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*This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Prospective investors should only rely on the information in this Offering Memorandum. No person has been authorized to give any information or make any representation in respect of the Trust or the securities offered herein and any such information or representation must not be relied upon. Any such information or representation that is given or received must not be relied upon. By accepting this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.*

## OFFERING MEMORANDUM

October 1, 2018



# NationWide

## SELF STORAGE & AUTO WASH

### NATIONWIDE II SELF STORAGE & AUTO WASH TRUST

**\$16,500,000<sup>(1)</sup>**

**154,337 Participating Preferred Trust Units<sup>(1)</sup>**

**Class A Participating Preferred Trust Units**

FundSERV Code: CDO NW021

**Class F Participating Preferred Trust Units**

FundSERV Code: CDO NW022

<sup>(1)</sup> Before exercise of the Over-Subscription Option (as defined herein). If the Over-Subscription Option is exercised in full, the total number of Participating Preferred Trust Units outstanding would be 208,355 and the total Gross Proceeds would be \$22,275,000.

#### **The Issuer:**

Name: NationWide II Self Storage & Auto Wash Trust (the “**Trust**”), a trust formed under the laws of British Columbia

Head Office: Suite 808, 609 Granville Street, Vancouver, British Columbia V7Y 1G5

Phone Number: (604) 684-5750; toll free 1 (866) 688-5750

E-mail Address: info@nationwideselfstorage.ca

Fax Number: (604) 684-5748

Currently listed or quoted: No. **The securities do not trade on any exchange or market.**

Reporting issuer: No

SEDAR filer: Yes, but only as required pursuant to section 2.9 of National Instrument 45-106 – *Prospectus Exemptions*. The Issuer is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

**The Offering:**

Securities Offered: Redeemable Preferred Class A trust units and Redeemable Preferred Class F trust units (collectively, the “**Participating Preferred Trust Units**”).

Price per Security: \$100 per Participating Preferred Trust Unit for the first 30,000 Units (\$3,000,000)  
\$105 per Participating Preferred Trust Unit for 57,143 Units (\$6,000,000)  
\$110 per Participating Preferred Trust Unit for 45,455 Units (\$5,000,000)  
\$115 per Participating Preferred Trust Unit for 21,739 Units (\$2,500,000)

The differences in prices between the tranches above reflects the difference in risk associated with an investment in the Trust depending on its level of capitalization. As funds are raised and the amount of additional financing required to develop the facility decreases, so too does the level of risk associated with an investment in the Trust. See also Item 1.2, “Use of Available Funds”.

The Administrator will have the discretion, pursuant to the Over-Subscription Option (as defined herein), to accept additional subscriptions at each issue price even though the pricing tranches set out above are exceeded, in circumstances where subscriptions have previously been completed by subscribers or submitted but were not processed prior to the tranche being exceeded. The number of Participating Preferred Trust Units that may be issued pursuant to the exercise of the Over-Subscription Option will not exceed 35% of the total number of Participating Preferred Trust Units intended to be issued at the relevant price (i.e., up to 10,500, 20,000, 15,909 and 7,609 additional Participating Preferred Trust Units may be issued at \$100, \$105, \$110 and \$115, respectively).

Minimum subscription of \$10,000 in Participating Preferred Trust Units. Additional subscriptions may be made in multiples of \$1,000 in Participating Preferred Trust Units.

Minimum/Maximum Offering: *Maximum Offering:* Up to \$16,500,000 (154,337 Participating Preferred Trust Units). If the Additional Subscription Option is exercised in full, the Offering size would be \$22,275,000 (208,355 Participating Preferred Trust Units).

*Minimum Offering:* Not applicable.

Investment Objective: The investment objective of the Trust is to provide Holders of Participating Preferred Trust Units with:

1. three components to the investment return:
  - (a) an annualized preferred base target return of 7.425%, 7.071%, 6.75% or 6.456% based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively;
  - (b) up to 70% participation in returns exceeding the 8% preferred base target return – paid monthly in arrears; and
  - (c) capital appreciation on the disposition of the Development Property;
2. tax advantaged target monthly income distributions, as a portion of the distributions will be taxed as a return of capital;
3. a source of cash flow in various economic environments; and

4. an investment backed by urban industrial real estate through the Trust's ownership of the Partnership.

Business of the Trust:

The Trust will invest all the Available Funds (as defined herein) in securities of the Partnership (as defined herein), which will in turn use the proceeds to develop a combination self-storage/car wash facility on a 0.66 acre (28,900 sq/ft) property located at 2055 Boundary Road in Vancouver, British Columbia (the “**Development Property**”). The Partnership acquired the Development Property on June 19, 2018, using the proceeds from prior sales of Participating Preferred Trust Units and \$1.75 million borrowed from a related party at an interest rate of 5.85% per annum. The Development Property is situated in a location that straddles the Vancouver and Burnaby trade areas, which management believes has an undersupply of storage based on its review of market and demographic data.

The Administrator expects the facility will be a rectangular 4-6 story (depending on municipal approvals) concrete, steel and glass building with a car wash operation located on the ground level and 3-5 stories of storage units above. The expected square footage of the building will be approximately 86,700 sq/ft with approximately 83,000 sq/ft devoted to self storage and 3,700 sq/ft devoted to the car wash with a total of approximately 90,000 sq/ft of net rentable self storage space (inclusive of Sky Lockers). See Item 2, “Business of NationWide II Self Storage & Auto Wash Trust”.

**Self Storage Facility**

The self storage facility is expected to be a modern, well-lit and architecturally designed building with approximately 90,000 sq/ft net rentable storage space (inclusive of Sky Lockers). It will offer approximately 1,250 individual storage lockers ranging in size from 2.5 x 5 feet to 10 x 20 feet, each with individual security systems in a temperature controlled environment. The facility is also expected to feature two commercial elevators with security restricted floor access and video surveillance. See Item 2, “Business of NationWide II Self Storage & Auto Wash Trust” for further details, or request a copy of the Feasibility Report prepared in respect of the proposed self storage facility at the Development Property by email from the Administrator at [info@nationwideselfstorage.ca](mailto:info@nationwideselfstorage.ca).

**Express Auto Wash Facility**

The auto wash will be located on the ground level of the storage facility with 3-5 stories of storage units above. The wash component is expected to be an approximately 80-foot exterior detail hybrid tunnel touch auto wash system. The car wash will have approximately 10 automated application stations that will be capable of washing, waxing, sealing, tire shining and drying up to 90 cars per hour. Users will be able to select many levels of wash options such as the Bronze level wash offering a complete wash and dry, the Silver level wash offering Bronze plus triple foam polish and clear coat, the Gold level wash offering Silver plus tire shine, undercarriage wash and rust guard protectant and the Platinum level wash offering Gold plus lava foam and waterfall rinse. As well customers may select other extra add-ons such as Rain X and Armor All Extreme Shine for an additional charge. The wash level options will be available for purchase through automated touch screen drive-through kiosks and prices will range from as low as \$7.95 to over \$25.00 per wash.

The facility will also provide approximately 10 vacuum stations and a customer storefront to sell car detailing products and cleaners along with moving, packing and storage supplies. See Item 2, “Business of NationWide II Self Storage & Auto Wash Trust” for further details, or request a copy of the Feasibility Report prepared in respect of the proposed car wash facility at the Development Property by email from the Administrator at [info@nationwideselfstorage.ca](mailto:info@nationwideselfstorage.ca).

Preferential & Special Distributions:

**Preferential Distributions**

Participating Preferred Trust Units are entitled to receive monthly preferential cash distributions (“**Preferential Distributions**”) targeting a preferred base return of: (a) 7.425% for investors that purchase Participating Preferred Trust Units at a price of \$100; (b) 7.071% for investors that purchase Participating Preferred Trust Units at a price of \$105; (c) 6.75% for investors that purchase Participating Preferred Trust Units at a price of \$110; and (d) 6.456% for investors that purchase Participating Preferred Trust Units at a price of \$115. The Preferred Distribution, if any, will be paid to Holders on or about the last Business Day of each month. If the target preferred base return is paid to investors in a calendar year, investors will thereafter be entitled to up to 70% of all incremental cash distributions over and above the preferred base return in that year, with the remaining portion of the cash distributions in that year payable to the General Partner pursuant to the Performance Bonus. See Item 2.5, “Material Agreements – (a) The Partnership Agreement – Compensation of the General Partner”. The Administrator anticipates that distributions will commence approximately 15-30 months from the date of the final Closing of the offering of Participating Preferred Trust Units by the Trust. Cash distributions will be paid to holders of Participating Preferred Trust Units in priority to payments to the General Partner pursuant to the Performance Bonus.

In addition, once Unitholders have received a cumulative 7.425%, 7.071%, 6.75% or 6.456% annualized (but not compounded) return over the life of their investment in Participating Preferred Trust Units, based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, the Performance Bonus will entitle the General Partner to a share of all and Partnership assets on dissolution.

#### **Special Distributions**

In addition to the foregoing, the Trust may make such other distributions (“**Special Distributions**”) as the Trustees may determine from time to time. The Trustees intend to make Special Distributions, payable in cash or by the issuance of additional Participating Preferred Trust Units, in respect of the taxable income and net realized capital gains, if any, of the Trust in each fiscal year to the extent necessary to ensure that the Trust will not be liable for tax under Part I of the Tax Act in such year.

#### Redemption:

The Participating Preferred Trust Units rank in priority to the General Partner’s entitlement to the Performance Bonus with respect to the payment of proceeds from the dissolution, liquidation or winding up of the Trust.

Participating Preferred Trust Units may be surrendered for redemption at any time and will be satisfied on the last day of the quarter in which the redemption request has been received (a “**Valuation Date**”).

Participating Preferred Trust Units surrendered for redemption by a Holder at least twenty (20) Business Days prior to a Valuation Date will be redeemed on such Valuation Date and such holder will receive payment on or before the tenth Business Day following such Valuation Date. On a redemption, Holders will be entitled to receive a redemption price per share based on the fair market value of the Participating Preferred Trust Unit as determined by a third-party appraisal firm as of the relevant Valuation Date and approved by the independent Trustees. Holders of Participating Preferred Trust Units that redeem Participating Preferred Trust Units prior to January 1, 2022 will be subject to a 2% redemption discount from fair market value. Payment of the redemption price shall be in cash, provided that if the Participating Preferred Trust Units tendered for redemption in the same quarter exceeds an amount equal to 0.25% of the Gross Proceeds until January 1, 2022, and 0.625% of the Gross Proceeds thereafter, then the Trustees shall only be obligated to make cash payment to a maximum of such amount and the balance, subject to receipt of any applicable regulatory approvals, may be paid by the Trust, in the discretion of the Administrator, through the issuance of unsecured debt instruments maturing in not less than 5 years issued by the Trust and/or

through a distribution, *in specie*, of property of the Trust. See Item 4.1, “Capital – Details of the Declaration of Trust - Redemptions”.

Tax Consequences:

There are several important tax consequences to these securities.

1. Provided the Trust is a “mutual fund trust” as defined for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) at all relevant times, the Participating Preferred Trust Units will be qualified investments for Exempt Plans, which include RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs (as defined herein); and
2. The Trust intends to pay preferred cash distributions to Participating Preferred Trust Unitholders. To the extent that distributions payable by the Trust in a year exceed the Trust’s income for that year, the excess will be paid as a return of capital. Any such payment made as a return of capital to a Participating Preferred Trust Unitholder will generally not be subject to tax but will reduce the adjusted cost base of the Participating Preferred Trust Unitholder’s Participating Preferred Trust Units and may result in a capital gain to the extent (if any) that the adjusted cost base thereby becomes negative. Any such payment to a Participating Preferred Trust Unitholder out of the Trust’s income will generally be taxable as income in the Participating Preferred Trust Unitholder’s hands. Management expects that distributions payable by the Trust in a year will be paid partially out of income and partially as returns of capital.

See Item 6, “Income Tax Consequences and RRSP Eligibility”.

Proposed Closing Dates:

Closings will take place on such dates as the Administrator may determine.

Selling Agents:

Yes. The Trust may engage agents and finders to assist with effecting sales of Participating Preferred Trust Units, and pay fees and other compensation in connection therewith. See Item 7, “Compensation Paid to Sellers and Finders”.

**Payment Methods and Subscription Form Delivery Instructions**

**Subscription Documents and Cheques and Bank Drafts:** All original subscription documents and cheques and bank drafts must be delivered directly to the Administrator or through an Agent or investment dealer for delivery to the Administrator at the address provided below (electronic forms and payments may be submitted in accordance with the instructions of your dealer):

<b>Payment Methods</b>	
A. Funds can be transferred via FundSERV from your brokerage account at a securities dealer	Instruct your broker to purchase applicable Participating Preferred Trust Units: For Class A Participating Preferred Trust Units the FundSERV Code is CDO NW021 For Class F Participating Preferred Trust Units the FundSERV Code is CDO NW022
B. Cheque or bank draft	<b>Payable to:</b> NationWide II Self Storage & Auto Wash Trust  <b>Couriered to:</b> NationWide II Self Storage & Auto Wash Trust Attention: Subscription Processing Department P.O. Box 10357, Suite 808, 609 Granville St Vancouver, BC V7Y 1G5
C. Funds can be wire transferred from your bank account	Banking Institution: ScotiaBank Institution number: 002 Transit: 47696 Account: provided upon request to subscriptions@nationwideselfstorage.ca

**Questions can be sent to:**

NationWide II Self Storage & Auto Wash Trust  
Attention: Subscription Processing Department  
P.O. Box 10357, Suite 808, 609 Granville Street, Vancouver, British Columbia V7Y 1G5  
Tel: (604) 684-5750, Toll Free: 1 (866) 688-5750, Fax: (604) 684-5748  
subscriptions@nationwideselfstorage.ca

**Resale Restrictions:**

The Participating Preferred Trust Units are subject to restrictions on resale. There is no market for the Participating Preferred Trust Units and none is expected to develop, and therefore it may be difficult or impossible for you to sell them. You will be restricted from selling your securities for an indefinite period. See Item 10, “Resale Restrictions”.

**Purchaser’s Rights:**

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

**This is a speculative offering. While the Partnership has acquired the Development Property, there can be no assurance that sufficient funds will be raised pursuant to the Offering to develop the self-storage/car wash facility on the Development Property in the manner anticipated or at all. The purchase of Participating Preferred Trust Units involves significant risks. There is currently no market through which the Participating Preferred Trust Units may be sold and purchasers may not be able to resell the securities purchased under this Offering Memorandum. No market for the Participating Preferred Trust Units is expected to develop. The Participating Preferred Trust Units are only transferable in exceptional circumstances, and never to non-residents of Canada. An investment is appropriate only for Subscribers who have the capacity to absorb the loss of some or all of their investment. There is no guarantee that an investment in the Trust will earn a specified**

**rate of return in the short or long term. Participating Preferred Trust Unitholders must rely on the discretion and knowledge of the Administrator in respect of the successful development of investment opportunities. Federal, provincial or territorial income tax legislation may be amended, or its interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Participating Preferred Trust Units. Other risk factors associated with an investment in the Trust include the Administrator having only nominal assets. Prospective Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of their investment. An investment in Participating Preferred Trust Units is subject to a number of additional risks. See Item 8, “Risk Factors”.**

**Incorporation by Reference of Certain Marketing Materials:**

Any “**OM marketing materials**” (as that term is defined below) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective Subscriber before the termination of the distribution is, and is deemed to be, incorporated by reference into this Offering Memorandum. Notwithstanding the foregoing, OM marketing materials incorporated by reference as described above are no longer incorporated by reference, and no longer form part of this Offering Memorandum, to the extent to which such materials have been superseded by a statement or statements contained in (i) an amendment to the Offering Memorandum, or an amended and restated Offering Memorandum, or (ii) subsequent OM marketing materials delivered to or made reasonably available to a prospective Subscriber.

