, agency or instrumentality; any securities commission, stock exchange or other regulatory or self-regulatory body; any arbitrator or arbitration authority; or any other governmental authority;

"Gross Capital" means Gross Capital Inc., a private Ontario corporation controlled by Mark Gross and Sheldon Gross, who are both Trustees of the Trust;

"Gross Cash Proceeds" means, at any time, the aggregate gross cash proceeds of this Offering;

"Gross Entities" means collectively Gross Securities, Gross Capital, Prime and any Affiliates thereof;

"Gross Securities" means Gross Securities Corp., a private Ontario corporation registered as an Exempt Market Dealer in the Provinces of Ontario and Quebec. Gross Securities is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust. Mark Gross and Sheldon Gross are each, through their respective holding companies, Limited Partners of the Partnership holding Class B LP Units;

"Income of the Trust" means, for any year, the income of the Trust for that year computed in accordance with the provisions of the Tax Act provided, however, that capital gains and capital losses shall be excluded and provided further that:

- (i) the portion of the Trust's income comprised of taxable dividends received from corporations resident in Canada shall be calculated on the basis that the amount included in the Trust's income is the actual amount of the dividend received, which excludes the gross-up adjustment provided in sub-section 82(1)(b) of the Tax Act;
- (ii) no amount is deductible in respect of amounts paid or payable to Trust Unitholders;
- (iii) the Trust shall claim the maximum amount of deductions available to it in computing the Income of the Trust for the year, without generating a loss and after taking into account all losses (other than net capital losses) of the Trust for prior years that may be deducted in computing the Trust's taxable income under the Tax Act for that year; and
- (iv) no amount shall be included in the Income of the Trust for that year if such amount is designated to a redeeming or a repurchased Trust Unitholder pursuant to the Declaration of Trust;

"Initial Trustees" means Mark Gross and Sheldon Gross;

"Insider of the Trust" means a person who would be an "insider of a Trust" as defined in Regulation 4803(1) of the Tax Act if the references therein to "Corporation" were read as references to the Trust;

"Limited Partners" means each of those Persons who from time to time is accepted as and becomes a limited partner of the Limited Partnership in accordance with the terms and conditions of the Limited Partnership Agreement and **"Limited Partner"** means anyone of the afore-described parties;

"Limited Partnership" or **"Partnership"** means Gross Medical Opportunities Fund LP, a limited partnership formed under the laws of the Province of Alberta;

"Limited Partnership Agreement" means the amended and restated Limited Partnership Agreement dated December 5, 2013 as amended March 18, 2015 and February 27, 2016;

"LP Units" means collectively the Class A LP Units and Class B LP Units;

"Management" means collectively the officers and directors of the General Partner;

"Maximum Offering" means the maximum offering hereunder of 47,985,001 Trust Units, for Gross Cash Proceeds of \$47,985,001;

"Net Gain" means the resulting difference between the acquisition cost of a Property acquired by the Limited Partnership less all legal fees, land transfer fees, mortgage financing fees and acquisition fees paid by the Limited Partnership with respect to a Property and the price for which a Property is sold by the Limited Partnership less all legal fees and real estate commission paid by the Limited Partnership with respect to the sale of a Property;

"Net Income" or **"Net Loss"** means, with respect to any fiscal period, the net income or net loss, as the case may be, of the Limited Partnership as determined by the General Partner pursuant to the terms of the Limited Partnership Agreement and in accordance with Canadian generally accepted accounting principles;

"Net Operating Expenses" means all the aggregate of all operating and administrative expenses of the Trust as determined by AdminCo, other than distributions of Cash Flow of Trust, incurred from the Effective Date to the day on which a redemption notice required by this Declaration of Trust is delivered, having reference to financial statements and such other information as AdminCo may consider appropriate;

"Net Realized Capital Gains" means, for any taxation year of the Trust, the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:

- (i) the aggregate of the capital losses of the Trust for the year;
- (ii) any capital gains which are realized by the Trust as a result of a redemption or repurchase of Trust Units; and
- (iii) the amount determined by the Trustees in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable capital gains of the Trust for the year;

"NI 45-106" means National Instrument 45-106 *Prospectus Exemptions*;

"NOI" means the net operating income of a Property acquired by the Trust;

"Non-Resident" means: (i) a person (within the meaning of the Tax Act but, for greater certainty, not including a partnership) who is not resident in Canada for the purposes of the Tax Act; or (ii) a partnership that is not a "Canadian partnership" as defined in the Tax Act;

"Offering" means the offering of the Trust Units described herein or in any amendment hereto;

"Offering Document" means any one or more of a prospectus, information memorandum, private placement memorandum, rights offering circular or prospectus and similar public or private offering document or any understanding, commitment or agreement relating to an offering of Trust Units;

"Offering Jurisdictions" means Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan or Yukon;

"Offering Memorandum" means this offering memorandum, including any amendment hereto;

"OM Marketing Materials" means a written communication, other than an OM standard term sheet (as that term is defined in National Instrument 45-106 *Prospectus Exemptions*), intended for prospective purchasers regarding the distribution of Units under this Offering Memorandum that contains material facts relating to the Limited Partnership, the Units or this Offering;

"Oshawa Property" means the property more particularly described in Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust";

"Oshawa Property Mortgage" means the mortgage financing obtained in respect of the acquisition of the Oshawa Property as more particularly described in Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust" under the heading "Oshawa Property";

"Partnership Interest in the Oshawa Property" means the 12.5% interest acquired by the Limited Partnership in the Oshawa Property as more particularly described in Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust" herein;

"Partnership Interest in the Victoria Property" means the 4.8564% interest acquired by the Limited Partnership in the Victoria Property as more particularly described in Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust";

"Person" includes any individual, body corporate, limited partnership, general partnership, joint stock company, limited liability trust, association, joint venture, trust, bank, trust company, pension fund, business trust other organization or entity (whether or not a legal entity) or governmental authority, agency and political subdivision thereof;

"Portfolio" means the Properties or undivided interests in Properties that the Limited Partnership acquires pursuant to its business objectives;

"Preferred Return" means with respect to a Limited Partner holding Class A LP Units and with respect to those periods during the term of the Partnership that the Limited Partner's Capital Contribution is outstanding, an amount equal to seven percent (7%) per annum, of such Limited Partner's Capital Contribution from the first day of the month immediately following the month in which such Capital Contribution is made until the date such Limited Partner's Capital Contribution has been returned through distributions of Distributable Cash made by the Partnership to the Limited Partner (on a first-in, first-out basis). The Preferred Return shall be calculated on the basis of a year of 365 days and the actual number of days (including the first day, but excluding the last day) occurring in the period for which the Preferred Return is being calculated;

"Previous Offerings" means the offering of Units by the Trust pursuant to offering memorandums dated June 22, 2015, February 27, 2016 and May 5, 2016;

"Prime" means Prime Real Estate Group Inc., a private Ontario corporation. Prime is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust;

"Properties" means medical related real estate assets located in the Province of Ontario and elsewhere within Canada, acquired by the Trust which properties provide consumers with one-stop shop medical services including urgent, primary and specialized healthcare needs in addition to family medical, dental & specialist practices, and ancillary services including pharmacy, laboratory, and diagnostics and shall include without limitation the Oshawa Property and the Victoria Property;

"psf" means per square foot;

"Purchasing Syndicate" shall have the meaning ascribed to it in Item 2.1.5 – "Current Business of the Trust - Investment Strategy";

"Redemption Notes" means, in the case where a cash redemption is not authorized with respect to Trust Units tendered for redemption, the promissory notes of the Trust that may be distributed by the Trust to satisfy the Redemption Price, with such notes having an interest rate that is equal to five percent (5%) simple interest per annum, calculated from the day the Note is issued and such other commercially reasonable terms as the Trustees may prescribe, subject to a maximum term of three (3) years from the date of issue, as determined in the sole discretion of the Trustees, provided that the applicable interest shall be paid on the anniversary date of the issue of the Note while a Note is outstanding;

"Redemption Price" means, with respect to a single Trust Unit as at any given date, the subscription price paid by a Trust Unitholder with respect to each Trust Unit to be redeemed adjusted as follows:

- (i) decreased by any unpaid Net Operating Expenses incurred directly by the Trust determined on a per Trust Unit basis (the aggregate of the unpaid Net Operating Expenses divided by the number of Trust Units issued and outstanding) as at the date the Redemption Price is being determined;
- (ii) decreased by all distributions of Cash Flow of Trust made with respect to a Trust Unit by the Trust up to and including the date the Redemption Price is being determined; and
- (iii) with the net resulting balance based on the adjustments in subparagraphs (i) and (ii) above multiplied by 95%;

"Resident" means a person who is resident in Canada for the purposes of the Tax Act;

"Securities Act" means the *Securities Act* (Alberta), including the rules and regulations promulgated thereunder, as may be amended from time to time;

"Selling Commissions" means the commissions of up to seven and one half percent (7.5%) of the Gross Cash Proceeds from the sale of the Trust Units pursuant to this Offering payable to parties who sell the Trust Units and who are entitled to receive such commissions under applicable securities laws. See Item 7 – "Compensation Paid to Sellers and Finders";

"Special Resolution" means a resolution proposed to be passed as a special resolution at a meeting of Trust Unitholders (including an adjourned meeting), as the case may be, duly convened for that purpose and held in accordance with the provisions of the Declaration of Trust and passed by more than 66% of votes cast on such resolution by Trust Unitholders represented at the meeting;

"Subscribers" means those persons subscribing for Trust Units pursuant to this Offering;

"Subscription Agreement" means a subscription agreement to be executed by each Subscriber providing for the purchase of Trust Units;

"Subscription Amount" means the number of Trust Units purchased by a Subscriber multiplied by the price per Trust Unit;

"Tax Act" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1. (5th Supp), as amended from time to time, including the *Income Tax Regulations* from time to time promulgated thereunder;

"Transaction Fee" shall have the meaning ascribed to it in Item 2.1.5 - "Current Business of the Trust - Investment Strategy";

"Trust" means Gross Medical Opportunities Fund, an unincorporated, open-ended investment trust established under the laws of Alberta pursuant to the Declaration of Trust;

"Trust Assets" means such of the following: monies, properties and other assets as are at such time held by the Trust or by the Trustees on behalf of the Trust:

- (i) all funds, securities of any person or property derived from the issuance or sale of Trust Units, other cash received by the Trust, or otherwise acquired by the Trust;
- (ii) any securities or other property acquired by the Trust, from time to time; and
- (iii) all income, interest, dividends, distributions, profit, return of capital, gains and accretions and all substituted assets, rights and benefits of any kind or nature whatsoever arising directly or indirectly from or in connection with or accruing to such foregoing property or such proceeds of disposition;

"Trustee" means a trustee of the Trust at that time including, without limitation so long as such persons remain as trustees, including the Initial Trustees and **"Trustees"** means, at any time, all of the individuals, each of whom is at that time a Trustee;

"Trust Unit Certificate" means a certificate, in a form approved by the Trustees and AdminCo, evidencing one or more Trust Units, issued and certified in accordance with the provisions of the Declaration of Trust;

"Trust Unitholder(s)" or **"Unitholder(s)"** means at any time the holder of one (1) or more Trust Units, as shown on the register of such holders;

"Trust Units" or **"Units"** means the units of the Trust offered hereunder;

"Value per Trust Unit" means, with respect to a single Trust Unit as at any given date, the Subscription Amount received for such Trust Unit adjusted as follows:

- (i) decreased by any unpaid Net Operating Expenses incurred directly by the Trust determined on a per Trust Unit basis (the aggregate of the unpaid Net Operating Expenses divided by the number of Trust Units issued and outstanding) as at the date the Value per Unit is being determined; and
- (ii) decreased by all Distributions made with respect to a Trust Unit by the Trust up to and including the date the Value per Unit is being determined;

"Victoria Property" means the property more particularly described in Item 2.1.5 – "Current Business of the Trust – Properties Acquired by the Trust"; and

"Victoria Property Mortgage" means the mortgage financing obtained in respect of the acquisition of the Victoria Property as more particularly described in Item 2.1.5 - "Current Business of the Trust – Properties Acquired by the Trust" under the heading "Victoria Property".

In this Offering Memorandum, references to **"dollars"** and **"\$"** are to the currency of Canada, unless otherwise indicated.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	Nil	\$47,985,001
B	Selling Commissions	Nil	(1)
C	Estimated Offering costs	Nil	(2)
D	Available Funds: $D = A - (B + C)$	Nil	\$47,985,001
E	Additional sources of funding required	Nil	(3)
F	Working Capital Deficiency	Nil	(4)
G	Total: $G = D + E - F$	Nil	\$47,985,001

- (1) The Trust Units will be offered for sale by Gross Securities as well as other agents or sub-agents as may be appointed from time to time as agents for the Trust. Pursuant to the terms of the Funding Agreement, the Selling Commissions payable under this Offering will be paid by the Limited Partnership. The total Selling Commissions payable to agents or sub-agents will not exceed 7.5% of the Gross Cash Proceeds of this Offering. See Item 2 – “Business of the Trust, the General Partner and the Limited Partnership” and Item 7 – “Compensation Paid to Sellers and Finders”.
- (2) The terms of the Funding Agreement provides that the costs of this Offering will be paid by the Limited Partnership.
- (3) The Trust does not expect to require additional funds to achieve its business objectives.
- (4) As at April 30, 2017 the Trust did not have a working capital deficiency. See Item 2.1.5 – “Current Business of the Trust – Properties Acquired by the Trust”.

1.2 Use of Available Funds by the Trust and the Limited Partnership

The Trust

The Trust has been established for the purpose of issuing Trust Units to: (i) acquire the 2014 Issued Trust Units pursuant to the 2014 Trust Unit Exchange; (ii) acquire 13,250 Class A LP Units as a result of the 2014 Trust Dissolution; and (iii) to raise proceeds that will be used by the Trust to acquire additional Class A LP Units in the Limited Partnership. See Item 2.1.4 – “Previous Business of the Trust - 2014 Issued Trust Unit Exchange”.

Assuming the Maximum Offering is raised, the Gross Cash Proceeds from this Offering will be \$47,985,001. The Trust will use these proceeds to acquire Class A LP Units in the Limited Partnership for the purchase price of \$1 per Class A LP Unit. The Limited Partnership will invest the proceeds from such issuance, after payment of Offering costs and Selling Commissions, to directly or indirectly acquire Properties or interests in Properties.

The Limited Partnership

The Limited Partnership will use the proceeds of this Offering and the Previous Offerings received from the Trust in exchange for the purchase of Class A LP Units over the ensuing 12 months from the date of this Offering Memorandum to:

Description of intended use of available funds listed in order of priority	Assuming Minimum Gross Cash Proceeds	Assuming Maximum Gross Cash Proceeds
Pay the estimated costs associated with this Offering	Nil	\$50,000
Pay for Selling Commissions associated with this Offering ⁽¹⁾	Nil	\$3,598,875
Payment of the Acquisition Fee to the General Partner ⁽²⁾	Nil	\$250,000
Working Capital to be used in the acquisition of Properties ⁽³⁾	Nil	\$44,086,126
Total	Nil	\$47,985,001

- (1) Assumes the total Selling Commissions payable to Gross Securities or other selling agents engaged by the Trust will be seven and one half percent (7.5%) of the Gross Cash Proceeds of this Offering.
- (2) Assumes the Partnership acquires Properties with a purchase price in the aggregate of \$25,000,000 in the ensuing 12 months from the date of this Offering Memorandum.
- (3) In the conduct of its business, the Partnership estimates that it will incur expenses relating to investors relations, marketing, legal, accounting, audit, Exempt Market Dealer due diligence and administration fees, office rental, insurance, legal and travel expenses (collectively “operating and administration expenses”), all of which will be paid from funds raised from this Offering until such time as the Partnership is able to fund these costs from the operating income of Properties acquired by the Partnership. A portion of these expenses may be paid to Gross Capital in return of services it provides to the Trust and the Partnership. The Partnership estimates that the Maximum Offering is raised and the Partnership fully deploys the maximum amount of working capital in the acquisition of Properties, that these expenses will total approximately \$50,000 per annum. The total amount of administration and operating costs that will be incurred by the Partnership and the Trust are dependent upon: (i) the funds raised under this Offering; (ii) the number and nature of Properties acquired by the Trust; and (iii) external factors which cannot be anticipated or controlled by the Partnership or the Trust. As a result the Partnership and the Trust are unable to accurately estimate these costs at this time.

1.3 Working Capital Deficiency - The Limited Partnership

The Partnership had a working capital deficiency \$405,266 (2016 - \$276,201) as result of professional expenses related to the establishment and ongoing business of the of the Trust and Limited Partnership and the dissolution of the 2014 Trust, portions of which were paid by funds advanced by Gross Capital on behalf of the Trust and the Limited Partnership. This deficiency is expected to be resolved through operating revenues from: (i) the Partnership Interest in the Oshawa Property and Victoria Property; (ii) future Properties or interests therein acquired by the Limited Partnership; and (iii) proceeds resulting from the sale of Properties or interests therein acquired by the Limited Partnership. See Item 2.1.5 - "Current Business of the Trust – Properties Acquired by the Trust".

1.3.1 Inability to Raise Sufficient Funds and Acquire further Properties

The Limited Partnership has incurred costs as a result of professional expenses related to the establishment and ongoing business of the Trust, the Limited Partnership and the dissolution of the 2014 Trust together with costs associated with raising funds under the Previous Offerings. As a result, the Limited Partnership has incurred losses of \$31,623 to December 31, 2016 (\$204,251 in 2015) and expects it will continue to incur losses until such time as funds raised by the Trust are sufficient enough to allow the Limited Partnership to acquire further interest in the Victoria Property, acquire interest in any future properties and/or receive proceeds resulting from the sale of Properties or interests therein acquired by the Limited Partnership.

In the event the Trust is unable to raise sufficient funds and/or the Limited Partnership is unable to acquire additional interest in the Victoria Property or any future properties, losses of the Limited Partnership may not be resolved. Were this to occur, investors could expect to suffer a loss of some or all of their investment in the Trust. Any one of the risk factors below could have an adverse effect of the ability of the Trust to raise funds and/or the ability of the Limited Partnership to acquire additional interest in the Victoria Property or any future properties and operate its business in a profitable manner.

ITEM 2 - BUSINESS OF THE TRUST, THE GENERAL PARTNER AND THE LIMITED PARTNERSHIP

2.1 Structure

2.1.1 The Trust

The head office of the Trust is located at Suite 103, 200 Ronson Drive, Toronto, Ontario M9W 5Z9.

The Trust was established on March 11, 2015, pursuant to the Declaration of Trust for the purpose of issuing Trust Units to acquire the 2014 Trust Units pursuant to the 2014 Trust Unit Exchange and to raise proceeds that will be used by the Trust to acquire Class A LP Units in the Limited Partnership. The Trust intends to acquire 100% of the Class A LP Units of the Limited Partnership. The Trust acquired 13,250 Class A LP Units upon the Dissolution of the 2014 Trust and has acquired an additional 2,776 Class A LP Units since then. See Item 2.1.4 - "Previous Business of the Trust - 2014 Issued Trust Unit Exchange". The Class A LP Units acquired by the Trust were subsequently subdivided on a 100:1 basis by the Limited Partnership. As of the date of this Offering Memorandum the Trust holds 1,998,502 Class A LP Units in the Limited Partnership.

The Limited Partnership has repaid the Trust the sum of \$15,672 (rounded) in the past year to allow the Trust to fund a redemption from one (1) Unitholder in the Trust.

The Trust intends to acquire an additional 47,985,001 Class A LP Units for a purchase price of \$1 per Class A LP Unit from the Limited Partnership with the Gross Cash Proceeds of this Offering.

2.1.2 The General Partner

The registered office of the General Partner is located at Suite 103, 200 Ronson Drive, Toronto, Ontario, M9W 5Z9.

The General Partner was incorporated in Ontario on June 20, 2013, to serve as the general partner of the Limited Partnership. The officers and directors of the General Partner own all of the outstanding shares of the General Partner.

The General Partner is entitled to the following compensation pursuant to the terms of the Partnership Agreement:

The Limited Partnership shall, during the term of the Limited Partnership, pay the General Partner an annual fee (the "Asset Management Fee") equal to 0.15% of the year end value of the Portfolio (the "Annual Portfolio Value"). The Annual Portfolio Value will be established based on the following:

- (a) On or before December 31 of each year of the term of the Partnership, the General Partner shall obtain a single market valuation from an independent realtor or realtors with respect to each Property comprising the Portfolio (each an "Annual Property Valuation");

- (b) The Annual Portfolio Value shall be determined as follows: (i) the aggregate of all the Annual Property Valuations of the Properties comprising the Portfolio, where the Limited Partnership owns a 100% interest in a Property; plus (ii) where the Limited Partnership owns an undivided interest in a Property, the product resulting from the multiplication of the Annual Property Valuation of each such Property multiplied by the percentage interest in the Property owned by the Partnership; (iii) plus those amounts determined in accordance with sub-paragraph (c) below, subject to the following:
1. where the Partnership has previously obtained a certified appraisal of a Property and the Annual Property Valuation of that Property represents more than a 20% cumulative increase in the value of that Property from the value of the Property determined by the certified appraisal, the General Partner will engage a certified real estate appraiser to prepare a certified appraisal for that Property; and
 2. the property value determined by that appraisal will be used as the basis for the Annual Property Valuation of the Property in question in the Annual Portfolio Value calculation for that year.
- (c) Where the Partnership has sold a Property or an interest in an undivided interest in a Property prior to December 31 in any year during the term of the Limited Partnership and the sale proceeds resulting from that transaction have not been used by the Partnership to acquire a new Property or an undivided interest in a new Property, the gross sale proceeds of such a sale shall be included by the General Partner in calculating the Annual Property Valuation for the year in question.

The Asset Management Fee shall be paid quarterly on an estimated basis on the first day of each Fiscal Quarter during the remaining term of the Partnership. The estimated quarterly payments to be paid in each such year shall be determined by dividing the 0.15% of the Annual Portfolio Value for the year immediately preceding the year in which the payments are to be made by four (4).

The Partnership will pay the General Partner a fee (the "Acquisition Fee") equal to 1% of the product resulting from the multiplication of the purchase price of each Property multiplied by the percentage interest in the Property owned by the Partnership with respect to the purchase of any Property or undivided Interest in any by the Partnership. The Partnership shall pay the General Partner the Acquisition Fee upon the closing of any purchase of a Property or undivided interest therein.

With respect to the acquisition of the Partnership Interest in the Oshawa Property (See Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust"): (i) The General Partner waived payment of the Acquisition Fee by the Partnership with respect to the acquisition of this Interest; and (ii) The General Partner waived payment of the Asset Management Fee by the Partnership up to June 30, 2015 (See Item 2.1.3 - "The Limited Partnership"). As of June 30, 2015 the Limited Partnership became obligated to pay the General Partner an Asset Management Fee of \$1,363 per fiscal quarter during the remaining term of the Partnership while the Partnership continues to own the Partnership Interest in the Oshawa Property. The annual payment made in 2016 was \$7,480 and payment of \$1,363 with respect to the first quarter of 2017 has been paid to the General Partner.

With respect to the acquisition of the Partnership Interest in the Victoria Property (See Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust"): (i) The General Partner waived payment of the Acquisition Fee by the Partnership with respect to the acquisition of this Interest; and (ii) the Limited Partnership is presently obligated to pay the General Partner an Asset Management Fee of \$445 per fiscal quarter during the remaining term of the Partnership while the Partnership continues to own the Partnership Interest in the Victoria Property. To date the Limited Partnership has paid an aggregate of \$1,265. Investors should note that in the event that the Partnership increases its Partnership Interest in the Victoria Property, this fee will increase in accordance with the terms and conditions of the Limited Partnership Agreement by \$14.46 per fiscal quarter for every .1% interest in the Victoria Property that the Partnership acquires after the date of this Offering Memorandum.

2.1.3 The Limited Partnership

The head office of the Limited Partnership is located at Suite 103, 200 Ronson Drive, Toronto, Ontario M9W 5Z9.

The Limited Partnership was formed under the laws of Alberta on July 3, 2013 and is governed pursuant to the terms of the amended and restated Limited Partnership Agreement dated December 5, 2013 and amended March 18, 2015 and amended February 27, 2016.

Pursuant to the terms of the Limited Partnership Agreement, the Limited Partnership is authorized to issue the following LP Units:

- (i) 50,000,000 Class A LP Units with each Class A LP Unit having a Capital Contribution amount of not less than \$1 per Class A LP Unit, on such terms and conditions of the offering and sale of LP Units as the General Partner, in its discretion, may determine including accepting payment of consideration therefore in the form of cash, property and/or past services, and may do all things in that regard, including preparing and filing prospectuses, offering memoranda and other documents; and

- (ii) The General Partner is authorized to, in its discretion, cause the Limited Partnership to issue at any time and from time to time 500,000 Class B LP Units with each Class B LP Unit having a Capital Contribution amount of not less than \$0.001 per Class B Unit, on such terms and conditions of the offering and sale of LP Units as the General Partner, in its discretion, may determine.

The Limited Partnership has issued all 500,000 Class B LP Units which are held by Mark Gross (187,500), Sheldon Gross (187,500) and Justin Di Ciano (125,000), a former Trustee of the Trust, through their respective holding companies. These Class B LP Units were subsequently subdivided on a 100:1 basis by the Limited Partnership resulting in there now being 50,000,000 Class B LP Units issued in the Limited Partnership.

The Trust intends to acquire an additional 47,985,001 Class A LP Units for a purchase price of \$1 per Class A LP Unit from the Limited Partnership with the Gross Cash Proceeds of this Offering. In the event that the Maximum Offering amount of this Offering is achieved, the Trust expects to acquire in the aggregate, 50,000,000 Class A LP Units, which would represent 100% of the Class A LP Units authorized to be issued by the Limited Partnership. Whether the Trust raises the Maximum Offering or not, the Trust will be the only holder of Class A LP Units.

The Funding Agreement

The Limited Partnership and the Trust have entered into the Funding Agreement dated March 11, 2015 pursuant to which the Limited Partnership has agreed to pay all costs, fees and Selling Commissions and expenses associated with this Offering and all of the transactions described herein.

2.1.4 Previous Business of the Trust

As of the date of this Offering Memorandum, the Trust has issued 2,014,999 Trust Units to investors under the Previous Offerings and the Trust has redeemed an aggregate of 16,497 Trust Units for the sum of \$15,672 (rounded) from one (1) Trust Unitholder in the past year. As of the date of this Offering Memorandum the Trust has acquired 1,998,502 Class A LP Units in the Limited Partnership with the proceeds of the Previous Offerings.

2014 Trust

Gross Capital established the Limited Partnership in 2013 and the 2014 Trust in January of 2014 to create an investment structure to raise funds under the 2014 Trust Offering Memorandum from investors to pursue investment objectives similar to those of the Trust as referenced below under the heading "Investment Objectives of the Limited Partnership".

The 2014 Trust raised \$1,325,000 (the "2014 Offering Proceeds") under the 2014 Offering and issued 13,250 2014 Trust Units for the subscription price of \$100 per 2014 Trust Unit to the 2014 Trust Unitholders of which 1,350 2014 Issued Units were acquired by Gross Capital. The 2014 Trust used the 2014 Offering Proceeds to acquire 13,250 Class A LP Units for the subscription price of \$100 per Class A LP Unit in the Limited Partnership. The Limited Partnership thereafter used the 2014 Offering Proceeds to acquire the Partnership Interest in the Oshawa Property. The 2014 Trust did not raise further funds owing to the managing principal of the 2014 Trust unexpectedly resigning his position to enter civic politics. As a result the 2014 Trust did not meet the minimum subscriber threshold required under the Tax Act to allow it to qualify as a mutual fund trust.

Gross Capital revised its business strategy and established the Trust to (i) create an investment structure pursuant to which the 2014 Trust Unitholders could continue with their original investment through the 2014 Issued Trust Unit Exchange; and (ii) acquire all of the Class LP A Units held by the 2014 Trust with the result that the Trust, together with the holders of the Class B LP Units in the Limited Partnership, would become the beneficial owners of the Partnership Interest in the Oshawa Property.

2014 Issued Trust Unit Exchange

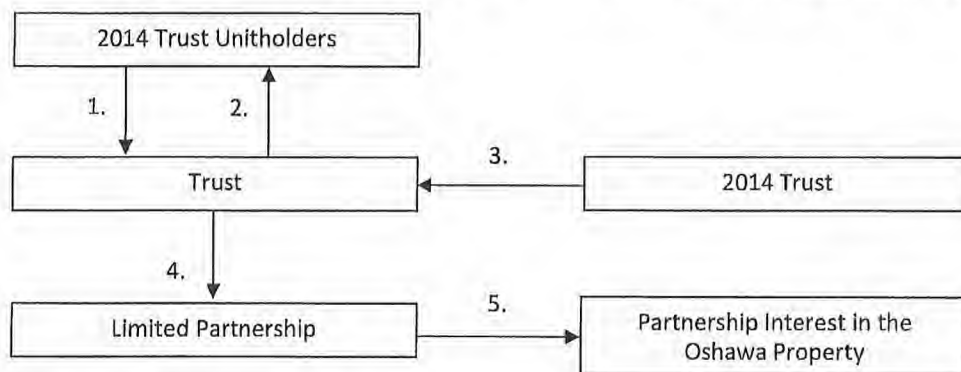
The 2014 Trust Unitholders subscribed for an equal number of Trust Units under the Previous Offerings for the subscription price of \$100 per Trust Unit as they acquired under the 2014 Offering. The 2014 Trust Unitholders paid for the Trust Units acquired under the Previous Offerings through the transfer to the Trust of the 2014 Trust Units held by each 2014 Trust Unitholder. The Trust ascribed an arbitrary value of \$100 of each 2014 Issued Trust Unit. No formal valuation of the 2014 Issued Trust Units was undertaken by the Trust.

Dissolution of the 2014 Trust

Upon the occurrence of the 2014 Issued Trust Unit Exchange, which occurred on June 30, 2015, the Trust was the only holder of the 2014 Issued Trust Units. The Trust then passed an extraordinary resolution, as the sole holder of 2014 Issued Trust Units, to dissolve the 2014 Trust and have the property of the 2014 Trust (being only the 13,250 Class A LP Units of the Limited Partnership) distributed to the Trust on June 30, 2015.

Illustration of the 2014 Issued Trust Unit Exchange and the Dissolution of the 2014 Trust

The following is an illustration of the above described transactions between the respective parties:



- 1./2. 2014 Trust Unitholders transferred their 2014 Issued Trust Units to the Trust in exchange for the Exchange Trust Units on June 30, 2015.
3. Pursuant to the Dissolution the 2014 Trust, 13,250 Class A LP Units in the Limited Partnership were distributed by the 2014 Trust to the Trust on June 30, 2015.
4. As a consequence of the above, the Trust became the only holder of Class A LP Units in the Limited Partnership.
5. The Limited Partnership continued to hold the Partnership Interest in the Oshawa Property.

2.1.5 Current Business of the Trust

Investment Objectives of the Trust

The Trust's investment objectives are to (i) indirectly acquire, own and lease through the Limited Partnership a portfolio of medical related revenue-producing commercial real estate properties ("Properties") in the Province of Ontario and elsewhere in Canada; (ii) make distributions of Cash Flow of the Trust to Trust Unitholders resulting indirectly from the revenue produced by the Properties acquired by the Limited Partnership; and (iii) enhance the potential for long-term growth of capital through value-added enhancements to the Properties indirectly owned by the Trust and organic growth in rental rates, combined with an overall reduction in capitalization rates.

Throughout this Offering Memorandum reference will be made to the Trust acquiring Properties. Notwithstanding that reference, investors should note that Properties will not be acquired directly by the Trust. Legal title to a Property will be held by an Alternative Acquisition Vehicle created by the Limited Partnership with respect to each Property acquired.

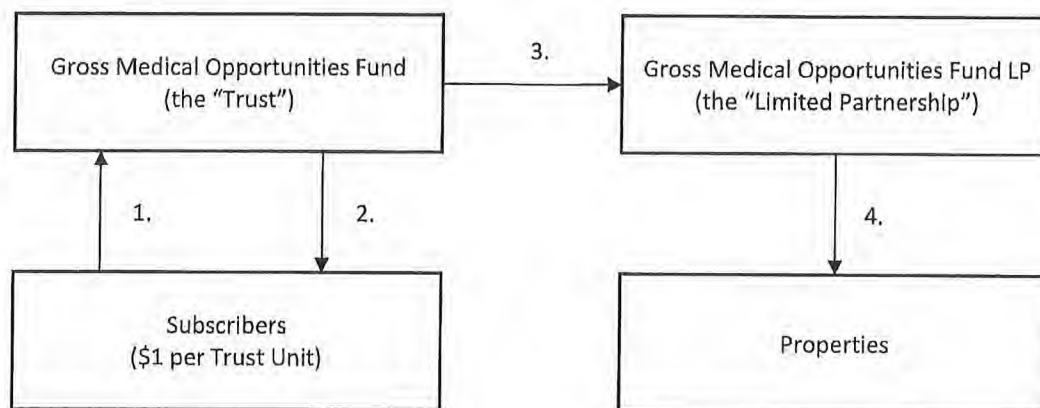
Investment Objectives of the Limited Partnership

- (i) The Limited Partnership was formed to:
 - (a) acquire a portfolio of medical related real estate assets located in the Province of Ontario and elsewhere within Canada, which properties provide consumers with one-stop shop medical services including urgent, primary and specialized healthcare needs in addition to family medical, dental & specialist practices, and ancillary services including pharmacy, laboratory, and diagnostics (the "Properties");
 - (b) acquire securities in entities that own or operate Properties;
 - (c) in the sole Discretion of the General Partner, acquire Properties from parties related to the General Partner, at such purchase price as is determined by an unrelated certified commercial property appraiser as selected by the General Partner;
 - (d) acquire, own, hold (whether, individually, jointly with others or via an Alternative Vehicle), maintain, manage, market, sell, transfer or otherwise dispose of Properties;
 - (e) loan funds to any Alternative Vehicle on terms to be determined by the General Partner in its sole Discretion; and
 - (f) conduct any other business or activity incidental, ancillary or related thereto.
- (ii) In carrying on its business, the Partnership may enter into joint ventures or partnerships with unrelated partnerships or parties in the acquisition of a Property. The Partnership may also enter into joint ventures or partnerships related to the officers and directors of the General Partner in the acquisition of a Property;
- (iii) If the General Partner determines in good faith that for legal, tax, regulatory or other reasons it is in the best interests of the Partnership for the Partnership to own or hold Property in a separate structure, the General Partner is authorized to cause the Partnership to form the same ("Alternative Vehicle") and to contribute and/or make available, funds necessary for such Alternative Vehicle to acquire, own, maintain, improve, operate or dispose of such Property;

- (iv) The Partnership shall have the power to do any and every act and thing necessary, proper, convenient or incidental to the accomplishment of its business and purposes.
- (v) The purposes of the Limited Partnership set forth above are to be construed as both purposes and powers of the Limited Partnership.

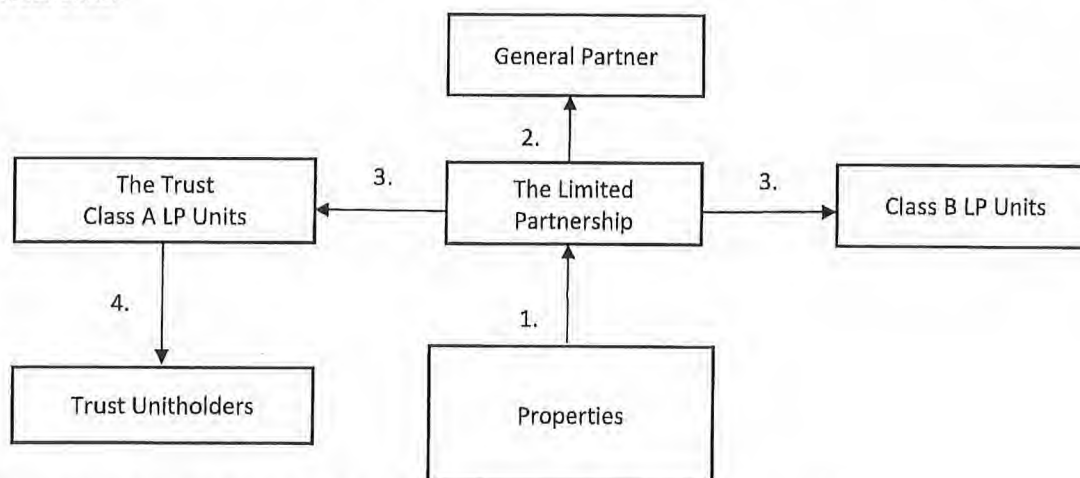
Investment Flow Charts

The following chart represents the proposed use of subscription proceeds of this Offering by the Trust and the Limited Partnership in the acquisition of the Properties:



1. Subscribers to this Offering advance subscription funds to the Trust using funds from Deferred Plans or cash.
2. The Trust issues Trust Units to Subscribers.
3. The Trust uses the Available Funds from this Offering to purchase Class A LP Units in the Limited Partnership.
4. The Limited Partnership uses funds received from the Trust, after the payment of the Offering costs and Selling Commissions associated with this Offering, to acquire Properties.

The following chart represents the proposed distribution of funds from the acquisition of the Properties to holders of LP Units and Trust Units:



1. Revenue arising from the acquisition of Properties is received by the Limited Partnership.
2. The Limited Partnership pays the Management Fee to the General Partner.
3. The Limited Partnership makes a distribution of Distributable Cash to the Limited Partners of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement.
4. The Trust makes a distribution of Cash Flow of the Trust to the Trust Unitholders.

Investment Rationale:

The Trust believes there is currently a significant opportunity to acquire medical related commercial real estate assets in the Province of Ontario and elsewhere within Canada that offer a high-yield with long-term capital appreciation.

Many underperforming medical centers are well-built and well located in growing and mature municipalities. Their inability to attract new doctors coupled with below market rental rates is driving their values down, often below their replacement cost.

The delivery methods for modern health care needs are changing rapidly, and patients are no longer satisfied with the status quo. Today, patients are looking for convenience, service, and knowledge; a one-stop-shop experience where doctor services are complimented with preventative health and educational services, convenience and unparalleled customer service.

The Trust will focus on acquiring high performing, high traffic medical centers that offer an integrated tenancy base as well as managed capabilities for general practitioners ("GP's") and Family Health Groups (which are defined as groups of three or more doctors practicing together).

The Trust's real estate portfolio will only include medical facilities that are managed and integrated, investing in assets that are ready for the changing trends in medical delivery and patient expectation.

The Trust will rely on the extensive experience of Gross Capital to source and acquire Properties. The Trust will purchase directly from third party, high performing, high traffic and integrated medical facilities from third party vendors.

The Trust will benefit from Gross Capital's ability to attract GP's, specialists and ancillary medical providers as tenants within Properties acquired by the Trust. New and renovated Properties acquired by the Trust will have leases from national and regional medical tenants prior to purchase by the Trust. Long term, as patient traffic continues to grow, so too will the ability to further increase rental rates, providing long-term capital appreciation for the Trust.

The Trust, in conjunction with Gross Capital, is committed to building a real estate portfolio of high performing medical centers, providing the communities they serve with modern and efficient medical service delivery, ensuring operational viability for decades to come.

Gross Capital

The Trust will rely on Gross Capital to assist in achieving the investment objectives of the Trust. Gross Capital facilitates the acquisition of commercial real estate properties in Ontario through co-tenancy syndications. Since inception, Gross Capital has facilitated the acquisition of 49 commercial real estate assets in Ontario establishing its reputation as a preferred counterparty in the commercial real estate market in Ontario. Gross Capital intends to continue to facilitate the acquisition of additional real estate assets during the term of this Offering and the term of the Trust.

Gross Capital's extensive relationships with brokers, managers and other market participants have resulted in a significant number of the acquisitions occurring on an "off-market" basis. It is preferred to acquire assets in this fashion as "off-market" opportunities are typically bought at a discount to the current market pricing due to the lack of a competitive bidding process. Gross Capital employs a dedicated acquisition and management team which over the past ten years has established Gross Capital as an active market participant in secondary commercial real estate markets in Ontario.

The principals of Gross Capital own a 25% interest in Medica One Limited ("M1"), a private Ontario corporation. M1 may from time to time become a tenant in the Properties acquired by the Trust and strategic partner, offering patients an optimal level of health care service via a one stop shop for healthcare and wellness needs. M1 offers physicians an efficient, technology driven environment in which to practice, and provides clinical and administrative support. M1 is striving to become the format of choice for family doctors, by providing increased revenue, higher productivity, and enhancing work-life balance. M1 brings a multitude of medical solutions under one roof, providing an integrative health care destination. Please visit medicaonehealth.com for more information with respect to M1.

Medical Related Commercial Properties in Ontario

There are currently hundreds of underperforming medical related commercial properties located across Ontario with large vacancies. Medical services tend to be scattered across multiple locations within each municipality in which such properties are located. Most medical ancillary service companies are looking to reduce costs by consolidating their locations into busier medical complexes.

There is a growing need for managed practice capabilities for GP's and Family Health Groups in order to remove "running the business" from doctors' hands.

Today's medical patients are looking for a hybrid health care option that provides for modern day medicine (doctor visits) coupled with preventative health services.