“**OM marketing materials**” means a written communication, other than an OM standard term sheet (as that term is defined in NI 45-106), intended for prospective purchasers regarding this distribution of Participating Preferred Trust Units under this Offering Memorandum that contains material facts relating to the Trust, the Participating Preferred Trust Units and this Offering.



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## FORWARD LOOKING STATEMENTS

Certain statements in this Offering Memorandum as they relate to the Trust and the Administrator are “forward-looking statements”. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “does not expect”, “is expected”, “anticipates”, “does not anticipate”, “plans”, “estimates”, “believes”, “does not believe” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or achieved), are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements are based on expectations, estimates and projections at the time the statements are made. The Administrator believes these expectations, estimates and projections are reasonable and conservative based on management of the Administrator’s past experience. However, forward looking statements based on such expectations, estimates and projections involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the fact that:

- (a) an investment in Participating Preferred Trust Units is not guaranteed to earn a specified or any rate of return;
- (b) the Administrator has limited prior experience in managing a trust;
- (c) there is no market for the Participating Preferred Trust Units and none is expected to develop;
- (d) the Trust may not be able to successfully develop and/or operate a self-storage/car wash facility on the Development Property;
- (e) fees and expenses payable by the Trust may decrease the assets available for investment by the Trust;
- (f) there may be defects in title to or other ownership disputes with respect to the Trust’s assets; and
- (g) the Trust competes with other entities in the self-storage and car wash industries, many of whom are larger, which may decrease the investment opportunities available to the Trust. See Item 8, “Risk Factors”.

Forward-looking information is based (in whole or in part) upon factors that, if not as expected, may cause actual results, performance or achievements of the Partnership, and, consequently, those of the Trust, to differ materially from those contemplated or predicted (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Trust including information obtained from third-party industry analysts and other third-party sources. While we do not know what impact any of those differences may have, our business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results, performance, achievements or outcomes to differ materially from those expressed or implied by forward-looking information include, among other things, risks associated with:

- any inability to complete the development of the Development Property as anticipated or at all;
- the inability of the Trust to achieve the maximum Offering or otherwise arrange sufficient financing;
- the timing and extent of revenues generated by the Partnership’s self-storage and/or car wash operations;
- tax consequences to acquiring, holding and disposing of Participating Preferred Trust Units;
- legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates; and
- impeding or adversely affecting, directly or indirectly, in whole or in part, the Partnership’s ability to successfully construct and develop, operate, use, sell, or generate a profit from, the Investment.

We caution you that the above lists of material assumptions and risk factors are not exhaustive. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Offering Memorandum, and neither the Trust nor the Administrator undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable laws. The foregoing statements expressly qualify any forward-looking information contained in this Offering Memorandum.

#### **MARKET AND INDUSTRY DATA**

Unless otherwise indicated, the market and industry data contained in this Offering Memorandum is based upon information from independent industry and government publications. While the Administrator believes this data to be reliable, market and industry data is subject to variation and cannot be verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Neither the Trust nor the Administrator has independently verified the accuracy or completeness of such information contained herein.

## GLOSSARY

The following terms used in this Offering Memorandum have the meanings set out below:

“**Administrator**” means NationWide II Self Storage & Auto Wash Management Corp.

“**Affiliate**” has the meaning ascribed to that term in the *Securities Act* (Ontario).

“**Agents**” means, collectively, persons who introduce the Trust to potential subscribers of Participating Preferred Trust Units pursuant to the Offering in accordance with applicable securities laws.

“**Agents’ fees**” means the fees payable to Agents. See Item 7, “Compensation Paid to Sellers and Finders”.

“**arm’s length**” has the meaning ascribed to that term in the Tax Act.

“**Asset Value**” means the aggregate value of the assets of the Partnership as reported in the most recently prepared audited annual financial statements of the Trust or the Partnership, provided, however, that if any portion of the Partnership’s assets have been appraised after the date of the most recent financial statements by an independent Qualified Appraiser, the General Partner will be entitled to rely on the assessed value of the Partnership’s assets according to such appraisal in its determination of Asset Value, provided that such Asset Value is approved by all of the independent directors of the General Partner.

“**Business Day**” means a day, other than a Saturday, Sunday or holiday, when banks in the City of Vancouver, British Columbia are generally open for the transaction of banking business.

“**Capital Contribution**” in respect of a Limited Partner means the aggregate of all amounts of cash contributed to the capital of the Partnership by the Limited Partner for the issuance of LP Units.

“**Class**” means either of the two classes of Participating Preferred Trust Units, and “**Classes**” means both of them.

“**Class A Participating Preferred Trust Unit**” means a Participating Preferred Trust Unit of the Trust with an undivided interest in the Investments attributable to the Class A Participating Preferred Trust Units entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust.

“**Class F Participating Preferred Trust Unit**” means a Participating Preferred Trust Unit of the Trust with an undivided interest in the Investments attributable to the Class F Participating Preferred Trust Units entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust.

“**Closing**” means the completion of the purchase and sale of any Participating Preferred Trust Units.

“**Closing Date**” means the date of a Closing.

“**CRA**” means Canada Revenue Agency.

“**Declaration of Trust**” means the amended and restated declaration of trust dated as of July 15, 2018 among the Trustees, the Administrator, the Initial Participating Preferred Trust Unitholder, and each person who becomes a Participating Preferred Trust Unitholder thereafter together with all amendments, supplements, restatements and replacements thereof from time to time.

“**Development Property**” means the property located at 2055 Boundary Road, Vancouver, British Columbia, as further described in Item 2.2 “– Our Business – Development Property”.

“**Distributable Cash**” of the Trust at any particular time means: (i) the amount of Cash held by the Trust at that time less any amounts that in the opinion of the Administrator, acting reasonably and in good faith, are required in order to finance the Trust’s business and operations and meet its obligations; and (ii) at the time of dissolution of the Trust, shall include the value of any assets of the Trust required to be distributed *in specie*.

**“Distribution Period”** means the twelve-month period ending December 31 in each calendar year, or such other periods as may be determined from time to time by the Trustees or the Administrator.

**“Distribution Record Date”** means the last Business Day in a Distribution Period or such other date as may be determined from time to time by the Trustees or the Administrator.

**“Distributions”** means all amounts paid or securities or other property of the Trust distributed to a Participating Preferred Trust Unitholder in respect of such Participating Preferred Trust Unitholder’s interest or entitlement in the Trust in accordance with the provisions of the Declaration of Trust.

**“Exempt Plan”** means any registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan (“DPSP”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”), all as defined in the Tax Act.

**“Expense Assumption Agreement”** means the expense assumption agreement to be dated on or before the initial Closing Date between the Trust and the Partnership, as amended, supplemented or amended and restated from time to time.

**“Extraordinary Resolution”** in respect of the Trust and the Partnership means a resolution passed by more than two-thirds of the votes cast, either in person or by proxy, at a duly convened meeting of the Participating Preferred Trust Unitholders of a Class (in the case of the Trust) or of the Limited Partners (in the case of the Partnership) to approve any item required by the Declaration of Trust or Limited Partnership Agreement, as applicable, or, alternatively, in the case of the Trust a written resolution signed by Participating Preferred Trust Unitholders holding more than two-thirds of the Participating Preferred Trust Units of the Class outstanding and in the case of the Partnership Limited Partners holding more than two-thirds of the LP Units outstanding, and in each case entitled to vote on such resolution at a meeting.

**“fair market value”** has the meaning assigned to that term in Item 5.1, “Terms of Securities – Liquidity”.

**“Financial Institution”** means a financial institution as defined in subsection 142.2(1) of the Tax Act.

**“General Partner”** means the general partner appointed pursuant to the Partnership Agreement. Currently, NationWide II Self Storage & Auto Wash Management Corp. has been appointed as the General Partner.

**“General Partner’s Fee”** means the fee which the General Partner will receive from the Partnership pursuant to the Partnership Agreement during the period commencing on the Closing Date and ending on the date of the dissolution of the Trust, equal to 1/12<sup>th</sup> of 2.0% of the Partnership’s then-current Asset Value of the Partnership for each month of service, plus GST if applicable, calculated and paid monthly in arrears.

**“Gross Proceeds”** means, in respect of the sale of a Participating Preferred Trust Unit pursuant to the Offering, \$100.00, \$105.00, \$110.00 or \$115.00, as applicable.

**“High Quality Money Market Instruments”** means money market instruments which are accorded the highest rating category by Standard & Poor’s, a division of The McGraw-Hill Companies (A-1) or by DBRS Limited (R-1(high)), banker’s acceptances and government guaranteed obligations all with a term of one year or less, and interest-bearing deposits with Canadian banks, trust companies or other like institutions in the business of providing commercial loans, operating loans or lines of credit to companies.

**“Income”** and **“Loss”** mean, in respect of any period, the income or loss of the Trust or the Partnership, as applicable, in respect of such period, determined in accordance with accounting principles then in effect.

**“Initial Participating Preferred Trust Unitholder”** means CADO Bancorp Ltd.

**“Investments”** means the Partnership’s assets, consisting of direct and indirect interests in self storage facilities (and potentially related ancillary businesses). Currently, the Administrator anticipates the Partnership’s sole Investment will be a combined self storage/car wash facility located on the Development Property, but may include other self

storage and or combination self storage/car wash development projects (including developable land), all as further described under Item 2, “Business of NationWide II Self Storage & Auto Wash Trust”.

“**Limited Partners**” means the holders of LP Units from time to time.

“**Liquidity Event**” means a transaction that the Administrator may propose for the approval of the Participating Preferred Trust Unitholders in order to provide liquidity, which could include a sale of the LP Units or the Investments for cash, publicly-traded securities or a combination of cash and such securities.

“**LP Distributable Cash**” of the Partnership at any particular time means: (i) the amount of cash held by the Partnership at that time, less all amounts that in the opinion of the General Partner, acting reasonably and in good faith, are required in order to finance the Partnership’s business and operations (including the acquisition of Investments) and meet its obligations (including the payment of fees to the General Partner pursuant to the Partnership Agreement); and (ii) at the time of dissolution of the Partnership, shall include the value of any assets of the Partnership required to be distributed *in specie*.

“**LP Units**” means the limited partnership units of the Partnership.

“**Manager**” means StorageVault Management Services, a division of StorageVault Canada Inc.

“**Net Asset Value**” means the Asset Value less the aggregate value of the Partnership's liabilities (other than any liabilities owing to the Trust) as reported in the most recently prepared financial statements of the Trust or the Partnership.

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

“**Offering**” means the offering of Participating Preferred Trust Units by the Trust pursuant to this Offering Memorandum.

“**Operating Reserve**” means the funds set aside by the Trust from the Gross Proceeds to pay the ongoing operating and administrative costs of the Trust. See Item 1.1, “Funds”.

“**Ordinary Resolution**” means in respect of the Trust and the Partnership a resolution passed by more than 50% of the votes cast, either in person or by proxy, at a duly convened meeting of the Participating Preferred Trust Unitholders of a Class (in the case of the Trust) or of the Limited Partners (in the case of the Partnership) to approve any item required by the Declaration of Trust or Limited Partnership Agreement, as applicable, or, alternatively, in the case of the Trust a written resolution signed by Participating Preferred Trust Unitholders holding more than 50% of the Participating Preferred Trust Units of the Class outstanding and in the case of the Partnership Limited Partners holding more than 50% of the LP Units outstanding, and in each case entitled to vote on such resolution at a meeting.

“**Over-Subscription Option**” means the discretion of the Administrator to accept subscriptions for Participating Preferred Trust Units at each of the issue prices of \$100, \$105, \$110 and \$115, as applicable, even though the tranche number of Participating Preferred Trust Units (30,000, 57,143, 45,455 and/or 21,739 Participating Preferred Trust Units, as applicable) to be issued at a relevant price has been exceeded, in circumstances where subscriptions have previously been completed by subscribers or submitted but were not processed prior to the relevant tranche being exceeded. The Over-Subscription Option is exercisable in whole or in part, and the number of additional Participating Preferred Trust Units that may be issued at each price will not exceed 35% of the total number of Participating Preferred Trust Units intended to be issued at the relevant price (i.e., up to 10,500, 20,000, 15,909 and 7,609 additional Participating Preferred Trust Units may be issued at \$100, \$105, \$110 and \$115, respectively). If the Over-Subscription Option is exercised in full, a total of 208,355 Participating Preferred Trust Units would be issued and the Gross Proceeds of the Offering would be \$22,275,000.

“**Participating Preferred Trust Unitholder**” or “**Holder**” means each person who holds one or more Participating Preferred Trust Units from time to time.

“**Participating Preferred Trust Units**” means the Class A Participating Preferred Trust Units and the Class F Participating Preferred Trust Units.

**“Partnership”** means NationWide II Self Storage & Auto Wash Limited Partnership.

**“Partnership Agreement”** means the amended and restated limited partnership agreement governing the Partnership and dated July 15, 2018 among NationWide II Self Storage & Auto Wash Management Corp., as general partner, NationWide II Self Storage & Auto Wash Trust, as the founding limited partner, and such other persons who become Limited Partners in accordance with the terms of such agreement, as the same may be amended, supplemented or amended and restated from time to time.

**“Performance Bonus”** means the General Partner’s entitlement to receive from the Partnership (a) once Participating Preferred Trust Unitholders have received a 7.425%, 7.071%, 6.75% or 6.456% return based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, on their investment in Participating Preferred Trust Units in any calendar year commencing December 31, a share of any further LP Distributable Cash distributed in respect of the remainder of that calendar year equal to the LP Distributable Cash being distributed multiplied by the Performance Bonus Formula calculated at the time of distribution, and/or (b) once Participating Preferred Trust Unitholders have received a cumulative 7.425%, 7.071%, 6.75% or 6.456% annualized (but not compounded) return, based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, over the life of their investment in Participating Preferred Trust Units, a share of all assets of the Partnership distributable in connection with the dissolution or winding up of the Partnership or the sale of all or substantially all of its assets or similar transaction (collectively for the purposes of this definition, the **“Assets”**) equal to the total value of the Assets multiplied by the Performance Bonus Formula calculated at such time.

**“Performance Bonus Formula”** means at any particular time the percentage amount derived from the following formula:  $1 - (a \times (0.70/b))$ , where a = the number of Participating Preferred Trust Units then outstanding, and b = the total number of Participating Preferred Trust Units issued pursuant to the Offering.

**“Professional Association”** means an organization of real property appraisers with its head office in Canada that: (a) is generally accepted within the Canadian real property appraisal community as a reputable association; (b) admits individuals on the basis of their academic qualifications, experience, and ethical fitness; (c) requires compliance with professional standards of competence and ethics established or endorsed by the organization; (d) requires or encourages continuing professional development; and (e) has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides.

**“Promoter”** means the Administrator.

**“Qualified Appraiser”** means an individual who regularly performs appraisals on real property for compensation; is a member of a Professional Association holding the appropriate designation, certification, charter, or license to act as an appraiser for such property; and is in good standing with the Professional Association.

**“Redemption Notes”** means promissory notes issued in series, or otherwise, by the Trust pursuant to a note indenture or otherwise and issued to a redeeming Unitholder as described in Item 4.1, “Capital - Summary of the Declaration of Trust - Redemptions” and having the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance, based on the advice of an independent financial advisor, by the Administrator and payable annually in arrears (with interest after as well as before maturity, default and judgement, 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 Trust pursuant to the note indenture with holders of senior indebtedness;
- (c) subject to earlier prepayment, being due and payable on the fifth anniversary of the date of issuance; and
- (d) subject to such other standard terms and conditions as would be included in a note indenture for promissory notes of this kind, as may be approved by the Administrator.