Investment Strategy:

Acquire Commercial Real Estate Properties in Target Markets at Attractive Valuations

Gross Capital intends to identify and acquire high performing, high traffic medical centers that offer an integrated tenancy base as well as managed capabilities for GP's and Family Health Groups by leveraging Gross Capital's relationships with its network of real estate brokers and contacts in the medical community.

Many of these opportunities may be “off-market” and not widely marketed for sale. Gross Capital will employ the following steps in pursuing its investment strategy:

- Target medical related commercial real estate assets:
 - (i) Located in secondary markets demonstrating sustainable population and employment statistics; and
 - (ii) Located in well-developed sub-markets with limited risk of new development;
- Negotiate with sellers to place Properties under contract and conduct a thorough due diligence process including review and analysis of leases, cash flow models, market studies, environmental reports, and structural reports (typically over a 30 to 60 day period);
- Source debt financing terms from various lenders, finalize due diligence and debt financing with the selected lenders (if applicable), and acquire the Property;

The Trust may not always acquire Properties as the sole owner of a Property. The Trust may invest in, or be a participant in, joint ventures, co-tenancies and partnerships with a syndicate of third parties (each a “Purchasing Syndicate” or “Syndicate”) organized by Gross Capital with respect to the acquisition of Properties. From time to time Gross Capital, corporations related to Gross Capital, and/or Mark Gross and Sheldon Gross may also participate as purchasers within a Purchasing Syndicate.

Where Gross Capital organizes a Purchasing Syndicate with respect to a Property, it will charge the members of that Syndicate, other than the Trust if it is participating as a member of Purchasing Syndicate, a transaction fee equal for identifying the Property to be acquired by the Syndicate, conducting due diligence, arranging mortgage financing and organizing the Purchasing Syndicate. The Trust will be exempt from the payment to this fee.

Investors should note however, that the General Partner may be paid an Acquisition Fee of one percent (1%) of the purchase price of all Properties or interests in Properties acquired by the Trust including interests in Properties acquired by the Trust through a Purchasing Syndicate. The General Partner was not paid an Acquisition Fee with respect to the acquisition of the Partnership Interest in the Oshawa Property or the Victoria Property.

Prime may act as the manager of each Property acquired by a Purchasing Syndicate. See the heading below “Management and Leasing of the Properties”.

Apply Hands-On Asset Management Philosophy to Increase the Value of Properties

Gross Capital will, with respect to each Property or interest in a Property that the Trust acquires:

- Prepare a business and marketing plan for each Property with respect to the area’s demographics and patient base. Maximize patient traffic by advertising new Properties services and tenant base when they become available through local advertising channels, newspapers, and automated calls. A pro-active information campaign about the Properties will serve as a reminder to area residents of the Trust’s ability to serve them and its commitment to customer service excellence.
- Maximize increase in Property value by continually assessing the rent rolls and tenant base of each Property. Interview tenants minimum one (1) year prior to expiration of leases to determine future lease intentions and act accordingly to either extend the tenant’s lease or market the available opportunity to other medical service providers, thus minimizing any potential vacancies.
- Focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases. The health of these relationships is not only core to generating cash flow stability but also creates incremental lease origination opportunities for other Properties where these tenants are leasing.

Realize Value Through Sales of Properties

Gross Capital will continually monitor the commercial real estate investment and capital markets with a view towards maximizing disposition proceeds.

Once an individual Property or Properties have been stabilized through the application of the Gross Capital’s asset management strategy, they will be evaluated for sale to realize on value creation. Gains are created by an increase in net operating income and capitalization rate compression.

The Trust will base its approach to asset selection on the following criteria:

Transaction Size – Gross Capital believes that an opportunity exists to acquire high-quality assets priced between \$5 million and \$40 million. Each such transaction would be expected to require approximately \$3 million to \$17 million of equity investment. Gross Capital has opted to focus on transactions of this size since assets in this price range are generally too small to attract large institutional investors yet too large for private investors. The Trust believes that this will result in fewer competitive bidders, thereby increasing the ability of the Trust to acquire real estate assets at attractive prices.

Asset Quality – Demand remains strong for ‘A’ quality trophy commercial real estate and bidding in this class remains extremely competitive. The Trust believes an opportunity exists in the ‘A-’ and ‘B’ quality markets where the pool of buyers is smaller and not as well capitalized.

Investment Highlights:

Opportune Investment Timing

- *Defensive Nature of Medical Related Real Estate Properties* – Gross Capital believes that well-located, medical related real estate assets represent a defensive asset class with limited downside in volatile markets.
- *Limited Debt Availability* – The combination of tightening lending standards and reduction in overall lending capacity among banks and other institutional lenders has created difficult conditions for obtaining acquisition financing. For similar reasons, conduit financing has significantly reduced since its peak. The limited access to credit financing has reduced the number of competing buyers thereby creating more opportunity for well-capitalized investors.

Leverage

The current commercial real estate debt financing market offers debt financing at attractive interest rates which Gross Capital intends to fully utilize in order to increase return on equity. Gross Capital expects that Properties will be available for acquisition at prices which provide a capitalization rate of approximately 7% to 9%, with favourable long-term financing, providing positive financial leverage upon acquisition. As well, Gross Capital will target an overall loan-to-value ratio of any mortgage financing at 60% to 75% of the value of the Properties of the purchase price of the Properties as a whole, plus the amount of any property improvement reserve account approved by the lenders.

In order to assist the Trust in acquiring Properties, Gross Capital has agreed that it may, from time to time, loan the Limited Partnership funds to be used as bridge financing by the Partnership. Funds advanced by Gross Capital to the Partnership will not bear interest and will be repaid by the Partnership from the funds raised under this Offering.

Management and Leasing of the Properties

The Limited Partnership may contract with a related party, Prime, to manage the ongoing day-to-day management of the Properties. Prime will be paid a management fee of either (i) between 3% and 5% of the gross revenue from the managed Property or Properties or; (ii) 15% of common area maintenance with respect to a Property. The method of calculation of this fee will be determined by the terms of the leases or leases in place when a Property is acquired by the Limited Partnership. This fee is expected to be recoverable from the tenants of a Property under the lease terms. In certain cases the Limited Partnership may decide it is in its best interest to engage a third party property manager with respect to a specific Property or Properties. In that case the compensation to be paid to a third party manager will be similar to that paid to Prime.

Active management of leasing is key to driving revenue as it will allow the Limited Partnership to be intimately aware of tenant needs. This will allow the Limited Partnership to anticipate future revenue opportunities or mitigate potential leasing risks. The Limited Partnership intends to engage reputable third party leasing brokers to lease the Properties.

Prime manages the Victoria Property on behalf of its Purchasing Syndicate. Prime is paid a monthly property management fee of \$7,167 with respect to the Victoria Property. These fees are paid from the operating costs charged to the tenants of the Victoria Property. In 2016 Prime was paid an aggregate of \$86,000 in management fees with respect to the Victoria Property. From January 1, 2017 to April 30, 2017 Prime was paid an aggregate of \$28,666 in management fees. See the heading “Property Management Agreement – Victoria Property” below.

An unrelated third party (the former owner) manages the Oshawa Property on behalf of its Purchasing Syndicate.

Distributions

The Trust intends to declare cash distributions on a monthly basis with the first of these distributions declared upon the first acquisition of a Property by the Limited Partnership.

Commencing in July 2015, and each month thereafter during the term of the Trust, the Trust has made monthly distributions of operating income to Unitholders. As at the date of this Offering Memorandum the aggregate total of these distributions is \$355,299 (rounded).

The Trust intends to continue with monthly distributions from income derived from the Partnership Interest in the Oshawa Property and the Victoria Property for so long as the Partnership owns those Interests and expects to make monthly distributions of income from future Properties acquired by the Trust.

The Trust will own all of the issued and outstanding Class A LP Units of the Limited Partnership. The Trust, as a Limited Partner of the Limited Partnership, will be entitled to receive from Distributable Cash of the Partnership, a minimum return of 7% per annum (cumulative but not compounded), calculated on its Capital Contribution in the Limited Partnership and, after the return of its Capital Contribution invested in the Limited Partnership, the balance of the Distributable Cash of the Limited Partnership will be distributed as follows:

- (i) 10% of the Net Gain on any Properties sold by the Partnership to the Limited Partners holding Class B Units; and

(ii) all remaining Distributable Cash to the Trust.

Distributions will be paid within 15 days following the end of the month in which the distribution is declared. As described above, Management, as holders of Class B LP Units, will not be entitled to receive any distributions until the Preferred Return of 7% per annum is achieved (which is expected to be satisfied by a combination of monthly cash distributions generated by the Properties and capital gains earned upon disposition).

The ability of the Trust to make cash distributions and the actual amount distributed will depend on the ability of the Trust to indirectly acquire the Properties and the ongoing operations of the Properties, and will be subject to various factors including those referenced in the Item 8 – “Risk Factors” section of this Offering Memorandum. The Preferred Return of seven percent (7%) per annum payable by the Limited Partnership to the Trust, which will ultimately form part of the distributions available from the Trust to the Trust Unitholders, is a preferred return, but is not guaranteed and may not be paid on a current basis in each year or at all. The return on an investment in the Trust Units is not comparable to the return on an investment in a fixed income security. Cash distributions, including a return of a Trust Unitholder’s original investment, are not guaranteed and the anticipated return on investment is based upon many performance assumptions.

Redemption

Unitholders may redeem Trust Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustee. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Redemption of Units”. The Redemption Price for Trust Units paid by the Trust may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the Trust. **Redemption Notes likely will not be a qualified investment for tax-exempt subscribers. See Item 6 - “Income Tax Consequences and Deferred Plan Eligibility”.**

Where in the sole Discretion of AdminCo the Trust chooses to pay the Redemption Price in cash, the maximum aggregate redemption proceeds shall not exceed \$125,000 per fiscal quarter in cash; provided that, in AdminCo’s sole Discretion the Trust may pay in excess of \$125,000 of cash in a fiscal quarter. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Redemption of Units”.

The redemption right is intended to be the primary mechanism for Trust Unitholders to liquidate their investment. There will be no public market for the Trust Units and an application for listing of the Trust Units on a stock exchange will not be made. Trust Units in the Trust are highly illiquid investments and should only be acquired by investors able to bear the economic risk of an investment in the Trust Units for an indefinite period of time. The Trust Units will be subject to “hold periods” under applicable securities legislation and, as the Trust is currently not a “reporting issuer” in any province or territory in Canada, the “hold periods” may never expire. Additionally, Unitholders will not be permitted to transfer or sell their Trust Units without the consent of the Trustees. See Item 8 – “Risk Factors”.

Operating Expenses of the Trust

The Trust will incur ordinary expenses in connection with its operation and administration. It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Trust Unitholders and other Trust Unitholder communications; any reasonable out-of-pocket expenses incurred by Gross Capital or its agents and paid to third parties in connection with their on-going obligations to the Trust; fees payable to the auditors and legal advisors of the Trust; regulatory filing fees, administrative expenses and costs incurred in connection with the continuous public filing requirements of the Trust and investor relations, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses the Trust may incur and any expenditures incurred upon the termination of the Trust. The aggregate amount of these fees and expenses is estimated to be approximately \$50,000 per annum if the Maximum Offering is sold. While the Trust will incur the above described expenses, these expenses will be paid by the Limited Partnership pursuant to the Funding Agreement.

The Trust will be indirectly responsible for the payment of ordinary course operating expenses relating to real estate, which expenses are customary for real estate related entities. Certain of the operating expenses will be payable to Gross Capital in connection with its work on behalf of the Trust.

Properties Acquired by the Trust

The Partnership Interest in the Oshawa Property was acquired by the Limited Partnership in May, 2014. Upon completion of the 2014 Issued Unit Exchange and Dissolution of the 2014 Trust, the Trust became the sole holder of Class A LP Units in the Limited Partnership, with the result that the Partnership Interest in the Oshawa Property is considered to be owned by the Trust, subject to the interest of the holders of the Class B LP Units in the Limited Partnership. See Item 5.1 - “Terms of Trust Units - Advances or Distributions by the Limited Partnership”.

The Partnership began acquiring a Partnership Interest in the Victoria Property in 2015. See the Heading “Victoria Property” below.

OSHAWA PROPERTY

The following is a summary of the Oshawa Property and the Partnership Interest therein.

The Limited Partnership acquired a 12.5% undivided interest in the Oshawa Property for the purchase price of \$3,664,375 in conjunction with 29 un-related third party investors (collectively the "Co-Tenants") through a Purchaser Syndicate which included Gross Capital, who presently holds a 4.953% undivided interest in the Property. The Oshawa Property was acquired from an unrelated third party vendor.

The Partnership Interest in the Oshawa Property is held through a co-tenancy agreement dated May 2, 2014 (the "Co-Tenancy Agreement") entered into with the Co-Tenants and Gross Capital. Gross Capital charged the members of this Purchaser Syndicate, other than the Limited Partnership, a Transaction Fee of \$1,200,000 with respect to the acquisition of the Oshawa Property.

The Oshawa Clinic (the "Oshawa Property") consisting of four (4) separate buildings is the largest managed, multi-specialty medical group practice in Canada. It has approximately 125 doctors including 55 general practitioners. The Oshawa Property is located in downtown Oshawa, across the street from General Motors Place, University of Ontario Institute of Technology and the new Durham Region Courthouse.

The following are the building and acquisition particulars with respect to the Oshawa Property:

Municipal Address - 111-117 King Street East, 0 Athol Street, and 13-15 and 29 Charles Street, Oshawa, Ontario	
Size – 86,450 Sq./Ft.	Total Land Area SF - 118,048
Total Land Area Acres - 2.71	Number of Parking Spaces - 146
Gross Building Area - 86,450 SF	Net Rentable Area - 86,450 SF
Number of Stories - 2, 3, & 8 stories	Year Built: 1915, 1960 to 1988
Purchase Price - \$27.4M (7.3% cap rate)	Vendor – an un-related third party
Closing Date - May 8, 2014	Occupancy – 100%
Lease Terms – Triple Net	NOI – \$1,237,780 annually - 2016
Parking Revenue – \$732,104 – in 2016	Avg. Rental Rate – \$14.66 psf

Mortgage Financing (the "Oshawa Property Mortgage")

Principal Amount - \$18,715,000

Interest Rate - 4.04%

Payments - Monthly Principal and Interest of \$98,850.93

Term - 5 Years

Amortization - 25 years.

Title to the Oshawa Property is held in the name of King Medical Oshawa Holdings Inc. ("KMOHI") a private Ontario corporation. Mark Gross is the sole officer and director of KMOHI. Gross Capital holds all the issued shares in KMOHI. KMOHI holds title to the Oshawa Property as nominee pursuant to the Nominee Agreement referenced in the heading below, for the Limited Partnership, Gross Capital and the Co-Tenants pursuant to the terms of the Co-Tenancy Agreement.

OSHAWA PROPERTY CO-TENANCY AGREEMENT

The following is a summary of the Oshawa Property Co-Tenancy Agreement. This is a summary only and is subject to the complete terms and conditions of the Oshawa Property Co-Tenancy Agreement.

With respect to this section the following capitalized words and terms shall have the indicated meanings:

"Affiliate" of a party means a corporation which is a subsidiary of the party, which has the party as a subsidiary or which is a subsidiary of a corporation of which the party is also a subsidiary. A corporation shall be a "subsidiary" of another corporation if, but only if, any one or more of such other corporation and its subsidiaries collectively own or control 100% of the Equity Shares in the capital of such first mentioned corporation;

"Agreement" shall refer to the Oshawa Property Co-Tenancy Agreement;

"Agreement of Purchase and Sale" means the agreement between Clinic Buildings (1979) Ltd., as vendor and Gross Properties Inc., as purchaser, dated the 9th day of December, 2013, as amended or extended from time to time, and as assigned by Gross Properties Inc. to the Nominee, with respect to the property municipally known as 111-117 King Street East, 0 Athol Street, and 13-15 and 29 Charles Street, Oshawa, Ontario;

"Co-Tenant" means individually, each of the parties to the Co-Tenancy Agreement and **"Co-Tenants"** shall mean collectively, all of such parties, both of which shall include their respective permitted successors, heirs, executors and permitted assigns hereunder;

"Co-Tenants Bank Account" means the bank account established by the Manager in the name of the Co-Tenants or the Nominee;

"Defaulting Co-Tenant" or **"Defaulter"** means a Co-Tenant in respect of which an Event of Default or an event of insolvency has occurred and is continuing;

"Effective Date" means May 2, 2014;

"Event of Default" means, when used in relation to a Co-Tenant, that:

- (i) the Co-Tenant has defaulted in its obligation to provide, when required, its Share of the funds required when the Management Committee or the Manager require an advance of funds from the Co-Tenants in excess of funds available from a lender, and shall have failed to cure such default within thirty (30) days after receipt by it of a written notice from the Management Committee or the Manager asking it to cure such default; or
- (ii) if the Tenancy Interest of such Co-Tenant has been transferred to an Affiliate, and such transferee ceases to be an Affiliate of such Co-Tenant and does not cure such default within five (5) Business Days from the date such Affiliate ceases to be an Affiliate of such Co-Tenant; or
- (iii) the Co-Tenant shall have defaulted in the observance of its covenant by creating, assuming, or consenting to any lien, mortgage, pledge or encumbrance upon all or any portion of the Co-Tenant's interest, and does not cure such default within five (5) Business Days after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default; or
- (iv) the Co-Tenant shall have defaulted in the observance of its covenant by transferring any or all of its tenancy interest resulting in a change of effective control of any Co-Tenant, and does not cure such default within five (5) Business Days from the date of such Transfer; or
- (v) the Co-Tenant shall have defaulted, for any reason other than unavoidable delay, in the observance or performance of any of its other covenants and obligations under or by virtue of this Agreement not otherwise referred to in this subsection, and
 - (A) if such default can with due diligence be cured within ten (10) Business Days, the Co-Tenant does not cure such default within ten (10) Business Days after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default, or
 - (B) if such default cannot with due diligence be cured within ten (10) Business Days, the Co-Tenant (1) does not promptly commence and proceed with due diligence to cure such default after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default, and (2) having promptly so commenced such rectification, does not cure such default within ninety (90) days, or such longer period as may be required by reason of circumstances provided the Co-Tenant in default is proceeding with due diligence, after receipt of such notice;

"First Mortgage" means the Charge/Mortgage in favour of Royal Bank of Canada currently registered, or to be registered, in first position on title to the Property;

"Management Agreement" means the Management Agreement dated May 2, 2014 among the Co-Tenants, as owners, and the Manager, as manager, with respect to the operation, maintenance, financing and day-to-day management of the Property;

"Management Committee" means the property management committee, the initial two members being Mark Gross and Sheldon Gross;

"Manager" means Prime Real Estate Group Inc.;

"Nominee" means King Medical Oshawa Holdings Inc.;

"Nominee Agreement" means the Nominee Agreement dated May 2, 2014 among the Co-Tenants and the Nominee governing the terms by which the Nominee shall act as agent and bare trustee in holding registered title to the Property for and on behalf of the Co-Tenants;

"Non-Defaulter" means if an Event of Default or event of insolvency occurs in relation to a Co-Tenant, any other Co-Tenant who is not a Defaulter;

"OBCA" means the *Business Corporations Act* (Ontario);

"Operations" means the acquisition, ownership, improvement, operation, repair and maintenance of the Property;

"Property" means the Oshawa Property;

"Share" means, with respect to a Co-Tenant, the undivided percentage beneficial interest in the Property of such Co-Tenant, as such interest may be adjusted pursuant to the terms of this Agreement from time to time; and

"Tenancy Interest" means when used in relation to a Co-Tenant, all such Co-Tenant's right, title and interest in and to its Share in the Property and in all other property acquired by the Co-Tenants in connection therewith from time to time including, without limitation, its right, title and interest in and to this Agreement and in the Co-Tenant's Security Mortgages granted to it.

The Property

Each Co-Tenant acknowledged that it and each of the other Co-Tenants are, as of the Effective Date, the beneficial owners, as tenants in common, of the Property in accordance with their respective Shares.

The Agreement shall continue in full force and effect until the later of the date that the Property in its entirety or the last remaining portion of the Property owned by the Co-Tenants, as the case may be, is sold by the Co-Tenants to a third party purchaser or otherwise and the date that final settlement has been made among the Co-Tenants in accordance with the subsection below.

If the Co-Tenants sell the Property in its entirety or sell the last remaining portion of the Property owned by the Co-Tenants to a third party purchaser or otherwise, the Co-Tenants shall make a final settlement among themselves to the end that, subject to any indemnifications and releases, the Co-Tenants shall have shared all of the rights and benefits and borne all of the liabilities and obligations of the Co-Tenants in accordance with their respective Shares, provided that any distribution of funds shall be made only in accordance with the cash surplus and distributions outlined in the Agreement.

Each of the Co-Tenants shall have an undivided beneficial interest in and to the Property equal to its Share.

As between the Co-Tenants and subject to any indemnification, each Co-Tenant shall be liable only for its Share of the liabilities and obligations of the Co-Tenants under any agreements (including, without limitation, any financing by the Co-Tenants collectively with respect to the Property) made by the Co-Tenants with respect to the Property and shall not be liable for any other Co-Tenant's Share of such liabilities and obligations. Each Co-Tenant shall be entitled only to its Share of the rights and benefits of the Co-Tenants under any such agreements.

Financing and Contributions

Each Co-Tenant shall contribute to the amount required to complete the acquisition of the Property including, without limitation, fees of the Manager in connection with the negotiation and closing of the purchase and sale of the Property in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000 plus HST), due diligence costs, closing costs and the costs and expenses relating to the preparation, negotiation and completion of the Agreement of Purchase and Sale, the Agreement, the Nominee Agreement and the Management Agreement, an amount, *pro rata*, equal to its Share, in cash or by certified cheque. Notwithstanding the foregoing, the fees of the Manager shall not be charged to the 2014 Trust, but shall be paid by each other Co-Tenant *pro rata* in accordance with their relative proportionate share. In addition, each Co-Tenant acknowledges and confirms that it has assumed, *pro rata* in accordance with, but at all times limited to, its Share, all of the obligations and liabilities of the Nominee pursuant to the First Mortgage and the Agreement of Purchase and Sale, and hereby confirms its authorization to the Nominee to assume the Agreement of Purchase and Sale and enter into all closing documents contemplated thereunder, and to grant the First Mortgage and thereby charge the Tenancy Interest of each Co-Tenant in accordance with the terms of the First Mortgage.

If the Management Committee or the Manager determines that funds in excess of those available from a lender, as contemplated above, are required then unless the Management Committee or the Manager otherwise determines, such funds shall be advanced by the Co-Tenants. The advances, if any, from time to time required of the Co-Tenants shall be made *pro rata* according to their Share. The determination as to whether any such funds are required and the date on or by which the same are to be advanced shall be made by the Management Committee or the Manager, acting in good faith and in the best interests of the Property.

Subject to the above, whenever funds are required to meet any obligations arising out of the business and affairs of the Co-Tenants in relation to the Property as contemplated in the Agreement and the Management Committee or the Manager has determined that such funds are to be advanced by the Co-Tenants, any member of the Management Committee or the Manager shall be entitled to notify the Co-Tenants in writing, which notice shall set out the specific purposes for which and the amount of the contribution from each Co-Tenant and the date upon which such funds are required. Each Co-Tenant shall advance the amount required on or before the date set forth in such notice by depositing the monies required by such notice in the Co-Tenants Bank Account.

Where the Limited Partnership is required to make an advance to the Manager pursuant to the above terms and does not have the funds available to make such an advance, Gross Capital will advance such sums on behalf of the Limited Partnership to be repaid by the Partnership on a first priority basis from distributions of Cash Surplus made to the Limited Partnership pursuant to the terms below.

Cash Surplus and Distributions

Subject as hereinafter provided, the Cash Surplus shall be distributed to the Co-Tenants, as and when such funds become available for distribution as determined by Management Committee, in the priority and manner as follows:

- (a) firstly, in payment to the Co-Tenants of the amount of accrued interest, if any, owing to the Co-Tenants in respect of monies advanced pursuant to a request from the Management Committee or the Manager, pro rata to the amount of interest so owing to them respectively;
- (b) secondly, in payment to the Co-Tenants of the principal balance of any monies advanced by the Co-Tenants pursuant to a request from the Management Committee or the Manager, pro rata to the principal balances then outstanding;
- (c) the balance, if any, to the Co-Tenants pro rata according to their respective Share.

"Cash Surplus" of the Co-Tenants at any point of time means all amounts received by the Co-Tenants arising out of the Property or the sale or operation thereof ("**Gross Receipts**") up to that point of time, including:

- (a) the leasing or sale of any of the Property;
- (b) funds provided by the Co-Tenants pursuant to a request from the Management Committee or Manager;
- (c) the amount, if any, of any insurance proceeds received by the Co-Tenants over the amount thereof necessary to repair the damage compensated for, or payable to any third party mortgagee having a mortgage on the Property or any part thereof; and
- (d) the net proceeds, if any, received by the Co-Tenants from any and all mortgage financing and refinancing, from partial or total expropriations (over the amount thereof necessary for restoration and less any amount thereof paid to any third party mortgagee having a mortgage on such property or any part thereof) from sales of easements, rights of way or similar interests in respect of the Property or from dispositions of an interest therein;

less the aggregate of:

- (e) all expenses, charges and outlays actually paid by the Co-Tenants up to that point of time including any sums paid on account of principal and/or interest to third party lenders in respect of any loans owing by the Co-Tenants and any fees paid to the Manager pursuant to the Management Agreement; and
- (f) such portion of the Gross Receipts up to that point of time as the Management Committee or the Manager determines is reasonably necessary to provide a reserve for contingencies and for anticipated future costs and expenses of Operations.

Management Committee

The Management Committee shall be composed of two (2) members who shall each be a natural person resident in Canada and appointed by the consent, in writing, of the Non-Defaulter Co-Tenants owning, in the aggregate, no less than seventy five percent (75%) of the total beneficial interest in the Property. Any Tenancy Interest held by a Defaulting Co-Tenant shall be excluded from the calculation of the total amount of beneficial interests in the Property. The initial two Members are Mark C. Gross and Sheldon Gross.

Subject to the Management Committee's restrictions, the Management Committee has the power and authority, and the Co-Tenants hereby direct the Management Committee, to give any approvals and to make any decisions required or permitted to be given or made by the Co-Tenants with respect to the Property, and the Operations, including the financing of the Property, and any matters arising under or out of any agreement made between the Co-Tenants or the Nominee and any Person with respect to the Property. A decision of the Management Committee with respect to any matter within its competence shall be binding on the Co-Tenants and the Nominee. The Management Committee shall be authorized and permitted to delegate any of its approval powers, authority, or responsibility under this Agreement, to the Manager, from time to time, as the Management Committee deems appropriate.

Notwithstanding the foregoing, the Management Committee has no power or authority to give any of the approvals or make any of the decisions or determinations regarding the transfer of interests of the Co-Tenants, default, insolvency, and general sale provisions. In addition, the Management Committee shall not have the authority to: (i) enter into agreements to sell the Property or any portion thereof, (ii) enter into agreements, obligations, or covenants giving rise to the assumption of liability by the Co-Tenants not limited to their respective Share, as referred to in section 2.10(b), and (iii) agree to any Property Management Fee for the Manager, and all of the foregoing items (i), (ii) and (iii) shall require the approval of Co-Tenants owning, in the aggregate, not less than seventy-five percent (75%) of the total beneficial interest in the Property. Likewise, the 2014 Trust shall not, without approval of all of the other Co-Tenants, by operation of law or otherwise, voluntarily or involuntarily, directly or indirectly, sell, transfer, assign, convey, gift, exchange, lease, sublease, devise, bequest or otherwise dispose of (hereinafter called "**Transfer**") all or any portion of its Tenancy Interest for a period of five (5) years from the date hereof, and, save and except with the approval of all Co-Tenants, Sheldon Gross, or Mark

Gross, or an immediate family member of Mark or Sheldon Gross, shall at all times, whether directly or indirectly through the 2014 Trust, hold not less than (in the aggregate) a 15% Tenancy Interest.

Other Financial and Accounting Matters

Accounts for the Co-Tenants shall be prepared and settled as of December 31 in each year or as of any other date as the Management Committee may agree upon.

Within ninety (90) days after the end of each accounting year of the Property, the Manager shall cause the accountants of the Property to furnish to each Co-Tenant an annual report consisting of:

- (a) a profit and loss statement for such year; and
- (b) any additional information that the Co-Tenants may require for the preparation of their individual federal and provincial income tax returns.

Unless otherwise determined by the Management Committee, the said financial statements shall be audited and shall be accompanied by the report of the said firm of chartered professional accountants thereon.

The Nominee

The Co-Tenants appointed the Nominee to hold the Property, together with any and all income, benefits and advantages accruing or to accrue therefrom as bare nominee for the sole use, benefit and advantage of the Co-Tenants in accordance with their respective Shares.

The Nominee accepted such appointment and declares that it agrees to hold the Property, together with any and all income, benefits and advantages accruing or to accrue therefrom, in trust, as bare nominee for the sole use, benefit and advantage of the Co-Tenants in accordance with the provisions hereof.

The Nominee also agrees that it will perform such activities and enter into such agreements in connection with the Property as the Management Committee may request from time to time.

The Nominee shall:

- (a) at all times comply with the provisions of this Agreement and follow the directions of the Management Committee;
- (b) act solely on the directions of the Management Committee and not on the directions of an individual Co-Tenant;
- (c) not acquire or hold any property, incur any liability, undertake any obligation or perform any activity except on the directions of the Management Committee and in connection with the Property.

Each Co-Tenant, on a several basis to the extent of its Share, hereby irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the directors and officers of the Nominee from and against any and all costs, charges, expenses, including amounts paid to settle an action or satisfy a judgment, reasonably incurred by such director or officer in respect of any civil, criminal or administrative action or proceeding, to which such director and officer is made a party by reason of being a director or officer of the Nominee, if:

- (a) the director or officer acted honestly and in good faith with a view to the best interest of the Nominee;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that his/her conduct was lawful.

The business and affairs of the Nominee shall be managed by the board of directors of the Nominee. Unless otherwise agreed by all the Co-Tenants, the board of directors of the Nominee shall consist of one director and officer, being Mark C. Gross and all shares of the Nominee shall be held by the Manager.

Without the prior approval of the Management Committee, none of the following shall be carried out and effected by the Nominee (each of which shall be deemed to be a matter subject to the consent requirements of Management Committee meetings):

- (a) the issuance by the Nominee of any of its shares or the grant by the Nominee of any right capable of becoming an agreement to issue its shares;
- (b) the redemption or purchase by the Nominee of its issued shares (except as otherwise required pursuant to this Agreement);
- (c) the taking or institution of proceedings for the winding-up, reorganization or dissolution of the Nominee;
- (d) the sale, transfer, lease, exchange or other disposition of the assets of the Nominee out of the ordinary course of business;
- (e) the hypothecation, mortgaging, pledging, charging or otherwise encumbering of any of the assets of the Nominee (except as contemplated herein);

- (f) the removal of its directors;
- (g) the filing of articles of amendment amending the articles of the Nominee;
- (h) any material change in the affairs of the Nominee or the establishment of or acquisition of a new venture or other business;
- (i) the granting of any loan by the Nominee or any person, firm or corporation not dealing at arm's length with any of its directors or shareholders or guaranteeing any obligation of any person, firm or corporation;
- (j) the declaration of any dividend or making of any other distribution of assets;
- (k) the borrowing of money and the issuing of debt obligations by the Nominee (save and except as contemplated herein);
- (l) the taking of any action outside the ordinary course of business or with any third party, person, firm or corporation not dealing at arm's length with the Nominee;
- (m) instituting or defending any litigation, or conducting litigation;
- (n) changing its auditors or the accounting principles of its financial statements; and
- (o) any change or action contemplated by Section 168 of the OBCA (commonly referred to as a "fundamental change").

PROPERTY MANAGEMENT AGREEMENT – OSHAWA PROPERTY

The following is a summary of the Property Management Agreement. This is a summary only and is subject to the complete terms and conditions of the Property Management Agreement.

With respect to this section the following words and terms shall have the indicated meanings:

"Agreement" or "Property Management Agreement" means this agreement as amended from time to time;

"Defaulting Party" means Co-Tenants that have not paid any money or will not have paid its Share;

"Effective Date" means May 2, 2014;

"Nominee" means King Oshawa Medical Holdings Inc.;

"Party" or "Parties" means either one or both of King Oshawa Medical Holdings Inc. or Oshawa Clinic Group;

"Property" means the Oshawa Property;

"Property Management Fee" shall be equal to the greater of: (i) any property management fee payable by tenants of the Property, not owed to Clinic Buildings (1979) Ltd. and (ii) a fee approved by the Nominee; and

"Property Manager" means Oshawa Clinic Group.

Effective Date and Term

The term of the Agreement commenced and became effective upon the effective date and shall continue for a term of five (5) years or until earlier terminated by either party pursuant to the terms of the Agreement; provided, however, that at the expiration of the initial or each renewal term, if any, the Agreement shall automatically be renewed for successive additional periods of two (2) years, unless either party shall have delivered to the other notice in writing of its intention not to renew prior to the expiration of the then current term.

Grounds for Termination

- (a) if the other party is in default in any material respect in the performance of any of its obligations under this agreement or otherwise commits any material breach of the Agreement, and such default continues uncured after ten (10) days' notice from the notifying party to such other party stating the particulars of such default;
- (b) if such other party files a petition in bankruptcy, files a petition seeking any reorganization, arrangement, composition or similar relief under any federal, provincial or local law regarding the insolvency or relief for debtors or makes an assignment for the benefit of creditors, or if a receiver, trustee or similar officer is appointed for the business or property of such other party, or if any involuntary petition or proceeding under bankruptcy or insolvency laws is instituted against such other party and not stayed, enjoined or discharged within thirty (30) days; or,
- (c) the Nominee sells the Property.

Responsibilities of the Property Manager

The Property Manager agrees and the Nominee authorizes the Property Manager to act as the sole and exclusive management agent of the Property and to manage the Property on behalf of the Nominee during the term of the Agreement in a faithful, diligent and honest manner and to enter into such contracts and Agreements as agent of the Owner as may be necessary in the performance of the following duties:

- (a) to advertise the Property for lease and to execute leases covering the Property, or any part thereof, for such rent and upon such terms and conditions as the Property Manager may deem wise and proper;
- (b) to conduct all negotiations with tenants regarding leases and the Nominee acknowledges that all enquiries to lease or renew existing leases shall be referred to the Property Manager and all negotiations with respect to any lease shall be conducted by the Property Manager, unless the Nominee specifically requests otherwise;
- (c) to supervise the moving in and out of tenants and, so far as is reasonably possible, to arrange the times thereof so that there shall be a minimum of disturbance to the operation of the Property and of inconvenience to any other tenants;
- (d) to maintain and keep the Property in a reasonable state of repair and to expend such part of the rents and revenues from the Property, which are collected by the Property Manager, as may be necessary in so doing;
- (e) to use its best efforts to arrange for the performance of all covenants, duties and obligations of the Nominee pursuant to all leases and tenancy agreements which are in effect during the currency of the Agreement in so far as such performance is consistent with the terms of the Agreement and any subsequent instructions given from time to time by the Nominee;
- (f) to diligently pursue and take all reasonable measures at the Nominee's expense to remedy all breaches of leases by tenants including, but not limited to, non-payment of rent and, when it deems appropriate, to initiate court proceedings, or arrange for them to be initiated by a reputable party capable of providing competent legal or paralegal services, as the case may be, with respect to seeking remedies from a court of competent jurisdiction;
- (g) to collect all rents, including additional rent payable pursuant to escalation clauses, maintenance and other charges payable by the tenants or occupants of the Property and any other moneys to which the Nominee may be entitled in connection with its operation, to maintain a careful vigilance over the collection of all receivables, to arrange in so far as is reasonably possible that all such amounts are paid when due and on their collection to deposit them in a trust account for the Nominee in a Canadian chartered bank or trust company;
- (h) to hire in its own name, if appropriate, but at the Nominee's expense, supervise and dismiss as may be necessary from time to time all persons required (subject to any budgetary limitation agreed on with the Nominee) for the proper operation and maintenance of the Property and its equipment, including where necessary or desirable a building superintendent, it being agreed that the Property Manager may perform any of its duties pursuant to the Agreement through the contracting of such persons and the Property Manager shall not be liable to the Nominee or to any other person for any act or omission on the part of such contracted person;
- (i) to maintain proper payroll records with respect to all persons engaged to work at the Property in accordance with subparagraph (h) above and to make all payroll reports and returns required by law and to remit to the proper authorities all deductions and payments for Income tax, unemployment insurance, hospitalization, medical and tax, and other group coverage, union dues, Canada Pension Plan, Workers' Compensation and any other deductions or payment which may from time to time be applicable to any such persons or their employer or both;
- (j) to direct and supervise any contracted persons pursuant to the Agreement, for the operation and maintenance of any heating, ventilating, air-conditioning and other equipment which the Nominee desires or is obligated to operate and maintain and to arrange for any technical instruction of the persons employed at the Property which may be required for the proper operation and maintenance of such equipment, provided that the Property Manager shall not be liable to the Nominee or to any other person for any act or omission of such contracted person;
- (k) to specify duties and arrange for the preparation of any work schedules necessary to direct the activities of any persons employed to work at the Property and to provide such supervision as may be reasonably necessary in the Property Manager's opinion to verify the adequacy with which any duties and work is being performed;
- (l) to arrange for the supply, as may be required, of electricity, gas, steam, fuel, water, telephone and other services and to arrange through use of employees or independent contractors as in each instance may seem the more desirable for the effective and economical operation, maintenance and repair of the Property and its equipment (including, without limitation, any heating, ventilating, air-conditioning, plumbing, electrical and elevator equipment) as may be required by the Nominee or deemed desirable by the Property Manager or so as to comply with the enforcement of any regulations and requirements of which the Property Manager is notified by the local board of health, police and fire departments and any other municipal, provincial and federal authorities having jurisdiction which affect the Property and, without limiting the generality of the foregoing, such arrangements

shall include (where applicable to the Property) those for janitor service and any other cleaning, including windows, building security and ice removal, landscaping and grounds maintenance, painting and redecoration, alterations and any supervision and maintenance necessary in connection with any swimming pool or other recreational area;

- (m) to arrange for the payment of such debt service and municipal tax obligations as may be required and to co-operate with the Nominee and its legal or other appointed representatives in connection with the entering and processing of any appeals regarding municipal tax assessments levied against the Property;
- (n) to assist in arranging for any insurance coverages required unless otherwise provided by the Nominee and, as may be requested by the Nominee, to advise regarding insurance coverages which are recommended by the Property Manager and, if further required, to negotiate on behalf of the Nominee the terms of any policies for fire and other perils, rental income, plate glass, public liability, fidelity, money loss, boiler and machinery and any other insurance which may from time to time be required by the Nominee relative to the Property, provided, however, that the Property Manager shall not be liable for any claim which is due to failure to effect or maintain adequate insurance, but shall be liable for any claim due to the negligence of the Property Manager or those for whom the Property Manager is in law responsible;
- (o) to seek out commitments to provide financing of the Property, as and when prudent, and to undertake the management, accounting and administration of any such funds borrowed;
- (p) to assist the Nominee in bookkeeping, accounting, budget preparation and financial reporting, as may be necessary, from time to time in connection with the Property; and
- (q) generally to do and perform, including the purchase of all supplies, goods and services required, and where desirable contract (either in its own name or the Nominee's name, as the Property Manager in each instance may elect) for all things desirable or necessary for the proper and efficient management of the Property (including the giving of proper attention to any complaints and endeavouring as far as is economical to reduce waste) and to perform every other act whatsoever in or about the Property to carry out the intent of this Agreement, or any other responsibilities, tasks, or authorities delegated to it by the Nominee.

Nominee's Consent Required

No act shall be taken, moneys expended or decisions made by the Property Manager without the prior written approval of the Nominee with regard to the sale of the Property or any portion thereof.

Expenses

The Property Manager shall provide the Nominee with an accounting of costs and expenses incurred in providing services under the Agreement, and the Nominee shall be under an obligation to immediately furnish the Property Manager with sufficient funds to pay the costs and expenses which it has so incurred on behalf of the Nominee.

Management Fee

For part of the services to be rendered by the Property Manager pursuant to the terms of the Agreement, the Nominee shall pay to the Property Manager a Property Management Fee. The Property Management Fee shall be equal to the greater of: (i) any property management fee payable by tenants of the Property, not owed to Clinic Buildings (1979) Ltd. and (ii) a fee approved by the Nominee.

VICTORIA PROPERTY

The following is a summary of the Victoria Property and the Partnership Interest therein.

The Limited Partnership has acquired a 4.8564% undivided interest in the Victoria Property for the purchase price of \$679,900, in conjunction with 72 un-related third party investors (collectively the "Co-Tenants") through a Purchaser Syndicate which included Gross Capital, who as at April 30, 2017, holds a 21.2195% undivided interest in the Property. The Partnership Interest in the Victoria Property is held through a co-tenancy agreement dated March 31, 2015 (the "Victoria Property Co-Tenancy Agreement") entered into with the Co-Tenants and Gross Capital. Gross Capital charged the members of this Purchaser Syndicate, other than the Limited Partnership, a Transaction Fee of \$1,750,000 with respect to the acquisition of the Victoria Property.

Gross Capital intends to continue to offer its 21.2195% interest in the Victoria Property for sale to investors, including the Limited Partnership, for the purchase price of \$14,000 for every 0.1% interest acquired, which price is based on the \$14,000,000 in equity which the Purchasing Syndicate of the Victoria Property contributed to the purchase of this Property. The Limited Partnership intends to use proceeds from this Offering to continue to acquire additional interests in the Victoria Property from Gross Capital for so long as such interests remain available for purchase. The Limited Partnership may acquire all of the above interest in the event that the Trust raises sufficient funds under this Offering.

The Victoria Property consists of two (2) separate buildings and the current tenants comprise of medical labs, clinics, specialist offices and general practitioners. The Property is located in Hamilton, Ontario and commonly known as Victoria Medical Centre and Hamilton Community Health Care. The Property is within five kilometers of Hamilton General Hospital, a leading healthcare provider of South Central Ontario and home to the new David Braley Cardiac, Vascular and Stoke Research Institute.

Prime is the property manager of this Property and manages the Property pursuant to the terms of a Property Management Agreement dated March 31, 2015 (the "Victoria Property Management Agreement").

The following are the building and acquisition particulars with respect to the Victoria Property:

Municipal Address – 414 Victoria Avenue North ("414 V"), and 304 Victoria Avenue North ("304 V"), Hamilton, Ontario	
Size – 86,099 Sq./Ft.	Total Land Area SF – 130,680
Total Land Area Acres – 3.18	Number of Parking Spaces – 323
Gross Building Area – 86,099 SF	Net Rentable Area – 86,099
Number of Stories – 414 V – 1 Storey, 304 V – 5 Stories	Year Built: 414 V - 1925-remodeled 1960, 304 V - 1987
Purchase Price - \$35,800,000 (7.4% cap rate)	Vendor – Unrelated third party
Closing Date – March 31, 2015	Occupancy – 100% and 88.72%
Lease Terms – Triple Net	NOI – \$2,472,424 - 2016
Parking Revenue – \$422,000 (for the 2 buildings)	Avg. Rental Rate – \$25 psf

Mortgage Financing (the "Victoria Property Mortgage")

Principal Amount - \$24,500,000

Interest Rate - 4.05%

Payments - Monthly Principal and Interest of \$122,500

Term - 10 Years

Amortization - 27 years

Title to the Victoria Property is held in the name of Victoria Avenue North Holdings Inc. ("VANHI") a private Ontario corporation. Mark Gross is the sole officer and director of VANHI. Gross Capital holds all the issued shares in VANHI. VANHI holds title to the Victoria Property as nominee pursuant to the Nominee Agreement referenced in the heading below, for the Limited Partnership, Gross Capital and the Co-Tenants pursuant to the terms of the Victoria Property Co-Tenancy Agreement.

VICTORIA PROPERTY CO-TENANCY AGREEMENT

The following is a summary of the Victoria Property Co-Tenancy Agreement. This is a summary only and is subject to the complete terms and conditions of the Victoria Property Co-Tenancy Agreement.

With respect to this section the following capitalized words and terms shall have the indicated meanings:

"Affiliate" of a party means a corporation which is a subsidiary of the party, which has the party as a subsidiary or which is a subsidiary of a corporation of which the party is also a subsidiary. A corporation shall be a "subsidiary" of another corporation if, but only if, any one or more of such other corporation and its subsidiaries collectively own or control 100% of the Equity Shares in the capital of such first mentioned corporation;

"Agreement" shall refer to the Victoria Property Co-Tenancy Agreement;

"Agreement of Purchase and Sale" collectively means the:

- (i) the agreement between 515 John Street Inc., as vendor, and Gross Properties Inc. In Trust (the **"Original Purchaser"**), as purchaser, dated the 26th day of November, 2014, as amended from time to time, and as assigned by the Original Purchaser to the Nominee, of the lands municipally known as 304 Victoria Avenue North, Hamilton, Ontario; and
- (ii) the agreement between 1333732 Ontario Ltd., as vendor, and the Original Purchaser as purchaser, dated the 29th day of January, 2015, as amended from time to time, and as assigned by the Original Purchaser to the Nominee, of the lands municipally known as 414 Victoria Avenue North, Hamilton, Ontario.

"Co-Tenant" means individually, each of the parties to the Co-Tenancy Agreement and **"Co-Tenants"** shall mean collectively, all of such parties, both of which shall include their respective permitted successors, heirs, executors and permitted assigns hereunder;

"Co-Tenants Bank Account" means the bank account established by the Manager in the name of the Co-Tenants or the Nominee;

"Defaulting Co-Tenant" or **"Defaulter"** means a Co-Tenant in respect of which an Event of Default or an event of insolvency has occurred and is continuing;

"Effective Date" means March 31, 2015;

"Event of Default" means, when used in relation to a Co-Tenant, that:

- (i) the Co-Tenant has defaulted in its obligation to provide, when required, its Share of the funds required when the Management Committee or the Manager require an advance of funds from the Co-Tenants in excess of funds available from a lender, and shall have failed to cure such default within thirty (30) days after receipt by it of a written notice from the Management Committee or the Manager asking it to cure such default; or
- (ii) if the Tenancy Interest of such Co-Tenant has been transferred to an Affiliate, and such transferee ceases to be an Affiliate of such Co-Tenant and does not cure such default within five (5) Business Days from the date such Affiliate ceases to be an Affiliate of such Co-Tenant; or
- (iii) the Co-Tenant shall have defaulted in the observance of its covenant by creating, assuming, or consenting to any lien, mortgage, pledge or encumbrance upon all or any portion of the Co-Tenant's interest, and does not cure such default within five (5) Business Days after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default; or
- (iv) the Co-Tenant shall have defaulted in the observance of its covenant by transferring any or all of its tenancy interest resulting in a change of effective control of any Co-Tenant, and does not cure such default within five (5) Business Days from the date of such Transfer; or
- (v) the Co-Tenant shall have defaulted, for any reason other than unavoidable delay, in the observance or performance of any of its other covenants and obligations under or by virtue of this Agreement not otherwise referred to in this subsection, and
 - (A) if such default can with due diligence be cured within ten (10) Business Days, the Co-Tenant does not cure such default within ten (10) Business Days after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default, or
 - (B) if such default cannot with due diligence be cured within ten (10) Business Days, the Co-Tenant (1) does not promptly commence and proceed with due diligence to cure such default after receipt by the Co-Tenant of a notice from the Management Committee or from the Manager asking it to cure such default, and (2) having promptly so commenced such rectification, does not cure such default within ninety (90) days, or such longer period as may be required by reason of circumstances provided the Co-Tenant in default is proceeding with due diligence, after receipt of such notice;

"First Mortgage" means the Charge/Mortgage in favour of American General Life Insurance Company and National Union Fire Insurance Company of Pittsburgh, PA currently registered, or to be registered, in first position on title to the Property;

"Management Agreement" means the Management Agreement dated March 31, 2015 among the Co-Tenants, as owners, and the Manager, as manager, with respect to the operation, maintenance, financing and day-to-day management of the Property;

"Management Committee" means the property management committee, the initial two members being Mark Gross and Sheldon Gross;

"Manager" means Prime;

"Nominee" means Victoria Avenue North Holdings Inc.;

"Nominee Agreement" means the Nominee Agreement dated March 31, 2015 among the Co-Tenants and the Nominee governing the terms by which the Nominee shall act as agent and bare trustee in holding registered title to the Property for and on behalf of the Co-Tenants;

"Non-Defaulter" means if an Event of Default or event of insolvency occurs in relation to a Co-Tenant, any other Co-Tenant who is not a Defaulter;

"OBCA" means the *Business Corporations Act* (Ontario);

"Operations" means the acquisition, ownership, improvement, operation, repair and maintenance of the Property;

"Property" means the Victoria Property;

"Tenancy Interest" means when used in relation to a Co-Tenant, all such Co-Tenant's right, title and interest in and to its Share in the Property and in all other property acquired by the Co-Tenants in connection therewith from time to time including, without limitation, its right, title and interest in and to the Agreement and in the Co-Tenant's Security Mortgages granted to it; and

"Share" means, with respect to a Co-Tenant, the undivided percentage beneficial interest in the Property of such Co-Tenant, as such interest may be adjusted pursuant to the terms of the Agreement from time to time.

Management Committee

The Management Committee shall be composed of two (2) members who shall each be a natural person resident in Canada and appointed by the consent, in writing, of the Non-Defaulter Co-Tenants owning, in the aggregate, no less than fifty-one percent (51%) of the total beneficial interest in the Property. Any Tenancy Interest held by a Defaulting Co-Tenant shall be excluded from the calculation of the total amount of beneficial interests in the Property. The initial two Members are Mark C. Gross and Sheldon Gross.

Subject to the Management Committee's restrictions, the Management Committee has the power and authority, and the Co-Tenants hereby direct the Management Committee, to give any approvals and to make any decisions required or permitted to be given or made by the Co-Tenants with respect to the Property, and the Operations, including the financing of the Property, and any matters arising under or out of any agreement made between the Co-Tenants or the Nominee and any Person with respect to the Property. A decision of the Management Committee with respect to any matter within its competence shall be binding on the Co-Tenants and the Nominee. The Management Committee shall be authorized and permitted to delegate any of its approval powers, authority, or responsibility under this Agreement, to the Manager, from time to time, as the Management Committee deems appropriate.

Notwithstanding the foregoing, the Management Committee has no power or authority to give any of the approvals or make any of the decisions or determinations regarding the transfer of interests of the Co-Tenants, default, insolvency, and general sale provisions. In addition, the Management Committee shall not have the authority to enter into agreements to sell the Property or any portion thereof, and the sale of the Property, or portions thereof, shall require the approval of Co-Tenants owning, in the aggregate, not less than fifty-one percent (51%) of the total beneficial interest in the Property. Likewise, the 2014 Trust shall not, without approval of all of the other Co-Tenants, by operation of law or otherwise, voluntarily or involuntarily, directly or indirectly, sell, transfer, assign, convey, gift, exchange, lease, sublease, devise, bequest or otherwise dispose of (hereinafter called the **"Transfer"**) all or any portion of its Tenancy Interest for a period of five (5) years from the date hereof, and, save and except with the approval of all Co-Tenants, Sheldon Gross, or Mark Gross, or an immediate family member of Mark or Sheldon Gross, shall at all times, whether directly or indirectly through the 2014 Trust, hold not less than (in the aggregate) a 15% Tenancy Interest.

The Property

Each Co-Tenant acknowledged that it and each of the other Co-Tenants are, as of the Effective Date, the beneficial owners, as tenants in common, of the Property in accordance with their respective Shares.

The Agreement shall continue in full force and effect until the later of the date that the Property in its entirety or the last remaining portion of the Property owned by the Co-Tenants, as the case may be, is sold by the Co-Tenants to a third party purchaser or otherwise and the date that final settlement has been made among the Co-Tenants in accordance with the subsection below.

If the Co-Tenants sell the Property in its entirety or sell the last remaining portion of the Property owned by the Co-Tenants to a third party purchaser or otherwise, the Co-Tenants shall make a final settlement among themselves to the end that, subject to any indemnifications and releases, the Co-Tenants shall have shared all of the rights and benefits and borne all of the liabilities and obligations of the Co-Tenants in accordance with their respective Shares, provided that any distribution of funds shall be made only in accordance with the cash surplus and distributions outlined in the Agreement.

Each of the Co-Tenants shall have an undivided beneficial interest in and to the Property equal to its Share.

As between the Co-Tenants and subject to any indemnification, each Co-Tenant shall be liable only for its Share of the liabilities and obligations of the Co-Tenants under any agreements (including, without limitation, any financing by the Co-Tenants collectively with respect to the Property) made by the Co-Tenants with respect to the Property and shall not be liable for any other Co-Tenant's Share of such liabilities and obligations. Each Co-Tenant shall be entitled only to its Share of the rights and benefits of the Co-Tenants under any such agreements.

Financing and Contributions

Each Co-Tenant shall contribute to the amount required to complete the acquisition of the Property including, without limitation, fees of the Manager in connection with the negotiation and closing of the purchase and sale of the Property in the amount of One Million Seven Hundred and Fifty Thousand (\$1,750,000 plus HST), due diligence costs, closing costs and the costs and expenses relating to the preparation, negotiation and completion of the Agreement of Purchase and Sale, the Agreement, the Nominee Agreement and the Management Agreement, an amount, *pro rata*, equal to its Share, in cash or

by certified cheque. Notwithstanding the foregoing, the fees of the Manager shall not be charged to the 2014 Trust, but shall be paid by each other Co-Tenant *pro rata* in accordance with their relative proportionate share. In addition, each Co-Tenant acknowledges and confirms that it has assumed, *pro rata* in accordance with, but at all times limited to, its Share, all of the obligations and liabilities of the Nominee pursuant to the First Mortgage and the Agreement of Purchase and Sale, and hereby confirms its authorization to the Nominee to assume the Agreement of Purchase and Sale and enter into all closing documents contemplated thereunder, and to grant the First Mortgage and thereby charge the Tenancy Interest of each Co-Tenant in accordance with the terms of the First Mortgage.

If the Management Committee or the Manager determines that funds in excess of those available from a lender, as contemplated above, are required then unless the Management Committee or the Manager otherwise determines, such funds shall be advanced by the Co-Tenants. The advances, if any, from time to time required of the Co-Tenants shall be made *pro rata* according to their Share. The determination as to whether any such funds are required and the date on or by which the same are to be advanced shall be made by the Management Committee or the Manager, acting in good faith and in the best interests of the Property.

Subject to the above, whenever funds are required to meet any obligations arising out of the business and affairs of the Co-Tenants in relation to the Property as contemplated in the Agreement and the Management Committee or the Manager has determined that such funds are to be advanced by the Co-Tenants, any member of the Management Committee or the Manager shall be entitled to notify the Co-Tenants in writing, which notice shall set out the specific purposes for which and the amount of the contribution from each Co-Tenant and the date upon which such funds are required. Each Co-Tenant shall advance the amount required on or before the date set forth in such notice by depositing the monies required by such notice in the Co-Tenants Bank Account and concurrently provide to the Nominee an updated Accredited Investor Certificate.

Where the Limited Partnership is required to make an advance to the Manager pursuant to the above terms and does not have the funds available to make such an advance, Gross Capital will advance such sums on behalf of the Limited Partnership to be repaid by the Partnership on a first priority basis from distributions of Cash Surplus made to the Limited Partnership pursuant to the terms below.

Cash Surplus and Distributions

Subject as hereinafter provided, the Cash Surplus shall be distributed to the Co-Tenants, as and when such funds become available for distribution as determined by Management Committee, in the priority and manner as follows:

- (a) firstly, in payment to the Co-Tenants of the amount of accrued interest, if any, owing to the Co-Tenants in respect of monies advanced pursuant to a request from the Management Committee or the Manager, *pro rata* to the amount of interest so owing to them respectively;
- (b) secondly, in payment to the Co-Tenants of the principal balance of any monies advanced by the Co-Tenants pursuant to a request from the Management Committee or the Manager, *pro rata* to the principal balances then outstanding;
- (c) the balance, if any, to the Co-Tenants *pro rata* according to their respective Share.

“Cash Surplus” of the Co-Tenants at any point of time means all amounts received by the Co-Tenants arising out of the Property or the sale or operation thereof (“Gross Receipts”) up to that point of time, including:

- (a) the leasing or sale of any of the Property;
- (b) funds provided by the Co-Tenants pursuant to a request from the Management Committee or Manager;
- (c) the amount, if any, of any insurance proceeds received by the Co-Tenants over the amount thereof necessary to repair the damage compensated for, or payable to any third party mortgagee having a mortgage on the Property or any part thereof; and
- (d) the net proceeds, if any, received by the Co-Tenants from any and all mortgage financing and refinancing, from partial or total expropriations (over the amount thereof necessary for restoration and less any amount thereof paid to any third party mortgagee having a mortgage on such property or any part thereof) from sales of easements, rights of way or similar interests in respect of the Property or from dispositions of an interest therein;

less the aggregate of:

- (e) all expenses, charges and outlays actually paid by the Co-Tenants up to that point of time including any sums paid on account of principal and/or interest to third party lenders in respect of any loans owing by the Co-Tenants and any fees paid to the Manager pursuant to the Management Agreement; and
- (f) such portion of the Gross Receipts up to that point of time as the Management Committee or the Manager determines is reasonably necessary to provide a reserve for contingencies and for anticipated future costs and expenses of Operations.

Other Financial and Accounting Matters

Accounts for the Co-Tenants shall be prepared and settled as of December 31 in each year or as of any other date as the Management Committee may agree upon.

Within ninety (90) days after the end of each accounting year of the Property, the Manager shall cause the accountants of the Property to furnish to each Co-Tenant an annual report consisting of:

- (a) a profit and loss statement for such year; and
- (b) any additional information that the Co-Tenants may require for the preparation of their individual federal and provincial income tax returns.

Unless otherwise determined by the Management Committee, the said financial statements shall be audited and shall be accompanied by the report of the said firm of chartered professional accountants thereon.

The Nominee

The Co-Tenants appointed the Nominee to hold the Property, together with any and all income, benefits and advantages accruing or to accrue therefrom as bare nominee for the sole use, benefit and advantage of the Co-Tenants in accordance with their respective Shares.

The Nominee accepted such appointment and declares that it agrees to hold the Property, together with any and all income, benefits and advantages accruing or to accrue therefrom, in trust, as bare nominee for the sole use, benefit and advantage of the Co-Tenants in accordance with the provisions hereof.

The Nominee also agrees that it will perform such activities and enter into such agreements in connection with the Property as the Management Committee may request from time to time.

The Nominee shall:

- (a) at all times comply with the provisions of this Agreement and follow the directions of the Management Committee;
- (b) act solely on the directions of the Management Committee and not on the directions of an individual Co-Tenant;
- (c) not acquire or hold any property, incur any liability, undertake any obligation or perform any activity except on the directions of the Management Committee and in connection with the Property.

Each Co-Tenant, on a several basis to the extent of its Share, hereby irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the directors and officers of the Nominee from and against any and all costs, charges, expenses, including amounts paid to settle an action or satisfy a judgment, reasonably incurred by such director or officer in respect of any civil, criminal or administrative action or proceeding, to which such director and officer is made a party by reason of being a director or officer of the Nominee, if:

- (a) the director or officer acted honestly and in good faith with a view to the best interest of the Nominee;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that his/her conduct was lawful.

The business and affairs of the Nominee shall be managed by the board of directors of the Nominee. Unless otherwise agreed by all the Co-Tenants, the board of directors of the Nominee shall consist of one director and officer, being Mark C. Gross and all shares of the Nominee shall be held by the Manager.

Without the prior approval of the Management Committee, none of the following shall be carried out and effected by the Nominee (each of which shall be deemed to be a matter subject to the consent requirements of Management Committee meetings):

- (a) the issuance by the Nominee of any of its shares or the grant by the Nominee of any right capable of becoming an agreement to issue its shares;
- (b) the redemption or purchase by the Nominee of its issued shares (except as otherwise required pursuant to this Agreement);
- (c) the taking or institution of proceedings for the winding-up, reorganization or dissolution of the Nominee;
- (d) the sale, transfer, lease, exchange or other disposition of the assets of the Nominee out of the ordinary course of business;
- (e) the hypothecation, mortgaging, pledging, charging or otherwise encumbering of any of the assets of the Nominee (except as contemplated herein);
- (f) the removal of its directors;
- (g) the filing of articles of amendment amending the articles of the Nominee;

- (h) any material change in the affairs of the Nominee or the establishment of or acquisition of a new venture or other business;
- (i) the granting of any loan by the Nominee or any person, firm or corporation not dealing at arm's length with any of its directors or shareholders or guaranteeing any obligation of any person, firm or corporation;
- (j) the declaration of any dividend or making of any other distribution of assets;
- (k) the borrowing of money and the issuing of debt obligations by the Nominee (save and except as contemplated herein);
- (l) the taking of any action outside the ordinary course of business or with any third party, person, firm or corporation not dealing at arm's length with the Nominee;
- (m) instituting or defending any litigation, or conducting litigation;
- (n) changing its auditors or the accounting principles of its financial statements; and
- (o) any change or action contemplated by Section 168 of the OBCA (commonly referred to as a "fundamental change").

VICTORIA PROPERTY MANAGEMENT AGREEMENT

The following is a summary of the Victoria Property Management Agreement. This is a summary only and is subject to the complete terms and conditions of the Victoria Property Management Agreement.

With respect to this section the following words and terms shall have the indicated meanings:

"Agreement" or "Property Management Agreement" means this agreement as amended from time to time;

"Defaulting Party" means Co-Tenants that have not paid any money or will not have paid its Share;

"Effective Date" means March 31, 2015;

"Nominee" means Victoria Avenue North Holdings Inc.;

"Party" or "Parties" means Victoria Avenue North Holdings Inc., or Prime;

"Property" means the Victoria Property;

"Property Manager" means Prime.

Effective Date and Term

The term of the Agreement commenced and became effective upon the effective date and shall continue for a term of five (5) years or until earlier terminated by either party pursuant to the terms of the Agreement; provided, however, that at the expiration of the initial or each renewal term, if any, the Agreement shall automatically be renewed for successive additional periods of two (2) years, unless either party shall have delivered to the other notice in writing of its intention not to renew prior to the expiration of the then current term.

Grounds for Termination

- (a) if the other party is in default in any material respect in the performance of any of its obligations under this agreement or otherwise commits any material breach of the Agreement, and such default continues uncured after ten (10) days' notice from the notifying party to such other party stating the particulars of such default;
- (b) if such other party files a petition in bankruptcy, files a petition seeking any reorganization, arrangement, composition or similar relief under any federal, provincial or local law regarding the insolvency or relief for debtors or makes an assignment for the benefit of creditors, or if a receiver, trustee or similar officer is appointed for the business or property of such other party, or if any involuntary petition or proceeding under bankruptcy or insolvency laws is instituted against such other party and not stayed, enjoined or discharged within thirty (30) days; or,
- (c) the Nominee sells the Property.

Responsibilities of the Property Manager

The Property Manager agrees and the Nominee authorizes the Property Manager to act as the sole and exclusive management agent of the Property and to manage the Property on behalf of the Nominee during the term of the Agreement in a faithful, diligent and honest manner and to enter into such contracts and Agreements as agent of the Owner as may be necessary in the performance of the following duties:

- (a) to advertise the Property for lease and to execute leases covering the Property, or any part thereof, for such rent and upon such terms and conditions as the Property Manager may deem wise and proper;

- (b) to conduct all negotiations with tenants regarding leases and the Nominee acknowledges that all enquiries to lease or renew existing leases shall be referred to the Property Manager and all negotiations with respect to any lease shall be conducted by the Property Manager, unless the Nominee specifically requests otherwise;
- (c) to supervise the moving in and out of tenants and, so far as is reasonably possible, to arrange the times thereof so that there shall be a minimum of disturbance to the operation of the Property and of inconvenience to any other tenants;
- (d) to maintain and keep the Property in a reasonable state of repair and to expend such part of the rents and revenues from the Property, which are collected by the Property Manager, as may be necessary in so doing;
- (e) to use its best efforts to arrange for the performance of all covenants, duties and obligations of the Nominee pursuant to all leases and tenancy agreements which are in effect during the currency of the Agreement in so far as such performance is consistent with the terms of the Agreement and any subsequent instructions given from time to time by the Nominee;
- (f) to diligently pursue and take all reasonable measures at the Nominee's expense to remedy all breaches of leases by tenants including, but not limited to, non-payment of rent and, when it deems appropriate, to initiate court proceedings, or arrange for them to be initiated by a reputable party capable of providing competent legal or paralegal services, as the case may be, with respect to seeking remedies from a court of competent jurisdiction;
- (g) to collect all rents, including additional rent payable pursuant to escalation clauses, maintenance and other charges payable by the tenants or occupants of the Property and any other moneys to which the Nominee may be entitled in connection with its operation, to maintain a careful vigilance over the collection of all receivables, to arrange in so far as is reasonably possible that all such amounts are paid when due and on their collection to deposit them in a trust account for the Nominee in a Canadian chartered bank or trust company;
- (h) to hire in its own name, if appropriate, but at the Nominee's expense, supervise and dismiss as may be necessary from time to time all persons required (subject to any budgetary limitation agreed on with the Nominee) for the proper operation and maintenance of the Property and its equipment, including where necessary or desirable a building superintendent, it being agreed that the Property Manager may perform any of its duties pursuant to the Agreement through the contracting of such persons and the Property Manager shall not be liable to the Nominee or to any other person for any act or omission on the part of such contracted person;
- (i) to maintain proper payroll records with respect to all persons engaged to work at the Property in accordance with subparagraph (h) above and to make all payroll reports and returns required by law and to remit to the proper authorities all deductions and payments for income tax, unemployment insurance, hospitalization, medical and tax, and other group coverage, union dues, Canada Pension Plan, Workers' Compensation and any other deductions or payment which may from time to time be applicable to any such persons or their employer or both;
- (j) to direct and supervise any contracted persons pursuant to the Agreement, for the operation and maintenance of any heating, ventilating, air-conditioning and other equipment which the Nominee desires or is obligated to operate and maintain and to arrange for any technical instruction of the persons employed at the Property which may be required for the proper operation and maintenance of such equipment, provided that the Property Manager shall not be liable to the Nominee or to any other person for any act or omission of such contracted person;
- (k) to specify duties and arrange for the preparation of any work schedules necessary to direct the activities of any persons employed to work at the Property and to provide such supervision as may be reasonably necessary in the Property Manager's opinion to verify the adequacy with which any duties and work is being performed;
- (l) to arrange for the supply, as may be required, of electricity, gas, steam, fuel, water, telephone and other services and to arrange through use of employees or independent contractors as in each instance may seem the more desirable for the effective and economical operation, maintenance and repair of the Property and its equipment (including, without limitation, any heating, ventilating, air-conditioning, plumbing, electrical and elevator equipment) as may be required by the Nominee or deemed desirable by the Property Manager or so as to comply with the enforcement of any regulations and requirements of which the Property Manager is notified by the local board of health, police and fire departments and any other municipal, provincial and federal authorities having jurisdiction which affect the Property and, without limiting the generality of the foregoing, such arrangements shall include (where applicable to the Property) those for janitor service and any other cleaning, including windows, building security and ice removal, landscaping and grounds maintenance, painting and redecoration, alterations and any supervision and maintenance necessary in connection with any swimming pool or other recreational area;
- (m) to arrange for the payment of such debt service and municipal tax obligations as may be required and to co-operate with the Nominee and its legal or other appointed representatives in connection with the entering and processing of any appeals regarding municipal tax assessments levied against the Property;

- (n) to assist in arranging for any insurance coverages required unless otherwise provided by the Nominee and, as may be requested by the Nominee, to advise regarding insurance coverages which are recommended by the Property Manager and, if further required, to negotiate on behalf of the Nominee the terms of any policies for fire and other perils, rental income, plate glass, public liability, fidelity, money loss, boiler and machinery and any other insurance which may from time to time be required by the Nominee relative to the Property, provided, however, that the Property Manager shall not be liable for any claim which is due to failure to effect or maintain adequate insurance, but shall be liable for any claim due to the negligence of the Property Manager or those for whom the Property Manager is in law responsible;
- (o) to seek out commitments to provide financing of the Property, as and when prudent, and to undertake the management, accounting and administration of any such funds borrowed;
- (p) to assist the Nominee in bookkeeping, accounting, budget preparation and financial reporting, as may be necessary, from time to time in connection with the Property; and
- (q) generally to do and perform, including the purchase of all supplies, goods and services required, and where desirable contract (either in its own name or the Nominee's name, as the Property Manager in each instance may elect) for all things desirable or necessary for the proper and efficient management of the Property (including the giving of proper attention to any complaints and endeavouring as far as is economical to reduce waste) and to perform every other act whatsoever in or about the Property to carry out the intent of this Agreement, or any other responsibilities, tasks, or authorities delegated to it by the Nominee.

Nominee's Consent Required

No act shall be taken, moneys expended or decisions made by the Property Manager without the prior written approval of the Nominee with regard to the sale of the Property or any portion thereof.

Expenses

The Property Manager shall provide the Nominee with an accounting of costs and expenses incurred in providing services under the Agreement, and the Nominee shall be under an obligation to immediately furnish the Property Manager with sufficient funds to pay the costs and expenses which it has so incurred on behalf of the Nominee.

Management Fee

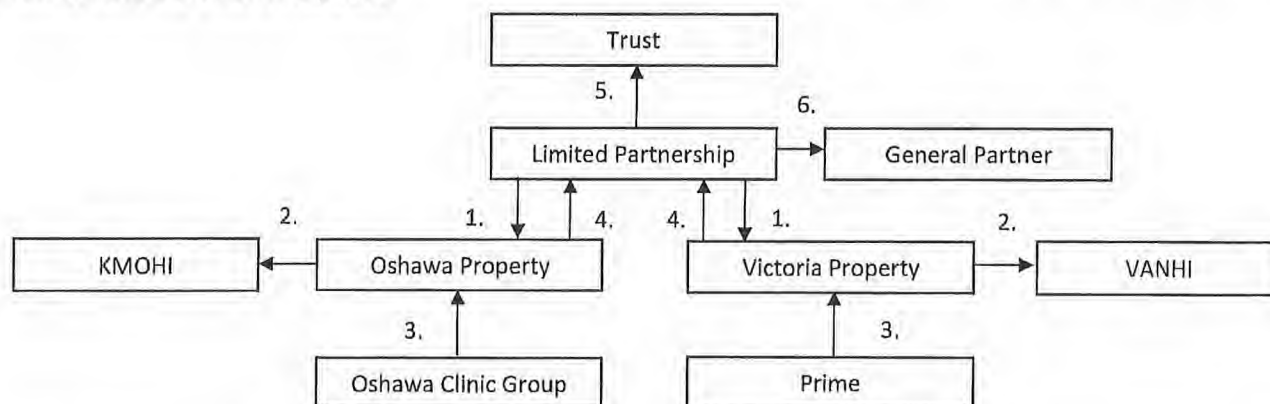
For part of the services to be rendered by the Property Manager pursuant to the terms of the Agreement, the Nominee shall pay to the Property Manager any amounts payable by tenants under any leases as an asset, property management, or similar type fee as an asset management fee (the "Victoria Asset Management Fee").

Thereafter the Victoria Asset Management Fee is to be renewed at an agreed upon rate. The Nominee shall be responsible for any sales tax payable on the Victoria Asset Management Fee including Goods and Service Taxes.

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Investment Chart with respect to the Oshawa and Victoria Properties

The following is an illustration of the relationship between the Trust, the Limited Partnership and the Partnership Interest in the Oshawa and Victoria Properties:



1. The Limited Partnership owns a 12.5% Co-Tenancy Interest in the Oshawa Property and a 4.8564% interest in the Victoria Property.
2. Title to the Oshawa Property is held in the name of KMOHI and title to the Victoria Property is held in the name of VANHI.
3. Oshawa Clinic Group is the Property Manager of the Oshawa Property. Prime is the Property Manager of the Victoria Property.
4. The Limited Partnership's share of income from the Oshawa Property and the Victoria Property is distributed to the Limited Partnership by the managers of the respective properties.
5. The Limited Partnership distributes the above funds to investors as Cash Flow of the Trust after payment of the operating expenses of the Trust and the Limited Partnership.
6. The Limited Partnership pays the Victoria Asset Management Fee to the General Partner on a quarterly basis from the funds referenced in point 4 above.

2.1.6 Development of the Business

The following are the major events that have occurred with respect to the business of the Limited Partnership and the Trust to the date of this Offering Memorandum:

- (i) The 2014 Trust was established in January of 2014 and proceeded with the 2014 Offering pursuant to which it raised \$1,325,000 and acquired 13,250 Class A LP Units in the Limited Partnership;
- (ii) The Limited Partnership was established in 2013. In 2014 it acquired the Partnership Interest in the Oshawa Property, in 2016 it acquired a 3.1150% interest in the Victoria Property and in 2017 it acquired an additional 1.7414% interest in this Property. The Limited Partnership has entered into the respective Co-Tenancy and Property Management Agreements relating to both of these Properties;
- (iii) The Trust and the Partnership have entered into the Funding Agreement;
- (iv) The Trust and AdminCo have entered into the Administration Agreement;
- (v) The Trust acquired the 2014 Issued Trust Units, thereafter proceeded with the Dissolution of the 2014 Trust and through that process acquired 13,250 Class A LP Units in the Limited Partnership;
- (vi) In February of 2016 both the Trust and the Limited Partnership subdivided their respective issued and outstanding Units and LP Units by 100;
- (vii) On March 30, 2016 the Trust filed an election with the Canada Revenue Agency to be deemed as a mutual fund trust under the Tax Act; and
- (viii) Commencing in July 2015, and each month during the term of the Trust, the Trust has made monthly distributions of operating income to Unitholders.

The following are the unfavorable developments affecting the Trust and the Limited Partnership's business since their inception:

- (i) The inability of the 2014 Trust to raise funds in excess of \$1,325,000 under the 2014 Trust Offering; and
- (ii) The failure of the 2014 Trust to qualify as a Mutual Fund Trust under the Tax Act.

2.2 Long-Term Objectives

2.2.1 The Trust

The Trust's long term objectives are to: (i) raise up to \$47,985,001 in Gross Cash Proceeds through this Offering; (ii) acquire an additional 47,985,001 Class A LP Units in the Limited Partnership; and (iii) provide a return to Subscribers pursuant to this Offering. The costs of achieving these objectives are set out in Item 1.2 herein.

2.2.2 The Limited Partnership

The Limited Partnership's long term objectives are to: (i) manage the Partnership Interest in the Oshawa Property, (ii) manage the Partnership Interest in the Victoria Property, (iii) continue to purchase Properties in the Province of Ontario and elsewhere within Canada, and (iv) provide a return to its Limited Partners. The preliminary costs of raising working capital to achieve these objectives are set out in Item 1.2 herein.

2.3 Short-Term Objectives

2.3.1 The Trust

The Trust's objectives for the next 12 months are to: (i) seek out Subscribers raise \$6,000,000 - \$8,000,000 under this Offering; (ii) use all available funds therefrom to acquire Class A LP Units in the Limited Partnership; and (iii) continue to make monthly distributions to Trust Unitholders based on the Partnership Interest in the Oshawa Property and the Victoria Property together from revenues and profits derived from future acquisition of additional Properties by the Limited Partnership. The costs of achieving these objectives are set out in Item 1.2 herein.

2.3.2 The Limited Partnership

The following are the steps that the Limited Partnership expects to take in order to achieve its business objectives over the next 12 months:

- (i) Continue to acquire undivided interests in the Victoria Property with the net proceeds of this Offering for so long as Gross Capital continues to own an interest in this Property;
- (ii) Continue to build existing relationships with key contacts to ensure steady access to new Properties for acquisition;
- (iii) Continue to monitor economic fundamentals in each market to ensure they still align with the Partnership's business plan; and
- (iv) Continue to search out new markets and opportunities.

The following are the estimated costs that the Limited Partnership expects to incur in pursuing its business objectives over the ensuing 12 months from the date of this Offering Memorandum assuming the acquisition of \$25,000,000 worth of Properties (exclusive of any additional acquisition of undivided interests in the Victoria Property) during this period:

Estimated Costs of Acquisition of Properties ⁽¹⁾	Cost to Complete
Appraisals	\$ 10,000
Environmental Studies	\$ 10,000
Legal Fees – Properties	\$ 75,000
Other Consulting and Due Diligence	\$ 30,000
Acquisition Fees Paid to the General Partner (1%)	\$ 250,000
Total	\$ 375,000

(1) The above costs relate only to estimated expenses relating to identifying and acquiring Properties. The Limited Partnership anticipates that it will incur additional costs relating to the administration and operation of the Limited Partnership and the Trust over the term of the Limited Partnership and the Trust. The total amount of administration and operating costs that will be incurred by the Limited Partnership and the Trust are dependent upon: (i) the funds raised under this Offering; (ii) the number and nature of Properties acquired by the Limited Partnership; and (iii) external factors which cannot be anticipated or controlled by the Limited Partnership or the Trust. As a result the Partnership and the Trust are unable to accurately estimate these costs at this time. See Item 1.2 – "Use of Available Funds by the Trust and the Limited Partnership" and Item 2.1.3 – "The Limited Partnership".

(2) Assuming that \$6,000,000 to \$8,000,000 is raised under this Offering in the ensuing 12 months from the date of this Offering Memorandum.

2.4 Insufficient Funds

The available funds of the Offering may not be sufficient to accomplish the Trust's proposed objectives and there is no assurance that alternative financing to pay for such objectives will be available. See Item 4.2.2 – "Long Term Debt - The Limited Partnership".

2.5 Material Agreements

The following sets out each of the material agreements relating to the Trust and this Offering (the material terms of which are discussed herein):

- (i) the Declaration of Trust which establishes the Trust and sets out the terms, conditions, rights associated with the Trust Units (see Item 2.5 – “Material Agreements - Summary of the Declaration of Trust”);
- (ii) the Administration Agreement which will set out the terms and conditions on which AdminCo will provide administrative services to the Trust (see Item 2.5 – “Material Agreements – Summary of the Administration Agreement”);
- (iii) the Limited Partnership Agreement which established the Limited Partnership and set out the terms, conditions, rights associated with the Class A LP Units (see Item 2.5 – “Material Agreements – Summary of the Limited Partnership Agreement”);
- (iv) the Funding Agreement (see “Item 2.1.3 – “The Limited Partnership” and Item 2.5 – “Material Agreements – Summary of the Funding Agreement”);
- (v) the Oshawa Property Co-Tenancy Agreement (see Item 2.1.5 - “Current Business of the Trust - Oshawa Property”);
- (vi) the Oshawa Property Management Agreement (see Item 2.1.5 - “Current Business of the Trust - Oshawa Property”);
- (vii) the Victoria Property Co-Tenancy Agreement (see Item 2.1.4 – “Previous Business of the Trust – Victoria Property”); and
- (viii) the Victoria Property Management Agreement (see Item 2.1.4 – “Previous Business of the Trust – Victoria Property”).

SUMMARY OF THE DECLARATION OF TRUST

The following is a summary of the Declaration of Trust. This is a summary only and is subject to the complete terms and conditions of the Declaration of Trust.

General

A Subscriber for Units will become a Unitholder of the Trust upon the acceptance by the Trustees of a subscription in the form approved from time to time by the Trustees.

Nature of Units

- a) Beneficial interests in the Trust shall be divided into interests of one class, described and designated as “Units”, which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, and the interest of each Unitholder shall be determined by the number of Units registered in the name of the Unitholder; and
- b) Subject to the terms of the Declaration of Trust, each Unit represents an equal undivided beneficial interest in any distribution from the Trust (whether of Income of the Trust, Net Realized Capital Gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof. Each Unit shall entitle the holder of record thereof to one vote at all meetings of Unitholders or in respect of any written resolution of Unitholders.

Authorized Number of Units

The aggregate number of Units which is authorized and may be issued under the Declaration of Trust is unlimited.

Issue of Units

- a) Units shall be issued pursuant to and in accordance with the Declaration of Trust;
- b) Adminco is authorized to review and accept subscriptions for Units received by the Trust and to issue Units;
- c) In addition, Units may be issued by the Trust at the times, to the persons, for the consideration and on the terms and conditions that Adminco determines, and, without limiting the generality of the foregoing, Adminco may authorize the Trust to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase Units from the Trust or from any other person or procuring or agreeing to procure purchasers for Units; and
- d) Units shall only be issued as and when fully paid in money, property, including indebtedness, or past services, and are not to be subject to future calls or assessments, except that Units to be issued under an offering may be issued for a consideration payable in instalments and the Trust may take a security interest over such Units for unpaid instalments.

Units of Non-Assessable

No Units shall be issued other than as fully paid and non-assessable. No person shall be entitled, as a matter of right, to subscribe for or purchase any Unit, except in accordance with the provisions of the Declaration of Trust.

Legal Ownership of Assets of the Trust

The legal ownership of the assets of the Trust and the right to manage the investments of the Trust are vested exclusively in the Trustees and Adminco, and the Unitholders shall have no interest other than the beneficial interest in the Trust Fund conferred by their Units issued under the Declaration of Trust and they shall have no right to compel any partition, division, dividend or distribution of the Trust Fund or any of the assets of the Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Declaration of Trust. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust, including without limitation the Trust Fund.

No Fractional Units

Fractions of Units shall not be issued, except pursuant to distributions of additional Units to all Unitholders pursuant to the Declaration of Trust. Fractions of Units will not be entitled to vote at meetings of Unitholders.

Consolidation of Units

Immediately after any pro-rata distribution of additional Units to all holders of Units, the number of the outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the distribution of additional Units and each Unit Certificate representing a number of Units prior to the distribution of additional Units is deemed to represent the same number of Units after the distribution of additional Units and the consolidation. Such consolidation shall not constitute a redemption or cancellation of Units so consolidated and a Unitholder whose Units are consolidated shall not receive, and shall not be entitled to receive, any proceeds of disposition in respect thereof. Notwithstanding the foregoing, where tax is required to be withheld in respect of a Unitholder's share of the distribution, the Trust shall withhold from the cash portion of such distribution, if any, or the Unitholder shall make a cash payment to the Trust, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by the Trust, or, if such withholding cannot be made by the Trust or such payment is not made by the Unitholder:

- a) the consolidation of the Units held by such Unitholder will result in such Unitholder holding that number of Units equal to the number of Units held by such Unitholder prior to the distribution minus the number of Units withheld by the Trust on account of withholding taxes payable by the Unitholder in respect of the distribution; and
- b) the consolidation shall not apply to any Units so withheld.