“**Recordkeeper**” means the recordkeeper of the Trust appointed by the Administrator to keep track of the owners of Participating Preferred Trust Units and process purchase and redemption orders, the recordkeeper being Investment Administration Solutions Inc.

“**Sky Locker**” means a storage locker located above a main ground level storage locker, accessible by a ladder.

“**Subscriber**” means a person who subscribes for Participating Preferred Trust Units.

“**Subscription Agreement**” means the subscription agreement to be completed by all subscribers for Participating Preferred Trust Units pursuant to the Offering, in the form prescribed by the Administrator.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Tax Income**” and “**Tax Loss**” mean, in respect of any period, the income or loss of the Trust or the Partnership, as applicable, determined in accordance with the Tax Act.

“**Termination Date**” means December 31, 2024, unless the Trust’s operations are continued in accordance with the Declaration of Trust. See Item 4.1, “Details of the Declaration of Trust – Term of the Trust and Distribution on Wind-Up”.

“**Trust**” means NationWide II Self Storage & Auto Wash Trust.

“**Trust Property**” at any time, means all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustees on behalf of the Trust, including the LP Units.

“**\$**” means Canadian dollars.



## Item 1 USE OF AVAILABLE FUNDS

### 1.1 Funds.

The Gross Proceeds will be \$16,500,000 if the maximum Offering is completed (prior to the exercise of the Over-Subscription Option, if applicable). The following table sets out the funds that will be available for investment in connection with the maximum Offering.

	<b>Maximum Offering<sup>(4)</sup></b>
Gross Proceeds to the Trust:	\$16,500,000
Agents' fees <sup>(1)</sup> .....	\$(1,320,000)
Estimated offering expenses <sup>(1)(2)</sup> .....	\$(880,000)
Operating Reserve .....	\$(825,000)
Available Funds <sup>(1)</sup> .....	<u>\$13,475,000</u>
Additional Sources of Funding Required <sup>(3)</sup> ...	\$3,767,000
Current Working Capital (or Working Capital Deficiency) as at July 30, 2018 .....	\$250,000
Total <sup>(1)</sup> .....	<u>\$17,492,000</u>

- (1) While the Trust will incur expenses in connection with the Offering, including paying Agents' fees to Agents or, where permitted, non-registrants of up to 8.0% of the subscription proceeds obtained by such persons or from subscribers for Class A Participating Preferred Trust Units introduced to the Trust by such persons, the Partnership has agreed to either directly pay, or reimburse, the Trust for all costs and expenses to be incurred by the Trust in connection with obtaining financing for investment in the Partnership. See Item 2.7, "Material Agreements - The Expense Assumption Agreement". Accordingly, unless otherwise agreed between the Trust and the Partnership, the Trust will not directly bear the cost of the Agents' fees or other expenses of the Offering, including marketing, wholesalers' commissions and due diligence fees (but will do so indirectly through its investment in the Partnership). See Item 7, "Compensation Paid to Sellers and Finders".
- (2) Assumes only Class A Participating Preferred Trust Units are sold. Expenses of the Offering include, but are not limited to, legal, accounting and audit, travel, marketing and sales expenses. If only Class F Participating Preferred Trust Units were sold, the Available Funds and Total would be \$14,795,000 and \$18,812,000, respectively, in the case of the maximum Offering of Participating Preferred Trust Units.
- (3) Represents the additional amount required to fund the anticipated costs to complete the proposed facility at the Development Property, expected to be financed with debt. See "Use of Available Funds" below. The Trust and/or the Partnership may also issue additional Participating Preferred Trust Units and borrow funds (subject to a maximum 0.80 to 1 debt to equity ratio (based on the appraised value of the property(ies))) in the course of their business activities.
- (4) Assumes no Participating Preferred Trust Units are issued pursuant to the exercise of the Over-Subscription Option or otherwise. If the Over-Subscription Option were exercised in full, a total of 33,750, 64,286, 61,364 and 29,348 Participating Preferred Trust Units would be issued at \$100, \$105, \$110 and \$115, respectively, for a total of 208,355 Participating Preferred Trust Units, and the Gross Proceeds and Available Funds would be \$20,250,000 and \$16,817,500, respectively.

### 1.2 Use of Available Funds.

The Trust will invest all the Gross Proceeds in the Partnership by acquiring up to 154,337 LP Units (or up to 208,355 LP Units if the Over-Subscription Option is exercised) at prices equal to the proceeds from the sale of the Participating Preferred Trust Units. The Partnership will in turn use these funds to finance its business operations, including developing the Investments, and to satisfy its obligations under the Expense Assumption Agreement. See Item 2, "Business of NationWide II Self Storage & Auto Wash Trust".

For illustrative purposes, the following table sets out the Administrators expectations of the acquisition and development costs of the combination self-storage/car wash facility at the Development Property (which is the only identified Investment as at the date of this Offering Memorandum):

Acquisition of land and development of the self storage portion of the facility	\$25,465,000
Acquisition of land and development of the car wash portion of the facility	<u>\$4,350,000</u>
<b>Total Capital Requirement</b>	<b>\$29,815,000<sup>(1)</sup></b>

- (1) If the maximum Offering is completed, the Trust will have raised a total of \$29,647,951 from sales of Participating Preferred Trust Units. After expected issue costs, the total amount of funds available to acquire the land and develop the facility at the Development Property is expected to be \$26,048,000, leaving a shortfall of \$3,767,000. This shortfall is expected to be funded through debt.

To date the Trust has raised aggregate gross proceeds of \$13,147,951 pursuant to the sale of Participating Preferred Trust Units. The purchase of the Development Property was completed on June 19, 2018. The purchase price of \$12,845,100 was paid using a combination of proceeds from sales of Participating Preferred Trust Units and \$1,750,000 in debt borrowed from the Initial Participating Preferred Trust Unitholder, bearing interest at a rate of 5.85% per annum. Additional amounts raised pursuant to the Offering will be used to (a) repay the \$1,750,000 loan plus accrued interest at 5.85% per annum that was borrowed to complete the purchase of the Development Property, and (b) develop the combined self storage/auto wash facility on the Development Property. More specifically, the Administrator expects the proceeds raised from the Offering will be used as follows:

- (a) the first tranche amount of \$3,000,000 will be used to repay the \$1,750,000 loan from the Initial Participating Preferred Trust Unitholder referred to above, and to pay for architectural, design, engineering and other third party consultants, including City of Vancouver Development Cost Charges (“DCC’s”) and Development Cost Levies (“DCL’s”) and initial project management expenses;
- (b) the next \$6,000,000 will be used to pay for initial construction financing and ongoing project management expenses, and for various City of Vancouver permitting costs including development and building permits;
- (c) the next \$5,000,000 will be used to pay for the auto wash equipment and the installation of the self-storage lockers, signage, landscaping and to purchase other required equipment including office equipment; and
- (d) the last \$2,500,000 will be used to pay final construction costs including utilities hook-ups, parking, surveillance, contractor holdbacks, as well as providing for a working capital reserve.

In the case of the maximum Offering, the difference between the total project development costs and the Available Funds would be funded, if necessary, through the use of borrowing. If less than the maximum Offering is completed, then the Partnership would use the proceeds plus borrowings to repay the \$1,750,000 owing to the related party and finance the development of the facility.

The Gross Proceeds from the issue of the Participating Preferred Trust Units will be paid to the Trust at Closing and deposited in its bank account and managed on behalf of the Trust by the Administrator. Pending the investment of the Gross Proceeds in LP Units, all such funds will be invested in High Quality Money Market Instruments. Interest earned by the Trust from time to time will accrue to the benefit of the Trust.

The Trust will hold Participating Preferred Trust Unit subscription proceeds received from Subscribers prior to the Closing until the Closing conditions of the Offering have been satisfied.

### **1.3 Reallocation.**

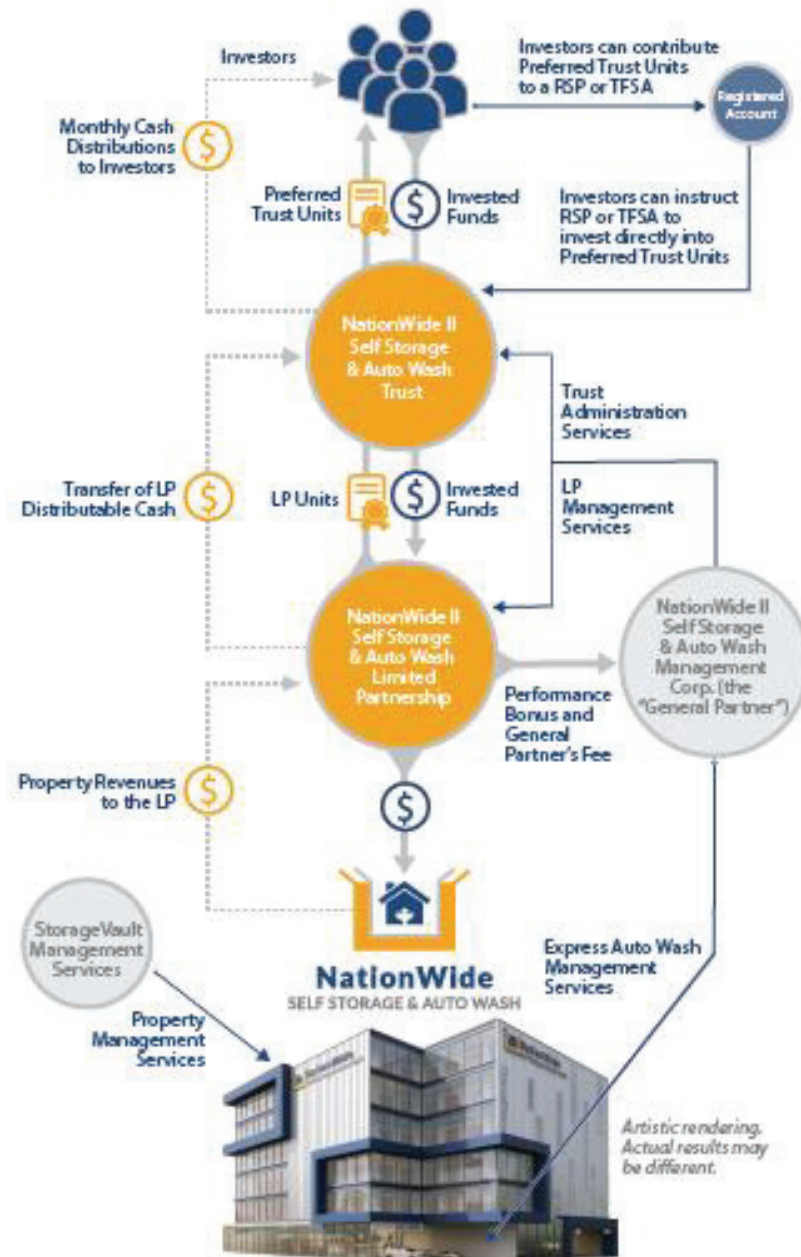
We intend to spend the available funds as stated above. We will reallocate funds only for sound business reasons.

The exact use of available funds may vary dependent upon several factors including the timing of raising the equity and or any required debt and the timing of any payments required for the Development Property including auto wash components and self storage lockers and other ancillary equipment or potentially the available of other development properties. As well, the funds may be reallocated based on any terms or condition imposed by any lenders or municipalities (such as a requirement for commercial retail clients on the main level or a certain percentage of floor space designated as office facilities). Any reallocation of funds other than for the purpose of acquiring, developing and constructing self storage and/or combination self storage/car wash facilities and potentially related ancillary businesses will require the approval of Participating Preferred Trust Units by Ordinary Resolution.

**Item 2 BUSINESS OF NATIONWIDE II SELF STORAGE & AUTO WASH TRUST**

**2.1 Structure.**

The Trust has been formed for the purpose of indirectly investing in the acquisition, development and management of Investments. Currently, the Administrator expects the sole Investment will be a combination self storage/car wash facility in Vancouver, British Columbia, although it may acquire and/or develop additional Investments in the future. It intends to do so by raising capital and investing that capital in LP Units issued by the Partnership, which will in turn use those funds to carry on the business of acquiring, developing and operating the combined self storage/car wash facility at the Development Property, as further described under Item 2, “Business of NationWide Self Storage & Auto Wash Trust”. The following diagram shows the relationship between the Participating Preferred Trust Unitholders, the Trust and the Partnership and the anticipated flow of funds. This diagram is provided for illustrative purposes, is intentionally non-technical in nature and is qualified in its entirety by the detailed information found elsewhere in this Offering Memorandum.



**(a) The Trust**

The Trust was formed under the laws of the Province of British Columbia on May 1, 2017 under the name “NationWide II Self Storage Trust” pursuant to the Declaration of Trust. The Declaration of Trust was amended and restated on July 15, 2018 to, among other things, change the name of the Trust to “NationWide II Self Storage & Auto Wash Trust”. Certain provisions of the Declaration of Trust are summarized in this Offering Memorandum. See Item 4.1, “Capital Structure”.

The Trust has been established to invest the Gross Proceeds generated from the sale of its Participating Preferred Trust Units in LP Units issued by the Partnership. See “- The Partnership” below.

The investment objective of the Trust is to provide Holders of Participating Preferred Trust Units with:

1. three components to the investment return:
  - (a) an annualized preferred base target return of 7.425%, 7.071%, 6.75% or 6.456% based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively;
  - (b) up to 70% participation in returns exceeding the 8% preferred base target return – paid monthly in arrears; and
  - (c) capital appreciation on the disposition of the Development Property;
2. tax advantaged target monthly income distributions, as a portion of the distributions will be taxed as a return of capital;
3. a source of cash flow in various economic environments; and
4. an investment backed by urban industrial real estate through the Trust’s ownership of the Partnership.

**As noted above, the annualized preferred base return target is 7.425% for investors that purchase Participating Preferred Trust Units at a price of \$100. For investors that purchase Participating Preferred Trust Units at prices of \$105, \$110 and \$115 the annualized preferred base return target is equal to approximately 7.071%, 6.75% or 6.456%, respectively. After the preferred base return is paid to investors, investors will thereafter be entitled to up to 70% of all incremental cash distributions over and above the preferred base return in that year.**

The Trust has two classes of Participating Preferred Trust Units – the Class A Participating Preferred Trust Units and the Class F Participating Preferred Trust Units. The Class A and Class F Participating Preferred Trust Units are identical to each other, except the selling expenses applicable to each Class. See Item 7, “Compensation Paid to Sellers and Finders”.

The Trust is not considered a mutual fund under applicable Canadian securities legislation.

The registered office of the Trust is 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. The head office of the Trust is Suite 808 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G5.

**(b) The Partnership**

The Partnership was formed under the laws of the Province of British Columbia under the name “NationWide II Self Storage Limited Partnership” pursuant to the Partnership Agreement, and became a limited partnership effective May 2, 2017, the date of filing of its Certificate of Limited Partnership. The Partnership Agreement was amended and restated on July 15, 2018 to, among other things, change the name of the Limited Partnership to “NationWide II Self Storage & Auto Wash Limited Partnership”. Certain provisions of the Partnership Agreement are summarized in this Offering Memorandum. See Item 2.5, “Material Agreements – (a) The Partnership Agreement”.

The Partnership has been established to carry on a combined self storage/car wash business by investing in the acquisition, development and management of a self storage/car wash facility at the Development Property. The Partnership may invest in other Investments in the future. See Item 2.2, “Our Business”.

The registered office of the Partnership is 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. The head office of the Partnership is Suite 808 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G5.

**(c) The Administrator**

The Administrator was incorporated under the provisions of the *Canada Business Corporations Act* on April 28, 2017. The Administrator is a wholly owned subsidiary of CADO Bancorp Ltd. The registered office of the Administrator is 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. The head office of the Administrator is Suite 808 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G5.

During the existence of the Trust, the Administrator's sole business activity will be acting as administrator of the Trust and acting as general partner of the Partnership.