Any Units so withheld shall either be delivered to the appropriate taxation authority or sold, in which case the net proceeds shall be remitted to the appropriate taxation authority. Such Unitholder will be required to surrender the Unit Certificates, if any, representing such Unitholder's original Units, in exchange for a Unit Certificate representing such Unitholder's post-consolidation Units other than the withheld Units.

Re-Purchase of Initial Unit by Trust

Immediately after the issuance of one or more additional Units, the Trust shall purchase the Initial Unit from the Initial Trust Unitholder, and the Initial Trust Unitholder shall sell the Initial Unit to the Trust, for a purchase price of one hundred dollars (\$100) and, upon the completion of such purchase and sale, the Initial Unit shall be cancelled and shall no longer be outstanding.

No Conversion, Retraction, Redemption or Pre-Emptive Rights

Except as otherwise set forth in the Declaration of Trust, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Units.

Power of Attorney

Each Unitholder hereby grants to the Trustees, Adminco and their respective successors and assigns, a power of attorney constituting the Trustees or Adminco, with full power of substitution, as such Unitholder's true and lawful attorney to act on the Unitholder's behalf, with full power and authority in the Unitholder's name, place and stead, and to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required:

- a) the Declaration of Trust, any amendment, supplement or restatement of the Declaration of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust;
- b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Declaration of Trust including all conveyances, transfers and other documents required in connection with any disposition of Units;

- c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the 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 the Trust or of a Unitholder's interest in the Trust;
- e) any amendment to the Declaration of Trust which is authorized from time to time; and
- f) The Power of Attorney granted is, to the extent permitted by applicable law, irrevocable and will survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder.

Powers of Trustees

- a) Subject to the terms and conditions of the Declaration of Trust, the Trustees may exercise from time to time in respect of the Trust Fund and the investments and affairs of the Trust any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof;
- b) Subject to the specific limitations contained in the Declaration of Trust, the Trustees shall have, without further or other action or consent, and free from any power of control on the part of the Unitholders, full, absolute and exclusive power, control and authority over the Trust Fund and over, and management of, the affairs of the Trust to the same extent as if the Trustees were the sole and absolute beneficial owners of the Trust Fund in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder. In construing the provisions of the Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees. To the maximum extent permitted by law the Trustees shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees;
- c) Except as expressly prohibited by law, the Trustees may grant or delegate to any person (including Adminco) the authority and the powers of the Trustees under the Declaration of Trust as the Trustees may in their discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustees under the Declaration of Trust, without regard to whether the authority is normally granted or delegated by trustees; and
- d) The Trustees are hereby authorized to execute and deliver the Administration Agreement and to appoint Adminco to act for and on behalf of the Trust in accordance with those powers and authorities granted to Adminco under the terms of such agreement, and the Trustees may delegate to such person (and in addition to those matters, if any, specifically granted or delegated to Adminco in the Declaration of Trust) all of those duties of a Trustee under the Declaration of Trust that the Trustees deem appropriate. Without limiting the generality of the foregoing, the Trustees may grant broad discretion to Adminco to administer and manage the day-to-day operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust, and to make decisions on behalf of the Trust. Adminco shall have the powers and duties as may be expressly provided for in the Declaration of Trust and in the Administration Agreement and may be given, without limitation, the power to further delegate management and administration of the Trust, as well as the power to retain and instruct such appropriate experts or advisors to perform those duties and obligations which it is not best suited to perform.

Specific Powers and Authorities

Subject to any other express limitations contained in the Declaration of Trust and in addition to any other powers and authorities conferred by the Declaration of Trust or which the Trustees may have by virtue of any present or future statute or rule of law, but subject to the delegation to Adminco, the Trustees without any action or consent by the Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by the Trustees in such manner and upon such terms and conditions as they may from time to time determine proper, provided that the exercise of such powers and authorities does not adversely affect the status of the Trust as a "mutual fund trust" for purposes of the Tax Act or cause the Trust to become a "SIFT trust" for purposes of the Tax Act, or fail to comply with the provisions of 132(7) of the Tax Act:

- a) to supervise the activities and manage the investments and affairs of the Trust;
- b) to maintain records and provide reports to Unitholders;
- c) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;

- d) without limit as to amount, issue any type of debt securities or convertible debt securities and borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Trust or for other expenses incurred in connection with the Trust and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, hypothecate, pledge, assign or grant a security interest in any money owing to the Trust or in Trust Funds or engage in any other means of financing the Trust;
- e) to obtain security, including encumbrances on assets, to secure the full payment of monies owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- f) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- g) to establish places of business of the Trust;
- h) to manage the Trust Fund and to, sell, transfer and assign the Trust Fund; however, the Trustees shall not sell all or substantially all of the Trust Fund without the consent of the Unitholders by Extraordinary Resolution;
- i) to enter into the Administration Agreement;
- j) to invest, hold shares, units, beneficial interests, partnership interests (other than general partnership interests), joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- k) to cause title to any of the Trust assets to be drawn up in the name of such person on behalf of the Trust or, to the extent permitted by applicable law, in the name of the Trust, as the Trustees shall determine;
- l) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;
- m) to enter into any agreement or instrument to create or provide for the issue of Units or (including any firm or best efforts underwriting agreement), to cause such Units to be issued for such consideration as the Trustees, in their sole discretion, may deem appropriate and to do such things and prepare and sign such documents, including the prospectus and any registration rights agreement, to qualify such Units for sale in whatever jurisdictions they may be sold or offered for sale;
- n) to enter into any agreement in connection with, or to facilitate, the issuance of Exchangeable Securities;
- o) to determine conclusively the value of any or all of the Trust Fund from time to time and, in determining such value, to consider such information and advice as the Trustees in their sole judgment, may deem material and reliable;
- p) to collect, sue for and receive all sums of money or other property or items that are believed due to the Trust;
- q) to effect payment of distributions to the holders of Units as provided in Article 5 of the Declaration of Trust;
- r) to invest funds of the Trust as provided in Article 4 of the Declaration of Trust;
- s) if the Trustees become aware by written notice that the beneficial owners of 49% or more of the Units or securities exchangeable into Units then outstanding are, or may be, Non-Residents or that such situation is imminent, the Trustees shall obtain such advice as they deem appropriate in order to ascertain the tax and other implications that such level of Non-Resident ownership may have for the Trust and Unitholders and if and to the extent that they determine that such level of Non-Resident ownership would have material adverse tax or other consequences to the Trust or Unitholders, shall ensure that appropriate limitations on Non-Resident ownership as provided in the Declaration of Trust;
- t) to possess and exercise all the rights, powers and privileges pertaining to the ownership of the securities of the Limited Partnership and other securities of the Trust to the same extent that any person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;
- u) where reasonably required, to engage, employ or contract with or retain on behalf of the Trust any persons as agents, representatives, employees or independent contractors (including without limitation, investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents or otherwise) in one or more capacities;

- v) except as prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Trustees may from time to time reasonably require, so long as any such delegation is not inconsistent with any of the provisions of the Declaration of Trust and the Administration Agreement and subject at all times to the general control and supervision of the Trustee as provided for herein;
- w) to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- x) to arrange for insurance contracts and policies insuring the Trust, its assets, any affiliate of the Trust and/or any or all of the Trustees or the Unitholders, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees or Unitholders;
- y) to cause legal title to any of the assets of the Trust to be held by and/or in the name of a Trustee, or except as prohibited by law, by and/or in the name of the Trust or any other custodian or person, on such terms, in such manner, with such powers in such person as the Trustees may determine and with or without disclosure that the Trust or the Trustees are interested therein; provided, however, that should legal title to any of the Trust assets be held by and/or in the name of any person or persons other than the Trustees, Adminco or the Trust, the Trustees shall require such person or persons to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Trust;
- z) to redeem Units (or rights, warrants, convertible securities, options or other securities) for such consideration as the Trustees may deem appropriate in their sole discretion, such redemption to be subject to the terms and conditions of the Declaration of Trust;
- aa) to use its reasonable commercial efforts to ensure that the Trust qualifies at all times as a "mutual fund trust" pursuant to Section 132(6) of the Tax Act and not take any action that would result in the Trust, or any entity in which the Trust has invested being considered a "SIFT trust" or a "SIFT partnership" as defined in the Tax Act;
- bb) in addition to the mandatory indemnification provided for in the Declaration of Trust to the extent permitted by law to indemnify, or enter into agreements with respect to the indemnification of, any person with whom the Trust has dealings including, without limitation, the Trustees, Adminco, the Transfer Agent, to such extent as the Trustees shall determine and to the extent permitted by law;
- cc) without the approval or confirmation of Unitholders, enact and from time to time amend or repeal by-laws not inconsistent with the Declaration of Trust containing provisions relating to the Trust, the Trust assets and the conduct of the affairs of the Trust, but not in conflict with any provision of the Declaration of Trust;
- dd) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustees in connection with the Trust assets, undertaking or Income of the Trust, or imposed upon or against the Trust assets, undertaking or Income of the Trust or Net Realized Capital Gains, or any part thereof and to settle or compromise disputed tax liabilities and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections, allocations and determinations in respect of the Income of the Trust or Net Realized Capital Gains distributed to holders of Units in the year and any other matter as shall be permitted under the Tax Act and analogous provisions of any provincial income tax legislation (provided that to the extent necessary the Trustees will seek the advice of Counsel or the Auditors), and do all such other acts and things as may be deemed by the Trustees in their sole discretion to be necessary, desirable or convenient;
- ee) to guarantee the obligations of any subsidiary of the Trust including the Limited Partnership, and granting security interests in the Trust assets as security for such guarantee;
- ff) to subdivide or consolidate from time to time the issued and outstanding Units;
- gg) to provide indemnities for the directors and officers of any affiliate of the Trust;
- hh) to form any subsidiary of the Trust for the purpose of making any Permitted Investment and entering into or amending any agreement on such terms as may be approved by the Trustees;
- ii) to purchase Units for cancellation in accordance with applicable regulatory requirements; and
- jj) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the purpose and activities of the Trust, to promote or advance any of the purposes for which the Trust is formed and to carry out the provisions of the Declaration of Trust whether or not specifically mentioned herein.

The Trustees shall, except as may be prohibited by applicable law, have the right to delegate authority for the above-referenced matters to a manager or administrator (including Adminco under the Administration Agreement) if the Trustees determines in their sole discretion that such delegation is desirable to effect the administration of the duties of the Trustees under the Declaration of Trust.

Fees and Expenses

The Trustees shall be entitled to reimbursement from the Trust of any of their expenses incurred in acting as Trustees. The Trustees on behalf of the Trust may pay or cause to be paid reasonable expenses incurred in connection with the administration and management of the Trust, including without limitation fees and expenses of Adminco pursuant to the Administration Agreement, auditors, lawyers, appraisers and other agents, consultants and professional advisers employed by or on behalf of the Trust and the cost of reporting or giving notices to Unitholders. The Trustees on behalf of the Trust may pay or cause to be paid brokerage commissions at prevailing rates in receipt of the acquisition and disposition of any securities acquired or disposed of by the Trust to brokers.

The Trustees shall be paid for their services as Trustees:

- a) such reasonable compensation as shall be negotiated between Adminco on behalf of the Trust and the Trustees;
- b) reimbursement of the Trustees' reasonable out-of-pocket expenses incurred in acting as the Trustees, either directly or indirectly, including the expenses referred to in the Declaration of Trust; and
- c) fair and reasonable remuneration for services rendered to the Trust in any other capacity, which services may include, without limitation, services as the Transfer Agent.

The Trustees shall, in respect of amounts payable or reimbursable to the Trustees under the Declaration of Trust, have a priority over distributions to Unitholders in respect of amounts payable or reimbursable to a Trustee. Further, in the event a Trustee's fees and expenses are not paid within the time set out in the Trustee's invoice, that Trustee shall be entitled to pay the amounts out of the Trust Fund (or direct Adminco to pay the amounts out of the Trust Fund).

Computation of Cash Flow of the Trust

The "Cash Flow of the Trust", for, or in respect of, any Distribution Period, shall be equal to the sum of:

- a) all amounts which are received by the Trust for, or in respect of, the Distribution Period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness, or any other payment;
- b) the proceeds of any issuance of Units or any other securities of the Trust, net of the expenses of distribution, and, if applicable, the use of proceeds of any such issuance for investments; and
- c) all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed;

less the sum of:

- d) all amounts used for Permitted Investments during the Distribution Period or set aside by Adminco for investments;
- e) all costs and expenses of the Trust which, in the opinion of Adminco, may reasonably be considered to have accrued and become owing in respect of, or which relate to, the Distribution Period, or a prior period if not accrued or deducted, in determining the Cash Flow of the Trust in such prior period;
- f) all debt repayments and interest costs and expenses, if any, incurred by the Trust in the Distribution Period;
- g) all costs and expenses of the Trust relating to capital expenditures which, in the opinion of Adminco, may reasonably be considered to have accrued and become owing during the Distribution Period, or a prior period if not accrued or deducted in such prior period;
- h) all amounts contributed or loaned, or which Adminco reasonably expects to contribute or loan, to an associate or affiliate of the Trust; and
- i) any other amounts (including taxes) required by law or hereunder to be deducted, withheld or paid by or in respect of the Trust in the Distribution Period.

Computation of Income and Net Realized Capital Gains

- a) The "Income of the Trust" for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by Adminco in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Unitholders and such other amounts as may be determined in the discretion of Adminco; provided, however, that capital gains and capital losses shall be excluded from the computation of net income; and

- b) the “**Net Realized Capital Gains**” of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:
- (i) the aggregate of the capital losses of the Trust for the year;
 - (ii) any capital gains which are realized by the Trust as a result of a redemption of Units pursuant to Section 6 of the Declaration of Trust; and
 - (iii) the amount determined by Adminco in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year.

Distribution of Cash Flow of the Trust

The Trustees, with the assistance of Adminco, may on or before each Distribution Record Date, declare payable to the holders of Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date. The proportionate share for each Unit of the amount of such Cash Flow of the Trust (or portion thereof declared payable) shall be determined by dividing such amount by the number of issued and outstanding Units on such Distribution Record Date. The share of such Cash Flow of the Trust (or portion thereof declared payable) attributable to each holder of Units shall be an amount equal to the proportionate share for each Unit of the amount of such Cash Flow of the Trust (or portion thereof declared payable) multiplied by the number of Units owned of record by each such holder of Units on such Distribution Record Date. Subject to Sections 5.7 and 5.8 of the Declaration of Trust, Cash Flow of the Trust which has been declared to be payable to holders of Units in respect of a Distribution Period shall be paid in cash on the Distribution Payment Date.

Other Distributions

- (a) In addition to the distributions which are made payable to Unitholders pursuant to Section 5.3 of the Declaration of Trust, the Trustees may declare to be payable and make distributions to Unitholders of record, from time to time, out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such record dates as the Trustee may determine with the assistance of Adminco;
- (b) Having regard to the present intention to allocate, distribute and make payable to Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall be due and payable to Trust Unitholders of record on December 31 in each such year:
- (i) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined by Adminco, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Income of the Trust for such year; and
 - (ii) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined by Adminco, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Net Realized Capital Gains for such year;
 - (iii) The proportionate share of each Unit of the amount of any distribution made pursuant to either or both of Subsections 5.4(a) and 5.4(b) of the Declaration of Trust shall be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust and on December 31 in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust. Each Unitholder's share of the amount of any such distribution shall be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.7 and Section 5.8 of the Declaration of Trust, amounts which are payable to Unitholders pursuant to either Subsection 5.4(a) or 5.4(b) of the Declaration of Trust shall be paid in cash on the Distribution Payment Date which immediately follows the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust or December 31 in the applicable year in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust.

Character of Distributions and Designations

In accordance with and to the extent permitted by the Tax Act, Adminco in each year shall make designations in respect of the amounts payable to Unitholders for such amounts that Adminco considers to be reasonable in all of the circumstances, including, without limitation, designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations (or designated in respect of the Trust where the Trust is a beneficiary of another trust), net capital gains realized by the Trust in the year (or designated in respect of the Trust where the Trust is a beneficiary of another trust) and foreign source income of the Trust for the year, as well as elect under Subsections 104(13.1) and/or (13.2) of the Tax Act that income be taxed to the Trust, rather than to such Unitholders. Distributions payable to Unitholders pursuant to Article 5 of the Declaration of Trust shall be deemed to be distributions of Income of the Trust, Net Realized Capital Gains, trust capital or other items in such amounts as Adminco shall, in its absolute discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Trust, which are encompassed in such distribution.

Enforceability of Right to Receive Distributions

For greater certainty, it is hereby declared that each Unitholder shall have the legal right to enforce payment of any amount payable to such Unitholder as a result of any distribution, which is payable to such Unitholder pursuant to Article 5 of the Declaration of Trust.

Method of Payment of Distributions

- a) Where Adminco determines that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to Article 5 of the Declaration of Trust on the due date for such payment, the payment may, at the option of Adminco upon providing notice of the same to the Trustee as soon as reasonably practicable but in any case at least three business days prior to the Distribution Payment Date, include the issuance of additional Units, or fractions of Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by Adminco to be available for the payment of such distribution; and
- b) the value of each Unit which is issued pursuant to Subsection 5.7(a) of the Declaration of Trust shall be one dollar (\$1.00) per Unit.

Withholding Taxes

The Trustees may deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distribution, whether those distributions are in the form of cash, additional Units or otherwise. In the event of a distribution in the form of additional Units or property other than cash, the Trustees may sell Units or other property of those Unitholders to pay those withholding taxes and to pay all of the Trustees' reasonable expenses with regard thereto and the Trustees shall have the power of attorney of the Unitholder to do so. Any such sale of Units may be made by private sale and upon that sale, the affected Unitholder shall cease to be the holder of those Units. In the event that withholding taxes are exigible on any distribution or redemption amounts distributed under the Declaration of Trust and the Trust was unable to withhold taxes from a particular distribution to a Unitholder or has not otherwise withheld taxes on particular distributions to the Unitholders, the Trust shall be permitted to withhold amounts from other distributions to satisfy the withholding tax obligation. In addition, Non-Resident holders of Units will be required to pay all withholding taxes payable in respect of any distributions in the form of additional Units, or otherwise, under Section 5.7 of the Declaration of Trust.

No Liability for Sale

The Trustees or Adminco shall have no liability whatsoever to any Unitholders and no resort shall be had to the Trust Fund or the Trustees or Adminco, as the case may be, for satisfaction of any obligation or claim against the Trustees, Adminco or the Trust in connection with the Trust's sale of Units under any provision herein to comply with its statutory obligations to withhold and remit an amount otherwise payable to the Unitholders.

REDEMPTION OF UNITS***Right of Redemption***

Each holder of Units shall be entitled to require the Trust to redeem at any time or from time to time at the demand of such holder of Units all or any part of the Units registered in the name of such holder of Units at the prices determined and payable in accordance with the terms and conditions provided in the Declaration of Trust.

Exercise of Redemption Right

- a) To exercise a right to require redemption of Units under Article 6 of the Declaration of Trust, a duly completed and properly executed notice requesting the Trust to redeem Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number of Units to be so redeemed, along with the Unit Certificate representing the Units to be so redeemed, shall be sent by a holder of Units to the Trust at the office of the Trustee. The Trustees may request such further information or evidence, as it deems necessary, acting reasonably, to act on such redemption notice; and
- b) Upon receipt by the Trustees on behalf of the Trust of the notice to redeem Units, the holder of Units shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for in the Declaration of Trust) including the right to receive any distributions thereon which are declared payable to the holders of Units of record on a date which is subsequent to the day of receipt by the Trust of such notice. Units shall be considered to be tendered for redemption on the date that the Trustee has, to its satisfaction, received the notice and other required documents or evidence as aforesaid.

Cash Redemption

- a) Subject to Section 6.4 and Section 6.5 of the Declaration of Trust, upon receipt by the Trustees on behalf of the Trust of the notice to redeem Units in accordance with Section 6.2, of the Declaration of Trust, the holder of the Units tendered for redemption shall be entitled to receive the Redemption Price per Unit;
- b) Subject to Section 6.4 and Section 6.5 of the Declaration of Trust, the Redemption Price payable in respect of the Units surrendered for redemption shall be satisfied by way of a cash payment on the last day of the calendar month following the last month of the Fiscal Quarter in which the Units were tendered for redemption.
- c) Payments made by the Trust 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 Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Units in respect of the Units so redeemed.

No Cash Redemption in Certain Circumstances

- a) The redemption of Units Section 6.3(a) of the Declaration of Trust shall not be applicable to Units tendered for redemption by a holder of Units if the redemption of Units will result in the Trust losing its status as a "mutual fund trust" for the purposes of the Tax Act; and
- b) The redemption of Units pursuant to Section 6.3(a) of the Declaration of Trust and payment of the Redemption Price in cash shall not be authorized with respect to Units tendered for redemption by a holder of Units if:
 - (i) in the sole opinion of Adminco, the payment of the Redemption Price in cash by the Trust would not be in the best interest of the Trust having regard to the then current cash position of the Trust; or
 - (ii) the Trust, in the opinion of Adminco, is able to make a cash payment with respect to the Redemption Price but the total amount payable by the Trust pursuant to Section 6.3 of the Declaration of Trust in respect of such Units tendered for redemption in the same quarter exceeds \$125,000 (the "Quarterly Limit"); provided that Adminco may, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any Fiscal Quarter. Units tendered for redemption in any Fiscal Quarter in which the total amount payable by the Trust pursuant to Subsection 6.3(a) of the Declaration of Trust exceeds the Quarterly Limit will be redeemed for cash on a pro-rata basis up to the Quarterly Limit pursuant to Subsection 6.3 (a) of the Declaration of Trust and, unless any applicable regulatory approvals are required, by a distribution under Section 6.5 of the Declaration of Trust, of Redemption Notes, for the balance; or

Redemption Price Paid by Redemption Notes

If, pursuant to Section 6.4 of the Declaration of Trust, the cash payment of the Redemption Price pursuant to Subsection 6.3(b) is not authorized with respect to Units tendered for redemption by a holder of Units, then the Trustee, as soon as reasonably practicable after receipt of a notice from Adminco advising of the same, shall advise the Unitholders in writing that the Redemption Price for the Units tendered for redemption pursuant to Section 6.2 will be paid in whole or in part by Redemption Notes, and such Unitholders have 15 Business Days from the date of the Trustees' notice hereunder to rescind their redemption. If not rescinded, the Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing promissory notes ("Redemption Notes").

Redemption Notes shall be promissory notes issued in series, or otherwise, by the Trust and issued to redeeming Unitholders in principal amounts equal to the Redemption Price per Unit multiplied by the number of Units to be redeemed and having the following terms and conditions:

- a) unsecured and bearing interest from and including the issue date of each such note at five percent (5%), payable annually in arrears on the anniversary date of issue of the Redemption Note (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
- b) subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustees or Adminco with holders of senior indebtedness;
- c) subject to earlier prepayment without penalty, being due and payable on the third anniversary of the date of issuance; and
- d) subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by Adminco.

Purchase for Cancellation

The Trust may from time to time purchase for cancellation some or all of the Units (or other securities of the Trust which may be issued and outstanding from time to time) by private agreement or pursuant to tenders received by the Trust upon request for tenders addressed to all holders of record of Units.

APPOINTMENT, RESIGNATION AND REMOVAL OF THE TRUSTEE

Consent to Act

A person who is appointed as Trustee of the Trust, other than the Initial Trustees must, either before or after such election or appointment, consent in writing to do so. Upon the later of a person being appointed as a Trustee and executing and delivering to the Trust a consent as set forth in the Declaration of Trust, such person shall become a Trustee and shall be deemed to be a party (as a Trustee) to the Declaration of Trust.

Ceasing to Hold Office

A Trustee ceases to hold office when:

- a) it resigns or shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary, to wind up its affairs;
- b) it is removed in accordance with Section 8.3 of the Declaration of Trust; or
- c) it ceases to be duly qualified to act as a Trustee as provided under Section 7.2 of the Declaration of Trust.

A resignation of a Trustee becomes effective 60 days from the date a written resignation is received by the Trust and Adminco, or on the date specified in the resignation, whichever is later.

Upon a Trustee ceasing to hold office as such hereunder, such Trustee shall cease to be a party (as a Trustee) to the Declaration of Trust; provided, however, that such Trustee shall continue to be entitled to be paid any amounts owing by the Trust to that Trustee and to the benefits of the indemnity provided in the Declaration of Trust. Upon the resignation or removal of a Trustee, or upon a Trustee otherwise ceasing to be a Trustee, such Trustee shall cease to have the rights, privileges and powers of a Trustee, shall execute and deliver such documents as the successor Trustee shall require for the conveyance of any Trust property, including without limitation the Trust Fund, held in the Trustees' name, shall account to the successor Trustee as they may require for all property which that Trustee holds as a Trustee, and shall thereupon be discharged as a Trustee.

Removal of Trustee

The Unitholders may remove any Trustee from office, by Extraordinary Resolution at a meeting of Unitholders called for that purpose. Notice of such removal shall be provided to the Trustees no less than 15 days prior to the effective date of the removal unless otherwise agreed to in writing. A vacancy created by the removal of a Trustee may be filled by Ordinary Resolution at the meeting of Unitholders at which the Trustee is removed or, if not so filled, shall be filled as set forth in Section 8.5 of the Declaration of Trust.

Vacancies

No vacancy of the office of the Trustees shall operate to annul the Declaration of Trust or affect the continuity of the Trust.

Filling Vacancies

Adminco may fill a vacancy of a Trustee without the approval of the Unitholders.

Restrictions on Trustee's Powers

In respect of any obligations that the Trust is required to assume, Adminco and Trustees will use their commercially reasonable efforts to ensure that these are in writing and contain provisions to exempt the Unitholders from any liability thereunder and to limit any such liability in respect of the Trust Fund.

Fiscal Year and Taxation Year

Each fiscal year and taxation year of the Trust shall end on December 31 of such year.

Financial Disclosure

- a) Adminco will send (or make available if sending is not required under applicable securities laws) to Unitholders at least 21 days prior to the date of each general meeting of Unitholders, or if no general meeting is to be held in that year within six months of the fiscal year end, the annual financial statements of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon referred to in Section 17 of the Declaration of Trust; and
- b) such financial statements shall be prepared in accordance with GAAP; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

Standard of Care

The Trustees shall exercise their powers and carry out their functions hereunder as Trustees honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. Unless otherwise required by law, the Trustees shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees, in its capacity as Trustees, shall not be required to devote their entire time to the business and affairs of the Trust.

Conflicts of Interest

Without affecting or limiting the duties and responsibilities or the limitations and indemnities provided in the Declaration of Trust or in the Administration Agreement, the Trustees, the Gross Parties and Adminco are hereby expressly permitted to:

- a) be, or be an associate or an affiliate of, a person from or to whom assets of the Trust have been or are to be purchased or sold;
- b) be, or be an associate or an affiliate of, a person with whom the Trust or Adminco contracts or deals or which supplies services or extends credit to the Trust or Adminco or to which the Trust extends credit;
- c) acquire, hold and dispose of, either for its own account or the accounts of its customers, any assets not constituting part of the Trust Fund, even if such assets are of a character which could be held by the Trust, and exercise all rights of an owner of such assets as if it were not a trustee or Adminco;
- d) derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with the Trust or the relationships, matters, contracts, transactions, affiliations or other interests stated in this section without being liable to the Trust or any Unitholder for any such direct or indirect benefit, profit or advantage;
- e) the Gross Parties may, either presently and/or in the future, be associated with other investment funds, which funds may, either presently and/or in the future, have similar investment objectives as the Trust. The Trust shall not have priority with respect to the allocation of investment opportunities or loans in or to other issuers and other investment funds may participate in such investment and loan opportunities in priority to the Trust;
- f) the Gross Parties may take actions to resolve a material conflict of interest without the approval of the Unitholders or the Trustees provided that each of the Gross Parties use reasonable best efforts to resolve any such conflict of interest as equitably as possible under the prevailing facts and circumstances; and
- g) the Unitholders agree that the activities set forth in Section 9.13 of the Declaration of Trust shall not constitute a conflict of interest or breach of fiduciary duty to the Trust or the Unitholders, the Unitholders hereby consent to such activities and the Unitholders waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Unitholders further agree that no party referred to in Section 9.13 of the Declaration of Trust will be required to account to the Trust or any Unitholders for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of any party referred to in Section 9.13 of the Declaration of Trust unless such activity is contrary to the express terms of this Agreement or Applicable Laws.

Limitations on Liability of Trustee and Officers

The Trustees shall not be liable to any Unitholder or any other person, in tort, contract or otherwise, in connection with any matter pertaining to the Trust or the Trust Fund, arising from the exercise by the Trustees of any powers, authorities or discretion conferred under the Declaration of Trust, including, without limitation, any action taken or not taken, in good faith in reliance on any documents that are, prima facie, properly executed, any depreciation of, or loss to, the Trust Fund incurred by reason of the sale of any asset, any inaccuracy in any evaluation provided by any other appropriately qualified person, any reliance on any such evaluation, or any action or failure to act (including failure to compel in any way any former Trustee to redress any breach of trust or any failure by Adminco to perform its duties under the Declaration of Trust

or the Administration Agreement), unless such liabilities arise out of the gross negligence, wilful misconduct or fraud of the Trustees. If the Trustees has retained an appropriate expert, advisor, Counsel or the Auditors with respect to any matter connected with their duties under the Declaration of Trust or any other contract, the Trustees may act or refuse to act based on the advice of such expert, advisor, Counsel or the Auditors, and the Trustees shall not be liable for and shall be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of any such expert, advisor, Counsel or the Auditors.

Subject to the standard of care set out in Section 9.5 of the Declaration of Trust, the Trustees shall not be subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust Fund or the affairs of the Trust, including, without limitation, in respect of any loss or diminution in value of any Trust Fund, to the Trust or to the Unitholders or to any other person for anything done or permitted to be done by the Trustees; provided that the foregoing limitation shall not apply to any liability of the Trustees that arises out of the Trustees' gross negligence, wilful misconduct or fraud. The Trustees shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust 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 Trustees for or in respect to the affairs of the Trust. No property or assets of the Trustees, owned in its personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustees in their personal capacity. The Trust shall be solely liable therefor and resort shall be had solely to the Trust Fund for payment or performance thereof; and

Any liability of the Trustees for, or in respect of, or that arises out of, or results from the Trustees' breach of the Declaration of Trust shall be limited, in the aggregate, to the amount of remuneration paid by the Trust to the Trustees under the Declaration of Trust in the twelve months immediately before the Trustees first receiving written notice of such liability; provided that the foregoing limitation shall not apply to any liability of the Trustees that arises out of the Trustees' gross negligence, wilful misconduct or fraud.

Indemnification of Trustee

The Trustees shall be fully indemnified and saved harmless out of the Trust Fund in respect of:

- a) any liability and all costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustees for or in respect of any act, omission or error in respect of the Trust and the Trustees' execution of all duties and responsibilities and exercise of all powers and authorities pertaining thereto;
- b) any liability and all losses, damages, costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustees or against such directors, officers, employees, shareholders or agents, as the case may be, for or in respect of Adminco providing or omitting to provide services to the Trust or otherwise performing obligations under the Administration Agreement or as delegated or otherwise contemplated under the Declaration of Trust;
- c) all other costs, charges, taxes, penalties and interest in respect of unpaid taxes; and
- d) all other expenses and liabilities sustained or incurred by the Trustees in respect of the administration or termination of the Trust;

unless any of the foregoing arise out of the gross negligence, wilful misconduct or fraud of the Trustees. This indemnification shall survive the termination of the Trust and the resignation or removal of a Trustee.

Notwithstanding any other provision of the Declaration of Trust, and whether such losses or damages are foreseeable or unforeseeable, the Trustees shall not be liable under any circumstances whatsoever for any lost profits or special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages. **Waiver: The Trustees by way of a Waiver dated May 6, 2016 have waived the limitation of liability provided for in this paragraph with respect to any breach by Gross Securities, any officer or director of Gross Securities or the Trustees in their personal capacity, of any securities law or other rule of any securities regulatory authority. Subscribers should note that this Waiver does not in any manner whatsoever waive the limitation of liability provided for in favour of the Trustees in sub-paragraphs b) and c) above.**

Transfer of Units

The provisions of Article 13 of the Declaration of Trust shall not in any way alter the nature of Units or the relationships of a Unitholder to the Trustees and of one Unitholder to another but are intended only to facilitate the issuance of certificates evidencing the ownership of Units if desirable to issue them to Unitholders and the recording of all transactions in respect of Units and Unit Certificates whether by the Trust, securities dealers, stock exchanges, transfer agents, registrars or other persons. The Units shall be evidenced by certificates in the form of a Unit Certificate.

Limitation on Non-Resident Ownership

It is in the best interest of Unitholders that the Trust always qualify as a "mutual fund trust" under the Tax Act and in order to ensure the maintenance of such status:

- a) If determined necessary or desirable by the Trustees or Adminco, in their sole discretion, the Trust may from time to time, among other things, take all necessary steps to monitor the activities of the Trust and ownership of the Units. If at any time the Trust or Adminco become aware that the activities of the Trust and/or ownership of the Units by Non-Residents may threaten the status of the Trust under the Tax Act as a "mutual fund trust", the Trust, by or through Adminco on the Trust's behalf, is authorized to take such action as may be necessary in the opinion of Adminco to maintain the status of the Trust as a "mutual fund trust" including, without limitation, the imposition of restrictions on the issuance by the Trust of Units or the transfer by any Unitholder of Units to a Non-Resident and/or require the sale of Units by Non-Residents on a basis determined by Adminco and/or suspend distribution and/or other rights in respect of Units held by Non-Residents transferred contrary to the foregoing provisions or not sold in accordance with the requirements thereof;
- b) in addition to the foregoing provisions, the Transfer Agent may, if determined appropriate by Adminco, establish operating procedures for, and maintain, a reservation system which may limit the number of Units that Non-Residents may hold, limit the transfer of the legal or beneficial interest in any Units to Non-Residents unless selected through a process determined appropriate by Adminco, which may either be a random selection process or a selection process based on the first to register, or such other basis as determined by Adminco. The operating procedures relating to such reservation system shall be determined by Adminco. Such operating procedures may, among other things, provide that any transfer of a legal or beneficial interest in any Units contrary to the provisions of such reservation system may not be recognized by the Trust;
- c) unless and until Adminco shall have been required to do so under the terms of the Declaration of Trust, Adminco shall not be bound to do or take any proceeding or action with respect to this Section by virtue of the powers conferred on it hereby. Adminco shall not be required to actively monitor the foreign holdings of the Trust. Adminco shall not be liable for any violation of the non-resident ownership restriction, which may occur during the term of the Trust; and
- d) Adminco shall have the sole right and authority to make any determination required or contemplated under Section 13.5 of the Declaration of Trust. Adminco shall make all determinations necessary for the administration of the provisions of Section 13.5 of the Declaration of Trust and, without limiting the generality of the foregoing, if Adminco considers that there are reasonable grounds for believing that a contravention of the non-resident ownership restriction has occurred or will occur, Adminco 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 Adminco.

Termination of the Trust

Subject to other provisions of the Declaration of Trust, the Trust shall continue for a term ending on the earlier of December 31, 2050 and the date which is one day prior to the date, if any, the Trust would otherwise be void by virtue of any applicable rule against perpetuities then in force in Alberta. For the purpose of terminating the Trust by such date, the Trustees shall commence to wind-up the affairs of the Trust on such date as may be determined by the Trustees, being not more than two years prior to the end of the term of the Trust.

Termination with the Approval of Unitholders

The Unitholders may vote by Extraordinary Resolution to terminate the Trust at any meeting of Unitholders duly called for such purpose, following which the Trustees shall commence to wind-up the affairs of the Trust (and shall thereafter be restricted to only such activities). Such Extraordinary Resolution may contain such directions to the Trustee as the Unitholders determine.

Procedure Upon Termination

Upon being required to commence wind-up the affairs of the Trust, the Trustees shall as soon as reasonably practicable give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the registers of Units of the Trust shall be closed.

Powers of the Trustees Upon Termination

After the date on which the Trustees are required to commence to wind-up the affairs of the Trust, the Trustees shall undertake no activities except for the purpose of winding-up the affairs of the Trust as hereinafter provided and, for this purpose, the Trustees shall continue to be vested with and may exercise all or any of the powers conferred upon a Trustee under the Declaration of Trust.

Sale of Investments

After the date referred to in Section 14.3 of the Declaration of Trust, the Trustees shall proceed to wind-up the affairs of the Trust as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized under Section 14.2 of the Declaration of Trust, sell and convert into money the assets comprising the Trust, including without limitation the Trust Fund, in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders (in respect of a termination authorized under Section 14.2 of the Declaration of Trust). If the Trustees are unable to sell all of the assets which comprise part of the Trust Fund by the date set for termination, the Trustees may, subject to obtaining all necessary regulatory approvals, distribute the remaining shares or other assets directly to the holders of Units in accordance with their pro-rata interests. The Trustees shall have no liability for any amounts received provided that they shall have acted in good faith.

Distribution of Proceeds or Assets

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall, subject to obtaining all necessary regulatory approvals, distribute the remaining part of the proceeds of the sale of the assets together with any cash forming part of the Trust assets among the holders of Units in accordance with their pro-rata interests.

Further Notice to Unitholders

In the event that less than all of the Unitholders have surrendered their Units for cancellation within six months after the time specified in the notice referred to in Section 14.3 of the Declaration of Trust, the Trustee shall give further notice to the remaining Unitholders to surrender their Units for cancellation and if, within one year after the further notice, all the Units shall not have been surrendered for cancellation, such remaining Units shall be deemed to be cancelled without prejudice to the rights of the holders of Units comprising such Units to receive their pro-rata share of the remaining Trust Fund, without interest, and the Trustee may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Unitholders (deducting all expenses thereby incurred from the amounts to which such Unitholders are entitled as aforesaid) or, in the discretion of the Trustee, may pay such amounts into court.

Responsibility of the Trustees after Sale and Conversion

The Trustees shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust assets after the date referred to in Section 14.3 of the Declaration of Trust and, after such sale, the sole obligation of the Trustees under the Declaration of Trust shall be to hold such proceeds or assets in trust for distribution under Section 14.6 of the Declaration of Trust.

General and Special Meetings of Unitholders

General meetings of the Unitholders shall be called, at a time and at a place in Canada set by Adminco. A general meeting of the Unitholders shall be called within 18 months of the Effective Date, and thereafter within 15 months of the previous general meeting. The business transacted at such meetings shall include the presentation of the financial statements of the Trust for the preceding fiscal years, the appointment of Auditors for the ensuing years, and the transaction of such other business as Unitholders may be entitled to vote upon as provided in Article 12 of the Declaration of Trust or as Adminco may determine or as may be properly brought before the meeting;

Special meetings of the Unitholders may be called by either Adminco or the Trustee at any time and for any purpose;

Unitholders holding in the aggregate not less than 25% of all votes entitled to be voted at a meeting of Unitholders may requisition the Trustees to call a special meeting of Unitholders for the purposes stated in the requisition. The requisition shall:

- (i) be in writing;
- (ii) set forth the name and address of, and number of Units and Exchangeable Securities (and votes attached thereto which, in the aggregate, must not be less than 25% of all votes entitled to be voted at a meeting of Unitholders) held by each person who is supporting the requisition; and
- (iii) shall state in reasonable detail the business to be transacted at the meeting and shall be sent to the Trustee.
- (iv) upon receiving a requisition complying with the foregoing, the Trustees shall call a meeting of Unitholders to transact the business referred to in the requisition, unless:
 - (A) a record date for a meeting of Unitholders has been fixed;
 - (B) Adminco has or the Trustees have called a meeting of Unitholders and has given notice thereof pursuant to Section 12.2 of the Declaration of Trust; or

- (C) in connection with the business as stated in the requisition:
 - (1) it clearly appears that a matter covered by the requisition is submitted by the Unitholders primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustees, Adminco or the Unitholders, or primarily for the purpose of promoting general economic, political, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the business or affairs of the Trust;
 - (2) the Trust, at the Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a meeting of Unitholders held within 36 months preceding the receipt of such requisition and the Unitholders failed to present the matter, in person or by proxy, at the meeting;
 - (3) substantially the same matter covered by the requisition was submitted to Unitholders in an information circular relating to a meeting of Unitholders held within 36 months preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
 - (4) the rights conferred by Section 12.1 of the Declaration of Trust are being abused to secure publicity;
- (v) if the Trustees do not, within 90 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in subsection 12.1(c)(iv)(C) above), any Unitholder who signed the requisition may call the meeting in accordance with the provisions of Article 12 of the Declaration of Trust, *mutatis mutandis*;
- (vi) meetings of Unitholders shall be held in Calgary, Alberta, or at such other place in Canada as Adminco shall designate;
- (vii) the chair of any general or special meeting shall be a person designated by Adminco for the purpose of such meeting;
- (viii) the Trustees, Adminco, the Auditors and any other person approved by Adminco or the chair of the meeting may attend meetings of the Unitholders;
- (ix) any person entitled to attend a meeting of Unitholders may participate in the meeting, subject to and in accordance with applicable securities laws, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Trust makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Declaration of Trust to be present at the meeting; and
- (x) if Adminco, the Trustees or the Unitholders call a meeting of Unitholders pursuant to the Declaration of Trust, Adminco, the Trustee or Unitholders, as the case may be, may determine that the meeting shall be held, subject to and in accordance with applicable securities laws, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

Voting Rights of Unitholders

Only Unitholders of record shall be entitled to vote and each Unit shall entitle the holder or holders of that Unit on a poll vote at any meeting of Unitholders to the voting rights set out in the Declaration of Trust. Every question submitted to a meeting shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every person present and entitled to vote shall be entitled to one vote per Unit held by such person. At any meeting of Unitholders, any holder of Units entitled to vote thereat may vote by proxy and a proxyholder need not be a Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been received by the Transfer Agent for verification at least 24 hours prior to the commencement of such meeting, or such lesser time as the chairman of the meeting may allow. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote purporting to be executed by or on behalf of a Unitholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

Permitted Amendments

The provisions of the Declaration of Trust, except where specifically provided otherwise, may only be amended by Extraordinary Resolution; provided that the provisions of the Declaration of Trust may also be amended by the Trustees with the approval of Adminco without the consent, approval or ratification of the Unitholders or any other person at any time:

- a) for the purpose of ensuring continuing compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Trustees or the Trust;
- b) in a manner which, in the opinion of Adminco, provides additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to the Unitholders;

- c) ensuring that the Trust will satisfy the provisions of the Tax Act with respect to retaining its qualification as a "mutual fund trust", pursuant to subsection 132(6) of the Tax Act, as the Tax Act may be amended from time to time;
- d) to ensure that the Trust is not considered a "SIFT trust" as defined in the Tax Act;
- e) in a manner which, in the opinion of the Trustees supported by opinion of Counsel, is necessary or desirable as a result of changes in Canadian taxation laws;
- f) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of Adminco based on the advice of counsel, necessary or desirable and not prejudicial to the Unitholders; or
- g) to change the status of, or the laws governing, the Trust which, in the opinion of Adminco supported by opinion of Counsel, is desirable in order to provide Unitholders with the benefit of any legislation limiting their liability, but notwithstanding the foregoing, no such amendment shall modify the voting rights of any Unit or reduce the fractional undivided interest in the Trust assets represented by any Unit without the consent of the holder of such Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of Section 11.1 of the Declaration of Trust without the consent of the holders of all of the Units then outstanding.

Notification of Amendment

As soon as shall be practicable after the making of any amendment pursuant to Section 11.1 of the Declaration of Trust and in any event not later than the date the Trust is required to provide the financial disclosure in Section 16.7 of the Declaration of Trust Adminco shall furnish written notification of the substance of such amendment to each Unitholder.

SUMMARY OF THE ADMINISTRATION AGREEMENT

This is a summary only and is subject to the complete terms and conditions of the Administration Agreement. Pursuant to the terms of the Administration Agreement, AdminCo will provide administrative and support services to, and be responsible for the general administration of the affairs of the Trust, including without limitation the following:

Administrative Expenses and Administration Fees

Subject to and in accordance with the terms, conditions and limitations of the Declaration of Trust, the Trust delegates to Adminco, and Adminco agrees to provide and be responsible for, management, administrative and support services necessary for the operation of the Trust, including the following as and when applicable:

- (a) keep and maintain at its offices in Calgary, Alberta at all times books, records and accounts which shall contain particulars of operations, receipts, disbursements and investments relating to the Trust Fund and such books, records and accounts shall be kept pursuant to normal commercial practices that will permit the preparation of financial statements in accordance with Canadian generally accepted accounting principles which, shall also be in accordance with those required to be kept by the Trust under the Tax Act and the Income Tax Regulations applicable with respect thereto, all as amended from time to time;
- (b) undertake any matters required by the terms of the Declaration of Trust to be performed by the Trustees, which are not otherwise delegated in the Declaration of Trust and generally provide all other services as may be necessary or as requested by the Trustees for the management and administration of the Trust;
- (c) provide advice and assistance to the Trustees with respect to the performance of the obligations of the Trust and the enforcement of the rights of the Trust under all agreements entered into by the Trust;
- (d) assist the Trustees in making all determinations necessary for the discharge of the Trustees' obligations under the Declaration of Trust;
- (e) retain and monitor, on behalf of the Trustees, a transfer agent and other persons serving the Trust;
- (f) provide or cause to be provided such audit, accounting, engineering, legal, insurance and other professional services as are reasonably required or desirable for the purposes of the Trust and provide or cause to be provided such legal, engineering, financial and other advice and analysis as the Trustees may require or desire to permit them to make informed decisions in connection with the discharge by them of its responsibilities as Trustees, to the extent such advice and analysis can be reasonably provided or arranged by Adminco;
- (g) authorize and pay on behalf of the Trust operating expenses incurred on behalf of the Trust and negotiate contracts with third party providers of services (including, but not limited to, transfer agents, legal counsel, auditors and printers);
- (h) provide, for the purposes of performing its services, office space, telephone, office equipment, facilities, supplies and executive, secretarial, bookkeeping, general accounting and clerical services;

- (i) deal with banks and other institutional lenders, including in respect of maintenance of bank records and the negotiation and securing of bank financing or refinancing or one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities in respect of the Trust or any entity in which the Trust holds any direct or indirect interest;
- (j) take all actions reasonably necessary in connection with, or in relation to, directly or indirectly, the borrowing of money from or incurring indebtedness by the Trust to any person and in connection therewith, to cause the Trust to guarantee, indemnify or act as a surety with respect to payment or performance of any indebtedness, liabilities or obligation of any kind of any person, including, without limitation, Adminco and any subsidiary of the Trust;
- (k) to enter into any other obligations on behalf of the Trust; or enter into any subordination agreement on behalf of the Trust or any other person, and to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, and grant any security interest, mortgage or encumbrance over or with respect to all or any of the Trust Fund or to subordinate the interests of the Trust in the Trust Fund to any other person;
- (l) take all actions reasonably necessary in connection with, or in relation to, the guarantee by the Trust of obligations of any affiliate of the Trust pursuant to any debt for borrowed money or obligations resulting or arising from hedging instruments incurred by the affiliate and pledging securities issued by the affiliate as security for such guarantee provided that such guarantee is incidental to the Trust's direct or indirect investment in the affiliate or the business and affairs (existing or proposed) of the affiliate, and each such guarantee entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms against, the Trust;
- (m) prepare all annual audited financial statements of the Trust, income tax returns and filings in sufficient time prior to the dates upon which they must be delivered to Unitholders and arrange for their delivery to Unitholders and/or filing within the time required by Applicable Laws;
- (n) assist the Trustees in computing distributions to Unitholders pursuant to Article 5 of the Declaration of Trust, including calculating Cash Flow of the Trust (as defined in the Declaration of Trust) and facilitate payment of distributions properly declared payable by the Trust;
- (o) ensure compliance by the Trust with all applicable securities laws, including in relation to the Offering of securities of the Trust;
- (p) prepare on behalf of the Trust any circular or other disclosure document required under applicable securities legislation with respect to an offer to acquire securities of another person or in response to an offer to purchase Units;
- (q) call and hold all annual and/or special meetings of Unitholders pursuant to the Declaration of Trust and prepare and arrange for the distribution of all materials (including notices of meetings, information circulars and instrument of proxy) in respect thereof;
- (r) prepare and provide or cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Declaration of Trust and under Applicable Laws, including, if required, financial statements and tax information relating to the Trust;
- (s) obtain and pay for the costs of liability insurance for the protection of the Trust and its affiliates, and their respective trustees, directors and officers against such risks, to such limits and with such deductibles and such other terms as are approved from time to time;
- (t) attend to all administrative and other matters arising in connection with any redemptions or retraction of Units;
- (u) in the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Declaration of Trust or any other agreement, Adminco shall withhold the withholding taxes required and shall promptly remit such taxes to the appropriate taxing authority. In the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Declaration of Trust or any other agreement and Adminco is, or was, unable to withhold taxes from a particular distribution to a Unitholder or has not otherwise withheld taxes on past distributions to a Unitholder, Adminco shall be permitted to withhold amounts from other distributions to satisfy Adminco's withholding tax obligations;
- (v) monitor the tax status of the Trust, including without limitation compliance with Subsection 108(2) and 132(6) of the Tax Act; provide information to the Trustees regarding the taxable portions of distributions and provide the Trustees with written notice when the Trust ceases or is at risk of ceasing to be such a mutual fund trust;
- (w) ensure that the Trust elects in the prescribed manner and within the prescribed time under subsection 132(6.1) of the Tax Act to be a "mutual fund trust" within the meaning of that Act since inception, assuming the requirements for such election are met and ensure that the Trust elects under the analogous provisions of any applicable provincial tax legislation;
- (x) take all actions reasonably necessary with respect to, in connection with, or in relation to, those matters referred to in Section 9.2(f) of the Declaration of Trust and in connection with, or in relation to all rights, powers, voting and privileges pertaining to any investments in the Trust Fund as more specifically described in Section 9.2(h) of the Declaration of Trust;
- (y) provide advice with respect to the timing and terms of future offerings of securities of the Trust, if any;

- (z) recommend, monitor, carry out and provide any services reasonably necessary in connection with any acquisitions or divestitures of any portion of the Trust Fund;
- (aa) assist in connection with any offerings of Units, including preparing any prospectus or comparable documents of the Trust to qualify the distribution of securities of the Trust from time to time; and
- (bb) approve the form of certificate representing the Units from time to time and certify such certificates from time to time on behalf of the Trust.

Termination Option of the Trust

Adminco shall be in default under the Administration Agreement upon the occurrence of any of the following events, each of which shall be deemed to be an event of termination with respect to Adminco (an “**Administrator Event of Termination**”) for the purposes of the Administration Agreement:

- a) Adminco breaches or fails to observe or perform any of Adminco’s material obligations, covenants or responsibilities under the Administration Agreement and, within thirty days after written notice from the Trust specifying the nature of such breach or failure, Adminco fails to cure such breach or failure or to provide satisfactory evidence that such breach will be cured or remedied within a reasonable period of time or after providing such satisfactory evidence thereafter fails to diligently pursue such cure or remedy; or
- b) Adminco (i) becomes Insolvent; (ii) is subject to any proceeding, voluntary or involuntary, with a view to postponing or rescheduling its debts generally or of distributing its assets among its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), or any other applicable laws for the benefit of creditors; (iii) is liquidated; (iv) is wound up either voluntarily or under an order of a court of competent jurisdiction; (v) makes a general assignment for the benefit of its creditors; or (vi) otherwise takes any action that acknowledges its Insolvency.

Administrative Expenses and Administration Fees

Adminco shall be entitled to the payment of a fee from the Trust for the services provided by Adminco under the Administration Agreement in the amount of \$500.00 per year plus applicable taxes, commencing in 2015, which fee shall be paid by the Trust on or before December 1 of each year during the term of the Administration Agreement.

Banking

The banking business of the Trust, or any part thereof, shall be transacted with such bank, trust company, Alberta Treasury Branches or other firm or corporation carrying on a banking business as Adminco may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Trust’s behalf by Adminco and/or other persons as the Trustees may (upon written notice to the Trust’s bankers) designate, appoint or authorize from time to time including, but without restricting the generality of the foregoing, the operation of the Trust’s accounts; the making, signing, drawing, accepting, endorsing, negotiation, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for and orders relating to any property of the Trust; the execution of any agreement relating to any property of the Trust; the execution of any agreement relating to any such banking business and defining the rights and powers of the parties thereto; and the authorizing of any officer of such banker to do any act or thing on the Trust’s behalf to facilitate such banking business.

SUMMARY OF THE FUNDING AGREEMENT

This is a summary only and is subject to the complete terms and conditions of the Funding Agreement.

The Partnership has agreed to pay all costs of the Offering and all costs incurred by the Trust in connection thereto and in connection with the transactions described in this Offering Memorandum including without limitation, all costs incurred by the Trust in the administration of investors in the Trust on a post-closing basis.

SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT

The following is a summary of the Limited Partnership Agreement. This is a summary only and is subject to the complete terms and conditions of the Limited Partnership Agreement. Additional terms of the Limited Partnership Agreement are referenced in Item 2.1.3 under the heading the "The Limited Partnership".

Issuance of LP Units

- (i) The General Partner is authorized to, in its Discretion, cause the Partnership to issue at any time and from time to time up to 50,000,000 Class A LP Units with each Class A LP Unit having a Capital Contribution amount of not less than \$1 per Class A LP Unit, on such terms and conditions of the offering and sale of Units as the General Partner, in its Discretion, may determine including accepting payment of consideration therefore in the form of cash, property and/or past services, and may do all things in that regard, including preparing and filing prospectuses, offering memoranda and other documents. Subscribers should note that prior to February 26, 2016, the Trust had acquired 16,026 Class LP Units at a price of \$100 per Class A Unit. The Class A LP Units acquired by the Trust were subsequently subdivided on a 100:1 basis by the Limited Partnership resulting in the Trust now holding 1,602,600 Class A LP Units in the Limited Partnership with the Capital Contribution per Class A Unit being adjusted from \$100 per Class A Unit to \$1 per Class A Unit.
- (ii) The General Partner is authorized to, in its Discretion, cause the Partnership to issue at any time and from time to time 500,000 Class B LP Units with each Class B LP Unit having a Capital Contribution amount of not less than \$0.001 per Class B LP Unit, on such terms and conditions of the offering and sale of Units as the General Partner, in its Discretion, may determine. Subscribers should note that the Limited Partnership has issued all of the above referenced Class B LP Units to the current Trustees of the Trust and a former Trustee. These Class B LP Units were subsequently subdivided on a 100:1 basis by the Limited Partnership resulting in the above parties now holding 50,000,000 Class B LP Units in the Limited Partnership with the Capital Contribution per Class B LP Unit being adjusted from \$0.001 per Class B LP Unit to \$0.00001 per Class B LP Unit.
- (iii) The General Partner may do all things necessary or advisable in connection with the issue of LP Units from time to time including determining the requirements for a satisfactory subscription form, preparing and filing prospectuses, offering memoranda and other documents, paying the expenses of issue and entering into agreements with any Person for a commission or fee.
- (iv) Upon acceptance by the General Partner of any subscription for LP Units, all Partners are deemed to consent to the admission of the subscriber as a Limited Partner, the General Partner will cause the Register to be amended, and such other documents as may be required by the Act or under legislation similar to the Act in other provinces or the territories to be filed or amended, specifying the prescribed information and will cause the foregoing information in respect of the new Limited Partner to be included in Partnership books and records.

Redemption of Units by the Partnership

- (a) Each holder of Class A LP Units shall be entitled to require the Partnership, on the demand of such holder of LP Units, to redeem all or any part of the Class A LP Units registered in the name of such holder of LP Units at the Redemption Price (being an amount per Class A LP Unit equal to 95% of the fair market value of a Class A LP Unit as of the date as of the date of redemption as determined by the General Partner in its sole Discretion, taking into account the Fair Market Value of the Properties owned by the Partnership and all present and future liabilities of the Partnership). Subject to the laws of general application, the General Partner shall be entitled in its Discretion to determine and designate whether any payments in respect of any redemption are on account of income or capital.

No Cash Redemption in Certain Circumstances

- (b) A cash redemption shall not be applicable to Class A LP Units tendered for redemption by a holder of Class A LP Units, if the total amount payable by the Partnership in respect of such LP Units and all other Class A LP Units tendered for redemption in the same Fiscal Quarter exceeds \$125,000 (the "Quarterly Limit"); provided that the General Partner may, in its sole discretion, waive such limitation in respect of all Class A LP Units tendered for redemption in any Fiscal Quarter. Where the total amount payable by the Partnership with respect to Class A LP Units tendered for redemption in any Fiscal Quarter exceeds the Quarterly Limit, such Class A LP Units will be redeemed for cash on a *pro rata* basis up to the Quarterly Limit and thereafter in accordance with the terms and conditions of sub-paragraph (c) below for the balance.

- (c) If, a cash redemption is not applicable to Class A LP Units tendered for redemption by a holder of Class A LP Units, then such holder of Class A LP Units shall, instead of receiving the Redemption Price per LP Unit in cash, the Redemption Price per LP Unit, subject to all necessary regulatory approvals, if any, shall be paid and satisfied:
- (i) by the Partnership issuing a promissory note (each a **"Redemption Note"**) having an interest rate that is equal to five percent (5%) simple interest per annum, calculated from the day the Redemption Note is issued and such other commercially reasonable terms as the General Partner may prescribe, subject to a maximum term of three (3) years from the date of issue, as determined in the sole discretion of the General Partner, provided that the applicable interest shall be paid annually on the anniversary date of the issue of the Redemption Note; or
 - (ii) by any combination of Redemption Notes or other assets held by the General Partner.
- (d) The Redemption Price payable in respect of the Class A LP Units tendered for redemption during any month shall be paid by the transfer, to or to the order of the holder of Class A LP Units who exercised the right of redemption, on or before the last day of the month after the last month of the Fiscal Quarter in which the LP Units were tendered for redemption, of cash and/or Redemption Notes as determined as aforesaid. Payments by the Partnership of the Redemption Price are conclusively deemed to have been made upon the mailing of the documents evidencing ownership of the property so distributed by registered mail in a postage prepaid envelope addressed to the former holder of LP Units. Upon such payment, the Partnership shall be discharged from all liability to the former holder of LP Units in respect of Units so redeemed

Limited Liability

Subject to the provisions of the Act, the liability of a Limited Partner for the indebtedness, liabilities and obligations of the Partnership will be limited to its Capital Contribution paid or contributed or agreed to be paid or contributed by such Limited Partner in respect of the LP Units plus its share of any undistributed income of the Partnership and a Limited Partner will not be liable for any further claims, assessments or contributions to the Partnership. The Partnership will operate in a manner as to ensure to the greatest extent possible the limited liability of the Limited Partners.

Indemnity of General Partner

To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each General Partner, any former General Partner (a **"Departing Partner"**), any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person (collectively, an **"Indemnitee"**) is indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as: (i) the General Partner, a Departing Partner or any of their Affiliates; (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates; or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, officer, employee, agent or trustee of another Person; provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction does not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to Section 8.8 of the Limited Partnership Agreement is to be made only out of the assets of the Partnership.

To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding are to be, from time to time, advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it is determined that the Indemnitee is not entitled to be indemnified as authorized in Section 8.8(a) of the Limited Partnership Agreement.

The indemnification provided by Section 8.8(a) of the Limited Partnership Agreement is in addition to any other rights to which an Indemnatee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnatee's capacity as: (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof, or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, officer, employee, agent or trustee of another Person, and shall continue as to an Indemnatee who has ceased to serve in such capacity and as to actions in any other capacity.

The Partnership may purchase and maintain insurance (or reimburse the General Partner or its Affiliates for the cost of insurance), on behalf of the General Partner and such other Persons as the General Partner determines, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

Powers, Duties and Obligations of the General Partner

The General Partner has:

1. unlimited liability for the debts, liabilities and obligations of the Partnership;
2. subject to the terms of the Limited Partnership Agreement, and to any applicable limitations set forth in the Act and applicable similar legislation, the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership; and
3. the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership.

Notwithstanding any other agreement the Partnership or the General Partner may enter into, all material transactions or agreements entered into by the Partnership must be approved by the board of directors of the General Partner.

Specific Powers and Duties of the General Partner

Without limiting the generality of Section 8.1 of the Limited Partnership Agreement, the General Partner has full power and authority for and on behalf of and in the name of the Partnership to:

- a) 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 (and such agreements may limit the liability of the Partnership to the assets of the Partnership, with the other party to have no recourse to the assets of the General Partner, even if the same results in the terms of the agreement being less favourable to the Partnership);
- b) open and manage bank accounts in the name of the Partnership and spend the capital of the Partnership in the exercise of any right or power exercisable by the General Partner hereunder;
- c) borrow funds in the name of the Partnership from time to time, from financial institutions or other lenders as the General Partner may determine without limitation with regard to amount, cost or conditions of reimbursement of such loan;
- d) guarantee the debts, liabilities and obligations of a third party;
- e) mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in all or any property of the Partnership now owned or hereafter acquired, to secure any present and future borrowings and related expenses of the Partnership and to sell all or any of such property pursuant to a foreclosure or other realization upon the foregoing encumbrances;
- f) see to the sound management of the Partnership, and to manage, control and develop all the activities of the Partnership and take all measures necessary or appropriate for the business of the Partnership or ancillary thereto;
- g) acquire, maintain, improve, upgrade, expand or dispose of the assets of the Partnership from time to time;
- h) incur all costs and expenses in connection with the Partnership;
- i) employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals or other investment participants with the powers and duties upon the terms and for the compensation as in the Discretion of the General Partner may be necessary or advisable in the carrying on of the business of the Partnership;
- j) engage agents or subcontract administrative functions, to assist the General Partner to carry out its management obligations to the Partnership;

- k) invest cash assets of the Partnership that are not immediately required for the business of the Partnership in investments which the General Partner considers appropriate;
- l) act as attorney in fact or agent of the Partnership in disbursing and collecting moneys for the Partnership, paying debts and fulfilling the obligations of the Partnership and handling and settling any claims of the Partnership;
- m) commence or defend any action or proceeding in connection with the Partnership;
- n) file returns or other documents required by any governmental or like authority;
- o) retain legal counsel, experts, advisors or consultants as the General Partner considers appropriate and rely upon the advice of such Persons;
- p) do anything that is in furtherance of or incidental to the business of the Partnership or that is provided for in this Agreement;
- q) execute, acknowledge and deliver the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the business of the Partnership;
- r) obtain any insurance coverage; and
- s) generally carry out the objectives, purposes and business of the Partnership.

No Person dealing with the Partnership is required to enquire 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.

The General Partner may insert, and may cause agents of the Partnership to insert, the following clause in any contracts or agreements to which the Partnership is a party or by which it is bound:

“Gross Medical Opportunities Fund LP is a limited partnership formed under the *Partnership Act* (Alberta), a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that it has contributed or agreed to contribute to its capital and its pro rata share of any undistributed income.”

Removal of the General Partner

The General Partner may not be removed as general partner of the Partnership, except upon the occurrence of any of the following events which has not been cured by the General Partner within thirty (30) days of the occurrence thereof:

- i. the passing of any resolution of the directors or shareholders of the General Partner requiring or relating to the bankruptcy or the making of any assignment for the benefit of creditors of the General Partner (or the commencement of any act or proceeding in connection with any of the foregoing which is not contested in good faith by the General Partner); or
- ii. the appointment of a receiver of all or substantially all of the assets and undertakings of the General Partner; or
- iii. the occurrence of any gross negligence, wilful misconduct or fraud on the part of the General Partner; and
- iv. the passing of a Special Resolution by the Limited Partners for the removal of the General Partner.

Upon the occurrence of any of the preceding events and the passing of a Special Resolution by the Limited Partners for the removal of the General Partner, the General Partner shall be removed as the General Partner of the Partnership effective upon the appointment of a new general partner and acceptance of such appointment. Any such action by the Limited Partners for removal of the General Partner must also provide for the election and succession of a new general partner.

Transfer of LP Units

No Limited Partner may transfer any of the LP Units owned by it except to Persons under the manner expressly permitted in the Limited Partnership Agreement. Any attempted transfer of LP Units made in violation of the Limited Partnership Agreement will be null and void and the General Partner will not approve any transfer of LP Units made in contravention of the Limited Partnership Agreement.

An LP Unit is not transferable in part and no transfer of an LP Unit will be accepted by the General Partner unless:

- 1. a Limited Partner has complied with the provisions of Article 6 in the Limited Partnership Agreement in respect of the transfer of its LP Units (other than a transfer by a Limited Partner to an Affiliate that is a corporation);
- 2. a Transfer Form, duly completed and signed by the registered holder of the LP Units and the transferee and any LP Unit Certificate held by the registered holder representing the LP Units being transferred have been remitted to the General Partner;
- 3. the transferee is able to make the representations and warranties set forth in the Limited Partnership Agreement;

4. the transfer is in compliance with all applicable securities laws;
5. the transferee pays such costs, expenses and disbursements, including legal fees, as they are reasonably incurred by the Partnership by reason of the transfer; and
6. the General Partner has consented to the transfer.

Where the transferee complies with all applicable provisions and is entitled to become a Limited Partner pursuant to the provisions of the Limited Partnership Agreement, the General Partner is authorized to admit the transferee to the Partnership as a Limited Partner and the Limited Partners hereby consent to the admission of, and will admit, the transferee to the Partnership as a Limited Partner, without further act of the Limited Partners.

A transferee of LP Units transferred in accordance with this Agreement will automatically become bound by the provisions of this Agreement without execution of further instruments.

No transfer of LP Units will be accepted by the General Partner after any notice of dissolution of the Partnership has been given to the Limited Partners in accordance with this Agreement.

Powers Exercisable by Special Resolution

The following powers are only exercisable by Special Resolution passed by the Limited Partners holding LP Units:

- a) dissolving the Partnership, except as otherwise provided for under Section 11.2 (b) of the Limited Partnership Agreement;
- b) removing the General Partner and electing a new general partner as provided for in accordance with the terms of Section 8.12 of the Limited Partnership Agreement;
- c) the sale of all or substantially all of the assets of the Partnership;
- d) amending, modifying, altering or repealing any Special Resolution previously passed by the Limited Partners;
- e) amending the Agreement pursuant to Section 12.1 of the Limited Partnership Agreement; and
- f) determining to reconstitute the Partnership under Section 11.4 of the Limited Partnership Agreement.

AMENDMENT AND APPROVAL

Amendment Procedures

Except as provided in Section 12.3 of the Limited Partnership Agreement, all amendments to this Agreement are to be made in accordance with the following requirements. To be valid for the purposes hereof, each such proposal must contain the text of the proposed amendment. If an amendment is proposed, the General Partner will seek the approval of the Limited Partners by a Special Resolution.

Amendment Requirements

Notwithstanding the provisions of Sections 12.1 and 12.3 of the Limited Partnership Agreement, no amendment to this Agreement may: (i) reduce the term of the Partnership as provided in Section 11.1 of the Partnership Agreement; (ii) give any Person the right to dissolve the Partnership, other than the General Partner's right to dissolve the Partnership with the approval of the Limited Partners by a Special Resolution; or (iii) modify the amendment provisions in Article 12 of the Limited Partnership Agreement, without the express prior written consent of the General Partner, which consent may be unreasonably withheld.

Amendment by General Partner

Each Limited Partner agrees that the General Partner without the approval of any Limited Partner may amend any provision of the Limited Partnership Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

- a) a change in the name of the Partnership or the location of the principal place of business of the Partnership or the registered office of the Partnership;
- b) admission, substitution, withdrawal or removal of Limited Partners in accordance with the Limited Partnership Agreement;
- c) a change that, in the sole Discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability under the applicable laws;
- d) a change that, in the sole Discretion of the General Partner, is reasonable and necessary or appropriate to enable Partners to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; and

- e) a change that, in the sole Discretion of the General Partner, does not materially adversely affect the Limited Partners in any respect.

Notice of Amendments

The General Partner will notify the Limited Partners in writing of the full details of any amendment to the Limited Partnership Agreement within 30 days of the effective date of the amendment.

Meetings of Limited Partners

The General Partner may call a general meeting of Limited Partners at such time and place as it deems appropriate in its absolute Discretion for the purpose of considering any matter set forth in the notice of meeting. In addition, where Limited Partners holding not less than 50% of the outstanding Units (the "Requisitioning Partners") give notice signed by each of them to the General Partner, requesting a meeting of the Limited Partners and stating the proposed business to be transacted at the meeting in reasonable detail sufficient to give valid notice, the General Partner will, within 45 days of receipt of such notice, convene such meeting, and if it fails to do so, any Requisitioning Partners may convene such meeting by giving notice in accordance with this Agreement. Every meeting of Limited Partners, however convened, must be conducted in accordance with the Limited Partnership Agreement.

Voting Procedure

- a) Every question submitted to a meeting of Limited Partners (whether in respect of a Special Resolution or an Ordinary Resolution) shall be decided by a poll. In the case of an equality of votes, the chairman does not have a casting vote and the resolution is deemed to be defeated. On any vote at a meeting of Limited Partners, a declaration of the chairman concerning the result of the vote is conclusive.
- b) On a poll, each Limited Partner holding LP Units present or represented by proxy at the meeting shall have voting rights for each LP Unit in respect of which he is shown on the LP Certificate as the Limited Partner at the record date as provided in Section 10.9 of the Limited Partnership Agreement. If Units are held jointly by two or more persons and only one of them is present or represented by proxy at a meeting of Limited Partners, such Limited Partner may, in the absence of the other or others, vote with respect thereto, but if more than one of them is present or represented by proxy, they shall vote together on the whole LP Units held jointly.
- c) The General Partner, as such, is not entitled to vote at any meeting of Limited Partners. Any Limited Partner holding LP Units who is in default of payment of the subscription price for its LP Units is not entitled to vote in respect of any of its LP Units.

Term

Subject to the terms and conditions of Section 11.2 of the Limited Partnership Agreement, the term for which the Partnership shall exist until December 31, 2019 however the General Partner may, in its sole Discretion, upon written notice to the Limited Partners of not less than 180 days, extend the term of the Partnership up to December 31, 2021.

Events of Dissolution

Notwithstanding Section 11.1 of the Limited Partnership Agreement, the Partnership will be dissolved upon the occurrence of any of the following events:

- (i) the Partnership is dissolved or wound-up by the express written mutual agreement of the Partners; or
- (ii) upon the occurrence of any of the following events whereupon the Partnership will follow the procedure for dissolution established in Section 11.5 of the Limited Partnership Agreement:
- (iii) the election of the General Partner to dissolve the Partnership, if approved by a Special Resolution;
- (iv) the removal or resignation of the General Partner unless the General Partner is replaced as provided in Sections 8.12 or 8.13 of the Limited Partnership Agreement; or
- (v) except as otherwise provided, any event which causes the dissolution of a limited partnership under the laws of the Province of Alberta.

Procedure on Dissolution

Upon the occurrence of any of the events set forth in Section 11.2(a) or (b) of the Limited Partnership Agreement, the General Partner (or in the event of an occurrence specified in Section 11.2(b) (ii) of the Limited Partnership Agreement, such other Person as may be appointed by Ordinary Resolution of the Limited Partners) will act as receiver and liquidator of the assets of the Partnership and is empowered hereby to:

- (a) sell or otherwise dispose of such part of the Partnership's assets as the receiver considers appropriate;
- (b) pay or provide for the payment of the debts and liabilities of the Partnership and liquidation expenses;

- (c) if there are any assets of the Partners remaining, distribute such remaining assets as follows:
 - (i) 100% to the Limited Partners holding Class A LP Units in accordance with their Proportionate Shares until they have received the distributions referred to in sub-paragraph 5.3(a)(ii) and (iii) of the Limited Partnership Agreement whereupon distributions shall thereafter be made;
 - (ii) in the same manner and proportions as provided for in sub-paragraph 5.3(a)(iv) of the Limited Partnership Agreement;
- (d) file the notice of dissolution prescribed by the Act and satisfy all applicable formalities in such circumstances as may be prescribed by the laws of other jurisdictions where the Partnership is registered. In addition, the General Partner will give prior notice of the dissolution of the Partnership by mailing to each Limited Partner such notice at least 21 days prior to the filing of the declaration of dissolution prescribed by the Act; and
- (e) file any elections, determinations or designations under the Tax Act or under any similar legislation which may be necessary or desirable.

SUMMARY OF THE OSHAWA PROPERTY CO-TENANCY AGREEMENT

See Item 2.1.5 - "Current Business of the Trust - Oshawa Property".

SUMMARY OF THE OSHAWA PROPERTY MANAGEMENT AGREEMENT

See Item 2.1.5 - "Current Business of the Trust - Oshawa Property".

SUMMARY OF THE VICTORIA PROPERTY CO-TENANCY AGREEMENT

See Item 2.1.4 - "Previous Business of the Trust - Victoria Property".

SUMMARY OF THE VICTORIA PROPERTY MANAGEMENT AGREEMENT

See Item 2.1.4 - "Previous Business of the Trust - Victoria Property".

ITEM 3 - DIRECTORS, MANAGEMENT, TRUSTEES AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

3.1.1 The Trust

The following tables set out information about each of the Trustees of the Trust and the Initial Trust Unitholder and each person who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any Trust Units:

Name and municipality of principal residence	Position held and date of obtaining that position ⁽¹⁾	Compensation paid by the Trust since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Trust held after the completion of the Maximum Offering
Mark Gross ⁽¹⁾ Toronto, Ontario	Trustee	Nil	31,512 Trust Units (0.06%) ^{(2) (3)}
Sheldon Gross ⁽¹⁾ Toronto, Ontario	Trustee	Nil	Nil ^{(2) (3)}
Gross Capital Ltd. ⁽²⁾ Toronto, Ontario	Trust Unitholder	Nil	135,500 (0.27%)

(1) Each of the above persons have held these positions since the establishment of the Trust.

(2) Gross Capital is controlled by Mark and Sheldon Gross.

(3) At any time prior to the final Closing Date, the Initial Unitholder and/or family members of the Trustees may decide to purchase Trust Units.

3.1.2 The General Partner

The following tables set out information about each of the directors and executive officers of the General Partner and each person or entity who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any voting shares of the General Partner:

Name and municipality of principal residence	Position held and date of obtaining that position ⁽¹⁾	Compensation paid by the General Partner since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the General Partner held after completion of the Minimum Offering	Number, type and percentage of securities of the General Partner held after the completion of the Maximum Offering
Mark Gross Toronto, ON ^{(2) (3)}	Director, Shareholder and President	⁽⁴⁾	150 Class A Common Shares (37.5%)	150 Class A Common Shares (37.5%)
Sheldon Gross Toronto, ON ^{(2) (3)}	Director, Shareholder and Chairman	⁽⁴⁾	150 Class A Common Shares (37.5%)	150 Class A Common Shares (37.5%)

(1) The above directors and officers have held such positions since incorporation of the General Partner.

(2) Each of the above individuals are officers and/or directors and/or shareholders in each of the Gross Entities and AdminCo.

(3) Mark Gross and Sheldon Gross each hold 18,750,000 Class B LP Units in the Limited Partnership through their holding companies and Pri-Med Property Holdings Corp. holds 12,500,000 Class B LP Units.

(4) Management or their holding companies may be paid some or all of the General Partner Fees. See Item 2.1.2 – “The General Partner”.

3.2 Management's and Trustee's Experience

The following table discloses the principal occupations and related experience of the directors, executive officers and trustees of the various Gross Entities:

Name	Principal Occupations and Related Experience
Mark Gross Trustee	Mr. Gross' business experience spans over 15 years in business management, finance and real estate. Mr. Gross attended the University of Western Ontario and earned his Honours in Business Administration. Mr. Gross spent the next 6 years working for one of Canada's most recognized paint & coatings company, PARA Paints. Mr. Gross served as Vice-President of Business Development and during his time the company experienced tremendous growth across Canada, the United States and China. In 2003 Mr. Gross co-founded Gross Capital, a real estate investment firm that purchases, develops and manages commercial real estate on behalf of Canadian and US investors. Today, Gross Capital manages a portfolio of over 4 million square feet of prime real estate with a value exceeding \$600 Million dollars. In 2004 Mr. Gross was part of a group that purchased Gemma Communications, a top tier call centre services provider. The group helped grow Gemma and ultimately sold it to a Private Equity Fund. Mr. Gross philanthropic initiatives include supporting many of Canada's most established charities, including United Jewish Appeal and Mount Sinai Hospital in Toronto.
Sheldon Gross Trustee	Mr. Gross' business experience spans 50 years in the Canadian real estate, business and financial sectors. Mr. Gross attended Columbia University in New York State where he studied business administration. His business experience includes owning and operating some of Canada's largest and well known businesses. In 1960, Mr. Gross became President and CEO of National Rubber, a company with over 600 employees. In 1980 Mr. Gross became Chairman and principle owner of Para Paints, growing the company over 20 years into one of the most recognized paint companies in Canada. In 1987 Mr. Gross became Chairman of the Equitable Trust Company (TSX: ETC), helping to guide its growth into one of the largest financial services companies in Canada. In 2003 Mr. Gross co-founded Gross Capital, a real estate investment firm that purchases, develops and manages commercial real estate on behalf of Canadian and US investors. Today, Gross Capital manages a portfolio of over 4 million square feet of prime real estate with a value exceeding \$450 Million dollars. Mr. Gross other current business holdings include Chairman, majority owner, co-founder and President of Zedd Communications, a Toronto based call services provider with over 500 employees. Mr. Gross philanthropic initiatives include supporting many of Canada's most established charities, hospital foundations and educational institutions including Huron College at the University of Western Ontario, the United Jewish Appeal, and is a lifetime member of the Board of Governors of Mount Sinai Hospital in Toronto, Ontario.

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last ten (10) years against a director, executive officer, trustee or control person of any of the Gross Entities or an issuer of which any of the foregoing persons or companies was a director, executive officer or control person.

No director, executive officer, trustee or control person of the Gross Entities or an issuer of which any of the foregoing persons or companies was a director, executive officer or control person at that time, has declared bankruptcy, or made a voluntary assignment in bankruptcy or proposal under any bankruptcy or insolvency legislation, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person during the last ten (10) years.

ITEM 4 - CAPITAL STRUCTURE

4.1 Trust Unit Capital

The following table sets out the capital structure of the Trust:

Description of Security	Number Authorized to be Issued	Number Outstanding as at the Date Hereof	Number Outstanding After Maximum Offering
Trust Units	unlimited	2,001,686	50,000,000

4.2 Long-Term Debt

4.2.1 The Trust

The Trust currently has no outstanding long term debt. The Trust does not currently intend to borrow funds for the purposes of satisfying the objectives and expenses of the Trust.

4.2.2 The Limited Partnership

Oshawa Property

The Limited Partnership has an obligation of \$2,230,886 with respect to the Oshawa Property Mortgage pursuant to the terms of the Oshawa Property Co-Tenancy Agreement. See Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust" under the heading "Oshawa Property". The Limited Partnership, together with Mark Gross and Sheldon Gross, has granted the Royal Bank of Canada (RBC) an unlimited indemnity with respect to any losses or damages incurred by RBC with respect to the any default arising under the Oshawa Property Mortgage as well as with respect to any losses or damages arising from any environmental matters relating to the Oshawa Property.

Victoria Property

The Limited Partnership has an obligation of \$745,689 with respect to the Victoria Property Mortgage pursuant to the terms of the Victoria Property Co-Tenancy Agreement. See Item 2.1.5 - "Current Business of the Trust - Properties Acquired by the Trust" under the heading "Victoria Property". The Limited Partnership's obligation under this Mortgage will increase by \$23,938 for every additional .1% interest in the Victoria Property that the Limited Partnership acquires.

The Limited Partnership, together with Mark Gross and Sheldon Gross, has granted the Royal Bank of Canada (RBC) an unlimited indemnity with respect to any losses or damages incurred by RBC with respect to the any default arising under the Victoria Property Mortgage as well as with respect to any losses or damages arising from any environmental matters relating to the Victoria Property.

Future Properties Acquired by the Trust

It is anticipated that upon the acquisition of future Properties, the Limited Partnership will incur mortgage loans (the "Loans") for 60% to 75% of the purchase price of the Properties, plus the amount of any property improvement reserve account approved by the mortgage lenders. Mortgage lenders for the Loans are expected to be banks, life insurance companies and pension funds unrelated to Partnership. Such loans will generally be for terms of one (1) to ten (10) years, with fixed interest rates calculated with reference to the interest rate on a government bond with a similar term, plus an amount determined in accordance with market factors. The Loans will be secured by mortgages registered on the Properties in respect of which the Loans were advanced.

4.3 Prior Sales

4.3.1 The Trust

In the last 12 months, the following Units of the Trust have been issued:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June 29, 2016	Trust Units	30,000	\$1.00	\$30,000
September 30, 2016	Trust Units	30,000	\$1.00	\$30,000
February 28, 2017	Trust Units	159,498	\$1.00	\$159,498
March 31, 2017	Trust Units	27,603	\$1.00	\$27,603
April 28, 2017	Trust Units	13,313	\$1.00	\$13,313

4.3.2 The Limited Partnership

In the last 12 months, the following Class A LP Units of the Limited Partnership have been issued:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June 29, 2016	Class A LP Units	30,000	\$1.00	\$30,000
September 30, 2016	Class A LP Units	30,000	\$1.00	\$30,000
February 28, 2017	Class A LP Units	159,498	\$1.00	\$159,498
March 31, 2017	Class A LP Units	27,603	\$1.00	\$27,603
April 28, 2017	Class A LP Units	13,313	\$1.00	\$13,313

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
December 31, 2013	Class B LP Units	500,000 (50,000,000) ⁽¹⁾	\$0.001	\$500

- (1) 500,000 Class B LP Units were originally issued for the purchase price of \$0.001 per Class B LP Unit to the parties described below. These Class B LP Units were subsequently subdivided on a 100:1 basis by the Limited Partnership, with the Capital Contribution per Class B LP Unit being adjusted from \$0.001 per Class B LP Unit to \$0.00001 per Class B LP Unit, resulting in there now being 50,000,000 Class B LP Units held by the holding companies of Mark Gross (18,750,000) and Sheldon Gross (18,750,000) and Justin Di Ciano, a former Trustee of the Trust (12,500,000).