The Administrator has co-ordinated the formation, organization and registration of the Trust and the Partnership. The Administrator will: (i) act as general partner of the Partnership; (ii) be involved in selecting, negotiating and managing the Investments; (iii) work with the Agents in developing and implementing all aspects of the Trust's communications, marketing and distribution strategies; and (iv) manage the ongoing business and administrative affairs of the Trust and, in its capacity as General Partner of the Partnership, the Partnership.

The Administrator has exclusive authority, responsibility and obligation to administer, manage, conduct, control and operate the business and affairs of the Trust and has all power and authority, for and on behalf of and in the name of the Trust, to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary or appropriate for or incidental to carrying on the business of the Trust. The authority and power so vested in the Administrator is broad and includes all authority necessary or incidental to carry out the objects, purposes and business of the Trust. The Administrator may contract with any third party to carry out the duties of the Administrator under the Declaration of Trust and may delegate to such third party any power and authority of the Administrator under the Declaration of Trust where in the discretion of the Administrator it would be in the best interests of the Trust to do so, but no such contract or delegation will relieve the Administrator of any of its obligations under the Declaration of Trust.

In addition to the services provided by the Manager, the Administrator will engage third party consultants and service providers, including realtors, architects, engineers and specialist self storage industry experts, where the Administrator considers it appropriate to assist it with the evaluation of potential Investments and the development of Investments after their acquisition.

The Administrator will not co-mingle any of its own funds with those of the Trust.

**(d) The Manager**

The Administrator, on behalf of the Partnership, has engaged the Manager to manage the day to day operations of the self storage facilities acquired by the Partnership. The Manager is a division of StorageVault Canada Inc. (collectively, "StorageVault"). StorageVault has been in storage business for over 17 years and currently owns, controls and manages over 140 stores representing over 8 million square feet of space, making StorageVault Canada's largest self storage company.

Over the past decade the storage industry has experienced an evolution in technology, marketing, facility design and customer expectations. StorageVault is a market leader in the storage business and is widely viewed as one of the top operators in the country. Now more than ever, scale is critical in the storage industry with the internet requiring increased sophistication and significant investment. This allows large operators to take a disproportionate share of customers and StorageVault is in a great position to capitalize on this trend.

StorageVault's commitment is to operate their business with the best possible customer service, marketing, training and development and store design. With senior management having over 100 years of direct storage experience, their overall focus is to:

- Increase cash flow and profitability by utilizing expertise in operations and revenue management;



- Increase the value of assets to maximize the return on investment;
- Execute on the fundamentals of the business to improve customer service, closing percentages, economic occupancy and operational efficiency;
- Reduce overall costs through economies of scale;
- Minimize lease up time;
- Increase customer retention by implementing techniques designed to promote longer term rentals;
- Recruit, train and continuously develop the best team to work at the stores;
- Develop strong working relationships with local competitors; and
- Network and actively participate within local community to improve visibility.

The information provided above was provided to the Administrator by StorageVault.

## **2.2 Our Business.**

The business of the Trust is to indirectly invest in the acquisition, development and management of a combination self storage/car wash facility in Vancouver, British Columbia. The Trust will raise capital and invest the Gross Proceeds in LP Units issued by the Partnership, and the Partnership has used such funds raised to date to acquire the Development Property and will use the funds raised pursuant to this Offering to carry on the business of developing and operating the combined self storage/car wash facility on the Development Property, as further described below under “- The Targeted Development Property”. In addition, the Partnership may use the proceeds from the sale of Participating Preferred Trust Units to purchase and develop other Investments in the event the Administrator feels it would be in the best interests of holders of Participating Preferred Trust Units.

Once the combination self storage/car wash facility has been constructed on the Development Property, the self storage operation has reached stabilized occupancy levels and the car wash is operational and achieving positive cash flow, the General Partner currently intends to cause the Partnership to refinance the facility. The proceeds from such refinancing will be used for one of or a combination of the following purposes (in no order of priority):

- (a) provide liquidity to investors through the redemption or repurchase of Participating Preferred Trust Units;
- (b) pay cash distributions on Participating Preferred Trust Units; and/or
- (c) acquire other properties suitable for development into self storage or combination self storage/car wash facilities.

There can be no assurance any such refinancing will proceed.

A further discussion of the self storage and car wash industries, and the proposed facility to be constructed on the Development Property, is below.

### ***Self Storage Business - General***

Portions of the following information is derived from the August 15, 2018 feasibility study prepared by Canadian Self Storage Valuation Services Inc.

#### ***Industry Overview***

Self storage facilities are designed to provide customers with easily accessible and secure storage locker units for personal and business use on an economical basis. From both the customer and operator’s perspective, self storage facilities are simple to understand. Self storage facilities provide secure storage locker units of varying sizes on a rental basis to various types of customers including, residential customers, commercial businesses, military personnel, and college or university students. For residential customers, self storage units act as a secure extension of the home to store personal belongings such as household items, paperwork, vehicles and boats. For commercial businesses, self storage units may act as a storage extension unit for the business’ extra inventory or, in certain cases, the self storage operator may even act as a receiver for the business when items are delivered to the storage unit.



Modern self storage facilities generally consist of large industrial/office/warehouse-like facilities that inside, have identical rooms or locker units of varying sizes, and often, mobile storage containers for customers to safely store their belongings. Certain self storage facilities offer storage options for vehicles and boats, which often require the facilities to be climate controlled. The cost of providing climate-controlled facilities is usually passed on to the customer and available to the customer in heated and non-heated options. In addition, self storage facilities may offer outdoor parking lots for the secure storage of vehicles and boats however this is more typically associated with rural or suburban storage facilities rather than urban facilities.

Many self storage facilities rent storage space to customers on a monthly basis, while other facilities require customers sign leases for extended periods of time. This allows for flexibility for both tenants and operators because the operators can easily raise rents to boost revenues and evict tenants that are not profitable to the facility, while tenants can limit their rental periods. Self storage tenants tend to be less price-sensitive because the rent paid towards storage units comprises a relatively small percentage of their disposable income. Colliers International Property Consultants, Inc. (“Colliers”), a commercial real estate agency, indicates that it is rare for self storage tenants to compare their rental rates to others, thus allowing the storage facility operators to increase rents individually (See “Investing in Self Storage: Why the Information is Bright” at <http://knowledge-leader.colliers.com/editor/investing-in-self-storage-why-the-outlook-is-bright/>, accessed on January 8, 2018). In addition, overhead and management expenses for self storage facilities are relatively low. Such expenses include basic utilities and keeping the facilities well-lit with easy and secure access for 24 hours a day.

Self storage facilities provide an important service through the typical stages of life. Life stages including, attending college, first-time home buying, adult children leaving the nest, and death, each bring with it a need of additional space to store extra belongings. Based on these typical stages of life, there is a constant demand from the community for self storage options and facilities. In addition, both strong and weak economic times benefit the self storage industry. For example, in weak economic times, many people downsize from large expensive homes and adult children may return to live with parents to save money; this moving activity equates to excessive accumulation of items and a need for storage space. In contrast, in strong economic times, the overall population has more disposable income to spend on goods and durables, which also requires sufficient space for storage.

#### *Canadian Market Overview*

The self storage market has remained a relatively small component of the overall real estate investment market, but its revenue generating abilities and returns are significant. Data generated in 2015 by the US-based Self Storage Association (the “SSA”) (See [http://www.selfstorage.org/LinkClick.aspx?fileticket=fJYAow6\\_AU0%3D&portalid=0](http://www.selfstorage.org/LinkClick.aspx?fileticket=fJYAow6_AU0%3D&portalid=0), accessed on January 8, 2018) reveals that the self storage industry in the US generated revenues of US\$27.2 billion in 2014. According to the SSA, the US market currently has approximately 25 million storage locker units, which translates to 0.078 lockers per capita. In contrast, the Canadian self storage market is comparatively in an infancy stage and industry experts expect the market in Canada to match the US market based on the number of lockers and square footage per capita. According to the SSA, there are currently 3,000 self storage facilities in Canada, and based on estimations of the numbers of storage locker units per facility in the US, this would equate to 1.64 million locker units currently in Canada. In order for Canada to reach an equivalent market size as the US, the self storage locker unit supply in Canada would have to increase an estimated 1.14 million units to 2.78 million storage locker units. This shortfall of available locker units in Canada illustrates the potential there is for growth in the Canadian market.

#### *British Columbia Market Opportunity*

The demand for self storage facilities in British Columbia is pronounced due to the consistent rise in real estate prices. The November 2015 housing forecast from the British Columbia Real Estate Association (the “BCREA”) indicates that the province of British Columbia is on track to surpass residential sales of 100,000 units in 2015, the third strongest year in sales since 2007, and that housing sales have jumped nearly 20% in 2015 from the previous year (see “Fourth Quarter – November 2015 Housing Forecast published by the BCREA). During this same period, 2015 residential home prices have increased by 10.2% from the previous year. With the rapid rise in home prices, homeowners have been attracted by the appreciation in value of their homes and in turn, many have chosen to sell their homes in order to downsize from detached homes into condominiums or rental space. When transitioning from a larger to a smaller home, dislocated homeowners must find a place for their personal belongings. Personal items generally hold a

sentimental value and therefore, there may be a reluctance to sell personal items during a transition into a smaller home. This requirement of additional space provides an opportunity for the self storage business to grow.

NationWide will face competition from existing self storage facility providers in its target markets. For example, in an April 23, 2015 report prepared for the SSA, consultants identified the following significant self storage facility business then operating in the lower mainland of British Columbia:

<u>Portfolio Name</u>	<u># of Facilities</u>	<u>Estimated Square Feet of Space</u>
1. PUBLIC STORAGE	14	961,785
2. MAPLE LEAF	10	886,566
3. U-HAUL	11	585,690
4. SELF STORAGE DEPOT	6	382,270
5. ADVANCED STORAGE	4	302,897
6. STORAGE FOR YOUR LIFE	4	292,930
7. SENTINEL SELF STORAGE	3	179,370

In total, these seven operators held a total of 3,591,508 square feet of storage inventory, or approximately 55% of the lower mainland's total inventory of space.

The majority of the 3,000 self storage facilities in Canada are located in Ontario to serve the Greater Toronto Area residents. Approximately 24% of the facilities are located in British Columbia. Several self storage facilities are located in the interior of British Columbia and some facilities are operated by small, local operators. This landscape of the current self storage facilities located in British Columbia illustrates a fragmented market for self storage units in British Columbia. See the January 2014 issue of "Inside Self Storage – Trends in Canadian Self Storage 2014".

### ***Car Wash Business – General***

The information in this subsection is derived from the June 20, 2018 feasibility study prepared by Evans & Evans, Inc. discussed below.

#### *Industry Overview*

Rising Canadian per capita disposable income has fueled demand for discretionary consumer services like car washes. Further as the Canadian population becomes increasingly more affluent, more people shift to the do-it-for me model as opposed to home car washing.

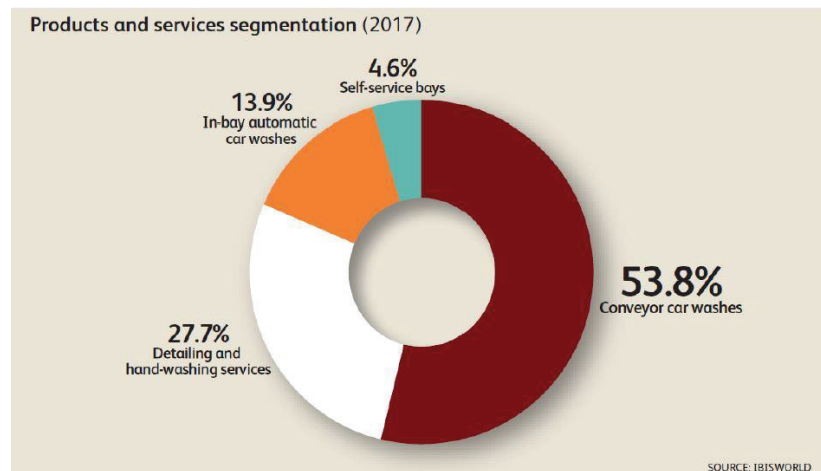
Demand for car washes has also increased as Consumers are more educated with regards to how driveway car washing is bad for the environment. The International Carwash Association reports that in 2015 28.4% of consumers washed their cars at home – down from 47.6% in 1996. The average household carwash uses 140 gallons of water, compared to 45 gallons or less used at professional carwashes. Further many newer car washes use water reclamation systems to minimize environmental impact.

According to data from IBIS World, a leading market research firm, and illustrated in the chart below, the Canadian car wash market is estimated at \$465 million, growing at a rate of 2% to 3% per annum. The Canadian market is dominated by independent retailers with no major national chains. Research has shown that there is little seasonality in the car wash market, with average daily car volumes not changing significantly from month to month. The market is expected to see continued growth through 2020.

## Industry Data

	Revenue (\$m)	Industry Value Added (\$m)	Establish- ments	Enterprises	Employment
2008	391.1	185.5	2,438	2,359	7,594
2009	396.4	186.3	2,461	2,384	7,390
2010	399.8	187.2	2,571	2,497	7,475
2011	402.2	190.6	2,897	2,815	7,634
2012	410.3	191.5	2,668	2,591	7,719
2013	416.5	189.5	2,971	2,885	7,879
2014	429.2	193.6	3,096	3,006	8,082
2015	445.4	199.1	3,156	3,074	8,260
2016	457.7	204.4	3,185	3,099	8,430
2017	465.0	208.2	3,304	3,218	8,593
2018	472.6	211.2	3,323	3,235	8,705
2019	480.1	215.2	3,459	3,373	8,883
2020	487.4	218.6	3,485	3,396	8,997
2021	492.8	221.9	3,621	3,536	9,151
2022	499.6	224.9	3,652	3,565	9,271

As can be seen from the following chart, conveyor car washes like that proposed by the Partnership were the most commonly found car wash operation in the market in 2017, according to a 2017 study from IBIS World.



### *Car Wash Operators*

The business model in the car wash market has changed in recent years, from labour intensive to capital intensive. As a result, the minimal labor, high volume and quick return on investment business models have attracted increased interest from business people with investable capital.

Technology enables locations to wash more cars per hour with faster service times, better and safer cleaning, more complete drying, and an overall better customer experience.

In addition to increased automation, there has been development in the types of cleaning and detailing products used in this industry, which have increased industry revenue.

### *Vehicle Ownership, Use and Drivers*

Demand for car washing services positively correlates with the growth in the number of motor vehicles in the area, the number of drivers and how often those drivers are on the road, driving past the car wash. As the number of vehicles increases, so does the demand for after-market services, such as car washes. According to data from Desrosiers Automotive Consultants Inc. (“DACI”) and referred to below, 2015 was a record year for the automotive industry in Canada, reaching all new highs across multiple sectors, which would be consistent with an increase in automobile volume and usage.

## Automotive Revenue - Canada - \$ Billions

	Total Revenue New Vehicle Sales	Total Revenue Used Vehicle Sales	Total Revenue Parts and Service Sales	Total Revenue Automotive Finance Sales	Total Revenue In Canada
2006	\$52.3	\$25.9	\$16.7	\$54.2	\$149.2
2007	\$52.5	\$25.9	\$17.6	\$58.1	\$154.2
2008	\$50.4	\$28.2	\$18.3	\$55.0	\$151.8
2009	\$46.2	\$29.9	\$18.7	\$51.7	\$146.5
2010	\$51.4	\$32.4	\$19.2	\$58.2	\$161.2
2011	\$53.0	\$35.1	\$19.6	\$61.8	\$169.5
2012	\$55.6	\$35.5	\$19.3	\$67.5	\$177.9
2013	\$59.8	\$35.9	\$20.1	\$73.5	\$189.3
2014	\$64.7	\$34.5	\$20.2	\$77.3	\$196.7
2015	\$67.8	\$37.2	\$20.9	\$82.1	\$208.0
% Change	4.7%	7.7%	3.6%	6.3%	5.7%

As set out below, DACI also reports that Canadians' ownership levels continue to grow. According to DACI's data, Canadians are embracing personal use vehicles faster than any developed country in the world. As noted above, car wash usage is positively correlated with growth in motor vehicle volumes.