Redemption of Units

The Trust

As of the date of this Offering Memorandum the Trust has redeemed an aggregate of 16,497 Units in the Trust and paid an aggregate of \$15,672 (rounded) in cash with respect to the redemption. The total number of issued and outstanding Units as of the date of this Offering Memorandum is 1,998,502.

The Limited Partnership

As of the date of this Offering Memorandum the Limited Partnership has redeemed an aggregate of 16,497 Class A LP Units in the Partnership and paid an aggregate of \$15,672 (rounded) in cash to the Trust with respect to this redemption. The total number of issued and outstanding Class A LP Units as of the date of this Offering Memorandum is 1,998,502.

ITEM 5 - Description of Securities Offered

5.1 Terms of Trust Units

General

An unlimited number of Trust Units may be created and issued pursuant to the Declaration of Trust. Each Trust Unit shall entitle the holder thereof to one vote at any meeting of the Trust Unitholders or in respect of any written resolution of Trust Unitholders and represents an equal undivided beneficial interest in any distribution from the Trust (whether of income, net realized capital gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Trust Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof.

Each Trust Unit is transferable (subject to the terms of the Declaration of Trust and applicable securities laws) and is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the Trust to redeem any or all of the Trust Units held by such holder. See Item 2.5 – “Material Agreements – Summary of Declaration of Trust – Redemption of Units”.

The Trust Units do not represent a traditional investment and should not be viewed by investors as “shares” in the Trust. The Trust Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

The price per Trust Unit will not be a function of anticipated distributable income from the Trust and the ability of the Trust to effect long-term growth in the value of the Trust. Instead, the value of the Trust Units will be a function of the Trust's ability to generate income and effect long-term growth in the value of the Partnership and other entities now or hereinafter owned, directly or indirectly, by the Trust. See Item 8 - “Risk Factors”.

The Trust Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Limited Liability

The Declaration of Trust provides that no Trust Unitholder, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any person, and no resort will be had to, nor will recourse or satisfaction be sought from, the private property of any Trust Unitholder for any liability whatsoever in connection with the Trust's assets, the obligations or the activities or affairs of the Trust, any actual or alleged act or omission of the Trustee, any transaction entered into by the Trustee or any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust. In the event that a court determines Trust Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Trust Unitholder's share of the Trust's assets represented by its Trust Units.

The Declaration of Trust provides that the Trustee, AdminCo, on behalf of the Trust, and the Trust must make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Trust or the Trustee or AdminCo on behalf of the Trust, a contractual provision to the effect that none of the Trust Unitholders, the Trustee or AdminCo shall have any personal liability or obligations in respect thereof. The omission of any such statement shall not render any of such parties liable to any person for such omission.

Notwithstanding the terms of the Declaration of Trust, Trust Unitholders may not be protected from liabilities of the Trust to the same extent a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Trust (to the extent that claims are not satisfied by the Trust) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. See Item 8 - “Risk Factors”. The activities of the Trust and the Partnership, will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Trust Unitholders for claims against the Trust, including by obtaining appropriate insurance, where available and to the extent commercially feasible, for the operations of the Partnership and having contracts signed by or on behalf of the Trust include a provision that such obligations are not binding upon Trust Unitholders personally.

Distributions

AdminCo shall, on or before each Distribution Record Date, declare payable to the Trust Unitholders on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period. The Declaration of Trust provides that December 31 of each year, the Trust's income that has not otherwise been distributed will be payable for such amount that the Trust will not be liable for ordinary income taxes for such year. The Trustees, on behalf of the Trust, will review the Trust's distribution policy from time to time. The actual amount of cash, if any, distributed will be dependent on various economic factors and is at the Discretion of the Trustees or AdminCo as the case may be.

It is currently intended that the Trust will make Distributions to Trust Unitholders in the form of additional Trust Units or cash or a combination of Trust Units and cash, as determined by the Trustees or Adminco as the case may be, in their sole Discretion, from time to time. Any Trust Units issued to Trust Unitholders pursuant to a distribution in specie will be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities law. The Trustees or Adminco as the case may be, in their sole and unfettered Discretion, consolidate the Trust Units outstanding immediately after any such distribution of additional Trust Units.

Rights of Redemption

Each holder of Trust Units shall be entitled to require the Trust, on the demand of such holder of Trust Units, to redeem all or any part of the Trust Units registered in the name of such holder of Trust Units at the Redemption Price. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Redemption of Units” for the specific terms of Unitholder’s rights of redemption.

Advances or Distributions by the Limited Partnership

Cash Flow of the Trust is expected to be comprised solely of distributions of Distributable Cash made by the Limited Partnership to the Trust and other distributions that the Trust receives from the Limited Partnership as a holder of Class A LP Units. The following are the terms of the Limited Partnership Agreement with respect to allocations of Distributable Cash:

1. Distributable Cash

- a. The General Partner may in its discretion make distributions of Distributable Cash as follows:
 - i. firstly, 0.01% thereof, to the General Partner;
 - ii. secondly, to Limited Partners holding Class A LP Units to the extent of their unreturned Capital Contributions, whereupon distributions shall thereafter be made;
 - iii. thirdly, to the Limited Partners holding Class A Units, in accordance with their Proportionate Shares, until there has been distributed to the Limited Partners holding Class A Units an amount of cash equal to such Limited Partners’ then Cumulative Preferred Return Deficiency, if any, whereupon distributions shall thereafter be made; and
 - iv. fourthly, (a) 10% of the Net Gain on any Properties sold by the Partnership to the Limited Partners holding Class B Units; and (b) all remaining Distributable Cash to the Limited Partners holding Class A Units in accordance with their Proportionate Shares.
- b. If the General Partner determines to make a distribution of distributable cash, the General Partner will distribute distributable cash pursuant to Section 1(a) above to the Partners whose names appear on the Register on the date which such distribution is being made. Distributions made under the Limited Partnership Agreement will be net of any tax required by law to be withheld by the General Partner on behalf of the Limited Partnership.

2. Other Advances or Distributions

Subject to and in the same priority as set forth in Section 1 above, the General Partner may, in addition to the advances or distributions described in Section 1, advance or distribute Distributable Cash at any other time and establish a record date for making of such advance or distribution. Notwithstanding the foregoing, the General Partner will not make any such advance or distribution if and to the extent such advance or distribution would be contrary to any provision of any other agreement to which the Limited Partnership is a party, or by which the Limited Partnership is bound (including any loan agreement) or to any applicable law.

5.2 Subscription Procedure

This Offering is not subject to any minimum offering amount. You may be the only Subscriber under this Offering.

The minimum subscription for Trust Units is \$5,000 (5,000 Trust Units).

If Subscribing Directly

You may subscribe for Trust Units by delivering the following documents to the Trust, at Suite 103, 200 Ronson Drive, Toronto, Ontario M9W 5Z9:

- (a) a completed and executed Subscription Agreement in the form provided with this Offering Memorandum, including all applicable exhibits and appendices thereto;
- (b) a cheque or bank draft made payable to “Gross Medical Opportunities Fund” in the amount of the subscription price for the Trust Units; and
- (c) complete and execute any other documents deemed necessary by the Trustees or AdminCo to comply with applicable securities laws.

The consideration tendered by each Subscriber will be held "in trust" for a period of two days during which period the Subscriber may request a return of the tendered consideration by delivering a notice to the Trust not later than midnight on the second business day after the Subscriber signs the Subscription Agreement. After this, the Trust will hold the subscription funds in trust pending a Closing under this Offering. Within a reasonable period following the Closing, the Trust will deliver to you a copy of a certificate representing the Trust Units purchased by you. See Item 11 – "Purchasers' Rights".

The Trust reserves the right to accept or reject a subscription for the Trust Units in whole or in part and the right to close the subscription books at any time without notice. Any investment funds for subscriptions that the Trust does not accept will be promptly returned without interest after the Trust has determined not to accept the investment funds.

Neither the Trust, the Trustees, AdminCo nor any other affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and objectives of the potential investor.

You should carefully review the terms of the Subscription Agreement provided herewith for more detailed information concerning the rights and obligations of you and the Trust. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. You should consult with your own professional advisors respecting this investment. See Item 8 - "Risk Factors".

5.3 Offering Jurisdictions

The Offering is being made pursuant to the following exemptions from the prospectus requirements contained in applicable securities laws in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Ontario, Saskatchewan or Yukon pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106 (the "Offering Memorandum Exemption");

The Offering Memorandum Exemption is available for distributions to Subscribers resident in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan or Yukon purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form (provided that, with respect to Quebec, the Offering Memorandum is available in both the French and English languages).

The foregoing exemptions relieve the Trust from the provisions of the applicable securities laws of each of the above jurisdictions which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by any securities regulatory authority.

The Subscriber must read the Subscription Agreement in full prior to execution of the Subscription Agreement, and is hereby advised to obtain independent legal advice. Execution and delivery of the Subscription Agreement will bind the Subscriber to the terms thereof, whether executed by the Subscriber or by an agent on the Subscriber's behalf.

ITEM 6 – INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

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

6.1 GENERAL

The following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Trust Unitholder who acquires the Trust Units pursuant this Offering and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with, and is not affiliated with, the Trust, and where the Trust Unitholder is a trust governed by a registered retirement savings plan, a registered retirement income fund or a tax-free savings account (and now proposed for a registered education savings plan) (together the "Restricted Plans"), the controlling individual of the Registered Plan does not have a "significant interest" in the Trust (as defined in subsection 207.01(4) of the Tax Act) and holds the Trust Units as capital property.

Generally, an individual has a significant interest in the Trust if at any time, the individual, together with other individuals, corporations, trusts, and partnerships that do not deal at arm's length with the individual, hold at any time Units that have a fair market value of 10% or more of the fair market value of all the outstanding Trust Units of the Trust. Generally, Trust Units will be capital property to a Trust Unitholder provided the Unitholder does not hold the Trust Units in the course of carrying on a business of trading or deal in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to holders who are (i) "financial institutions" which are subject to the mark-to-market provisions of the Tax Act, (ii) "specified financial institutions", (iii) partnerships, or persons an interest in which would be a "tax shelter investment", or (iv) persons that have elected to determine their Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules, all within the meaning of the Tax Act. Such holders should consult their own tax advisors. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Trust Units under the Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments"), existing case law and the understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by it. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed herein. There can be no assurance that the Proposed Amendments will be enacted in the form publicly announced or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Trust Units. The income and other tax consequences of acquiring, holding or disposing of Trust Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Trust Units, based on their particular circumstances.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Trust Units must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

6.2 STATUS OF THE TRUST

This summary assumes that the Trust will qualify at all relevant times as a "mutual fund trust" within the meaning defined in the Tax Act and that the Trust has validly elected under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), or the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the trust, or a combination of these activities, the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Trust Units for distribution to the public, the number of Trust Unitholders and dispersal of ownership of Trust Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada.

This summary assumes the "investments", within the meaning of the Tax Act, in the Trust are not, and will not be, listed or traded on a stock exchange or other public market. If investments in the Trust are listed or traded on a stock exchange or other public market the Trust may be taxable as a "SIFT trust" under the Tax Act.

There can be no assurance that the Trust will maintain its status as a "Mutual Fund Trust". If the Trust were not to qualify as a mutual fund trust at all times or the Trust were to become a SIFT trust, the income tax considerations described below would, in some respects, be materially and adversely different from those described below.

6.3 TAXATION OF THE TRUST

The taxation year of the Trust is the calendar year. The Trust is subject to tax in each taxation year on its income for the year, including net realized taxable capital gains, dividends and accrued interest. The Trust is also required to include in computing its income its pro rata share of the income of the Partnership, as more fully described below. Costs incurred in the issuance of Trust Units generally may be deducted by the Trust on a five year, straight line basis. The Trust also will be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income.

The Tax Act requires the Trust to compute its income or loss for a taxation year as though it were an individual resident in Canada. If the Trust has any taxable income for a taxation year, taking into account, among other things, the inclusions and deductions outlined above, the existing provisions of the Tax Act permit the Trust to deduct all amounts which are paid or become payable by it to Trust Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to the Trust Unitholder in the year by the Trust or if the Unitholder is entitled in the year to enforce payment of the amount. Where the Trust does not have sufficient cash to distribute such amounts in a particular taxation year, the Trust will make one or more in-kind distributions in the form of additional Trust Units. Income of the Trust payable to Unitholders in the form of additional Trust Units generally will be deductible to the Trust in computing its income. It is the current intention of the Trustees to make payable to Unitholders each year sufficient amounts such that the Trust is not liable to pay tax under Part I of the Tax Act; however, no assurances can be made in this regard.

A distribution by the Trust of its property upon a redemption of Units will be treated as a disposition by the Trust of such property for proceeds of disposition equal to the fair market value thereof. The Trust will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In the event the Trust would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it would be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Trust during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust's tax liability for the taxation year arising in connection with the transfer of property in specie to redeeming Trust Unitholders on the redemption of Trust Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the Trust in connection with such redemptions may, at the Discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming holder. Such income or the taxable portion of the capital gain so designated must be included in the Income of the redeeming holder (as income or taxable capital gains) and will be deductible by the Trust in computing its Income.

In computing its income, the Trust is required to include its share of the income (or loss) of the Limited Partnership ending in the taxation year. The adjusted cost base of the Class A LP Units held by the Trust will be increased (or decreased) at a particular time by the Trust's share of the amount of income (or loss) of Limited Partnership for a fiscal year of the Partnership ended before that time, and will be reduced by all distributions of cash or other property made by the Limited Partnership to the Trust before that time. If at the end of any fiscal year of the Limited Partnership, the adjusted cost base of the Class A LP Units held by the Trust would otherwise be less than zero, the Trust will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Class A LP Units will be increased by the amount of such deemed capital gain.

6.4 TAXATION OF UNITHOLDERS

6.4.1 Trust Distributions

A Trust Unitholder generally will be required to include in computing its Income for a particular taxation year of the Unitholder, as income from property, the portion of the net income of the Trust, including net realized taxable capital gains, that is paid or payable to the Trust Unitholder in that taxation year, whether or not those amounts are received in cash, additional Trust Units or otherwise. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that the appropriate designations are made by the Trust, such portion of its net taxable capital gains, taxable dividends, and foreign source income, as the case may be, shall be treated as such in the hands of the Trust Unitholder for purposes of the Tax Act. Foreign taxes paid by the Limited Partnership will be allocated pursuant to the Limited Partnership Agreement.

Each partner's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

The non-taxable portion of any net realized capital gains of the Trust (currently being one-half thereof) that is paid or payable to a Unitholder in a year will not be included in computing the Trust Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Unitholder in a year generally should not be included in the Unitholder's income for the year. However, such an amount which becomes payable to a Trust Unitholder will reduce the adjusted cost base of the Trust Units held by such Unitholder, except to the extent that the amount either was included in the income of the Trust Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Trust, the taxable portion of which was designated by the Trust in respect of the Trust Unitholder. To the extent that the adjusted cost base of a Trust Unit otherwise would be less than zero, the Trust Unitholder will be deemed to have realized a capital gain equal to the negative amount and the holder's adjusted cost base of the Trust Units will be increased by the amount of such deemed capital gain.

6.4.2 Disposition of Trust Units

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

The adjusted cost base to a holder of a Trust Unit for tax purposes acquired pursuant to this Offering generally will include all amounts paid by the holder for the Trust Unit, subject to certain adjustments. The cost of additional Trust Units received in lieu of a cash distribution will be the amount of income of the Trust distributed by the issuance of such additional Units.

For purposes of determining the adjusted cost base to a holder of Trust Units, when a Unit is acquired, the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by the holder as capital property.

6.4.3 Redemption of Trust Units

A redemption of Trust Units in consideration for cash or other assets of the Trust, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the Trust in connection with the redemption of those Trust Units to the extent that such income or capital gain is designated by the Trust to the redeeming holder. Trust Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Trust Units redeemed. Where income or capital gains realized by the Trust in connection with the distribution of property in specie on the redemption of Trust Units have been designated by the Trust to a redeeming holder, the holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed in specie by the Trust to a holder upon a redemption of Trust Units will be equal to the fair market value of that property at the time of the distribution. The holder will thereafter be required to include in its income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

6.4.4 Capital Gains and Losses

One-half of any capital gain realized by a holder from a disposition of Trust Units and the amount of any net taxable capital gains designated by the Trust in respect of the holder will be included in the holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized on the disposition of a Trust Unit will be deducted against any taxable capital gains realized by the holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

6.4.5 Alternative Minimum Tax

An individual unitholder may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Trust Units and net income of the Trust, paid or payable, or deemed to be paid or payable, to the holder and that is designated as net taxable capital gains.

6.5 QUALIFIED INVESTMENTS FOR DEFERRED PLANS

The Trust Units will be qualified investments for trusts governed by Deferred Plans at a particular time, provided that the Trust qualifies as a "mutual fund trust" for purposes of the Tax Act at such time. If the Trust ceases to qualify as a mutual fund trust, the Trust Units will no longer be qualified investments under the Tax Act for such Deferred Plans. Where a trust governed by a Restricted Plan holds Trust Units or other properties that are not qualified investments, the "controlling individual" of a Restricted Plan will be required to pay a tax equal to 50% of the fair market value of the Trust Units or other properties at the time the Units or other properties were acquired by the Restricted Plan or when the Units or other properties ceased to be qualified investments. This tax is potentially refundable if the Restricted Plan disposes of the property before the end of the calendar year following the calendar year in which the tax was imposed. In addition, where a Restricted Plan holds or acquires Trust Units or other properties that are not qualified investments, the trust will become taxable on the income attributable to the Units or other properties while they are not qualified investments.

Where a trust governed by a registered education savings plan ("RESP") acquires or holds Trust Units or other properties that are not qualified investments, the RESP becomes revocable and its registration may be revoked by the Canada Revenue Agency ("CRA"). If the RESP is not revoked, the RESP will be subject to taxes on the fair market value of the Trust Units or other properties held.

If a Deferred Plan requests the redemption of Trust Units, property including Redemption Notes received in payment may not be qualified investments, with the result that the Deferred Plan may be taxable in the manner described above. Deferred Plans that own Units should consult their own tax advisors before deciding to exercise their right to redeem Trust Units.

There are additional requirements for a Restricted Plan in order for the Trust Units not to be a "prohibited investment" which would be subject to a special tax of 50% of the fair market value of the investment. If any investment is a prohibited investment and is not a qualified investment also, it is only treated as a prohibited investment. The Trust Units will be a "prohibited investment" if the account holder does not deal at "arm's length" with the Trust or holds, together with persons or partnerships with which the holder does not deal at arm's length, Trust Units of the Trust with a fair market value of 10% or more of the value of the total Trust Units of the Trust.

There can also be additional special taxes for a Restricted Plan on certain tax "advantages" that unduly exploit the attributes of a Restricted Plan, including "advantages" on "prohibited investments" and on "non-qualified investments".

The rules in the Tax Act that constitute an “advantage” are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in sections 6.1 – 6.5 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations there under and published administrative practices of the CRA. The comments do not take into account or anticipate changes in the law, whether by judicial, regulatory, governmental or legislative action after the date of this document. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules. No assurance can be given that the Tax Act will not be amended in a manner which will fundamentally alter the income tax consequences to a Subscriber for securities.

This summary is of a general nature only and is not intended to be and should not be taken as legal, tax or business advice to any particular Subscriber to these securities. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the securities, based upon their own particular circumstances.

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

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Trust intends to offer compensation of up to seven and one half percent (7.5%) on the Gross Cash Proceeds realized from the sale of Trust Units under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers, including without limitation Gross Securities, and/or their dealing representatives, parties related to the Trust, employees and/or contractors of such parties.

The Trust expects that the majority of the Trust Units under the Offering will be sold to investors by Gross Securities, a private Ontario corporation registered as an Exempt Market Dealer in the Provinces of Ontario and Quebec. Gross Securities is controlled by Mark and Sheldon Gross who are both Trustees of the Trust. Pursuant to the Funding Agreement, the Selling Commissions payable under this Offering for the sale of Trust Units will be paid by the Limited Partnership.

To the date of this Offering Memorandum, Selling Commissions in the aggregate amount of \$23,309.71 have been paid to Gross Securities with respect to the sale of Trust Units under the Previous Offerings.

Related and Connected Issuer Matters

Gross Securities is controlled by Mark Gross and Sheldon Gross who are both Trustees of the Trust. Gross Securities and the Trust are considered to be “related” and “connected” in accordance with securities laws and as a consequence the relationship between the Trust and Gross Securities may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution of the Trust Units under this Offering.

Canadian provincial and territorial securities laws require securities registered firms such as Gross Securities and its dealing representatives, when they trade in or advise with respect to securities of certain issuers to which they, or certain other parties related to them, are related or connected, such as in this case the Trust, to do so only in accordance with particular disclosure.

Further, these rules require dealers such as Gross Securities, prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the Trust.

Purchasers should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.

Mark Gross and Sheldon Gross, as Trustees of the Trust, were responsible for the decision to proceed with the offering of the Trust Units under this Offering and the Previous Offerings and in determining the terms and conditions of the Trust Units provided for in the Declaration of Trust.

ITEM 8 - RISK FACTORS

The purchase of securities hereunder involves a number of risk factors. The risks described below are not the only risks involved with an investment in the Units. If any of the following risks occur, or if others occur, the Trust’s business, operating results and financial condition could be seriously harmed and purchasers may lose all of their investment. Risks affecting the Trust will affect its ability to make distributions on the Units. In addition to the risk factors set forth elsewhere in this Prospectus, prospective purchasers should consider the following risks associated with a purchase of such securities:

No Review by Regulator - Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.

This is a Blind Pool Offering – This is a “blind pool” Offering. The Trust has not identified any Properties for potential investment by the Partnership other than the Oshawa Property and the Victoria Property disclosed Item 2.1.5 – “Current Business of the Trust –Property Acquired by the Trust”.

No Guarantee that Investment in Trust Units will be Successful - There can be no guarantee against losses resulting from an investment in the Trust Units and there can be no assurance that the Trust's investment in Class A LP Units in the Limited Partnership will be successful or that the Limited Partnership's objective of creating a real estate portfolio will be achieved. The success of the Trust in these objectives will depend, to a certain extent, on the efforts and abilities of the management of the General Partner in executing the business strategy of the Limited Partnership.

Operating History - The Trust has been established for the purpose of issuing Trust Units to raise proceeds that will be used by the Trust to acquire Class A LP Units in the Limited Partnership. In turn, the Limited Partnership will, indirectly, use the majority of the proceeds of this Offering to purchase Properties. The Trust and the Limited Partnership do not have a record of performance to be relied upon. The Trust and the Limited Partnership operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Trust cannot be certain that its investment strategy will be successful. The likelihood of success of the Limited Partnership must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any real estate business. If the Limited Partnership fails to address any of these risks or difficulties adequately, their business will likely suffer. There is no assurance that the Limited Partnership can operate profitably or that it will successfully implement its plans.

Future profits, if any of the Trust, will depend upon various factors including those affecting an investment in the Trust Units.

Highly Speculative - The purchase of Trust Units is highly speculative. A Subscriber should purchase Trust Units only if it is able to bear the risk of the loss of its entire investment. An investment in the Trust Units should not constitute a significant portion of a Subscriber's portfolio.

Investment Not Liquid - Trust Units - The Trust Units offered hereunder will be subject to indefinite resale restrictions and a number of redemption restrictions. Until the indefinite restriction on trading expires, if ever, a Trust Unitholder will not be able to trade the Trust Units, unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Trust has no intention of becoming a reporting issuer in the Offering Jurisdictions, these trading restrictions will not expire. Consequently, Trust Unitholders may not be able to liquidate their Trust Units in a timely manner, if at all, or pledge their Trust Units as collateral for loans.

While the Declaration of Trust contains a redemption right, such redemption right is not intended to be the primary mechanism for Trust Unitholders to liquidate their investment. See Item 10 - "Resale Restrictions".

Default on Indebtedness - The Trust - If the Trust defaults in the repayment of any indebtedness that it may incur, the creditors holding such indebtedness will be entitled to exercise available legal remedies against the Trust. There is no assurance that there will be assets available to recover any portion of a Trust Unitholder's investment.

Conflicts of Interest - the Trust - Certain of the Trustees, directors and/or officers of the General Partner and directors and/or officers of AdminCo, respectively, are also directors and/or officers of the Gross Entities as well as of other companies that are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Trust and the Limited Partnership.

All decisions to be made by the Trustees are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Trust.

Trust Units Not Insured - The Trust is not a member institution of the Canada Deposit Insurance Corporation and the Trust Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

LP Units Not Insured - The Limited Partnership are not member institutions of the Canada Deposit Insurance Corporation and the Class A LP Units to be acquired by the Trust are not insured against loss through the Canada Deposit Insurance Corporation.

Tax Aspects - Canadian federal and provincial tax aspects should be considered prior to investing in the Trust Units. See Item 6 - "Income Tax Consequences and Deferred Plan Eligibility".

The return on a Trust Unitholder's investment is subject to changes in Canadian tax laws. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws. There can be no assurance that:

- (a) applicable tax laws, regulations or judicial or administrative interpretations will not be changed;
- (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Trust or than as set out in this Offering Memorandum; or
- (c) the facts upon which the tax discussions set out in this Offering Memorandum are based are materially correct.

Any of the preceding may fundamentally alter the tax consequences to investors of holding or disposing of Trust Units.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Trust Units.

All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment. - Prospective investors are urged to consult their own tax advisors, prior to investing in the Trust, with respect to the specific tax consequences to them from the acquisition of Trust Units.

Adverse changes in Canadian federal income tax laws - There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust Unitholders. If the Trust were not to qualify as a "mutual fund trust" under the Tax Act, the federal income tax considerations described in this Offering Memorandum would, in some respects be materially and adversely different.

The SIFT Rules (as referred to the Tax Act) may be amended in a manner that may cause them to apply to the Trust.

Mutual Fund Trust Status - To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the Trust and Unitholders.

Eligibility of Units for Investment by Deferred Plans - If the Trust ceases to qualify as a "mutual fund trust" the Units may not be or may cease to be qualified investments for Deferred Plans which will have adverse tax consequences to Deferred Plans and their annuitants, holders or beneficiaries. If the Units are or become a prohibited investment for trusts governed by tax-free savings accounts, adverse tax consequences may result to the holder of the tax-free savings account.

Trust Unitholders may be required to include amounts in their taxable income even where they have not received a cash distribution in respect of such amounts - The Declaration of Trust provides that a sufficient amount of the Trust's net income and net realized taxable capital gains will be distributed each year to Trust Unitholders or otherwise in order to eliminate the Trust's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized taxable capital gains of the Trust in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized taxable capital gains will be distributed to Trust Unitholders in the form of additional Trust Units. Trust Unitholders will generally be required to include an amount equal to the fair market value of those Trust Units in their taxable income, even where they do not directly receive a cash distribution.

CRA may not agree with the Trust's determination of its income for tax purposes - Although the Trust is of the view that all expenses to be claimed by the Trust will be reasonable and deductible, there can be no assurance that CRA will agree.

Dilution - The Trust is authorized to issue an unlimited number of Trust Units. Any issuance of additional Trust Units may have a dilutive effect on the holders of Trust Units.

Redemptions may force early liquidation of investment - In order to pay the Redemption Price for Trust Unitholders who redeem their Trust Units, the Trust may be required to liquidate investments earlier than the Trust might otherwise choose. These liquidations may cause the Trust to incur losses and could substantially reduce the net asset value of the Trust if numerous redemptions are made at the same time. Such asset liquidation may also trigger tax consequences, such as the characterization of certain profits as ordinary income or losses rather than as capital gains or capital losses.

Absence of regulatory oversight - As the Trust will only offer Trust Units by way of private placement its activities will not be governed by the securities laws applicable to reporting issuers, such as the continuous disclosure rules.

Nature of Investment - Trust Unitholders do not have statutory rights normally associated with ownership of shares of a corporation including, the right to bring "oppression" or "derivative" actions and rights of dissent. The rights of a Trust Unitholder are based primarily on the Declaration of Trust. The Trust Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act, nor are they insured under the provisions of that Act or any other legislation.

Restriction on Ownership of Trust Units - The Declaration of Trust contains provisions limiting the ownership of Trust Units by Non-Residents and partnerships that are not "Canadian partnerships" (as defined in the Tax Act). As a result, these restrictions may limit the demand for Trust Units or limit the ability to transfer the Trust Units, thereby adversely affecting the liquidity and market value of the Trust Units.

Trust Unitholder Liability - Recourse for any liability of the Trust is intended to be limited to the assets of the Trust. The Declaration of Trust provides that no Trust Unitholder or annuitant under a plan of which a Trust Unitholder acts as trustee or carrier (an "annuitant") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Trust Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees.

Certain Provinces of Canada have enacted legislation expressly limiting the liability of Unitholders; however, that legislation does not apply to the Trust because the Trust is not a reporting issuer in the Offering Jurisdictions under the applicable securities laws. As a result, there can be no assurance that Trust Unitholders will not be held personally liable for the obligations of the Trust.

The Trustees intend to cause the Trust's operations to be conducted in such a way as to minimize any such risk, including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the Trust contain an express disavowal of liability against the Trust Unitholders.

No Independent Counsel - No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.

Sole Asset of the Trust - As the sole asset of the Trust will be the Class A LP Units it acquires from the Limited Partnership, the ability of the Trust to redeem the Trust Units is dependent on the distributions it receives from the Limited Partnership with respect to LP Units. As such, the risks applicable to the Limited Partnership and the Class A LP Units are also of particular significance to an investment in the Trust Units.

Risks Associated with Redemptions

Use of Available Cash - The payment in cash by the Trust of the redemption price of Trust Units will reduce the amount of cash available to the Trust for the payment of distributions to Trust Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

Redemption Price is at 95% of Value - The amount required to be paid by the Trust for each Trust Unit redeemed is 95% of the Value of a Trust Unit calculated in accordance with the Declaration of Trust.

Limitation on Payment of Redemption Price in Cash - The total cash amount available for the payment of the redemption price of Trust Units by the Trust is limited to \$125,000 in each fiscal quarter.

Payment of Redemption Price in Kind and through Issuance of Redemption Notes - The redemption of Trust Units may be paid and satisfied by way of an *in specie* distribution of property of the Trust, and/or Redemption Notes, as determined by the Trustees in their discretion, to the redeeming Trust Unitholder. Such property may not be liquid and generally will not be a qualified investment for Deferred Plans and may be a prohibited investment for Deferred Plans. Adverse tax consequences generally may apply to a Trust Unitholder, or Deferred Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Trust Units. Accordingly, investors that propose to invest in Trust Units through Deferred Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Trust Units.

The following are some of the risks associated with the Limited Partnership and the Portfolio.

Reliance on Management - The success of the Limited Partnership will, to a large extent, depend on the good faith, experience, ability and judgment of management of the General Partner, and their consultants and advisors to make appropriate decisions with respect to the operations of the Limited Partnership. Thus, holders of LP Units such as the Trust must rely on the good faith, experience, ability and judgment of management of the General Partner.

If the General Partner loses the services of one or more of its directors, officers, consultants or advisors, the business, financial condition and results of operations of the Limited Partnership may be materially adversely affected. Trust Unitholders will have no right to take part in the control or management of the Limited Partnership, and the Limited Partnership will be bound by the decisions of the General Partner.

Net Worth of the General Partner - The General Partner will have unlimited liability for the obligations to the Limited Partnership and will agree to indemnify the Limited Partners in certain circumstances. However, the General Partner will have nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity. Furthermore, if the Limited Partnership is not able to generate sufficient funds through the Portfolio to meet its obligations, the General Partner may be exposed to insolvency or bankruptcy and then may be removed as the general partner which may impair or remove entirely the ability of the Limited Partnership to successfully implement its business strategies.

Distributions - There are many factors that will affect the operations and financial performance of the Limited Partnership and therefore the ability of the Limited Partnership to make distributions (and the timing of the commencement of any distributions and actual amounts distributed, if any), including working capital requirements of the General Partner and the Limited Partnership and any restrictive covenants in third-party debt financing. The General Partner has complete discretion with respect to the amount and timing of distributions, if any. The value of the LP Units will ultimately be affected by the amount of Distributable Cash available to Limited Partners. The after-tax return from an investment in Class A LP Units to a Limited Partner such as the Trust is subject to Canadian income tax will depend on various factors, including the nature and amount of the Limited Partnership's income, the amount and timing of distributions made by the Limited Partnership, the adjusted cost base of the Limited Partners Class A LP Units, and the Limited Partner's marginal tax rate. These factors and, therefore, the after-tax return to a Limited Partner may change over time. The recovery of the

Trust's investment of Class A LP Units in the Limited Partnership is at risk and the anticipated return on such investment is based on many performance assumptions described in this Offering Memorandum.

Major Asset(s) - Properties acquired by the Limited Partnership will represent the major assets of the Limited Partnership and therefore the Limited Partnership's financial performance is directly tied to the performance of these particular assets. The Limited Partnership does not yet have a large portfolio of diverse real estate assets, therefore, its success is dependent on the success of the properties to be acquired by it.

Reliance on the Gross Capital – Prospective purchasers assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of Gross Capital and its principals, Mark Gross and Sheldon Gross. In particular, prospective purchasers will have to rely on the discretion and ability of Gross Capital and their principals in determining the composition of the portfolio of Properties, and in negotiating the pricing and other terms of the agreements leading to the acquisition of Properties. The ability of Gross Capital to successfully implement the Trust's investment strategy will depend in large part on the continued employment of Mark Gross and Sheldon Gross. Neither the Trust nor Gross Capital maintain key person life insurance for any of these named individuals. If Gross Capital loses the services of any of these individuals, the business, financial condition and results of operations of the Trust may be materially adversely affected.

Less than Full Offering – If less than all of the 47,985,001 Trust Units are sold pursuant to this Offering, then less than the maximum proceeds will be available to the Trust. Consequently, the Trust's business development plans and prospects could be adversely affected, since fewer Properties will be purchased, owned and leased by the Limited Partnership.

Distributions may be Reduced or Suspended – Although the Trust intends to distribute its available cash to Trust Unitholders, such cash distributions may be reduced or suspended. The ability of the Trust to make cash distributions and the actual amount distributed will depend on the ability of the Trust to indirectly acquire the Properties and the ongoing operations of the Properties. The Preferred Return of 7% per annum payable by the Limited Partnership, which will ultimately form part of the distributions available from the Trust to the Trust Unitholders, is a preferred return, but is not guaranteed and may not be paid on a current basis in each year or at all. The return on an investment in the Trust Units is not comparable to the return on an investment in a fixed income security. Cash distributions, including a return of a Trust Unitholder's original investment, are not guaranteed and their recovery by an investor is at risk and the anticipated return on investment is based upon many performance assumptions. It is important for purchasers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the distributions to Trust Unitholders.

Competition – The Limited Partnership will compete with other investors and owners of similar properties to those to be acquired by it. Certain of these competitors or other investors may have greater financial and other resources and greater operating flexibility than the Limited Partnership. The existence of competing parties could have a material adverse effect on the revenues or profitability of the Limited Partnership and its ability to meet its debt obligations.

Potential for Conflict of Interest - The directors and officers of the General Partner are also directors and officers of other companies that are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Limited Partnership. Consequently, there exists the possibility for the directors and officers of the General Partner to be in a position of conflict. All decisions to be made by such a director and officer involving the General Partner and the Limited Partnership are required to be made in accordance with his duties and obligations to act honestly and in good faith with a view to the best interests of the Limited Partners and the Limited Partnership.

Risks of Real Estate Investment and Ownership – An investment in Trust Units is an investment in real estate through the Trust's interest in the Limited Partnership and the Properties, directly or indirectly, acquired by it. Investment in real estate is subject to numerous risks, including the factors listed below and other events and factors which are beyond the control of the Trust:

Acquisition Risk – The Limited Partnership intends to acquire Properties selectively. The acquisition of Properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Limited Partnership will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the Properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired Property up to standards established for the market position intended for that Property may prove inaccurate.

General Real Estate Ownership Risks – All real estate investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions, local real estate markets, demand for leased premises, competition from other available premises and various other factors. The value of real estate and any improvements thereto may also depend on the credit and financial stability of the tenants. Distributable Cash will be adversely affected if one or more major tenants or a significant number of tenants of the Properties become unable to meet their obligations under their leases or if a significant amount of available space in the Properties is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Limited Partnership's investment may be incurred. The ability to rent un-leased space in the Properties will be affected by many factors. Costs may be incurred in making

improvements or repairs to the Property required by a new tenant. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure to rent un-leased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real estate regardless of whether a Property is producing any income. Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Limited Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions. If for whatever reason, liquidation of assets is required, there is a risk that sale proceeds realized might be less than the current book value of the Limited Partnership's investments or that market conditions would prevent prompt disposition of assets. The Limited Partnership's may, in the future, be exposed to a general decline of demand by tenants for space in properties. As well, certain of the leases of the Properties held by the Limited Partnership may have early termination provisions which, if exercised, would reduce the average lease term.

Financing Risks – There is no assurance that the Limited Partnership will be able to obtain sufficient financing to finance the acquisition of Properties, or, if available, that the Limited Partnership will be able to obtain financing on commercially acceptable terms. Further, there is no assurance or guarantee that any financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of Properties which the Limited Partnership is able to purchase will decrease and the return from the ownership of Properties (and ultimately the return on an investment in Trust Units) will be reduced. Even if the Limited Partnership is successful in obtaining adequate financing, the Limited Partnership may not be able to generate sufficient funds through the operation of the Properties to service the financing. If a default occurs under any of the financing, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Properties.

Interest Rate Fluctuations – The financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Limited Partnership's cost of borrowing.

Environmental Matters – Under various environmental and ecological laws, the Limited Partnership and/or its subsidiaries could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in one or more of the Properties or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Limited Partnership's ability to sell such Property or to borrow using the Property as collateral, and could potentially also result in claims against the Limited Partnership by third parties.

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

Reliance on Property Management – The General Partner may rely upon independent management companies (other than Prime) to perform property management functions in respect of each of the Properties. To the extent, the General Partner relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the Properties as in their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

Competition for Real Property Investments – The Limited Partnership will compete for suitable real property investments with individuals, corporations, REITs and similar vehicles, and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future real property investments similar to those sought by the Limited Partnership. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments.

Revenue Shortfalls – Revenues from the Properties may not increase sufficiently to meet increases in operating expenses or debt service payments under the financing or to fund changes in the variable rates of interest charged in respect of such loans.

Fluctuations in Capitalization Rates – As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Joint Ventures – The Trust may invest in, or be a participant in, co-tenancies, joint ventures and partnerships with third parties in respect of the Properties. A co-tenancy, joint venture or partnership involves certain additional risks, including; (i) the possibility that such co-tenants, co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with those of the Limited Partnership or take actions contrary to the Limited Partnership's instructions or requests or to the Limited Partnership's policies or objectives with respect to the Properties; (ii) the risk that such co-tenants, co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such Properties or repay the co-tenants, co-venturers'/partners' share of property debt guaranteed by the Limited Partnership or for which the Limited Partnership will be liable and/or result in the Limited Partnership suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions; (iii) the risk that such co-tenants, co-venturers/partners may, through their activities on behalf of or in the name of, the co-tenancies, ventures or partnerships, expose or subject the Limited Partnership to liability; and (iv) the need to obtain co-tenants, co-venturers'/partners' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the co-tenancies, joint ventures and partnerships may be subject to rights of first refusal or first offer and certain of the co-tenancy, joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when the Limited Partnership may not desire to sell but may be forced to do so because the Limited Partnership does not have the cash to purchase the other party's interests. Such rights may also inhibit the Limited Partnership's ability to sell an interest in a property or a co-tenancy/joint venture/partnership within the time frame or otherwise on the basis the Limited Partnership desires.

Timing for Investment of Net Subscription Proceeds – The time period for the full investment of the net proceeds of the Offering in Properties is not certain. The timing of such investment will depend, among other things, upon the identification of Properties meeting the criteria for acquisition. There is a risk that the Limited Partnership may not invest all proceeds of the Offering in Properties in a timely manner and may not be able to generate sufficient funds to pay the Preferred Return.

Same Management Group for Various Gross Entities – Due to the fact that Gross Capital owns and manages real estate properties in similar asset classes to those to be acquired by the Limited Partnership there is a risk that conflicts may arise regarding the allocation of tenants amongst the various Gross Capital managed entities. In the future, Gross Capital intends that every transaction which comes to its attention and which would be a suitable investment for the Limited Partnership will be acquired through the Limited Partnership.

For all of the above reasons and others set forth herein, the Trust Units involve a certain degree of risk. Any person considering the purchase of Trust Units should be aware of these and other factors set forth in this Offering Memorandum and should consult with his or her legal, tax and financial advisors prior to making an investment in the Trust Units. The Trust Units should only be purchased by Subscribers who can afford to lose all of their investment.

ITEM 9 - REPORTING OBLIGATIONS

The Trustees will send (or make available if sending is not required under applicable securities laws) to Unitholders at least 21 days prior to the date of each general meeting of Unitholders, or if no general meeting is to be held in that year within six months of the fiscal year end, the annual audited financial statements of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon.

Such financial statements shall be prepared in accordance with GAAP provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

The Trustees will, within the time frame required under the Tax Act, forward to each Unitholder who received distributions from the Trust in the prior calendar year, such information and forms as may be needed by the Unitholder in order to complete its income tax return in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

The Trust is not a "reporting issuer" or equivalent under the securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the "continuous disclosure" requirements of any securities legislation other than as provided for under National Instrument 45-106 and there is therefore no requirement that the Trust make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Trust, other than as provided for under National Instrument 45-106. The Trust will file Material Change Reports and make Notice of Use of Proceeds filings as required by National Instrument 45-106.