### VEHICLE OWNERSHIP TRENDS - CANADA

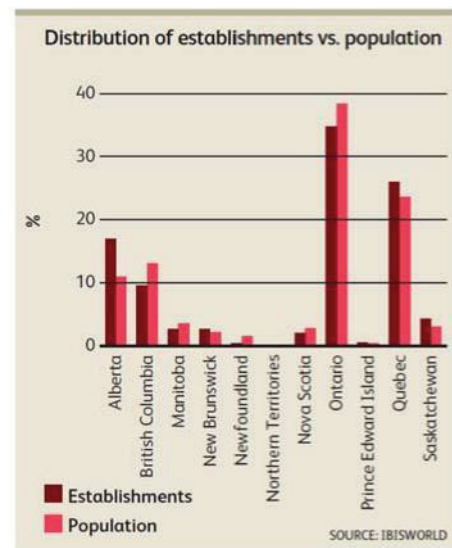
CALENDAR YEAR	TOTAL VEHICLE SALES UNITS	Percent Truck	VEHICLE USAGE BILLIONS OF KILOMETRES	Percent Change	Expected Useful Life KILOMETRES	TOTAL UNITS IN OPERATION	TOTAL UNITS IN OPERATION PERCENT TRUCK	VEHICLES PER DRIVING AGE POPULATION
1960	523,188	14.4%	118		226,493	5,937,660	23.9%	50.4%
1970	774,372	17.3%	176	0.5%	227,620	8,111,166	24.4%	53.8%
1980	1,263,807	26.2%	231	-3.0%	182,728	11,742,670	25.5%	63.5%
1990	1,314,118	32.6%	333	-0.3%	253,406	15,128,911	26.6%	70.1%
2000	1,586,083	46.5%	395	2.2%	248,994	17,100,899	37.5%	70.1%
2010	1,583,388	56.1%	524	0.8%	331,161	22,001,278	45.2%	78.4%
2011	1,620,221	57.9%	529	0.9%	326,443	22,184,955	46.3%	78.1%
2012	1,716,178	56.4%	537	1.6%	313,077	22,502,815	47.0%	77.3%
2013	1,780,523	57.6%	562	4.6%	315,631	23,521,261	47.9%	79.8%
2014	1,889,437	60.0%	599	6.5%	316,805	24,479,774	48.7%	82.0%
2015	1,950,502	61.9%	635	6.1%	325,639	25,532,938	49.7%	84.6%

### Competition

The distribution of car wash establishments is highly correlated to population density, income dispersion and weather patterns, as warmer regions in Canada have a greater concentration of car washing and auto detailing service centres.

Alberta (17.0%) and British Columbia (9.6%) account for the third- and fourth largest shares of establishments in 2017. Both regions have high business concentrations as well as per capita disposable income and population levels.

The car wash industry is considered to be highly competitive given the number of small businesses that operate on a local or regional basis. Competition is mainly driven by price, and as such promotions, coupons and discounts are often used to attract new customers. Offerings of loyalty wash cards, offering rewards and/or volume-based discounts, have increased over the past five years.

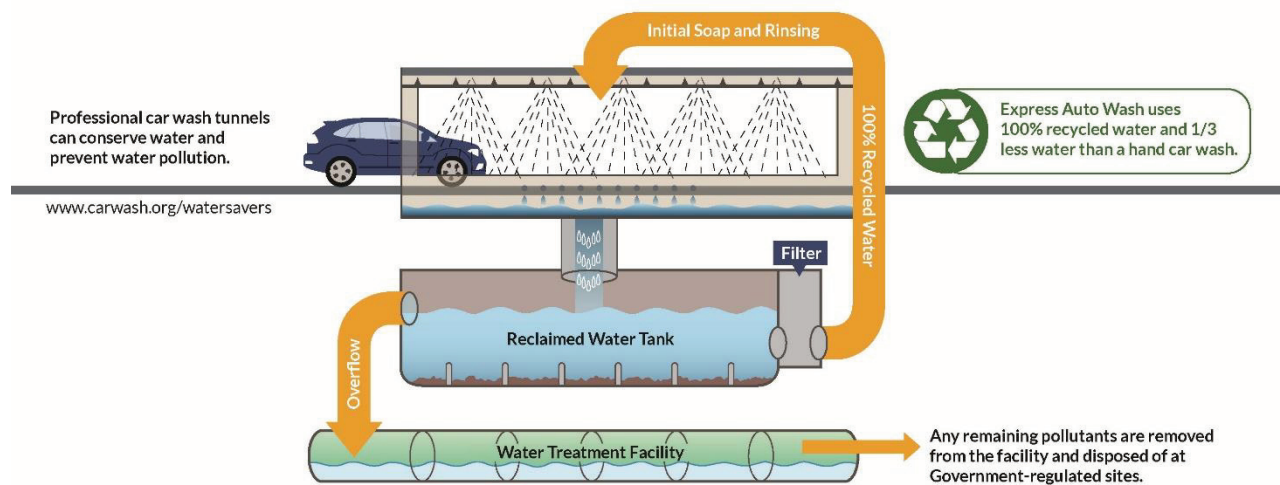


## Environmental Impact of a Professional Car Wash

According to the Canadian Carwash Association Professional carwashes use on average about a third of the water used when washing a car at home. Industry numbers indicate that a typical car washed by a consumer in a driveway takes as much as 120 gallons (450 litres), while the industry WaterSavers™ program target is 40 gallons (150 litres) per wash (or about the same as an average bath or an eight minute shower with a standard shower head).

Studies show that letting any type of chemical or soap run into storm sewers can be environmentally harmful. Typical storm sewers hooked up to street grates that take water runoff from rain directly to lakes and rivers, and the sanitary sewer system which takes industrial and household waste water to a processing plant.

Professional carwashes are an environmentally friendly alternative to driveway washing. Computer controlled metering delivers the precise volume of water to ensure optimal cleaning with no waste. The following graph show the typical water usage and removal mechanism at a conveyerized car wash operation.





### ***The Targeted Development Property***

The Partnership has acquired a 0.66 acre (28,900 sq/ft) property located at 2055 Boundary Road in Vancouver, British Columbia. The location of the Development Property straddles the Vancouver and Burnaby trade areas. The purchase price was \$12,100,000, and was paid for using the proceeds from prior sales of Participating Preferred Trust Units. The funds raised pursuant to this Offering will be used to develop a combined self storage/car wash facility on the site. The facility is expected to be a 4-6 storey (depending on municipal approvals) rectangular building constructed of concrete, steel and glass. Approximately 83,000 sq/ft will be devoted to the self storage business, with approximately 3,700 dedicated to the car wash operation on the ground floor.

The following picture shows the site of the Development Property, which is the artistic rendering of the second building in from the right in the upper right quadrant.



### **Municipality Overview**

The following information is derived from the August 15, 2018 feasibility study prepared by Canadian Self Storage Valuation Services Inc.

### *City of Vancouver*

The city of Vancouver is located in Greater Vancouver Metro Area. Currently the population is estimated at 648,408 people as of the 2016 national Census. Vancouver is home to many head offices of corporations and is a financial center for the West Coast of Canada. Currently there is a great deal of new residential and construction taking place in Population growth has been steady at about 1.25% per year over the past decade with most of the growth resulting from redevelopment of low density development into higher density properties.



### *City of Burnaby*

Burnaby is a city located immediately to the east of Vancouver. It is the third-largest city in British Columbia by population, surpassed only by nearby Surrey and Vancouver. The population of Burnaby was 232,755 as of the 2016 National Census.

Burnaby is home to many industrial and commercial firms and in recent years has seen a sharp rise in residential development. At present, there are 23 high rise developments under way with a similar number of developments in the planning phases. Population growth has been just below 1.0% per year for the past five years but is forecast to increase with then construction that is in the planning stages and underway in the City.



City of Burnaby, BC - East facing off Boundary Road



## **The Trade Area**

The subject trade area has been identified as part of Vancouver and part of Burnaby.

## **Site Description**

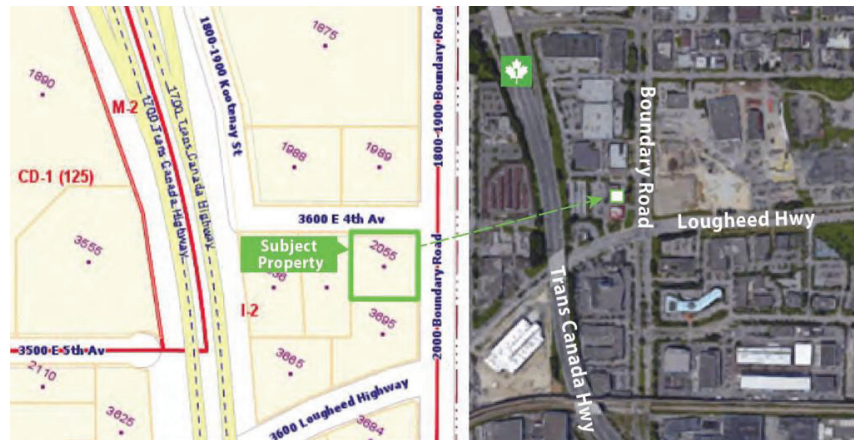
The subject site is rectangular in shape and comprises one lot.

<b>Size:</b>	0.66 acres (28,900 ft <sup>2</sup> ).
<b>Topography:</b>	The land parcel is at road grade.
<b>Services:</b>	Piped water and gas. Sanitary and storm sewers, overhead mounted hydro, telephone and cablevision.
<b>Access:</b>	Vehicular access to the site is provided via East 4 <sup>th</sup> Ave.
<b>Encumbrances:</b>	There are currently no easements or utility rights-of-way registered against the subject property.
<b>Street Improvements:</b>	All of the roadways within this neighborhood are two directional, two and three lane asphalt paved, with concrete curbs, gutters and sidewalks. All streets have overhead lighting and traffic lights control the major intersections.
<b>Unapparent Conditions:</b>	The prospective owner has had a Phase 1 environmental assessment completed and indicates there were no issues found on the subject property. Canadian Self Storage Valuations Inc. have not conducted any environmental reports, studies, soil surveys or other investigations indicating the existence or possibility of contamination. Furthermore, no investigation was carried out regarding past or present uses of either the subject or any adjacent properties to determine potential for contamination from any uses.

**Lot location:**



**Plat Map:**



**Land Use Controls:**

The property is zoned I-2, Light Industrial. A wide range of Industrial and commercial uses are permitted including office, warehouse and storage uses.



The Administrator expects the facility will be a rectangular 4-6 story (depending on municipal approvals) concrete, steel and glass building with a car wash operation located on the ground level and 4 stories of storage units above. The Administrator expects that the storage space will consist of 1,250 units ranging in size from 2.5 x 5 feet to 10 x 20 feet, with a total of approximately 90,000 sq/ft of net rentable storage space (inclusive of Sky Lockers).

The contemplated car wash is expected to be called Express Auto Wash and will be located on the ground floor and will utilize approximately 3,700 sq/ft of space, housing an approximate 80-foot interior detail hybrid tunnel touch auto wash system. The car wash will have approximately 10 automated application stations that will be capable of washing, waxing, sealing, tire shining and drying up to 90 cars per hour. Users will be able to select many levels of wash options such as:

- the *Bronze level wash* offering a complete wash and dry,
- the *Silver level wash* offering Bronze plus triple foam polish and clear coat,
- the *Gold level wash* offering Silver plus tire shine, undercarriage wash and rust guard protectant, and
- the *Platinum level wash* offering Gold plus lava foam and waterfall rinse.

As well customers may select other extra add-ons such as Rain X and Armor All Extreme Shine both for extra charges of approximately \$3.

The wash level options will be available for purchase through automated touch screen drive through kiosks and the Administrator anticipates prices will range from as low as \$9.95 to a high of \$18.95 per wash. As well, the car wash will provide approximately 10 vacuum stations, detail products such as window cleaner, dash cleaner and micro fibre towels as well as air fresheners for an additional charge.

The following is an artistic rendering of the proposed facility (for illustrative purposes only; the actual facility may vary from the rendering).





The Partnership proposes to operate an “express tunnel” car wash model (illustrated below) whereby customers pay at an automated pay station and drive onto a conveyor under the guidance of an attendant. Labour costs are therefore minimized. The Development Property itself is in a high-traffic area. Successful car wash companies are often located near other automotive care service providers. Industry operators are generally more successful when located in high-traffic count areas (such as the location of the Development Property).

## EXPRESS AUTO WASH

### 80-EDT Express Auto Wash Tunnel

The dynamic 80-EDT Express Auto Wash Tunnel includes a 5-step lava shield program and can wash, wax, seal, tire shine dry up to 90 cars per hour.

Customers can save time and water with a 3-minute eco-friendly car wash.<sup>1</sup>

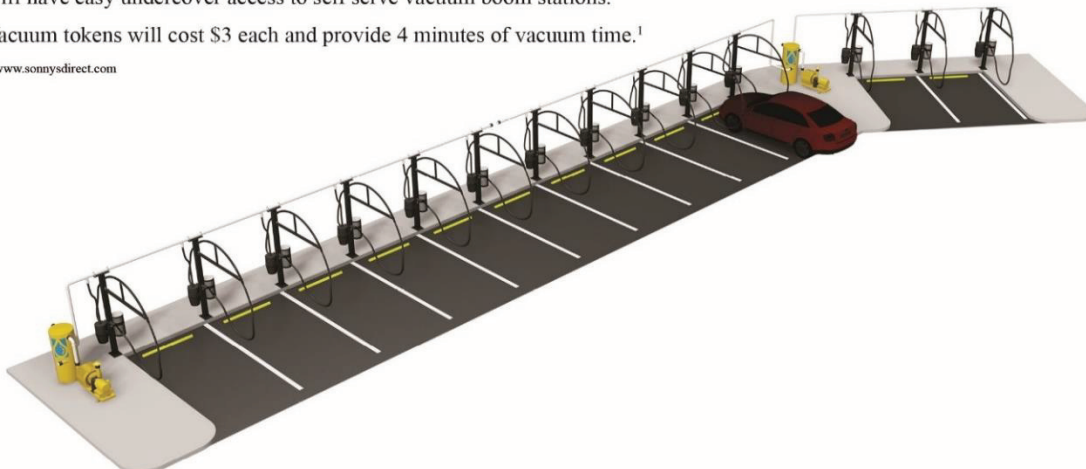


### Self-Serve Professional-Grade Vacuum Stations

A simple design with stainless-steel professional-grade durability allows for easy installation and maintenance. Customers will have easy undercover access to self serve vacuum boom stations.

Vacuum tokens will cost \$3 each and provide 4 minutes of vacuum time.<sup>1</sup>

<sup>1</sup> www.somysdirect.com



Engineering specifications for the car wash are anticipated to be provided by Sonny's the Car Wash Factory ("Sonny's"), the manufacturer of the car wash technology. The facility will be put to competitive tender for construction. Sonny's will also train management regarding the operation of the car wash and maintenance will be contracted out to a third-party car wash maintenance firm.

Sonny's, in operation since 1949, sells more conveyerized car wash equipment than anyone in the world and has over 850 years of automatic car wash equipment operations in its network. Repeatedly recognized by Dun & Bradstreet for stability and financial strength, Sonny's offers car wash operators and investors a 900 page car wash parts catalog that is supported with over \$12 million in inventory and 12,000 stockable items. Along with educational tools, CarWash College courses, software, and equipment, Sonny's also offers up-to-date technology through their CarWash Controls Division which includes the industry's first cloud-based POS system offering affordable business and management information solutions that impacts profitability. (Source: [www.sonnysdirect.com](http://www.sonnysdirect.com), accessed on September 12, 2018.) The Administrator selected Sonny's due to its prominence within the industry and its broad suite of product and training offerings.

The Trust has received a feasibility study dated August 15, 2018 prepared by Canadian Self Storage Valuation Services Inc., a third party valuation firm, in respect of the self storage portion of the proposed development. The feasibility study analyzed the feasibility of a self storage facility at the Development Property based on current supply and demand characteristics in the trade area, and involved among other things a site visit by the appraiser and the collection and review of local market data. The feasibility study suggests that the market conditions are conducive to the construction of a self storage facility at the Development Property. Below are excerpts from Canadian Self Storage Valuation Services Inc.'s summary of the feasibility study.

#### ***Self Storage Business – Feasibility Study***

In summary, it is our opinion that a properly constructed, managed and marketed self-storage facility would be a profitable investment situated on the subject property. It is important to understand that the key factors of supply and rental rates are monitored as any development plan progresses to the construction phase. This is important as the excess demand in the trade area is large but additions to supply could lengthen the lease up period of a newly constructed facility. It is also imperative that current rents in the trade area do not decline to insure a good return on any investment made in a new facility. As with any new business, it will be necessary to properly market the new facility to ensure a lease up is as short as possible. This will allow the facility to reach profitability sooner and therefore show a return to the investors in a timely manner.

#### ***Marketing and Lease Up Times***

Although it is important to lease up a facility in a timely fashion to start making a return on investment, this must be balanced with the expected revenue from the proposed facility. A full unit is always better than an empty unit however, a rented unit at a discounted rate is never better than a rented unit at full rate. Using this logic, any discounts or incentives that discount the listed price should be time limited. This is especially important as the facility moves to a more fully occupied state and is not working to fill empty lockers anymore. It would be detrimental to the income of the facility to have it full of units that were given rates below the current listed rate and not be able to take new customers at full price. There are many different ways this is handled across the industry. Some facilities offer a month free when a year is pre-paid. Some offer a percentage discount for the first number of months. Both of these are good options as they have an end to a discounted rate. One of the major storage portfolios offers the first month for one dollar. Although not always a profitable move, most storage users stay for much longer. All of these techniques can be used in a balanced manner to create a well occupied and profitable facility. When attempting to lease up a new facility, it is important to make the surrounding community aware that you have opened and have space available. This can be done a number of different ways including on site events, involvement with sports teams or community groups or sponsorship of local events. These activities will help the community think of the new facility as part of it and will encourage local business.



### ***Rental Increases***

As self-storage facility appraisers, we see a lot of mistakes that are commonly made by facility owners. One in particular that can have a large negative effect on the bottom line and Market Value at the time of the property's disposition is failing to consistently raise rents. We don't advocate for a large rent increase every year but an increase that, at minimum, keeps pace with inflation is necessary to preserve the profitability of the business. Expenses typically increase every year and income should at least match that increase. Having said this, increasing rents on a mostly vacant facility is a poor decision as low occupancy may point to rents already being above market or to other issues with the subject facility. A yearly rental increase should only be undertaken once a stable occupancy level is reached. We would advise an operator to increase rents no more than 4% per year unless market factors allow for larger increase. This is small enough that most tenants will not leave however large enough to cover any increases in cost that are typically expected in the upcoming year. It is also important to remember when raising rents that it is a fair amount of work for a tenant to move storage facilities therefore a modest increase in rent will most likely not prompt a customer to change facilities.

### ***Final Thoughts***

The self-storage industry is, much like many other industries, about service. The service of people being able to easily access their goods, pay for their locker or inquire about a possible rental. In doing our market surveys of the area surrounding the potential facility, most of the facilities failed in the service area. This is an area that a new facility can stand above the rest.

Supply and Demand is only an indicator of success at best. For a new facility to thrive in any market, it will require proper management, marketing and proper construction from the start. If these items come together, a successful facility should follow.

A copy of the feasibility study is available on request by emailing the Administrator at [info@nationwideselfstorage.ca](mailto:info@nationwideselfstorage.ca).

In addition, CADO commissioned a feasibility study dated June 20, 2018 prepared by Evans & Evans, Inc., a leading Canadian boutique investment banking and business advisory firm, on the planned car wash business. A copy of the Evans & Evans, Inc. feasibility study available upon request by emailing the Administrator at [info@nationwideselfstorage.ca](mailto:info@nationwideselfstorage.ca). The conclusions set out in the Evans & Evans, Inc. study are set out below.

## *Auto Wash Business - Feasibility Study*

### *Conclusions*

In the five years to 2022, the car wash and auto detailing research supports that industry operators will benefit from rising per capita disposable income, fuelling an increase in demand for discretionary consumer services, such as car washes. Furthermore, the total number of vehicles in use in Canada is projected to rise steadily during the next five years, expanding the industry's potential customer base. As a result, industry revenue is expected to increase at an annualized rate of 1.4% to \$499.6 million in the five years to 2022, including growth of 1.6% in 2018.

The car wash and auto detailing industry has low market share concentration. The industry has only one major player, Petro-Canada, which operates more than 240 SuperWash and Glide auto wash establishments. Otherwise, the industry is characterized by a large number of small-scale operators, with the majority of companies operating on a local basis and owning just one establishment.

Metro Vancouver represents an attractive market as given the high percentage of consumers who drive to work, increasing median income and the overall population growth. Further the NW Car Wash is expected to derive customers from the regions of Burnaby, Coquitlam and New Westminster which are growing rapidly and have a high percentage of commuters.

Overall, Evans & Evans found the financial assumptions to be supported by industry metrics.

Evans & Evans found in its research that industry operators with the most up-to date technology will attract more customers and can charge higher prices. Such trends bode well for the NW Car Wash as it will be newly-built using state-of-the-art technology.

The Site itself is in a high-traffic area. Successful car wash companies are often located near other automotive care service providers. Industry operators are generally more successful when they are located in high-traffic count areas, particularly on a street corner, which has a high visibility to passing cars.

The Trust intends to develop both a Storage Facility and the NW Car Wash at the Site. Storguard Storage Services and Shine Auto Wash have developed a similar, reportedly successful model, in Vancouver, British Columbia. The combined operations benefit from operational and financial efficiencies such as: (1) shared management and administrative overhead; (2) shared property taxes; and, (3) shared operational staff.

Importantly, car washes generally begin generated revenues very early in their lifecycle as they are high volume businesses. Comparatively, storage facilities take time reach target occupancy levels. Accordingly, the NW Car Wash can potentially offset short-term losses from the Storage Facility.

**The statements provided above are qualified in their entirety by the full content of the feasibility studies, including the assumptions, limitations and qualifications contained therein. Copies of the feasibility studies are available on request by emailing the Administrator at [info@nationwideselfstorage.ca](mailto:info@nationwideselfstorage.ca). There can be no assurance that all or any of the statements by Canadian Self Storage Valuation Services Inc. or Evans & Evans, Inc. referred to above will ultimately prove to be correct, and readers are cautioned against placing undue reliance on them. In addition, there can be no assurance that financing for the development of the Development Property will be raised pursuant to the Offering, or that the development will otherwise proceed. See "Risk Factors".**

### *Other Offerings*

In 2016 the Promoter established NationWide Self Storage Trust (the "**First Trust**"), a trust organized to indirectly invest in a self storage business with investment objectives and strategies and management structure that are similar to the Trust's in all material respects, except that it has not incorporated a car wash operation into its development plans. Pursuant to its offering memorandum dated June 1, 2016 and amended and restated January 24, 2017 and March 8, 2017, the First Trust raised a total of \$16,717,305 by issuing an aggregate of 155,841 participating preferred trust units. The First Trust used the unit sale proceeds to invest in a limited partnership (the "**First Partnership**"),

which acquired two adjoining parcels of property located at 1223 and 1235 East Pender Street, Vancouver, British Columbia. The First Partnership is currently in the process of arranging for permitting prior to constructing a new self storage facility at this site.

In 2018 the Promoter established the NationWide Self Storage & Auto Wash Trust (the “**Second Trust**”), a trust established to source and locate a self storage project in Canada. The Second Trust has investment objectives and restrictions identical in all material respects to the Trust. The Second Trust has raised a total of \$13,357,200 as at August 15, 2018, and is currently in the process of developing a combination self storage/auto wash facility in Kamloops, British Columbia.

### **2.3 Long Term Objectives.**

The Partnership’s management team has identified the following key milestones that it intends to pursue in order to achieve medium and long-term success:

1. *Provide Additional Value-Added Services.* The Partnership’s management team believes that adding low maintenance value-added services will provide additional revenue streams and provide high operating margins. These services may include sales of moving supplies; provision of rental insurance services; and rental of mailboxes. By introducing a wider range of services, the Trust expects the Partnership can capture a larger target market and further reinforce the convenience and ease of use in its customers’ minds.
2. *Generate Early Revenues.* As noted earlier, car wash facilities typically will generate cashflow earlier than a self storage facility because of the longer leasing time required for a self storage facility. The Administrator expects to use these revenues to assist with the development of the self storage portion of the Partnership’s business. In addition, the Administrator expects that as Kamloops’ population increases over time, demand for the Partnership’s car wash services will increase.
3. *Growth in Self Storage Demand, Revenues and Operating Income.* Management believes that the demand for self storage will increase over the near and long-term. This will result in the opportunity to increase monthly storage unit rental rates resulting in annualized growth in revenue and income of the Partnership and therefore the Trust. Further, due to various factors, including appreciation in real estate prices, the increase in the overall British Columbia population and the increase in the aging population the Trust views the long term demand for urban self storage in Canada to be robust.
4. *Expand Locally and/or Geographically.* Once the Partnership has developed its initial facility and it is operational and successful in attracting and retaining customers, the Partnership may replicate its model by acquiring another self storage, auto wash or combination self storage/auto wash property in the Lower Mainland or elsewhere, expand into other Canadian markets and, potentially, the United States.

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

The following table shows how the Trust intends to achieve its objectives during the next 12 months:

What the Trust must do and how it will do it	Anticipated completion date	Partnership's cost to complete and/or use of proceeds
Raise capital pursuant to the Offering and invest the Gross Proceeds in LP Units issued by the Partnership	Prior to December 31, 2018	Gross Proceeds raised in all Closings
Cause the Partnership to develop the combination self storage/car wash building on the Development Property	From and after the date of acquisition	Proceeds from the purchase by the Trust of LP Units and operating cost

## 2.5 Material Agreements.

In addition to the Declaration of Trust (described in Item 4.1, "Capital" below), there are four agreements that the Administrator considers material to the Trust's business and operations: the Partnership Agreement, the Administration Agreement, the Manager Agreement and the Expense Assumption Agreement. A description of each of the agreements is set out below.

The following are summaries of the material provisions of the Partnership Agreement, the Administration Agreement, the Manger Agreement and the Expense Assumption Agreement and do not purport to be complete. Reference should be made to the full text of these agreements, which will be available for inspection by Participating Preferred Trust Unitholders at the Trust's offices, for the complete details of these and other provisions contained therein.

### (a) The Partnership Agreement

#### General Partner

Pursuant to the Partnership Agreement the Administrator has been appointed as the General Partner of the Partnership. For details on the directors and officers of the Administrator, please see "- The Administration Agreement – Officers and Directors of the Administrator" below.

#### Functions and Powers of the General Partner

The General Partner of the Partnership has exclusive authority to direct and manage the affairs of the Partnership, with full power and authority to administer, manage, control and operate the business carried on by the Partnership and to do any act, take any proceedings, make any decisions and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carry on the Partnership business for and on behalf of the Partnership.

Generally, the General Partner is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Limited Partners and shall, in discharging its duties, exercise the degree of care, diligence and skill that a reasonably prudent and qualified general partner would exercise in discharging its duties in similar circumstances. During the existence of the Partnership, the officers of the General Partner will devote such time and effort to the business of the Trust as may be necessary to promote adequately the interests of the Partnership and the mutual interests of the Limited Partners. Prior to the dissolution of the Partnership, the General Partner shall not engage in any business other than acting as the General Partner of the Partnership.

#### LP Units

The interests of the Limited Partners in the Partnership will be divided into an unlimited number of LP Units. Each issued and outstanding LP Unit shall be equal to each other LP Unit with respect to all rights, benefits, obligations and limitations provided for in the Partnership Agreement and all other matters, including the right to distributions from

the Partnership and no LP Unit shall have any preference, priority or right in any circumstances over any other LP Unit. At all meetings of the Limited Partners, each Limited Partner will be entitled to one vote for each LP Unit held in respect of each matter for which the LP Units are entitled to vote. Each Limited Partner will contribute \$100.00, \$105.00, \$110.00 or \$115.00 to the capital of the Partnership for each LP Unit purchased (depending on the issue price for the related Participating Preferred Trust Units at the time). There are no restrictions as to the maximum number of LP Units that a Limited Partner may hold in the Partnership.

The General Partner, in its sole discretion, may issue LP Units and any other securities of the Partnership from time to time, to any person where it is necessary or desirable in connection with the conduct of the business of the Partnership, and in each case such securities may be issued at such prices and upon such terms and at such time or times as the General Partner may determine.

### **Resignation, Replacement or Removal of General Partner**

The General Partner may resign as the General Partner of the Partnership at any time upon giving at least 180 days' written notice to the Limited Partners, provided the General Partner nominates a qualified successor whose admission to the Partnership as a General Partner is ratified by the Limited Partners by Ordinary Resolution within such period. Such resignation will be effective upon the earlier of: (i) 180 days after such notice is given, if a meeting of Limited Partners is called to ratify the admission to the Partnership as a General Partner of a qualified successor; and (ii) the date such admission is ratified by the Limited Partners by Ordinary Resolution. The General Partner will be deemed to have resigned upon bankruptcy or dissolution and in certain other circumstances if a new General Partner is appointed by the Limited Partners by Special Resolution within 180 days' notice of such event. The General Partner is not entitled to resign as General Partner of the Partnership if the effect of its resignation would be to dissolve the Partnership.

The General Partner may be removed at any time if: (a) the General Partner has been found by a court of competent jurisdiction to have committed fraud or wilful misconduct in the performance of, or wilful disregard or breach of, any material obligation or duty of the General Partner under the Partnership Agreement; (b) its removal as General Partner has been approved by an Extraordinary Resolution; and (c) a qualified successor has been admitted to the Partnership as the General Partner and has been appointed as the General Partner of the Partnership by Ordinary Resolution of the Limited Partners, provided that the General Partner shall not be removed in respect of a curable breach of an obligation or duty of the General Partner under the Partnership Agreement unless it has received written notice thereof from a Limited Partner and has failed to remedy such breach within 30 days of receipt of such notice. It is a condition precedent to the resignation or removal of the General Partner that the Partnership shall pay all amounts payable by the Partnership to the General Partner pursuant to the Partnership Agreement accrued to the date of resignation or removal.

The remuneration of any new General Partner will be determined by Ordinary Resolution of the Limited Partners. Upon any resignation, replacement or removal of a General Partner, the General Partner ceasing to so act is required to transfer title of any assets of the Partnership in its name to the new General Partner.

The Trustees of the Trust have been granted the right to direct the voting of all of the issued and outstanding voting securities of the General Partner in respect of any matter pertaining to the election or removal of the directors of the General Partner.

### **Compensation of the General Partner**

#### *General Partner's Fee*

As partial consideration for its services to the Partnership, the Partnership will pay to the General Partner the General Partner's Fee. The General Partner will be entitled, at its discretion, to share a portion of the General Partner's Fee it receives with third parties, including agents or brokers who assist in the sale of Participating Preferred Trust Units. The Partnership will deduct the General Partner's Fee in computing the Partnership's Income.