The Trust will deliver to prospective investors certain documents, including this Offering Memorandum, a subscription agreement and any updates or amendments to the Offering Memorandum required by law, from time to time by way of facsimile or e-mail. In accordance with the terms of the subscription agreement provided to prospective investors, delivery of such documents by email or facsimile shall constitute valid and effective delivery of such documents unless the Trust receives actual notice that such electronic delivery failed. Unless the Trust receives actual notice that the electronic delivery failed, the Trust is entitled to assume that the facsimile or e-mail and the attached documents were actually received by the prospective investor and the Trust will have no obligation to verify actual receipt of such electronic delivery by the prospective investor.

9.1 FINANCIAL DISCLOSURE

The Trust will provide to the Trust Unitholders, within 90 days following its fiscal year end, annual audited financial statements in accordance with the provisions of the Declaration of Trust. Each Trust Unitholder shall have the right to obtain, on demand and without fee, from the head office of the Trust a copy of the Declaration of Trust and any amendments thereto.

Each fiscal year and taxation year of the Trust shall end on December 31 of such year.

The Trust may, but is not obligated to, send interim unaudited financial statements of the Trust to Trust Unitholders.

9.2 TAXATION INFORMATION

On or before the 90th day subsequent to December 31 in each calendar year, the Trust will provide to Trust Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Trust Unitholders for income tax purposes to enable Trust Unitholders to complete their tax returns in respect of the prior calendar year.

ITEM 10 - RESALE RESTRICTIONS

10.1 GENERAL

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon:

The Trust Units will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Trust Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Additionally, Trust Unitholders will not be permitted to transfer their Units without the consent of the Trustees. The Trustees may, in their sole discretion, unreasonably withhold their consent to any transfer of Trust Units while this Offering or any amendment or replacement thereof is on-going. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - "Transfer of Units" and "Restrictions on Non-Resident Ownership".

10.2 RESTRICTED PERIOD

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon:

Unless permitted under securities legislation, a Trust Unitholder cannot trade the Trust Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory in Canada. Since the Trust is not a reporting issuer in any province or territory, the applicable hold period for Subscribers may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in a Subscriber having to hold the Trust Units acquired under the Offering for an indefinite period of time.

10.3 MANITOBA RESALE RESTRICTIONS

In addition to the above, for subscribers resident in Manitoba, unless permitted under securities legislation, a Trust Unitholder must not trade the Trust Units without the prior written consent of the regulator in Manitoba, unless the Trust has filed a prospectus with the regulator in Manitoba with respect to the Trust Units and the regulator in Manitoba has issued a receipt for that prospectus, or the Trust Unitholder has held the Trust Units for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 - PURCHASERS' RIGHTS

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

11.1 TWO DAY CANCELLATION RIGHT

You can cancel your agreement to purchase these Trust units. To do so, you must send a notice to us by midnight on the second (2nd) business day after you sign the agreement to buy the Trust units.

11.2 STATUTORY AND CONTRACTUAL RIGHTS OF ACTION IN THE EVENT OF A MISREPRESENTATION

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a “**misrepresentation**”). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Purchasers of Trust units resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Trust in connection with this Offering.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

Rights of Purchasers in Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every promoter of the Trust, every Person who was a Trustee at the date of this Offering Memorandum, every Person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that Person, and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the securities.

Rights of Purchasers in Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these securities, or
- (b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 2 years after the day you purchased the securities.

Rights of Purchasers in Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, a purchaser who purchases a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) the purchaser has a right of action for damages against the Trust and a selling securityholder on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a Person or the Trust referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the Trust, in which case the purchaser shall have no right of action for damages against such Person or the Trust.

The Trust will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Securities legislation in Ontario does not extend the statutory rights of action for damages or rescission to a purchaser who is purchasing the securities in reliance on the "accredited investor" exemption set out in section 2.3 of National Instrument 45-106 and the purchaser is: (a) a "Canadian Financial Institution" or a "Schedule III Bank" (each as defined under applicable securities laws); (b) the Business Development Bank of Canada; or (c) a subsidiary of any Person referred to in (a) or (b), if the Person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary (collectively, the "Excluded Ontario Purchasers"). The Excluded Ontario Purchasers will be entitled to a contractual right of action for damages or rescission that is equivalent to the statutory right of action for damages or rescission available to purchasers resident in Ontario as described above (including insofar as such rights may be subject to the defences and limitations provided for under the Ontario Securities Act).

Rights of Purchasers in Québec

If you are a resident of Québec, and if there is a misrepresentation in this Offering Memorandum you have a statutory right to:

- (a) apply to have the contract rescinded or the price revised, without prejudice to your claim for damages in the case of rescission or revision of the price; or

(b) sue for damages against the Trust or the holder, as the case may be, whose securities were distributed from the Trustee or from the dealer under contract to the Trust whose securities were distributed; or

(c) sue for damages against the expert whose opinion containing a misrepresentation, appeared, with his consent, in the Offering Memorandum and any Person who is required to sign an attestation in this Offering Memorandum;

The defendant will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation.

If you intend to rely on the rights described in (a), (b) or (c) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 3 years after the date that you purchased the securities. You must commence your action for damages within the earlier of 3 years after you first had knowledge of the facts giving rise to the cause of action or 5 years after the day you purchased the securities.

Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

(a) the Trust to cancel your agreement to buy these securities, or

(b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Trust to cancel your agreement to buy these securities, or

(b) for damages against the Trust or the seller.

The Trust will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (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 the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the securities.

Rights of Purchasers in Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island

If you are a resident of Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Trust to rescind your agreement to buy these securities, or

(b) for damages against the Trust, the selling security holder on whose behalf the distribution is made, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you 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 securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 3 years after the day you purchased the securities.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

ITEM 12 - FINANCIAL STATEMENTS



SEGAL LLP
Chartered Professional Accountants

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307

segalllp.com

June 7, 2017

To the Trustees of the Gross Medical Opportunities Fund

We refer to the Offering Memorandum dated May 25, 2017 (the "Offering Memorandum") of Gross Medical Opportunities Fund.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Offering Memorandum, of our reports dated March 27, 2017 to the trust unitholders of Gross Medical Opportunities Fund:

- Consolidated Statement of Financial Position as at December 31, 2016;
- Consolidated Statement of Changes in Net Assets Attributable to Redeemable Trust Unitholders for the year ended December 31, 2016;
- Consolidated Statement of Comprehensive Loss for the year ended December 31, 2016;
- Consolidated Statement of Cash Flows for the year ended December 31, 2016.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Offering Memorandum, of our reports dated March 29, 2016 to the trust unitholders of Gross Medical Opportunities Fund:

- Consolidated Statement of Financial Position as at December 31, 2015;
- Consolidated Statement of Changes in Net Assets Attributable to Redeemable Trust Unitholders for the period from March 12, 2015 to December 31, 2015;
- Consolidated Statement of Comprehensive Loss for the period from March 12, 2015 to December 31, 2015;
- Consolidated Statement of Cash Flows for the period from March 12, 2015 to December 31, 2015.

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MOORE STEPHENS



We consent to being named in and to the use, through incorporation by reference in the above-mentioned Offering Memorandum, of our reports dated March 27, 2017 to the shareholders of Gross Medical Opportunities Fund GP Inc. on the following financial statements:

- Statement of Financial Position as at December 31, 2016;
- Statement of Changes in Shareholders' Equity for the year ended December 31, 2016;
- Statement of Comprehensive Loss for the year ended December 31, 2016;
- Statement of Cash Flows for the year ended December 31, 2016.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Offering Memorandum, of our reports dated March 29, 2016 to the shareholders of Gross Medical Opportunities Fund GP Inc. on the following financial statements:

- Statement of Financial Position as at December 31, 2015;
- Statement of Changes in Shareholders' Equity for the year ended December 31, 2015;
- Statement of Comprehensive Loss for the year ended December 31, 2015;
- Statement of Cash Flows for the year ended December 31, 2015.

We report that we have read the Offering Memorandum and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements on which we have reported or that are within our knowledge as a result of our audit of such financial statements.

We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the offering document as these terms are described in the CPA Canada Handbook – Assurance.

Segal LLP

Chartered Professional Accountants

Licensed Public Accountants

12.1 THE TRUST

GROSS MEDICAL OPPORTUNITIES FUND
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

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Adding to your success

SEGAL LLP
Chartered Professional Accountants

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Gross Medical Opportunities Fund

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gross Medical Opportunities Fund (the "Trust") which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of changes in net assets attributable to redeemable trust unitholders, consolidated statement of comprehensive loss and consolidated statement of cash flows for the year ended December 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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Independent Auditor's Report
Page 2

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gross Medical Opportunities Fund as at December 31, 2016, and its financial performance, and its cash flows for the year ended December 31, 2016, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the consolidated financial statements which indicates that the Trust has incurred losses from operations, has negative working capital and its operations are dependent on receiving additional financing. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 27, 2017

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current		
Cash	\$ 28,460	\$ 38,831
Prepaid expenses	25,925	20,368
Accounts receivable	11,652	13,769
Government remittances recoverable	19,002	9,374
Due from Gross Medical Opportunities GP Inc., note 5	8,128	5,628
Minority interest deficiency, note 15	<u>18</u>	<u>15</u>
	93,185	87,985
Income producing properties, note 6	<u>4,603,136</u>	<u>4,122,559</u>
	<u>\$ 4,696,321</u>	<u>\$ 4,210,544</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 7	\$ 97,332	\$ 160,820
Due to Gross Capital Inc., note 8	267,963	110,647
Current portion of long-term debt, note 10	80,956	69,613
Loan from Gross Capital Inc. (Co-tenancies), note 9	<u>94,470</u>	<u>47,768</u>
	540,721	388,848
Long-term debt, note 10	<u>2,919,440</u>	<u>2,627,323</u>
Liabilities before net assets attributable to redeemable Trust Unitholders	<u>3,460,161</u>	<u>3,016,171</u>
Commitments, note 11		
Net assets attributable to redeemable Trust Unitholders, note 12	<u>\$ 1,236,160</u>	<u>\$ 1,194,373</u>
Approved on behalf of the Trust		
<u>Signed "Mark Gross"</u>	Trustee	
<u>Signed "Sheldon Gross"</u>	Trustee	

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO REDEEMABLE TRUST UNITHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2016

Trust	Number of Trust Units	Net Assets Attributable to Redeemable Unitholders
December 31, 2016		
Net assets attributable to redeemable Trust Unitholders at January 1, 2016	<u>1,602,600</u>	<u>\$ 1,194,373</u>
Comprehensive loss for the year	-	(32,212)
Loss allocated to minority interest	-	3
	-	<u>(32,209)</u>
Redeemable trust unitholders transactions		
Issuance of Trust units, note 12	211,985	211,985
Distributions	-	(137,989)
	<u>211,985</u>	<u>73,996</u>
Net assets attributable to redeemable Trust Unitholders, December 31, 2016	<u>1,814,585</u>	<u>1,236,160</u>
March 12, 2015 - December 31, 2015		
Net assets attributable to redeemable Trust Unitholders at March 12, 2015	<u>100</u>	<u>\$ 100</u>
Comprehensive loss for the period	-	(147,503)
Loss allocated to minority interest	-	15
	-	<u>(147,488)</u>
Redeemable trust unitholders transactions		
Redemption of opening Trust unit	(100)	(100)
Acquisition of Trust units, note 3	1,325,000	1,113,374
Issuance of Trust units, note 12	277,600	277,600
Distributions	-	(49,113)
	<u>1,602,500</u>	<u>1,341,761</u>
Net assets attributable to redeemable Trust Unitholders, December 31, 2015	<u>1,602,600</u>	<u>\$ 1,194,373</u>

On February 27, 2016, the units of the Trust were subdivided on the basis of 100 units for every one unit issued and outstanding. This unit split has been presented retrospectively to March 12, 2015.

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 (12 Months)	2015 (9-1/2 Months)
Revenue		
Commercial rent	\$ 323,406	\$ 131,577
Recoveries	199,084	82,043
Interest income	<u>252</u>	<u>-</u>
	<u>522,742</u>	<u>213,620</u>
Recoverable expenses		
Property tax	63,925	27,781
Utilities	50,491	18,347
Maintenance	44,863	21,275
Property management fees, note 13	12,784	5,050
Parking	11,282	6,367
Landscaping and snow removal	10,123	1,273
Insurance	3,175	1,331
Bank charges and interest	<u>2,943</u>	<u>619</u>
	<u>199,586</u>	<u>82,043</u>
General and administrative expenses		
Professional fees	97,896	162,266
Consulting	8,699	-
Participation fees, note 13	7,584	-
Asset management fees, note 13	7,480	3,181
Office and general	2,325	6,155
Bank charges	<u>579</u>	<u>566</u>
	<u>124,563</u>	<u>172,168</u>
Comprehensive income (loss) before the undernoted	<u>198,593</u>	<u>(40,591)</u>
Mortgage interest	116,924	47,752
Interest on loans, note 13	1,566	9,640
Amortization of deferred financing fees	12,026	9,444
Amortization of income producing properties	<u>100,288</u>	<u>40,076</u>
	<u>230,804</u>	<u>106,912</u>
Comprehensive loss for the year	<u>\$ (32,212)</u>	<u>\$ (147,503)</u>

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 (12 Months)	2015 (9-1/2 Months)
Cash flows from operating activities		
Comprehensive loss for the year	\$ (32,212)	\$ (147,503)
Adjustments for:		
Amortization of income producing properties	100,288	40,076
Amortization of deferred financing fees	<u>12,026</u>	<u>9,444</u>
	80,102	(97,983)
Changes in non-cash working capital balances		
Increase in prepaid expenses	(5,557)	(18,583)
Decrease (increase) in accounts receivable	2,117	(12,678)
Increase in deferred financing	(2,682)	-
Decrease in government remittances recoverable	(9,628)	(5,011)
Increase (decrease) in accounts payable and accrued liabilities	<u>(63,488)</u>	<u>66,968</u>
Cash flows provided from (used in) used in operating activities	<u>864</u>	<u>(67,287)</u>
Cash flows from investing activities		
Purchase of income producing property - net of mortgage assumed	(227,740)	(277,600)
Increase in due from Gross Medical Opportunities GP	(2,500)	(5,628)
Cash acquired, note 3	<u>-</u>	<u>38,179</u>
Cash flows used in investing activities	<u>(230,240)</u>	<u>(245,049)</u>
Cash flows from financing activities		
Increase in due to Gross Capital	157,316	190,707
Repayment of long-term debt	(59,009)	(33,720)
Increase in loan from Gross Capital Inc. (Co-Tenancies)	46,702	21,953
Proceeds from issuance of units	211,985	277,600
Distributions	(137,989)	(49,113)
Redemption of opening trust unit	-	(100)
Decrease in due to Gross Securities Corp.	<u>-</u>	<u>(56,260)</u>
Cash flows provided from financing activities	<u>219,005</u>	<u>351,067</u>
Net increase (decrease) in cash	(10,371)	38,731
Cash, beginning of year	<u>38,831</u>	<u>100</u>
Cash, end of year	<u>\$ 28,460</u>	<u>\$ 38,831</u>

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

1. NATURE OF BUSINESS AND GOING CONCERN

a) Nature of Business

Gross Medical Opportunities Fund (the "Trust") is an unincorporated open-ended trust established by the Fund's Declaration of Trust dated March 11, 2015. The Trust is a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Trust was formed to: (a) acquire outstanding trust units of Gross Medical & Income Fund ("2014 Trust"), (b) wind up the 2014 Trust, and acquire the 2014 Trust's investment in limited partnership units of Gross Medical Opportunities Fund LP (formerly Gross Medical Income & Growth Fund 1 LP) (the "Partnership"), a Canadian limited partnership, and (c) to raise funds pursuant to an offering memorandum for the purposes of acquiring additional units in the Partnership. The Partnership is considered a related party due to common management with the Administrator of the Trust. The Partnership has acquired Canadian medical related income producing properties (the "income producing properties") and intends to own, and lease additional properties of this nature (the "Properties"). The Partnership may acquire Properties through limited partnerships or through joint ventures.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Gross Medical Opportunities Fund GP Ltd. (the "General Partner").

The Trustees of the Trust are Mark Gross and Sheldon Gross (the "Trustees"). The Administrator of the Trust is Gross Adminco Inc. (the "Administrator").

The address of the Trust is 200 Ronson Drive, Suite 103, Toronto, Ontario, M9W 5Z9.

(b) Going concern

These consolidated financial statements have been prepared on the going concern basis, which presumes that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast some doubt on the appropriateness of this assumption. The Trust has incurred significant operating losses in the last three years and its working capital is negative. The Trust's ability to continue to operate depends on its ability to obtain additional financing. The proposed business of the Trust involves a high degree of risk and there is no guarantee that the Trust will be able to raise the required funds. These conditions indicate the existence of an uncertainty that may cast doubt on the Trust's ability to continue as a going concern.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

1. NATURE OF BUSINESS AND GOING CONCERN (Continued..)

These consolidated financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Trust be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2016.

These consolidated financial statements were approved by the Trustees on March 27, 2017.

These consolidated financial statements are presented in the functional currency of the Trust, Canadian dollars.

Principles of Consolidation

These consolidated financial statements include the accounts of the Trust and the Partnership. The Trust owns 100% of the Class A LP units of the Partnership. All inter-company accounts and transactions have been eliminated on consolidation.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities. Equity instruments issued by the Trust are recorded at the proceeds received, net of direct issue costs.

Investment Properties

The Trust accounts for its investment properties in accordance with International Accounting Standards ("IAS") 40, "Investment Properties" ("IAS 40"). Investment property is defined as property held to earn rentals, capital appreciation, or both. The Trust categorizes its investment properties as income-producing properties and properties under development. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below. Properties under development are not amortized until they are reclassified to income-producing properties upon completion, as disclosed below.

In accordance with the Trusts investment policy, the trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy.

These consolidated financial statements include the Trust's 12.5% share of the King Oshawa Co-tenancy and the Trust's 3.5375% share of the Victoria Avenue North Co-tenancy. (note 14)

The Trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy. The assets, liabilities and results of operations are included within the respective line items of the consolidated statements of financial position, the consolidated statements of changes in partner's capital and the consolidated statements of comprehensive loss. (see note 14)

Income-producing properties are recorded at cost and amortized using the following annual rate and method:

Buildings	-	40 year straight line basis
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Environmental Remediation Costs

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs with, where appropriate, probability weighting for the different remediation or closure outcomes which could realistically arise. The ultimate cost of remediation is uncertain and Management uses its judgment and experience to provide for these costs.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Impairment of income producing properties

The income producing properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Revenue recognition

The Trust has not transferred substantially all of the benefits and risks of ownership of its income producing properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. The Trust recognizes rental revenue and other charges on a straight-line basis in accordance with the relevant lease agreements. The amount by which straight-line rental revenue exceeds the minimum rents collected in accordance with the lease agreements is included in deferred revenue.

Property rental revenue includes minimum rental revenue earned and operating expenses and realty tax reimbursements or recoveries earned under lease agreements with tenants. Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs, are accrued and recognized as revenue in the period the expenses are incurred and they become recoverable from the tenant.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Critical judgments and estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These consolidated financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods. Assumptions and estimates that management has made at the consolidated statement of financial position date relate to, but are not limited to, the following:

Income-producing Properties

The useful life of the income producing properties.

Leases

The Trust makes judgments in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Trust is lessor, are operating financial leases. The Trust has determined that all of its leases are operating leases.

Lease Incentives

The Trust evaluates whether tenant improvement allowances are, in substance, lease incentives or capital expenditures of the Trust that enhance the value of the Trust's income-producing properties. This judgment also impacts revenue recognition commencement. This determination requires judgment and consideration of several factors, including whether the improvements enhance the value of the properties, tenant discretion in the use of funds, uniqueness of the improvements and the transfer of risks and rewards.

Investment Properties

Judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, when practical completion of the property occurs and identifying the point at which capitalization of borrowing costs ceases.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial instruments

Financial assets

The Trust classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Trust's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. This category also consists of other financial assets categorized as held-for-trading.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment or repayment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in Trust unitholders' capital. Where a decline in fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from trust unitholders' net assets and recognized in the consolidated statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Trust classifies its financial liabilities as other financial liabilities all of which are recognized at amortized cost.

Recognition and measurement

The Trust has classified its cash as held-for-trading. Accounts receivable and due from related party are classified as loans and receivables. Accounts payable and accrued liabilities, due to related parties, and long-term debt, are classified as other financial liabilities.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Balance Sheet Presentation

In accordance with IAS 32 Financial Instruments: Presentation, puttable instruments are generally classified as financial liabilities. The Trust's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, the Trust units do not meet the exception requirements. Therefore, the Trust has no instrument qualifying for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

Accounting standards issued but not yet applied

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), which becomes effective for annual periods beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2014, the IASB issued IFRS 15 as a single comprehensive model to account for revenue arising from contracts with customers. The purpose of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Trust is currently assessing the impact of IFRS 15 on its consolidated financial statements.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

IFRS 16, "Leases" ("IFRS 16")

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Partnership is currently assessing the impact of IFRS 16 on its consolidated financial statements.

3. PARTNERSHIP ACQUISITION

On June 30, 2015, the units of the 2014 Trust were purchased by the Trust at fair value.

The balance sheet, at fair market value, of the 2014 Trust on June 30, 2015 was as follows:

Assets	
Cash	\$ 38,179
Accounts receivable	1,091
Due from Gross Capital Inc.	80,060
Government remittances recoverable	4,363
Prepaid expenses	<u>1,785</u>
Income-producing properties	<u>3,400,589</u>
Total Assets	<u>\$ 3,526,067</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 93,852
Due to Gross Capital Inc. (Co-Tenancy)	25,815
Due to Gross Securities Corp.	<u>56,260</u>
Long-term debt	<u>2,236,766</u>
Total liabilities	<u>2,412,693</u>
Net assets	<u>\$ 1,113,374</u>

Aggregate consideration was paid through the issuance of 1,325,000 units having a value of \$1,113,374.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

4. PROPERTY ACQUISITION

2016:

The Partnership completed the following acquisitions which has contributed to the operating results effective from the acquisition dates.

During the year, the Partnership purchased a 1.539% interest in 304 Victoria Avenue and 414 Victoria Avenue Co-tenancy ("Victoria") including land and building, located in Hamilton for a total acquisition cost of \$580,725. The Purchase of this interest combined with the 1.998% that the Partnership owned at the start of the year, now gives the Partnership a 3.5375% interest in Victoria. The purchases were made from Gross Capital Inc., the manager and syndicator of the co-tenancies and the Trust.

The purchase was funded by way of equity and the assumption of a percentage of the mortgage payable. Details of the mortgage payable are outlined in note 10.

The consideration paid consists of:

Cash	\$ 194,748
Assumption of mortgage payable	<u>368,741</u>
	<u>\$ 563,489</u>

The allocation of the consideration paid is as follows:

Land	\$ 63,340
Building	503,036
Working capital	<u>(2,887)</u>
Total income producing property	<u>\$ 563,489</u>

Included in the cost of the building are transaction costs of \$7,037.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 20164. **PROPERTY ACQUISITION** (Continued...)**2015:**

The Trust has completed the following acquisition which has contributed to the operating results effective from the acquisition date.

On November 12, 2015, the Trust purchased a 1.998% interest in 304 Victoria Avenue and 414 Victoria Avenue Co-Tenancy, including land and building, located in Hamilton for a total acquisition cost of \$762,046. The purchase was funded by way of equity and the assumption of a percentage of the mortgage payable. Details of the mortgage payable are outlined in note 10.

The consideration paid consists of:

Cash	\$ 277,600
Assumption of mortgage payable	<u>484,446</u>
	<u>\$ 762,046</u>

The allocation of the consideration paid is as follows:

Land	\$ 85,349
Building	<u>676,697</u>
Total income producing property	<u>\$ 762,046</u>

Included in the cost of the building is transactions costs of \$46,762, of which \$34,945 relates to syndication fees paid to Gross Capital Inc., which is related by virtue of being under common control to the General Partner of the Partnership and the Trustees.

5. **DUE FROM GROSS MEDICAL OPPORTUNITIES GP**

The amount is due from Gross Medical Opportunities GP which is related by virtue of being under common control of the Trustees. The amount is unsecured, non-interest bearing and due on demand. The loan receivable has been discounted using an implicit interest rate of 5%.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

6. INCOME PRODUCING PROPERTIES

	Land	Buildings	Total
Cost			
Balance as at January 1, 2016	\$ 616,224	\$ 3,632,313	\$ 4,248,537
Additions during the year	<u>63,342</u>	<u>517,523</u>	<u>580,865</u>
Balance as at December 31, 2016	<u>\$ 679,566</u>	<u>\$ 4,149,836</u>	<u>\$ 4,829,402</u>
Accumulated amortization			
Balance as at January 1, 2016	\$ -	\$ 125,978	\$ 125,978
Amortization for the year	<u>-</u>	<u>100,288</u>	<u>100,288</u>
Balance as at December 31, 2016	<u>\$ -</u>	<u>\$ 226,266</u>	<u>\$ 226,266</u>
Net book value			
At December 31, 2015	<u>\$ 616,224</u>	<u>\$ 3,506,335</u>	<u>\$ 4,122,559</u>
At December 31, 2016	<u>\$ 679,566</u>	<u>\$ 3,923,570</u>	<u>\$ 4,603,136</u>

The fair value of the income producing property at December 31, 2016 and December 31, 2015 approximates the carrying value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accrued liabilities	\$ 94,970	\$ 150,773
Accounts payable	<u>2,362</u>	<u>10,047</u>
	<u>\$ 97,332</u>	<u>\$ 160,820</u>

8. DUE TO GROSS CAPITAL INC.

The amount is due to Gross Capital Inc. which is related by virtue of being under common control to the General Partner of the Partnership and the Trustees.

The amounts are unsecured, non-interest bearing and due on demand. The loans have been discounted using an implicit interest rate of 5%.

9. LOAN FROM GROSS CAPITAL INC. (CO-TENANCIES)

	2016	2015
Loan from Gross Capital Inc. - Victoria Co-tenancy	\$ 65,051	\$ 34,278
Loan from Gross Capital Inc. - King Oshawa Co-tenancy.	<u>29,419</u>	<u>13,490</u>
	<u>\$ 94,470</u>	<u>\$ 47,768</u>

Amounts due to Gross Capital Inc. (co-tenancies), are unsecured, bear interest at 9% per annum and are due on demand.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

10. LONG-TERM DEBT

	2016	2015
Mortgage payable assumed on April 25, 2014 and represents a 12.5% portion of the mortgage on the acquisition of the King Oshawa Clinic Co-tenancy. The mortgage has a 5 year term and bears interest at 4.04%. The effective interest rate after financing costs are included is 4.96%. The mortgage is secured by the King Oshawa Property. The Trust's 12.5% share of the net book value of this property on December 31, 2016 is \$3,293,199.	\$ 2,196,184	\$ 2,255,184
Mortgage payable assumed on November 12, 2015 and represents a 3.5375% (2015 - 1.998%) portion of the mortgage assumed on the acquisition of the Victoria Avenue Co-tenancy (note 4). The mortgage has a 10 year term and bears interest at 4.00%. The mortgage is secured by the Victoria Avenue Co-tenancy property. The Trusts 3.5375% share of the net book value of this property on December 31, 2016 is \$1,309,937.	<u>835,781</u>	<u>482,665</u>
	3,031,965	2,737,849
Less: transactions costs	<u>(31,569)</u>	<u>(40,913)</u>
	3,000,396	2,696,936
Less: current portion	<u>(80,956)</u>	<u>(69,613)</u>
Long-term portion	<u>\$ 2,919,440</u>	<u>\$ 2,627,323</u>

The aggregate principal repayments over the next five years and thereafter are as follows:

2017	\$ 80,956
2018	84,251
2019	2,092,019
2020	20,146
2021	22,828
Thereafter	<u>731,765</u>
	<u>\$ 3,031,965</u>

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

11. COMMITMENTS

An annual asset management fee is paid to the General Partner of the Partnership for management services that the General Partner provides. The asset management fee is paid quarterly and is equal to 0.15% of the year end portfolio value of the Partnership.

An acquisition fee of 1% of the purchase price of the Properties is paid to the General Partner of the Partnership.

Selling commissions of up to 7.5% of the gross cash proceeds from the sale of trust units may be paid.

On the sale of the properties (after the Trust has been paid its minimum return of 7% per annum), up to 10% of the net gain earned from the sale is paid to the Class B unitholders of the Partnership.

12. TRUST UNITS

The Trust was formed on March 11, 2015 with 1 initial trust unit issued at \$100 per unit. The Declaration of Trust provides an unlimited number of trust units (the "Units") may be issued. Each Unit is restricted and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund in the event of termination or winding up of the Fund. Each Unit entitles the holder thereof to participate equally in the distributions and to one vote at all meetings of unitholders for each whole unit held. The issued Units are not subject to future capital calls or assessments.

The Trustees or Administrator shall, upon the Fund receiving distributions of cash from the Partnership, on or before the 15th day of each month in which the Fund receives the distribution ("Distribution Record Date"), declare payable to the holders of the Units on such Distribution Record Date all or any part of the cash flow of the Fund for the preceding Distribution Record Date, as determined by the Trustees in their sole discretion. The value of each unit where the distribution is paid in Units will be \$1 per Unit.

The Trust may be required to redeem up to \$125,000 of Units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the Administrator may, in its sole discretion, waive the limitation in respect of all Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all Units rendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Trust distributing promissory notes ("Redemption Notes") for the balance. The Redemption Notes will be unsecured, bear interest from the issue date of each such note at a rate of 5%, payable annually in arrears, be subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into the Trust or Administrator with holders of senior indebtedness, be subject to early repayment without penalty, being due and payable on the third anniversary of the date of issuance, and being subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Administrator. The Trust also may not be required to redeem Units in the form of cash if in the sole opinion of the Administrator, the payment would not be in the best interest of the Trust having regard to the then current cash position of the Trust or if the redemption of Units will result in the Trust losing its status as a mutual fund trust for the purpose of the Tax Act.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

12. TRUST UNITS (Continued...)

Each Unitholder shall be entitled to require the Trust to redeem all or any part of their Units, and shall be entitled to receive a price equal to 95% of the following: the subscription price paid by a Trust Unitholder to be redeemed adjusted by: (i) decreased by any unpaid net operating expenses incurred directly by the Trust determined on a per Unit basis, as at the date the redemption price is being determined; (ii) decreased by all distributions of cash flow of the Trust made with respect to a Unit up to and included the date the redemption price is being determined.

During 2016, 211,985 units having unitholder capital in the amount of \$211,985 were issued as follows:

	<u>Units</u>	<u>Capital</u>
March 31, 2016	65,500	\$ 65,500
April 30, 2016	86,485	86,485
May 30, 2016	30,000	30,000
September 30, 2016	<u>30,000</u>	<u>30,000</u>
	<u>211,985</u>	<u>\$ 211,985</u>

13. RELATED PARTY TRANSACTIONS

Asset management fees of \$7,480 (2015 - \$3,181) were charged by a company related by virtue of being under common control of the Trustees. Property management fees of \$12,784 (2015 - \$5,050) were charged by a company related by virtue of being under common control of the General Partner.

Loan interest of \$1,566 (2015 - \$9,640) was charged on co-tenancy loans owned by companies controlled by Trustees of the Trust. (note 9)

The following units are held by related parties of the fund:

Class A Limited Partnership units - 250 units (2%) are owned by Trustees of the Trust and 1,350 units (10%) are owned by companies controlled by Trustees of the Trust.

Class B Limited Partnership units - 500,000 units (100%) owned by companies controlled by Trustees of the Trust.

Participation fees of \$7,584 (2015 - \$Nil) were charged by a company related by virtue of being controlled by a Director of the General Partner.

The transactions are in accordance with the Offering Memorandum.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

14. CO-TENANCY OPERATIONS

The following amounts included in these consolidated financial statements represent the Trust's 12.5% proportionate interest in the King Oshawa Medical Co-Tenancy and its 3.5375% (2012 - 1.998%) share in the Victoria Avenue Co-tenancy.

	2016 (12 Months)	2015 (9-1/2 Months)
Assets	\$ 4,658,364	\$ 4,183,437
Liabilities	\$ 3,138,370	\$ 2,797,531
Revenues and other income	\$ 522,742	\$ 213,621
Expenses	\$ 428,592	\$ 192,328
Net income	\$ 94,150	\$ 21,293
Cash provided by (used in)		
Operating activities	\$ 179,275	\$ 34,058
Investing activities	\$ (580,865)	\$ (762,046)
Financing activities	\$ 552,798	\$ 759,723

The Trust includes in its consolidated financial statements, the proportionate share of the assets, liabilities, revenues and expenses of the King Oshawa Co-Tenancy from the date of acquisition on June 30, 2015 and the Victoria Avenue Co-tenancy from November 30 and December 31, 2015 and March 31, April 29, June 30 and September 30, 2016.

15. MINORITY INTEREST DEFICIENCY

The minority interest deficiency in Gross Medical Opportunities LP consists of the following:

	2016	2015
500,000 Class B Limited Partner Units owned by Trustees of the Trust	\$ 500	\$ 500
General partner's share of equity	(518)	(515)
	<u>\$ (18)</u>	<u>\$ (15)</u>

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Trust disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Trust's consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Trust's management determined that cash amounting to \$28,460 (2015 - \$38,831) is the only financial asset carried at fair value and is classified as Level 1.

The Trust's financial instruments consist of cash, accounts receivable, due from/to related parties and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) **Market price risk**

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

ii) **Interest rate risk**

The Trust has deposits in financial institutions. The Trust is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2016, the amount of \$28,460 (2015 - \$38,831) was held in deposits with financial institutions.

2016

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	\$ 28,460	\$ -	\$ -	\$ 28,460
Other receivables	-	-	19,780	19,780
Total	<u>\$ 28,460</u>	<u>\$ -</u>	<u>\$ 19,780</u>	<u>\$ 48,240</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ 3,094,866</u>	<u>\$ 365,295</u>	<u>\$ 3,460,161</u>

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

ii) Interest rate risk (continued..)

2015

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Held for trading	\$ 38,831	\$ -	\$ -	\$ 38,831
Other receivables	<u>-</u>	<u>-</u>	<u>19,397</u>	<u>19,397</u>
Total	<u>\$ 38,831</u>	<u>\$ -</u>	<u>\$ 19,397</u>	<u>\$ 58,228</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ 2,744,704</u>	<u>\$ 271,467</u>	<u>\$ 3,016,171</u>

iii) Currency risk

Currency risk is the risk to the Trust's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any changes in market or investment specific event.

The Trust did not maintain any material balances in foreign currencies as at December 31, 2016.

iv) Liquidity risk

Liquidity risk is the risk that the Trust will not have sufficient debt and Trust unitholder's capital available to fund its growth and refinance its debts as they mature. The Trust's financial condition and results of operations would be adversely affected if it were unable to obtain financing, or obtain cost effective financing. The Trust manages liquidity risk by seeking new investors and by monitoring its debt situation.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

2016

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	\$ 28,460	\$ -	\$ -	\$ -	\$ -	\$ 28,460
Other receivables	<u>19,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,780</u>
Total	<u>\$ 48,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,240</u>
Financial liabilities						
Other financial liabilities	<u>\$ 540,721</u>	<u>\$2,144,701</u>	<u>\$ 42,974</u>	<u>\$731,765</u>	<u>\$ -</u>	<u>\$ 3,460,161</u>

2015

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	\$ 38,831	\$ -	\$ -	\$ -	\$ -	\$ 38,831
Other receivables	<u>19,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,397</u>
Total	<u>\$ 58,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,228</u>
Financial liabilities						
Other financial liabilities	<u>\$ 388,848</u>	<u>\$147,850</u>	<u>\$2,158,211</u>	<u>\$321,262</u>	<u>\$ -</u>	<u>\$ 3,016,171</u>

v) **Economic dependence**

As at December 31, 2016, one co-tenancy accounted for 79% of revenues from operations.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

17. CAPITAL MANAGEMENT

The Trust's capital management policy is to maintain a strong capital base that optimizes the Trust's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its Trust unitholders. The Trust intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Trust's early stage of development and the requirement to sustain future development of the business.

The Trust will manage its capital structure and make changes to it in light of changes to economic conditions and other characteristics of the nature of the business. The Trust considers its capital structure to include Trust unitholder capital, long term debt and working capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue units, seek debt financing and adjust its capital spending.

The Trust monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Trust is not subject to externally imposed capital requirements.

18. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Trust amounted to \$Nil (2015 - \$Nil).

19. SUBSEQUENT EVENTS

On February 28, 2017, the fund invested \$160,500 to obtain a 1.1464% investment in Victoria Avenue North Co-Tenancy. Funding for this investment came from additional unitholder capital in the amount of \$159,498 which was issued in February 2017.

GROSS MEDICAL OPPORTUNITIES FUND
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

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SEGAL LLP
Chartered Professional Accountants

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Gross Medical Opportunities Fund

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gross Medical Opportunities Fund (the "Trust") which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of changes in net assets attributable to redeemable trust unitholders, consolidated statement of comprehensive loss and consolidated statement of cash flows for the period from March 12, 2015 to December 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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Independent Auditor's Report
Page 2

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gross Medical Opportunities Fund as at December 31, 2015, and its financial performance, and its cash flows for the period from March 12, 2015 to December 31, 2015, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the consolidated financial statements which indicate that the Trust involved is in the process of raising funding through an offering memorandum. If the offering is unsuccessful it could have a material effect on the Trust's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 29, 2016

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	December 31, 2015	March 11, 2015
ASSETS		
Current		
Cash	\$ 38,831	\$ 100
Prepaid expenses	20,368	-
Accounts receivable	13,769	-
Government remittances recoverable	9,374	-
Due from Gross Medical Opportunities GP Inc., note 5	5,628	-
Minority interest deficiency, note 15	<u>15</u>	<u>-</u>
	87,985	100
 Income producing properties, note 6	 <u>4,122,559</u>	 <u>-</u>
	<u>\$ 4,210,544</u>	<u>\$ 100</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 7	\$ 160,820	\$ -
Due to Gross Capital Inc., note 8	110,647	-
Current portion of long-term debt, note 10	69,613	-
Loan from Gross Capital Inc. (Co-tenancies), note 9	<u>47,768</u>	<u>-</u>
	388,848	-
Long-term debt, note 10	<u>2,627,323</u>	<u>-</u>
 Liabilities before net assets attributable to redeemable Trust Unitholders	 <u>3,016,171</u>	 <u>-</u>
 Commitments, note 11		
 Net assets attributable to redeemable Trust Unitholders, note 12	 <u>\$ 1,194,373</u>	 <u>\$ 100</u>
 Approved on behalf of the Trust		
<u>Signed "Mark Gross"</u>	Trustee	
<u>Signed "Sheldon Gross"</u>	Trustee	

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
 ATTRIBUTABLE TO REDEEMABLE TRUST UNITHOLDERS
 FOR THE PERIOD FROM MARCH 12, 2015 TO DECEMBER 31, 2015

Trust	Number of Trust Units	Net Assets Attributable to Redeemable Unitholders
<u>March 12, 2015 - December 31, 2015</u>		
Net assets attributable to redeemable Trust Unitholders at March 12, 2015	<u>1</u>	<u>\$ 100</u>
Comprehensive loss for the period	-	(147,503)
Loss allocated to minority interest	<u>-</u>	<u>15</u>
	<u>-</u>	<u>(147,488)</u>
Redeemable trust unitholders transactions		
Redemption of opening Trust unit	(1)	(100)
Acquisition of Trust units, note 3	13,250	1,113,374
Issuance of Trust units, note 12	2,776	277,600
Distributions	<u>-</u>	<u>(49,113)</u>
	<u>16,025</u>	<u>1,341,761</u>
Net assets attributable to redeemable Trust Unitholders, December 31, 2015	<u>16,026</u>	<u>\$ 1,194,373</u>
<u>March 11, 2015</u>		
Net assets attributable to redeemable Trust Unitholders, beginning of period	-	\$ -
Redeemable trust unitholders transactions		
Equity units issued	<u>1</u>	<u>100</u>
Net assets attributable to redeemable Trust Unitholders, March 11, 2015	<u>1</u>	<u>\$ 100</u>

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT COMPREHENSIVE LOSS
FOR THE PERIOD FROM MARCH 12, 2015 TO DECEMBER 31, 2015

Revenue	
Commercial rent	\$ 131,577
Expenses recovered	<u>82,043</u>
	<u>213,620</u>
Recoverable expenses	
Property tax	27,781
Maintenance	21,275
Utilities	18,347
Parking	6,367
Property management fees, note 13	5,050
Insurance	1,331
Landscaping and snow removal	1,273
Bank charges and interest	<u>619</u>
	<u>82,043</u>
General and administrative expenses	
Professional fees	162,266
Office and general	6,155
Asset management fees, note 13	3,181
Bank charges	<u>566</u>
	<u>172,168</u>
Comprehensive loss before the undernoted	<u>(40,591)</u>
Mortgage interest	47,752
Interest on loans, note 13	9,640
Amortization of deferred financing fees	9,444
Amortization of income producing properties	<u>40,076</u>
	<u>106,912</u>
Comprehensive loss for the period	<u><u>\$ (147,503)</u></u>

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MARCH 12, 2015 TO DECEMBER 31, 2015

Cash flows from operating activities	
Comprehensive loss for the period	\$ (147,503)
Adjustments for:	
Amortization of income producing properties	40,076
Amortization of deferred financing fees	<u>9,444</u>
	(97,983)
Changes in non-cash working capital balances	
Increase in prepaid expenses	(18,583)
Increase in accounts receivable	(12,678)
Increase in government remittances recoverable	(5,011)
Increase in accounts payable and accrued liabilities	<u>66,968</u>
Cash flows used in operating activities	<u>(67,287)</u>
Cash flows from investing activities	
Purchase of income producing property - net of mortgage assumed	(277,600)
Increase in due from Gross Medical Opportunities GP	(5,628)
Cash acquired, note 3	<u>38,179</u>
Cash flows provided from investing activities	<u>(245,049)</u>
Cash flows from financing activities	
Increase in due to Gross Capital	190,707
Repayment of long-term debt	(33,720)
Increase in loan from Gross Capital Inc. (Co-Tenancies)	21,953
Proceeds from issuance of units	277,600
Distributions	(49,113)
Redemption of opening trust unit	(100)
Decrease in due to Gross Securities Corp.	<u>(56,260)</u>
Cash flows provided from financing activities	<u>351,067</u>
Net increase in cash	38,731
Cash, beginning of period	<u>100</u>
Cash, end of period	<u>\$ 38,831</u>

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

1. NATURE OF BUSINESS AND GOING CONCERN

a) Nature of Business

Gross Medical Opportunities Fund (the "Trust") is an unincorporated open-ended trust established by the Fund's Declaration of Trust dated March 11, 2015. The Trust intends to be a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Trust was formed to: (a) acquire outstanding trust units of Gross Medical & Income Fund ("2014 Trust"), (b) wind up the 2014 Trust, and acquire the 2014 Trust's investment in limited partnership units of Gross Medical Opportunities Fund LP (formerly Gross Medical Income & Growth Fund 1 LP) (the "Partnership"), a Canadian limited partnership, and (c) to raise funds pursuant to an offering memorandum for the purposes of acquiring additional units in the Partnership. The Partnership is considered a related party due to common management with the Administrator of the Trust. The Partnership has acquired Canadian medical related income producing properties (the "income producing properties") and intends to own, and lease additional properties of this nature (the "Properties"). The Partnership may acquire Properties through limited partnerships or through joint ventures.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Gross Medical Opportunities Fund GP Ltd. (the "General Partner").