### *Performance Bonus*

The Performance Bonus consists of two components, each of which (if earned) are calculated independently of one another:

- the *first component* is a share of the Partnership's cash distributions in a calendar year based on the performance of the Partnership in that year, and
- the *second component* is a share in the Partnership's assets on dissolution based on the performance of the Partnership over its entire term.

More specifically, once Unitholders have received a 7.425%, 7.071%, 6.75% or 6.456% return on their investment in Participating Preferred Trust Units in any calendar year based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, the Performance Bonus will entitle the General Partner to a share of all remaining distributions of LP Distributable Cash in that calendar year. For greater certainty, the target returns to Unitholders must be met in each calendar year for the General Partner to earn the Performance Bonus in that year. In addition, once Unitholders have received a cumulative 7.425%, 7.071%, 6.75% or 6.456% annualized (but not compounded) return over the life of their investment in Participating Preferred Trust Units, based on a based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, the Performance Bonus will entitle the General Partner to a share of all of the Partnership assets on dissolution. See "Glossary – Performance Bonus" and "-Performance Bonus Formula" for a description of how the Performance Bonus is calculated. The Performance Bonus varies depending on the number of Participating Preferred Trust Units that have been redeemed as at any particular time, increasing as Participating Preferred Trust Units are redeemed and fewer Participating Preferred Trust Units remain outstanding. Essentially this means that as Participating Preferred Trust Units are redeemed the Performance Bonus (and therefore the General Partner's interest in the LP Distributable Cash and assets on dissolution of the Partnership) proportionately increases.

By way of numerical example, if the Trust issues 100,000 Participating Preferred Trust Units and none have yet been redeemed, the Performance Bonus, if payable, would be calculated as follows:

$$1 - (100,000 \times (0.70/100,000)), \text{ or } 1 - (70) = 30\% \text{ Performance Bonus}$$

So the initial Performance Bonus would be equal to 30% once investors have received a 7.425%, 7.071%, 6.75% or 6.456% % return on their investment in Participating Preferred Trust Units in any calendar year and/or a cumulative 7.425%, 7.071%, 6.75% or 6.456% annualized (but not compounded) return over the life of their investment in Participating Preferred Trust Units, based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively. If subsequently 20,000 of the 100,000 Participating Preferred Trust Units are redeemed, the Performance Bonus payable to the General Partner once investors after investors have received the threshold return would be calculated as follows:

$$1 - (80,000 \times (0.70/100,000)), \text{ or } 1 - (56) = 44\% \text{ Performance Bonus}$$

### *Expenses*

The Partnership will be responsible for all expenses associated with its operation and administration, and the General Partner will be entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in connection with the performance of its obligations to the Partnership.

### *Other*

Pursuant to the Partnership Agreement the General Partner is entitled to receive 0.01% of the Income of the Partnership.

Pursuant to the Partnership Agreement the General Partner shall be entitled to elect to receive all or a portion of any outstanding fees or other amounts owing to it under the Partnership Agreement in the form of LP Units. The number of LP Units to be issued upon such election will be determined based on the Net Asset Value of the Partnership as at the date of issue.

## **Allocation of Income and Loss**

The LP Agreement provides that the Income or Loss of the Partnership for each fiscal period, as well as its Income or Loss from a particular source or a source in a particular place, and the capital gains and capital losses, shall each be allocated among the Limited Partners and General Partner in a manner consistent with the distribution of LP Distributable Cash as set forth in the LP Agreement, and no distributions of LP Distributable Cash are made by the Partnership in a given fiscal period, the Income or Loss of the Partnership, as well as its Income or Loss from a particular source or a source in a particular place, and the capital gains and capital losses, shall each be allocated among the Limited Partners *pro-rata* in proportion to the number of LP Units held by each of them at the end of such fiscal period.

## **Cash Distributions**

The LP Agreement provides that, until Participating Preferred Trust Unitholders have received in a calendar year a 7.425%, 7.071%, 6.75% or 6.456% return, based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, on their initial investment in the Trust, the General Partner shall distribute 100% of the LP Distributable Cash in respect of a distribution period *pro rata* to Limited Partners of record as of the close of business on the relevant distribution record date. Once Participating Preferred Trust Unitholders have received in a calendar year the applicable return set out above on their initial investment in the Trust, the Performance Bonus will accrue to the General Partner and be paid out of the LP Distributable Cash in respect of a distribution period, and the remaining LP Distributable Cash will be distributed *pro rata* to Limited Partners of record as of the close of business on the relevant distribution record date.

## **Asset Distributions**

If the General Partner considers it appropriate, the General Partner may make a distribution of equity securities or debt instruments under which the holder thereof has no material obligations to the debtor owned by the Partnership and any other property of the Partnership or in a combination of cash and any such equity securities, debt instruments or other property (“**Distributable Assets**”) with fair market value, together with all cash held by the Partnership at that time. If a distribution is not in the form of cash, then the General Partner, acting reasonably, may determine the value of the Distributable Assets by reference to its fair market value and for the purposes of the Partnership Agreement the value so determined shall be the amount of that distribution.

## **Liability of General Partner and Indemnification of Limited Partners**

The General Partner has agreed to indemnify and hold harmless each Limited Partner from any and all losses, liabilities, expenses and damages suffered by such Limited Partner where the liability of such Limited Partner is not limited, provided that such loss of limited liability was caused by an act or omission of the General Partner or by the negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement. The General Partner has also agreed to indemnify and hold harmless the Partnership and each Limited Partner from and against any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership and/or the Limited Partner, as the case may be, resulting from or arising out of negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement. The General Partner currently has and will have minimal financial resources and assets and, accordingly, such indemnities of the General Partner will have only nominal value.

The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership. The General Partner will not be liable to the Limited Partners for any mistakes or errors in judgment, or for any act or omission believed by it in good faith to be within the scope of the authority conferred upon it by the Partnership Agreement (other than an act or omission which is in contravention of the Partnership Agreement or which results from or arises out of the General Partner’s negligence or wilful misconduct in the performance of, or wilful disregard or breach of, a material obligation or duty of the General Partner under the Partnership Agreement) or for any loss or damage to any of the property of the Partnership attributable to an event beyond the control of the General Partner or its Affiliates.

In any action, suit or other proceeding commenced by a Limited Partner against the General Partner, other than a claim for indemnity pursuant to the Partnership Agreement, the Partnership shall bear the reasonable expenses of the General Partner in any such action, suit or other proceedings in which or in relation to which the General Partner is adjudged, not to be in breach of any duty or responsibility imposed upon it hereunder; otherwise, such costs will be borne by the General Partner.

### **Term and Dissolution**

The Partnership is to continue in existence until December 31, 2024, provided that liquidation and dissolution may commence earlier or later upon the occurrence of certain stated events as set forth in the Partnership Agreement. In addition the General Partner may decide, in its discretion, to extend the termination date for up to two additional two year periods. Prior to the dissolution of the Partnership the General Partner will, in its discretion, take steps to convert all or any part of the assets of the Partnership to cash or freely trading securities.

### **Distributions on Dissolution**

On the dissolution of the Partnership, the net proceeds from the liquidation of the assets of the Partnership will be distributed in the following order of priority: (a) to pay off any mortgages or other secured debts of the Partnership; (b) to pay the expenses of liquidation and all other outstanding debts and liabilities of the Partnership to its creditors, including all fees and expenses (including the Performance Bonus, if earned) payable to the General Partner; (c) to provide for such reserves as the receiver or Administrator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership; (d) to the General Partner, the balance in the General Partner's capital account; and (e) any balance then remaining to the Limited Partners *pro rata* in accordance with their proportionate interest in the Partnership.

### **Amendments to the Partnership Agreement**

The LP Agreement may be amended only with the approval of the Limited Partners given by Extraordinary Resolution, except in the following circumstances where amendments may be made without prior approval or consent of any Limited Partner: (a) ensuring continuing compliance, by the Partnership, with applicable laws, regulations, requirements or policies of any governmental authority or regulatory body having jurisdiction over the Partnership; (b) to give effect to a change in the governing law of the Partnership to any other province of Canada; (c) to give effect to the admission, substitution, withdrawal or removal of partners of the Partnership; (d) to give effect to a change that, as determined by the General Partner, is 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 applicable laws; (e) providing, in the opinion of the General Partner, additional protection for the Limited Partners or to obtain, preserve or clarify the provision of desirable tax treatment for Limited Partners; (f) making amendments to the LP Agreement which, in the opinion of the General Partner, are necessary or desirable in the interests of the partners as a result of changes in taxation laws or in their interpretation or administration (including changes in the administrative practices and assessing policies of the Canada Revenue Agency); (g) making amendments to the LP Agreement as are necessary or desirable for correcting typographical mistakes or for curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions; (h) making amendments to the LP Agreement as are required to undertake an internal reorganization of the Partnership or its affiliates; or (i) making amendments to the LP Agreement for any purpose in addition to those stated above, provided that, in the opinion of the General Partner, the rights of the Limited Partners are not materially prejudiced thereby.

Any amendment requiring approval by the Trust, as a Limited Partner, will be put to the Participating Preferred Trust Unitholders for vote. See *Item 2.1.1 - The Trust - Restrictions on Trustees*.

#### **(b) The Administration Agreement**

The Administrator is the General Partner.

## **Duties and Services to be Provided by the Administrator**

The Trust has retained the Administrator to provide management, administrative and other services to the Trust.

Pursuant to the Administration Agreement, the Administrator will manage the day-to-day operations and affairs of the Trust, make all decisions regarding the business of the Trust and bind the Trust. The Administrator may delegate certain of its powers to third parties where, in the discretion of the Administrator, it would be in the best interests of the Trust to do so.

The Administrator's duties will include:

- (a) establishing and maintaining bank accounts on behalf of the Trust;
- (b) receiving payments from the Partnership from the investment in LP Units and processing cash flow distributions to Participating Preferred Trust Unitholders;
- (c) establishing appropriate legal and accounting systems for the proper control of the Trust;
- (d) collecting and mailing financial and other reports and all other notices to Participating Preferred Trust Unitholders;
- (e) attending to all arrangements necessary for meetings of the Participating Preferred Trust Unitholders;
- (f) responding to all inquiries by Participating Preferred Trust Unitholders;
- (g) providing Participating Preferred Trust Unitholders with detailed statements for income tax purposes;
- (h) ensuring that any regulatory or legislative matters affecting the Trust are dealt with in a timely manner; and
- (i) preparing annual financial reports and arranging for an audit of such annual financial reports for the Trust.

## **Details of the Administration Agreement**

Pursuant to the Administration Agreement, the Administrator will provide the services set out above under "Duties and Services to be Provided by the Administrator". The Administrator will not be paid a fee by the Trust for its services, but will be entitled to be reimbursed for costs and expenses incurred by it in connection with the provision of its services to the Trust, including payroll and payroll related costs, overhead, general and administrative costs, and out-of-pocket and third party fees and expenses.

The Administrator has no obligation to the Trust other than to render services under the Administration Agreement honestly and in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

The Administration Agreement provides that the Administrator will not be liable in any way to the Trust if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Trust has agreed to indemnify the Administrator for any losses as a result of the performance of the Administrator's duties under the Administration Agreement other than as a result of the negligence, willful misconduct and bad faith on the part of the Administrator or material breach or default of the Administrator's obligations under the Administration Agreement. The Administrator has agreed to indemnify the Trust against any claims arising from the Administrator's willful misconduct, bad faith, negligence or disregard of its duties or standard of care, diligence and skill.

The Administration Agreement, unless terminated as described below, will continue until the dissolution of the Trust. Either the Administrator or the Trust may terminate the Administration Agreement upon two months' prior written

notice. Either party to the Administration Agreement may terminate the Administration Agreement: (a) without payment to either party thereto, in the event that either party to the Administration Agreement is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 60 days after the receipt of written notice of such breach or default to the other party thereto; or (b) automatically in the event that one of the parties to the Administration Agreement dissolves, winds up, makes a general assignment for the benefit of creditors, or a similar event occurs. In addition, the Trust may terminate the Administration Agreement if any of the licenses or registrations necessary for the Administrator to perform its duties under the Administration Agreement are no longer in full force and effect.

**Officers and Directors of the Administrator**

The name, municipality of residence, office or position held with the Administrator and principal occupation of each of the directors and senior officers of the Administrator are set out below:

<b>Name and Municipality of Residence</b>	<b>Office or Position</b>	<b>Principal Occupation</b>
ROBERT HUGH CARTWRIGHT..... Vancouver, British Columbia	Chairman and Director	President, Managing Partner and Director, Maple Leaf Funds; Managing Partner and Director, CADO Bancorp Ltd.
SHANE WILLIAM DOYLE..... Vancouver, British Columbia	President, Chief Executive Officer and Director	Managing Partner and Director, Maple Leaf Funds and CADO Bancorp Ltd. Previously regional director for SEI Canada and director of operations for RBC Financial Group
BYRON STRILOFF..... White Rock, British Columbia	Director	Vice President, Corporate Development and Investor Relations, Peptide Technologies Inc.
NANCY GOERTZEN..... Surrey, British Columbia	Director	Independent Businesswoman; Chair, Canadian Women in Private Equity and Venture Capital BC
JOHN WILLARD DICKSON..... North Vancouver, British Columbia	Chief Financial Officer	Chief Financial Officer, Maple Leaf Funds and CADO Bancorp Ltd.

**(c) The Manager Agreement**

The Trust has entered into a Memorandum of Understanding with the Manager whereby the Manager agrees to provide day to day management services in respect of the self storage projects acquired by the Partnership over a five year period (the “**Manager Agreement**”). As the manager, the Manager shall engage qualified personnel to provide top quality services to the Partnership’s properties. The Manager has agreed to manage the properties in a diligent and prudent manner and to:

- Collect and where necessary enforce the collection of receivable due from tenants;
- Provide annual budgets to be approved by the General Partner and present on a quarterly basis the performance of the Investments;
- Provide the General Partner with quarterly financial statements including variance analysis and quarterly unit rental update reports;
- Provide basic accounting functions related to the day to day operations including depositing monies received in connection with the Investments in the Partnership’s account;
- Negotiate and enter into leases and tenancies with existing and prospective tenants;
- Hire, train, supervise and terminate independent contractors and employees, necessary for the operation;
- Handle tenant requests and negotiations on behalf of the Partnership and use reasonable efforts to assure compliance by tenants with the provision of their leases;



- Maintain records of funds received and disbursed in connection with the Investments;
- Prepare or arrange for the preparation of all use agreements and other documents required for the management of the Investments; and
- Provide marketing and other forms of publicity, promotions, website maintenance and development and advertising of the Investments in the media subject to the General Partner's approval.

Pursuant to the Management Agreement, the Manager will be paid a fee by the Partnership for its services equal to 6% of the total monthly revenue from each Investment managed by the manager, subject to a minimum of \$5,000 per month. In addition, the Manager will be entitled to be reimbursed for costs and expenses incurred by it in connection with the provision of its services.

The Manager Agreement contemplates that the parties will enter into a new, more fulsome agreement with standard termination provisions and indemnities prior to the Manager commencing the provision of services to the Partnership.

**(d) The Expense Assumption Agreement**

In exchange for the Trust raising capital to invest in the Partnership and thereby financing the Partnership's business and operations, the Partnership has agreed, pursuant to the Expense Assumption Agreement, to either directly pay or reimburse the Trust for payments made by it in respect of costs and expenses to be incurred by the Trust in connection with obtaining financing for investment by it in the Partnership. These cost and expenses include those associated with (i) establishing and maintaining the Trust's existence to enable it to undertake such financings, (ii) paying Agents' fees and other compensation payable to Agents in connection with sales of Participating Preferred Trust Units; and (iii) all other expenses associated with the Offering. As a result of the Expense Assumption Agreement the Manager expects that 100% of the Gross Proceeds will be invested in LP Units. See Item 1.1, "Funds".