The Trustees of the Trust are Mark Gross and Sheldon Gross (the "Trustees"). The Administrator of the Trust is Gross Adminco Inc. (the "Administrator").

The address of the Trust is 200 Ronson Drive, Suite 103, Toronto, Ontario, M9W 5Z9.

(b) Going concern

These consolidated financial statements have been prepared on the going concern basis, which presumes that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Trust's ability to continue as a going concern is dependent upon its ability to raise funds through the offering memorandum. The proposed business of the Trust involves a high degree of risk and there is no guarantee that the Trust will be able to raise the required funds. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Trust's ability to continue as a going concern.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

1. NATURE OF BUSINESS AND GOING CONCERN (Continued.)

These consolidated financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Trust be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2015.

These consolidated financial statements were approved by the Trustees on March 29, 2016.

These consolidated financial statements are presented in the functional currency of the Trust, Canadian dollars.

Principles of Consolidation

These consolidated financial statements include the accounts of the Trust and the Partnership. The Trust owns 100% of the Class A LP units of the Partnership. All inter-company accounts and transactions have been eliminated on consolidation.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities. Equity instruments issued by the Trust are recorded at the proceeds received, net of direct issue costs.

Investment Properties

The Trust accounts for its investment properties in accordance with International Accounting Standards ("IAS") 40, "Investment Properties" ("IAS 40"). Investment property is defined as property held to earn rentals, capital appreciation, or both. The Trust categorizes its investment properties as income-producing properties and properties under development. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below. Properties under development are not amortized until they are reclassified to income-producing properties upon completion, as disclosed below.

In accordance with the Trusts investment policy, the trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy.

These consolidated financial statements include the Trust's 12.5% share of the King Oshawa Clinic and the Trust's 1.998% share of the Victoria Clinic. (note 14)

The Trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy. The assets, liabilities and results of operations are included within the respective line items of the consolidated statements of financial position, the consolidated statements of changes in partner's capital and the consolidated statements of comprehensive loss. (see note 14)

Income-producing properties are recorded at cost and amortized using the following annual rate and method:

Buildings	-	40 year straight line basis
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Environmental Remediation Costs

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs with, where appropriate, probability weighting for the different remediation or closure outcomes which could realistically arise. The ultimate cost of remediation is uncertain and Management uses its judgement and experience to provide for these costs.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Impairment of income producing properties

The income producing properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Revenue recognition

The Trust has not transferred substantially all of the benefits and risks of ownership of its income producing properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. The Trust recognizes rental revenue and other charges on a straight-line basis in accordance with the relevant lease agreements. The amount by which straight-line rental revenue exceeds the minimum rents collected in accordance with the lease agreements is included in deferred revenue.

Property rental revenue includes minimum rental revenue earned and operating expenses and realty tax reimbursements or recoveries earned under lease agreements with tenants. Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs, are accrued and recognized as revenue in the period the expenses are incurred and they become recoverable from the tenant.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Critical judgements and estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These consolidated financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods. Assumptions and estimates that management has made at the consolidated statement of financial position date relate to, but are not limited to, the following:

Income-producing Properties

The useful life of the income producing properties.

Leases

The Trust makes judgements in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Trust is lessor, are operating for financial leases. The Trust has determined that all of its leases are operating leases.

Lease Incentives

The Trust evaluates whether tenant improvement allowances are, in substance, lease incentives or capital expenditures of the Trust that enhance the value of the Trust's income-producing properties. This judgement also impacts revenue recognition commencement. This determination requires judgement and consideration of several factors, including whether the improvements enhance the value of the properties, tenant discretion in use of funds, uniqueness of the improvements and transfer of risk and rewards.

Investment Properties

Judgement is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, when practical completion of the property occurs and identifying the point at which capitalization of borrowing costs ceases.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial instruments

Financial assets

The Trust classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Trust's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. This category also consists of other financial assets categorized as held-for-trading.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment or repayment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in Trust unitholders' capital. Where a decline in fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from trust unitholders' capital and recognized in the consolidated statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Trust classifies its financial liabilities as other financial liabilities all of which are recognized at amortized cost.

Recognition and measurement

The Trust has classified its cash as held-for-trading. Accounts receivable and due from related party are classified as loans and receivables. Accounts payable and accrued liabilities, due to related parties, and long-term debt, are classified as other financial liabilities.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued..)

Balance Sheet Presentation

In accordance with IAS 32 Financial Instruments: Presentation, puttable instruments are generally classified as financial liabilities. The Trust's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, the Trust units do not meet the exception requirements. Therefore, the Trust has no instrument qualifying for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

New and amended accounting standards adopted

The Trust has adopted the following new and amended accounting standard effective March 2015.

The IFRS Interpretations Committee ("IFRIC") issued a decision related to the meaning of "incremental costs" within the context of IAS 17. The IFRIC determined that internal costs, such as salary costs of full-time staff involved in negotiating and arranging new leases do not qualify as incremental costs within the context of IAS 17 and, therefore, should not be capitalized as initial direct leasing costs. The adoption of this decision did not have an impact on the Trust.

IFRS Interpretation Committee ("IFRIC") 21, "Levies" (IFRIC 21")

This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37, "Provisions, contingent liabilities and contingent assets" ("IAS 37"). It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is applicable and effective for the Trust's annual and periods beginning on or after January 1, 2014. This interpretation had no material impact on the Trust's consolidated financial statements.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Amendments to IFRS 3, "Business Combinations" ("IFRS 3")

The amendments clarify that contingent consideration that is classified as an asset or liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9, "Financial Instruments" ("IFRS 9"), or IAS 39, or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized within the statement of income. Consequential amendments were also made to IFRS 9, IAS 39 and IAS 37. The amendments apply prospectively to businesses combinations for which the acquisition date is on or after July 1, 2014, with earlier application permitted. These amendments had no material impact on the Trust's consolidated financial statements.

Accounting standards issued but not yet applied

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), which becomes effective for annual periods beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2014, the IASB issued IFRS 15 as a single comprehensive model to account for revenue arising from contracts with customers. The purpose of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Trust is currently assessing the impact of IFRS 15 on its consolidated financial statements.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. PARTNERSHIP ACQUISITION

On June 30th, the units of the 2014 Trust were purchased by the Trust at fair value.

The balance sheet, at fair market value, of the 2014 trust on June 30, 2015 was as follows:

Assets	
Cash	\$ 38,179
Accounts receivable	1,091
Due from Gross Capital Inc.	80,060
Government remittances recoverable	4,363
Prepaid expenses	1,785
Income-producing properties	<u>3,400,589</u>
Total Assets	<u>\$ 3,526,067</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 93,852
Due to Gross Capital Inc. (Co-Tenancy)	25,815
Due to Gross Securities Corp.	56,260
Long-term debt	<u>2,236,766</u>
Total liabilities	<u>2,412,693</u>
Net assets	<u>\$ 1,113,374</u>

Aggregate consideration was paid through the issuance of 13,250 units having a value of \$1,113,374.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. PROPERTY ACQUISITION

The Trust has completed the following acquisition which has contributed to the operating results effective from the acquisition date.

On November 12, 2015, the Trust purchased a 1.998% interest in 304 Victoria Avenue and 414 Victoria Avenue Co-Tenancy, including land and building, located in Hamilton for a total acquisition cost of \$762,046. The purchase was funded by way of equity and the assumption of a percentage of the mortgage payable. Details of the mortgage payable are outlined in note 10.

The consideration paid consists of:

Cash	\$ 277,600
Assumption of mortgage payable	<u>484,446</u>
	<u>\$ 762,046</u>

The allocation of the consideration paid is as follows:

Land	\$ 85,349
Building	<u>676,697</u>
Total income producing property	<u>\$ 762,046</u>

Included in the cost of the building is transactions costs of \$46,762, of which \$34,945 relates to syndication fees paid to Gross Capital Inc., which is related by virtue of being under common control to the General Partner of the Partnership.

5. DUE FROM GROSS MEDICAL OPPORTUNITIES GP

The amount is due from Gross Medical Opportunities GP which is related by virtue of being under common control of the Trust unit holders. The amount is unsecured, non-interest bearing and due on demand. The loan receivable has been discounted using an implicit interest rate of 5%.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. INCOME PRODUCING PROPERTIES

Cost	Land	Building	Total
Balance at March 12, 2015	\$ -	\$ -	\$ -
Acquisition at June 30, 2015, note 3	<u>530,875</u>	<u>2,869,714</u>	<u>3,400,589</u>
Balance at June 30, 2015	530,875	2,869,714	3,400,589
Additions during the period	<u>85,349</u>	<u>676,697</u>	<u>762,046</u>
Balance as at December 31, 2015	<u>\$ 616,224</u>	<u>\$ 3,546,411</u>	<u>\$ 4,162,635</u>
Accumulated Amortization			
Balance at March 12, 2015	-	-	-
Acquisition at June 30, 2015, note 3	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2015	-	-	-
Amortization during the period	<u>-</u>	<u>40,076</u>	<u>40,076</u>
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 40,076</u>	<u>\$ 40,076</u>
Net book value			
At December 31, 2015	<u>\$ 616,224</u>	<u>\$ 3,506,335</u>	<u>\$ 4,122,559</u>

The fair value of the income producing property at December 31, 2015 approximates the carrying value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accrued liabilities	\$ 150,776
Accounts payable	<u>10,044</u>
	<u>\$ 160,820</u>

8. DUE TO GROSS CAPITAL INC.

The amount is due to Gross Capital Inc. which is related by virtue of being under common control to the General Partner of the Partnership.

The amounts are unsecured, non-interest bearing and due on demand. The loans have been discounted using an implicit interest rate of 5%.

9. LOAN FROM GROSS CAPITAL INC. (CO-TENANCIES)

Loan from Gross Capital Inc. - Victoria Co-tenancy	\$ 34,278
Loan from Gross Capital Inc. - King Oshawa Co-tenancy.	<u>13,490</u>
	<u>\$ 47,768</u>

Amounts due to Gross Capital Inc. (co-tenancies), are unsecured, bear interest at 9% per annum and are due on demand.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. LONG-TERM DEBT

Mortgage payable assumed on April 25, 2014 and represents a 12.5% portion of the mortgage on the acquisition of the King Oshawa Clinic Co-tenancy. The mortgage has a 5 year term and bears interest at 4.04%. The effective interest rate after financing costs are included is 4.96%. The mortgage is secured by the King Oshawa Property. The Trust's 12.5% share of the net book value of this property on December 31, 2015 is \$3,363,341.

\$ 2,255,184

Mortgage payable assumed on November 12, 2015 and represents a 1.998% portion of the mortgage assumed on the acquisition of the Victoria Avenue Co-tenancy (note 4). The mortgage has a 10 year term and bears interest at 4.00%. The mortgage is secured by the Victoria Avenue Co-tenancy property. The Trusts 1.998% share of the net book value of this property on December 31, 2015 is \$759,218.

482,665

2,737,849

Less: transactions costs

(40,913)

2,696,936

Less: current portion

(69,613)

Long-term portion

\$ 2,627,323

The aggregate principal repayments over the next five years is as follows:

2016	\$ 69,613
2017	72,449
2018	75,401
2019	2,082,810
2020	11,378
Thereafter	<u>426,198</u>
	<u>\$ 2,737,849</u>

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

11. COMMITMENTS

An annual asset management fee is paid to the General Partner of the Partnership for management services that the General Partner provides. The asset management fee is paid quarterly and is equal to 0.15% of the year end portfolio value of the Partnership, which is estimated to be \$1,728 per quarter. Asset management fees were waived up to June 30, 2015.

An acquisition fee of 1% of the purchase price of the Properties is paid to the General Partner of the Partnership.

Selling commissions of up to 7.5% of the gross cash proceeds from the sale of trust units may be paid.

On the sale of the properties (after the Trust has been paid its minimum return of 7% per annum), up to 10% of the net gain earned from the sale is paid to the Class B unitholders of the Partnership.

12. TRUST UNITS

The Trust was formed on March 11, 2015 with 1 initial trust unit issued at \$100 per unit. The Declaration of Trust provides an unlimited number of trust units (the "Units") may be issued. Each Unit is restricted and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund in the event of termination or winding up of the Fund. Each Unit entitles the holder thereof to participate equally in the distributions and to one vote at all meetings of unitholders for each whole unit held. The issued Units are not subject to future capital calls or assessments.

The Trustees or Administrator shall, upon the Fund receiving distributions of cash from the Partnership, on or before the 15th day of each month in which the Fund receives the distribution ("Distribution Record Date"), declare payable to the holders of the Units on such Distribution Record Date all or any part of the cash flow of the Fund for preceding Distribution Record Date, as determined by the Trustees in their sole discretion. The value of each unit where the distribution is paid in Units will be \$1 per Unit.

The Trust may be required to redeem up to \$125,000 of Units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the Administrator may, in its sole discretion, waive the limitation in respect of all Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all Units rendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Trust distributing promissory notes ("Redemption Notes") for the balance. The Redemption Notes will be unsecured, bear interest from the issue date of each such note at a rate of 5%, payable annually in arrears, be subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into the Trust or Administrator with holders of senior indebtedness, be subject to early repayment without penalty, being due and payable on the third anniversary of the date of issuance, and being subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Administrator. The Trust also may not be required to redeem Units in the form of cash if in the sole opinion of the Administrator, the payment would not be in the best interest of the Trust having regard to the then current cash position of the Trust or if the redemption of Units will result in the Trust losing its status as a mutual fund trust for the purpose of the Tax Act.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

12. TRUST UNITS (Continued...)

Each Unitholder shall be entitled to require the Trust to redeem all or any part of their Units, and shall be entitled to receive a price equal to 95% of the following: the subscription price paid by a Trust Unitholder to be redeemed adjusted by: (i) decreased by any unpaid net operating expenses incurred directly by the Trust determined on a per Unit basis, as at the date the redemption price is being determined; (ii) decreased by all distributions of cash flow of the Trust made with respect to a Unit up to and included the date the redemption price is being determined.

On November 12, 2015, 2,761 units having unitholder capital in the amount of \$276,100 was issued.

On December 31, 2015, 15 units having unitholder capital in the amount of \$1,500 was issued.

13. RELATED PARTY TRANSACTIONS

Asset management fees of \$3,181 were charged by a company related by virtue of being under common control of the Trustees. Property management fees of \$5,050 were charged by a company related by virtue of being under common control of the General Partner.

Loan interest of \$9,640 was charged on co-tenancy loans owned by companies controlled by Trustees of the Trust. (note 9)

The following units are held by related parties of the fund:

Class A Limited Partnership units - 250 units (2%) are owned by Trustees of the Trust and 1,350 units (10%) are owned by companies controlled by Trustees of the Trust

Class B Limited Partnership units - 500,000 units (100%) owned by companies controlled by Trustees of the Trust

The transactions are in accordance with the Offering Memorandum.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

14. CO-TENANCY OPERATIONS

The following amounts included in these consolidated financial statements represent the Trust's 12.5% proportionate interest in the King Oshawa Medical Co-Tenancy and its 1.998% share in the Victoria Co-tenancy.

Assets	\$ 4,183,437
Liabilities	\$ 2,797,531
Revenues and other income	\$ 213,621
Expenses	\$ 192,328
Net income	\$ 21,293
Cash provided by (used in)	
Operating activities	\$ 34,058
Investing activities	\$ (762,046)
Financing activities	\$ 759,723

The Trust includes in its consolidated financial statements, the proportionate share of the assets, liabilities, revenues and expenses of the King Oshawa Co-Tenancy from the date of acquisition on June 30, 2015 and the Victoria Clinic Co-tenancy from November 12, 2015 when the 1.998% interest was acquired.

15. MINORITY INTEREST DEFICIENCY

The minority interest deficiency in Gross Medical Opportunities LP consists of the following:

500,000	Class B Limited Partner Units owned by Trustees of the Trust	\$ 500
	General partner's share of equity	<u>(515)</u>
		\$ <u>(15)</u>

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Trust disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Trust's consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Trust's management determined that cash amounting to \$38,831 is the only financial asset carried at fair value and is classified as Level 1.

The Trust's financial instruments consist of cash, accounts receivable, due from/to related parties and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

ii) Interest rate risk

The Trust has deposits in financial institutions. The Trust is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2015, the amount of \$38,831 was held in deposits with financial institutions.

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	\$ 38,831	\$ -	\$ -	\$ 38,831
Other receivables	-	-	19,397	19,397
Total	<u>\$ 38,831</u>	<u>\$ -</u>	<u>\$ 19,397</u>	<u>\$ 58,228</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ 2,744,704</u>	<u>\$ 271,467</u>	<u>\$ 3,016,171</u>

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

iii) Currency risk

Currency risk is the risk to the Trust's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any changes in market or investment specific event.

The Trust did not maintain any material balances in foreign currencies as at December 31, 2015.

iv) Liquidity risk

Liquidity risk is the risk that the Trust will not have sufficient debt and Trust unitholder's capital available to fund its growth and refinance its debts as they mature. The Trust's financial condition and results of operations would be adversely affected if it were unable to obtain financing, or obtain cost effective financing. The Trust manages liquidity risk by seeking new investors and by monitoring its debt situation.

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	\$ 38,831	\$ -	\$ -	\$ -	\$ -	\$ 38,831
Other receivables	<u>19,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,397</u>
Total	<u>\$ 58,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,228</u>
Financial liabilities						
Other financial liabilities	<u>\$ 388,848</u>	<u>\$147,850</u>	<u>\$2,158,211</u>	<u>\$321,262</u>	<u>\$ -</u>	<u>\$ 3,016,171</u>

v) Economic dependence

As at December 31, 2015, one co-tenancy accounted for 96% of revenues from operations.

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

17. CAPITAL MANAGEMENT

The Trust's capital management policy is to maintain a strong capital base that optimizes the Trust's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its Trust unitholders. The Trust intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Trust's early stage of development and the requirement to sustain future development of the business.

The Trust will manage its capital structure and make changes to it in light of changes to economic conditions and other characteristics of the nature of the business. The Trust considers its capital structure to include Trust unitholder capital, long term debt and working capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue units, seek debt financing and adjust its capital spending.

The Trust monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Trust is not subject to externally imposed capital requirements.

18. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Trust amounted to \$Nil.

19. SUBSEQUENT EVENTS

On February 27, 2016, the units were split on a 100-for-1 basis. The cost of each unit was adjusted from \$100 per unit to \$1 per unit.

12.2 THE GENERAL PARTNER

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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SEGAL LLP
Chartered Professional Accountants

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Gross Medical Opportunities Fund GP Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Gross Medical Opportunities Fund GP Inc. (the "Corporation") which comprise the statement of financial position as at December 31, 2016, and the statement of changes in shareholders' equity, statement of comprehensive loss and statement of cash flows for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Independent Auditor's Report

Page 2

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gross Medical Opportunities Fund GP Inc. as at December 31, 2016, and its financial performance and its cash flows for the year ended December 31, 2016, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial statements which indicate that the Corporation has incurred operating losses and negative cash flows from operations, has an accumulated deficit and its operations are dependent on additional financing. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 27, 2017

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Cash	\$ 4,334	\$ 3,631
Other receivable	<u>9,828</u>	<u>-</u>
	<u>\$ 14,162</u>	<u>\$ 3,631</u>
LIABILITIES		
Accounts payable and accrued liabilities, note 3	\$ 5,300	\$ 5,300
Due to Gross Medical Opportunities Fund LP, note 4	5,628	5,628
Deficiency in Gross Medical Opportunities Fund LP	518	515
Due to Gross Medical Opportunities Fund, note 5	2,500	-
Due to Gross Securities Corp., note 6	<u>10,000</u>	<u>-</u>
	<u>23,946</u>	<u>11,443</u>
Contingent liability, note 14		
SHAREHOLDERS' DEFICIENCY		
Share capital, note 7	400	400
Deficit	<u>(10,184)</u>	<u>(8,212)</u>
	<u>(9,784)</u>	<u>(7,812)</u>
	<u>\$ 14,162</u>	<u>\$ 3,631</u>

Approved on behalf of the Board:

Signed "Mark Gross" Director

Signed "Sheldon Gross" Director

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Share Capital	Deficit	Total Shareholders' Equity
Retained earnings (deficit), January 1, 2016	\$ 400	\$ (8,212)	\$ (7,812)
Comprehensive loss for the year	<u>-</u>	<u>(1,972)</u>	<u>(1,972)</u>
Balance, December 31, 2016	<u>\$ 400</u>	<u>\$ (10,184)</u>	<u>\$ (9,784)</u>
Retained earnings, January 1, 2015	\$ 400	\$ (7,911)	\$ (7,511)
Comprehensive loss for the year	<u>-</u>	<u>(301)</u>	<u>(301)</u>
Balance, December 31, 2015	<u>\$ 400</u>	<u>\$ (8,212)</u>	<u>\$ (7,812)</u>

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Revenue		
Asset management fees, note 8	\$ 7,480	\$ 3,188
Share of partnership loss	<u>(3)</u>	<u>(515)</u>
	<u>7,477</u>	<u>2,673</u>
Expenses		
Professional fees	9,378	2,925
Bank charges and interest	<u>71</u>	<u>49</u>
	<u>9,449</u>	<u>2,974</u>
Comprehensive loss for the year	<u><u>\$ (1,972)</u></u>	<u><u>\$ (301)</u></u>

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Cash flows from operating activities		
Comprehensive loss for the year	\$ (1,972)	\$ (301)
Changes in non-cash working capital balances		
Increase in other receivable	(9,828)	-
Decrease in accounts payable and accrued liabilities	<u>-</u>	<u>(2,518)</u>
Cash flows used in operating activities	<u>(11,800)</u>	<u>(2,819)</u>
Cash flows from investing activities		
Increase in deficiency in Gross Medical Opportunities Fund LP	<u>3</u>	<u>515</u>
Cash flows from financing activities		
Increase in due to Gross Medical Opportunities Trust	2,500	5,628
Increase in due to Gross Securities Corp.	<u>10,000</u>	<u>-</u>
Cash flows from financing activities	<u>12,500</u>	<u>5,628</u>
Net increase in cash	703	3,324
Cash, beginning of year	<u>3,631</u>	<u>307</u>
Cash, end of year	<u>\$ 4,334</u>	<u>\$ 3,631</u>

See accompanying notes to the financial statements

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. NATURE OF BUSINESS DISCLOSURE

a) Nature of Business

Gross Medical Opportunities Fund GP Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (Ontario) on June 20, 2013. The Corporation was formed to operate as the general partner for Gross Medical Opportunities Fund LP (the "Partnership"). The Corporation holds a 0.01% interest in the Partnership. The Corporation changed its name from Gross Medical Income and Growth Fund GP Inc. on March 17, 2015.

Gross Medical Opportunities Fund (the "Trust") owns 100% of the Class A LP units of the Partnership.

The address of the Corporation is 200 Ronson Drive, Suite 103, Toronto, Ontario.

b) Going Concern

These financial statements have been prepared on the going concern basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast some doubt on the appropriateness of this assumption. The Corporation has incurred operating losses in the last three years and its working capital is negative. These conditions indicate the existence of an uncertainty that may cast doubt on the Corporation's ability to continue as a going concern.

These financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Corporation be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. The impact on the financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

These financial statements were authorized to issue by the board of directors on March 27, 2017.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Basis of preparation

These financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on December 31, 2016.

These financial statements are presented in the functional currency of the Company, Canadian dollars.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Income taxes

Income taxes on the profit or loss for the years presented comprises current and deferred taxes. Income taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Income taxes (Continued...)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Revenue is recognized to the extent that it is reasonably assured that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

Acquisition fee revenue, which is a fee paid by the Partnership upon the acquisition of a property, is based on 1% of the purchase price, and is recognized at the time that the property is acquired.

Asset management fees are paid by the Partnership and are based on 0.15% of the year end value of the portfolio of investments held by the Partnership. This amount is recognized as it is earned.

The acquisition fees have been waived up to December 31, 2016.

Critical judgments and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year which the estimate is revised and the revision affects both current and future years.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. This category also consists of other financial assets categorized as held-for-trading.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment or repayment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued..)

Financial instruments (Continued..)

Financial assets (Continued..)

Available for sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. This category includes accounts payable and accrued liabilities which are recognized at amortized cost.

Recognition and measurement

The Company has classified its cash as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Accounting standards issued but not yet applied

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), which becomes effective for years beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued..)

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2014, the IASB issued IFRS 15 as a single comprehensive model to account for revenue arising from contracts with customers. The purpose of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has a mandatory effective date for years beginning on or after January 1, 2017, with earlier application permitted. The Company is currently assessing the impact of IFRS 15 on its financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accrued liabilities	\$ 5,300	\$ 5,300
Accounts payable	<u>-</u>	<u>-</u>
	<u>\$ 5,300</u>	<u>\$ 5,300</u>

4. DUE TO GROSS MEDICAL OPPORTUNITIES FUND LP

The Partnership is related by virtue of being under common control of the Corporation. The balance is unsecured, non-interest bearing and due on demand. The loan payable has been discounted using an implicit interest rate of 5%.

5. DUE TO GROSS MEDICAL OPPORTUNITIES FUND

The corporation is related by virtue of being under common control to the Trust unitholders. The balance is unsecured, non-interest bearing and due on demand. The loan has been discounted using an implicit interest rate of 5%.

6. DUE TO GROSS SECURITIES CORP.

The corporation is related by virtue of being under common control. The balance is unsecured, non-interest bearing and due on demand. The loan has been discounted using an implicit interest rate of 5%.

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

7. SHARE CAPITAL

	2016	2015
Authorized share capital		
Unlimited Class A common shares		
Unlimited Class B non-voting common shares		
Issued and outstanding share capital		
400 Class A common shares	\$ <u>400</u>	\$ <u>400</u>

8. RELATED PARTY TRANSACTIONS

Asset management fees of \$7,480 (2015 - \$3,188) were charged to a Partnership related by virtue of being under the common control of the Company. The transactions are in the normal course of operations.

9. ECONOMIC DEPENDENCE

The Company derives all of its revenue from Gross Medical Opportunities Fund LP which is a Partnership that is related by virtue of the Company being the general partner of the partnership.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument. Financial assets and liabilities recorded at fair value in the Company's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that cash amounting to \$4,334 (2015 - \$3,631) is the only financial asset carried at fair value and is classified as Level 1.

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

The Company's financial instruments consist of cash, Due to Gross Medical Opportunities Fund LP and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) **Market price risk**

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

ii) **Interest rate risk**

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2016, the amount of \$4,334 (2015 - \$3,631) was held in deposits with financial institutions.

2016

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	\$ 4,334	\$ -	\$ -	\$ 4,334
Other receivables	<u>-</u>	<u>-</u>	<u>9,828</u>	<u>9,828</u>
Total	<u>\$ 4,334</u>	<u>\$ -</u>	<u>\$ 9,828</u>	<u>\$ 14,162</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,428</u>	<u>\$ 23,428</u>

2015

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	<u>\$ 3,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,631</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,928</u>	<u>\$ 10,928</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT' (Continued...)

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event.

The Company did not maintain any material balances in foreign currencies as at December 31, 2016 and December 31, 2015.

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

2016

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	\$ 4,334	\$ -	\$ -	\$ -	\$ -	\$ 4,334
Other receivables	<u>9,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,828</u>
Total	<u>\$ 14,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,162</u>
Financial liabilities						
Other financial liabilities	<u>\$ 23,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,428</u>

2015

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	<u>\$ 3,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,631</u>
Financial liabilities						
Other financial liabilities	<u>\$ 10,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,928</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

11. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Company's early state of development and the requirement to sustain future development of the business.

The Company will manage its capital structure and make changes to it in the light of changes to economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Company is not subject to externally imposed capital requirements.

12. INCOME TAXES

(a) Reconciliation of income taxes

	2016	2015
Comprehensive loss before taxes	\$ (1,972)	\$ (301)
Add (deduct) items for income tax purposes:		
Partnership loss	3	516
Loss for tax purposes	(3)	(2)
Non-capital loss utilized	-	(213)
Expected loss for income tax purposes	<u>\$ (1,972)</u>	<u>\$ -</u>
Expected current recovery of income tax	\$ 523	\$ -
Valuation allowance	<u>(523)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Effective rate of current taxes	<u>26.5%</u>	<u>26.5%</u>

(b) Losses carry forward

The Company has the following non-capital loss carryforwards available to be applied against taxable income of future years which will expire as follows:

2034	\$ 4,132
2035	<u>1,972</u>
	<u>\$ 6,104</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

13. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Company amounted to \$Nil (2015 - \$Nil).

14. CONTINGENT LIABILITY

The Company is liable for any debt or liability of the Partnership exceeding the contributions made by the limited partners of the Partnership. It is management's opinion that as of December 31, 2016, the Partnership has sufficient assets to discharge its liabilities in the normal course of operations.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP INC.)
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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SEGAL LLP
Chartered Professional Accountants

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Gross Medical Opportunities Fund GP Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Gross Medical Opportunities Fund GP Inc. (formerly Gross Medical Income & Growth Fund GP Inc.) (the "Corporation") which comprise the statement of financial position as at December 31, 2015, and the statement of changes in shareholders' equity, statement of comprehensive loss and statement of cash flows for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Independent Auditor's Report
Page 2

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gross Medical Opportunities Fund GP Inc. (formerly Gross Medical Income & Growth Fund GP Inc.) as at December 31, 2015, and its financial performance and its cash flows for the year ended December 31, 2015, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial statements which indicate that Gross Medical Opportunities Fund (the "Trust") is in the process of raising fundings through an offering memorandum. If the offering is unsuccessful it could have a material effect on the Corporation's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 29, 2016

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Cash	\$ <u>3,631</u>	\$ <u>307</u>
LIABILITIES		
Accounts payable and accrued liabilities, note 3	\$ 5,300	\$ 7,818
Due to Gross Medical Opportunities Fund LP, note 4	5,628	-
Deficiency in Gross Medical Opportunities Fund LP	<u>515</u>	<u>-</u>
	<u>11,443</u>	<u>7,818</u>
Contingent liability, note 12		
SHAREHOLDERS' DEFICIENCY		
Share capital, note 5	400	400
Deficit	<u>(8,212)</u>	<u>(7,911)</u>
	<u>(7,812)</u>	<u>(7,511)</u>
	\$ <u>3,631</u>	\$ <u>307</u>

Approved on behalf of the Board:

Signed "Mark Gross" Director

Signed "Sheldon Gross" Director

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Share Capital	Deficit	Total Shareholders' Equity
Retained earnings (deficit), January 1, 2015	\$ 400	\$ (7,911)	\$ (7,511)
Comprehensive loss for the year	<u>-</u>	<u>(301)</u>	<u>(301)</u>
Balance, December 31, 2015	<u>\$ 400</u>	<u>\$ (8,212)</u>	<u>\$ (7,812)</u>
Retained earnings, January 1, 2014	\$ 400	\$ (3,567)	\$ (3,167)
Comprehensive loss for the year	<u>-</u>	<u>(4,344)</u>	<u>(4,344)</u>
Balance, December 31, 2014	<u>\$ 400</u>	<u>\$ (7,911)</u>	<u>\$ (7,511)</u>

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Revenue		
Asset management fees, note 6	\$ 3,188	\$ -
Share of partnership loss	<u>(515)</u>	<u>-</u>
	<u>\$ 2,673</u>	<u>\$ -</u>
Expenses		
Professional fees	2,925	4,338
Bank charges and interest	<u>49</u>	<u>6</u>
	<u>2,974</u>	<u>4,344</u>
Comprehensive loss for the year	<u><u>\$ (301)</u></u>	<u><u>\$ (4,344)</u></u>

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash flows from operating activities		
Comprehensive loss for the year	\$ (301)	\$ (4,344)
Changes in non-cash working capital balances		
Increase (decrease) in accounts payable and accrued liabilities	<u>(2,518)</u>	<u>4,500</u>
Cash flows provided from (used in) operating activities	<u>(2,819)</u>	<u>156</u>
Cash flows from investing activities		
Increase in deficiency in Gross Medical Opportunities Fund LP	<u>515</u>	<u>-</u>
Cash flows from financing activities		
Increase in due to Gross Medical Opportunities Fund LP	<u>5,628</u>	<u>-</u>
Net increase in cash	3,324	156
Cash, beginning of year	<u>307</u>	<u>151</u>
Cash, end of year	<u>\$ 3,631</u>	<u>\$ 307</u>

See accompanying notes to the financial statements

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. NATURE OF BUSINESS AND GOING CONCERN DISCLOSURE

a) Nature of Business

Gross Medical Opportunities Fund GP Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (Ontario) on June 20, 2013. The Corporation was formed to operate as the general partner for Gross Medical Opportunities Fund LP (the "Partnership"). The Corporation holds a 0.01% interest in the Partnership. The Corporation changed its name from Gross Medical Income and Growth Fund GP Inc. on March 17, 2015.

Gross Medical Opportunities Fund (the "Trust") owns 100% of the Class A LP units of the Partnership.

The address of the Corporation is 200 Ronson Drive, Suite 103, Toronto, Ontario.

(b) Going concern

These financial statements have been prepared on the going concern basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Corporation's ability to continue as a going concern is dependent upon the Trust's ability to raise funds through the offering memorandum. The proposed business of the Corporation involves a high degree of risk and there is no guarantee that the Corporation will be able to raise the required funds. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern.

These financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Corporation be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. The impact on the financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

These financial statements were authorized to issue by the board of directors on March 29, 2016.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Basis of preparation

These financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on December 31, 2015.

These financial statements are presented in the functional currency of the Company, Canadian dollars.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Income taxes

Income taxes on the profit or loss for the years presented comprises current and deferred taxes. Income taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued..)

Income taxes (continued..)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Revenue is recognized to the extent that it is reasonably assured that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

Acquisition fee revenue, which is a fee paid by the Partnership upon the acquisition of a property, is based on 1% of the purchase price, and is recognized at the time that the property is acquired.

Asset management fees are paid by the Partnership and are based on 0.15% of the year end value of the portfolio of investments held by the Partnership. This amount is recognized as it is earned.

The acquisition fees and asset management fees were waived up to June 30, 2015 of the current year.

Critical judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year which the estimate is revised and the revision affects both current and future years.

**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued..)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. This category also consists of other financial assets categorized as held-for-trading.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment or repayment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. This category includes accounts payable and accrued liabilities which are recognized at amortized cost.

Recognition and measurement

The Company has classified its cash as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Accounting standards issued but not yet applied

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), which becomes effective for years beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2014, the IASB issued IFRS 15 as a single comprehensive model to account for revenue arising from contracts with customers. The purpose of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has a mandatory effective date for years beginning on or after January 1, 2017, with earlier application permitted. The Company is currently assessing the impact of IFRS 15 on its financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accrued liabilities	\$ 5,300	\$ 7,818
Accounts payable	<u>-</u>	<u>-</u>
	<u>\$ 5,300</u>	<u>\$ 7,818</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. DUE TO GROSS MEDICAL OPPORTUNITIES FUND LP

The Partnership is related by virtue of being under common control of the Corporation. The balance is unsecured, non-interest bearing and due on demand. The loan payable has been discounted using an implicit interest rate of 5%.

5. SHARE CAPITAL

	2015	2014
Authorized share capital		
Unlimited Class A common shares		
Unlimited Class B non-voting common shares		
Issued and outstanding share capital		
400 Class A common shares	\$ <u>400</u>	\$ <u>400</u>

6. RELATED PARTY TRANSACTIONS

Asset management fees of \$3,188 (2014 - \$Nil) were charged to a Partnership related by virtue of being under the common control of the Company. The transactions are in the normal course of operations.

7. ECONOMIC DEPENDENCE

The Company derives all of its revenue from Gross Medical Opportunities Fund LP which is a Partnership that is related by virtue of the Company being the general partner of the partnership.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument. Financial assets and liabilities recorded at fair value in the Company's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

The Company's management determined that cash amounting to \$3,631 (2014 - \$307) is the only financial asset carried at fair value and is classified as Level 1.

The Company's financial instruments consist of cash, Due to Gross Medical Opportunities Fund LP and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) **Market price risk**

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

ii) **Interest rate risk**

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2015, the amount of \$3,631 (2014 - \$307) was held in deposits with financial institutions.

2015

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	<u>\$ 3,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,631</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,928</u>	<u>\$ 10,928</u>

2014

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Held for trading	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,818</u>	<u>\$ 7,818</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

iii) Currency risk

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any Company specific event.

The Company did not maintain any material balances in foreign currencies as at December 31, 2015 and December 31, 2014.

iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

2015

	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Held for trading	\$ <u>3,631</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,631</u>
Financial liabilities						
Other financial liabilities	\$ <u>10,928</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,928</u>

2014

	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Held for trading	\$ <u>307</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>307</u>
Financial liabilities						
Other financial liabilities	\$ <u>7,818</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,818</u>

GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Company's early state of development and the requirement to sustain future development of the business.

The Company will manage its capital structure and make changes to it in the light of changes to economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Company is not subject to externally imposed capital requirements.

10. INCOME TAXES

(a) Reconciliation of income taxes

	2015	2014
Comprehensive income (loss) before taxes	\$ (301)	\$ (4,344)
Add (deduct) items for income tax purposes:		
Partnership loss	516	-
Loss for tax purposes	(2)	-
Non-capital loss utilized	(213)	-
Expected loss for income tax purposes	\$ -	\$ (4,344)
Expected current recovery of income tax	\$ -	\$ (673)
Valuation allowance	-	673
	-	-
Effective rate of current taxes	15.5%	15.5%

(b) Losses carry forward

The Company has the following non-capital loss carryforwards available to be applied against taxable income of future years which will expire as follows:

2034	\$ 4,132
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**GROSS MEDICAL OPPORTUNITIES FUND GP INC.
(FORMERLY GROSS MEDICAL INCOME & GROWTH FUND GP)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

11. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Company amounted to \$Nil (2014 - \$Nil).

12. CONTINGENT LIABILITY

The Company is liable for any debt or liability of the Partnership exceeding the contributions made by the limited partners of the Partnership. It is management's opinion that as of December 31, 2015, the Partnership has sufficient assets to discharge its liabilities in the normal course of operations (see note 1(b)).

ITEM 13 - DATE AND CERTIFICATE

Dated: May 25, 2017

This Offering Memorandum does not contain a misrepresentation.

signed "Mark Gross"

Mark Gross

Trustee and Promoter

signed "Sheldon Gross"

Sheldon Gross

Trustee

**IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Court File No. 31-2747949

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
[IN BANKRUPTCY AND INSOLVENCY]**

Proceedings commenced at Toronto

**MOTION RECORD
(returnable on a date to be scheduled)
VOLUME 2 OF 3**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
P.O. Box 754
Toronto, ON M5J 2T9

Kyle Plunkett (LSO # 61044N)

Tel: (416) 865-3406

Fax: (416) 863-1515

Email: kplunkett@airdberlis.com

Jeremy Nemers (LSO # 66410Q)

Tel: (416) 865-7724

Fax: (416) 863-1515

Email: jnemers@airdberlis.com

Lawyers for the Bankruptcy Trustee