**Item 3****DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS****3.1 Compensation and Securities Held.**

The following table provides relevant information about each Trustee, each director and officer of the General Partner/Administrator, each promoter of the Trust, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Trust (a “principal holder”):

<b>Name and municipality of principal residence</b>	<b>Positions held and the date of obtaining that position</b>	<b>Compensation paid by Partnership since inception, and compensation anticipated to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the Trust held after completion of min. Offering</b>	<b>Number, type and percentage of securities of the Trust held after completion of max. Offering</b>
Robert Hugh Cartwright Vancouver, British Columbia	Trustee of the Trust since May 1, 2017 and Chairman of the General Partner/Administrator since April 28, 2017	Nil	Nil	Nil
John Willard Dickson North Vancouver, British Columbia	Trustee of the Trust since May 1, 2017 and Chief Financial Officer of the General Partner/Administrator since April 28, 2017	Nil	Nil	Nil
Shane William Doyle Vancouver, British Columbia	Chief Executive Officer and Director of the General Partner/Administrator since April 28, 2017	Nil	Nil	Nil
Byron Striloff White Rock, British Columbia	Trustee of the Trust since May 1, 2017 and Director of the General Partner/Administrator since April 28, 2017	Nil	Nil	Nil
Nancy Goertzen Surrey, British Columbia	Director of the General Partner/Administrator since October 20, 2017	Nil	Nil	Nil

Trustees of the Trust will not be entitled for compensation from the Trust for acting as Trustees, but will be entitled to be reimbursed for their out-of-pocket expenses.

The General Partner/Administrator, in its capacity as general partner of the Partnership, will be paid the Performance Bonus, if earned, and other compensation from the Partnership. The General Partner/Administrator is a wholly-owned subsidiary of CADO Bancorp Ltd. Two of the directors and officers of the General Partner/Administrator, Hugh Cartwright and Shane Doyle, are also directors of CADO Bancorp Ltd. CADO Bancorp Ltd., which is 100% controlled by Hugh Cartwright and Shane Doyle. Therefore each of Messrs. Cartwright and Doyle have an interest in the compensation payable to the General Partner/Administrator in its capacity as general partner of the Partnership. See Item 2.5, “Material Agreements – The Partnership Agreement – Compensation of the General Partner”.

The General Partner/Administrator may be considered to be a promoter of the Trust within the meaning of securities legislation.

### 3.2 Management Experience.

The name, municipality of residence, office or position held with the Trust and/or the Administrator and principal occupation of each of the Trustees and the directors and senior officers of the Administrator are set out below:

Name and Municipality of Residence	Position with the Trust/Administrator	Principal Occupation
ROBERT HUGH CARTWRIGHT ..... VANCOUVER BRITISH COLUMBIA	Trustee of the Trust and Chairman of the Board and Director of the Administrator	Managing Partner and Director, CADO Bancorp Ltd., President, Managing Partner and Director, Maple Leaf Short Duration Holdings Ltd.
JOHN WILLARD DICKSON ..... NORTH VANCOUVER BRITISH COLUMBIA	Trustee of the Trust and Chief Financial Officer of the Administrator	Chief Financial Officer, CADO Bancorp Ltd. and Maple Leaf Funds Ltd.
SHANE WILLIAM DOYLE ..... VANCOUVER BRITISH COLUMBIA	President, Chief Executive Officer and Director of the Administrator	Managing Partner and Director, CADO Bancorp Ltd., Chief Executive Officer, Managing Partner and Director, Maple Leaf Short Duration Holdings Ltd.
BYRON STRILOFF <sup>(1)</sup> ..... WHITE ROCK BRITISH COLUMBIA	Trustee of the Trust and Director of the Administrator	Vice President, Corporate Development and Investor Relations, Peptide Technologies Inc.
NANCY GOERTZEN <sup>(1)</sup> ..... SURREY BRITISH COLUMBIA	Director of the Administrator	Independent Businesswoman; Chair, Canadian Women in Private Equity and Venture Capital BC

<sup>(1)</sup> Independent Director and/or Trustee.

There are no committees of the board of trustees of the Trust or board of directors of the Administrator, other than the Audit Committee of the Trust, which consists of the board of trustees as a whole.

The biographies of each of the Trustees of the Trust and the directors and senior officers of the Administrator, including their principal occupations for the last five years, are set out below.

The officers of the Administrator will not be fulltime employees of the Administrator, but will devote such time as is necessary to the business and offices of the Administrator.

#### **Robert Hugh Cartwright, B.Comm – Trustee of the Trust and Chairman and Director of the Administrator**

Mr. Cartwright is the Managing Partner and a Director of CADO Bancorp Ltd., the parent company of the Promoter and its wholly-owned subsidiary CADO Investment Fund Management Inc. As well, Mr. Cartwright is the Chief Executive Officer and a director of Qwest Bancorp Ltd., a British Columbia-based merchant banking company with over 20 years of experience in investment banking, structured finance, syndication and fund administration. Mr. Cartwright is also the former Chief Executive Officer and director of Trilogy Bancorp Ltd., a British Columbia-based asset and administrative management company.

Mr. Cartwright was also a founder and from November 1998 to February 2006 was a director of Qwest Energy Corp. (“**Qwest Energy**”), a company which structured, managed and syndicated tax-assisted investments in the oil and gas industry. Qwest Energy and its subsidiaries were, from 1999 to 2005, involved in the management of energy investments, including in-house accounting, financial reporting, investor relations and tax reporting.

Mr. Cartwright was also a founder and former Chief Executive Officer and a director of Qwest Energy Investment Management Corp. from May 2003 to February 2006 and the general partner of each of Qwest Energy RSP/Flow-Through Limited Partnership, Qwest Energy IV Flow-Through Limited Partnership, Qwest Energy 2004 Flow-Through Limited Partnership, Qwest Energy 2005 Flow-Through Limited Partnership, Qwest Energy 2005-II Flow-Through Limited Partnership and Qwest Energy 2005-III Flow-Through Limited Partnership. In addition, Mr.

Cartwright was the founder, Chief Executive Officer and a director of each of Qwest Energy RSP/Flow-Through Financial Corp., Qwest Energy 2004 Financial Corp. and Qwest Energy 2005 Financial Corp.

Mr. Cartwright is a founder, officer and/or director of the Opus Cranberries Limited Partnerships, Western Royal Ginseng Management Corp., Western Royal Ginseng I Corp., Western Royal Ginseng II Corp., Western Royal Ginseng III Corp., Pacific Canadian Ginseng Ltd., Pacific Canadian Ginseng I Ltd., Pacific Canadian Ginseng II Ltd., Ponderosa Ginseng Farms Ltd. and Qwest Emerging Technologies (VCC) Fund Ltd. as well as a director and officer of Imperial Ginseng Products Ltd. and a former director and officer of Knightswood Financial Corp. (“**Knightswood**”) (both publicly traded companies listed on the TSXV). He was also the founder and former Chairman and director of Qwest Emerging Biotech (VCC) Fund Ltd.

In addition, Mr. Cartwright is or has formerly been the Director and/or Officer of the general partners of each of Fairway Energy (06) Flow-Through Limited Partnership, Fairway Energy (07) Flow-Through Limited Partnership, Jov Diversified Flow-Through 2007 Limited Partnership, Jov Diversified Flow-Through 2008 Limited Partnership, Jov Diversified Flow-Through 2008-II Limited Partnership, Jov Diversified 2009 Flow-Through Limited Partnership, Jov Diversified Québec 2009 Flow-Through Limited Partnership, Maple Leaf Short Duration 2010 Flow-Through Limited Partnership, Maple Leaf Short Duration 2011 Flow-Through Limited Partnership, Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2012 Flow-Through Limited Partnership, Maple Leaf Short Duration 2013 Flow-Through Limited Partnership, Maple Leaf Short Duration 2014 Flow-Through Limited Partnership, Maple Leaf 2014-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2015 Flow-Through Limited Partnership, Maple Leaf Short Duration 2015-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2016 Flow-Through Limited Partnership, Maple Leaf Short Duration 2016-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2017 Flow-Through Limited Partnership, Maple Leaf Short Duration 2017-II Flow-Through Limited Partnership and Maple Leaf Short Duration 2018 Flow-Through Limited Partnership. Mr. Cartwright also is or has formerly been a director and/or officer of the general partners of WCSB GORR Oil & Gas Income Participation 2008-I Limited Partnership, WCSB Oil & Gas Royalty Income 2008-II Limited Partnership, WCSB Oil & Gas Royalty Income 2009 Limited Partnership, WCSB Oil & Gas Royalty Income 2010 Limited Partnership, WCSB Oil & Gas Royalty Income 2010-II Limited Partnership, Maple Leaf 2011 Energy Income Limited Partnership, Maple Leaf 2012 Energy Income Limited Partnership, Maple Leaf 2012-II Energy Income Limited Partnership, and Maple Leaf 2013 Oil & Gas Income Limited Partnership.

Mr. Cartwright graduated from the University of Calgary with a Bachelor of Commerce degree and specialized in finance.

#### **John Willard Dickson, CPA, CGA – Trustee of the Trust and Chief Financial Officer of the Administrator**

As Chief Financial Officer of the Administrator, John Dickson brings over 15 years of experience in financial management, accounting and securities reporting as well as all back-office accounting and reporting duties for investment issuers.

Mr. Dickson is the Vice-President Finance of the general partners of Jov Diversified Flow-Through 2007 Limited Partnership, Jov Diversified Flow-Through 2008 Limited Partnership, Jov Diversified Flow-Through 2008-II Limited Partnership, Jov Diversified Québec 2009 Flow-Through Limited Partnership, Jov Diversified 2009 Flow-Through Limited Partnership, Maple Leaf Short Duration 2010 Flow-Through Limited Partnership, Fairway Energy (06) Flow-Through Limited Partnership and Fairway Energy (07) Flow Through Limited Partnership, as well as Jov Flow-Through Holdings Corp.

In addition, Mr. Dickson is also Chief Financial of the general partners of WCSB GORR Oil & Gas Income Participation 2008-I Limited Partnership, WCSB Oil & Gas Royalty Income 2008-II Limited Partnership, WCSB Oil & Gas Royalty Income 2009 Limited Partnership, WCSB Oil & Gas Royalty Income 2010 Limited Partnership, WCSB Oil & Gas Royalty Income 2010-II Limited Partnership, Maple Leaf 2011 Energy Income Limited Partnership, Maple Leaf 2012 Energy Income Limited Partnership, Maple Leaf 2013 Oil & Gas Income Limited Partnership, Maple Leaf Short Duration 2011 Flow-Through Limited Partnership, Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2012 Flow-Through Limited Partnership, Maple Leaf Short Duration 2013 Flow-Through Limited Partnership, Maple Leaf Short Duration 2014 Flow-Through Limited Partnership, Maple Leaf Short Duration 2014-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2015 Flow-Through Limited Partnership, Maple Leaf 2015-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2016 Flow-

Through Limited Partnership, Maple Leaf Short Duration 2016-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2017 Flow-Through Limited Partnership, Maple Leaf Short Duration 2017-II Flow-Through Limited Partnership and Maple Leaf Short Duration 2018 Flow-Through Limited Partnership, as well as WCSB Holdings Corp., Maple Leaf Energy Income Holdings Corp. and Maple Leaf Short Duration Holdings Corp. Mr. Dickson is also the Chief Financial Officer and Director of the General Partners of Maple Leaf Charitable Giving (2007) II Limited Partnership and Maple Leaf Charitable Giving Limited Partnership.

Prior to joining the WCSB and Jov entities, Mr. Dickson was Controller of Cactus Restaurants Ltd. In addition, Mr. Dickson formerly was the Controller of Qwest Bancorp Ltd., a British Columbia-based merchant banking company, Controller of Trilogy Bancorp Ltd., a British Columbia-based asset and administrative management company, and Controller of several flow-through limited partnerships including Qwest Energy (2001) limited partnership, Qwest Energy II Limited Partnership, Qwest Energy IV Flow-Thorough Limited Partnership, and Qwest Energy 2004 Flow-Thorough Limited Partnership.

Mr. Dickson is a Certified Professional Accountant (Certified General Accountant) and has earned a Bachelor of Arts degree from Lakehead University in Ontario, Canada.

### **Shane William Doyle, BA, MBA –President, Chief Executive Officer and Director of the Administrator**

Mr. Doyle is the Managing Partner and a Director of CADO Bancorp Ltd., the parent company of the Promoter and its wholly-owned subsidiary CADO Investment Fund Management Inc. Mr. Doyle is also a Managing Partner and a director of Maple Leaf Short Duration Holdings Ltd. Mr. Doyle was, from September 2004 to October 2006 the Regional Director for SEI Investments Canada Company (“SEI”), an institutional investment management firm. Mr. Doyle’s responsibilities at SEI included business development and client relationship management with institutional investors. Prior to SEI, Mr. Doyle was from January 2004, to August 2004 Director of Sales and Marketing at Trez Capital Corporation, a mortgage investment company. Mr. Doyle’s responsibilities at Trez Capital Corporation included corporate finance advisory and business development services. Prior to Trez Capital Corporation, Mr. Doyle was, from March 2001 to December 2003 a Director of Sales for Qwest Energy Corporation. Prior to joining Qwest Energy Corporation Mr. Doyle was, from March 2000 to February 2001, Director of Operations RBC Financial Group. Mr. Doyle’s responsibilities at RBC Financial Group included business development, relationship management and territorial oversight. Prior to joining RBC Financial Group, Mr. Doyle was, from January 1997 to February 2000, Regional Sales Manager for Western Canada for UnumProvident Corporation. Mr. Doyle’s responsibilities at UnumProvident Corporation included managing a sales force of 16 employees throughout western Canada and managing all office operations.

In addition, Mr. Doyle is the Chief Executive Officer and President of Maple Leaf Charitable Giving Management Corp., the general partner of the Maple Leaf Charitable Giving Limited Partnership, and is or has been a Director and/or officer the general partners of Fairway Energy (07) Flow Through Limited Partnership, Jov Diversified Flow-Through 2007 Limited Partnership, Jov Diversified Flow-Through 2008 Limited Partnership, Jov Diversified Flow-Through 2008-II Limited Partnership, Jov Diversified 2009 Flow-Through Limited Partnership, Jov Diversified Québec 2009 Flow-Through Limited Partnership, Maple Leaf Short Duration 2010 Flow-Through Limited Partnership, Maple Leaf Short Duration 2011 Flow-Through Limited Partnership, Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2012 Flow-Through Limited Partnership, Maple Leaf Short Duration 2013 Flow-Through Limited Partnership, Maple Leaf Short Duration 2014 Flow-Through Limited Partnership, Maple Leaf 2014-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2015 Flow-Through Limited Partnership, Maple Leaf Short Duration 2015-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2016 Flow-Through Limited Partnership, Maple Leaf Short Duration 2016-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2017 Flow-Through Limited Partnership, Maple Leaf Short Duration 2017-II Flow-Through Limited Partnership, Maple Leaf Short Duration 2018 Flow Through Limited Partnership, WCSB GORR Oil & Gas Income Participation 2008-I Limited Partnership, WCSB Oil & Gas Royalty Income 2008-II Limited Partnership, WCSB Oil & Gas Royalty Income 2009 Limited Partnership, WCSB Oil & Gas Royalty Income 2010 Limited Partnership, WCSB Oil & Gas Royalty Income 2010-II Limited Partnership, Maple Leaf 2011 Energy Income Limited Partnership, Maple Leaf 2012 Energy Income Limited Partnership, Maple Leaf 2012-II Energy Income Limited Partnership and Maple Leaf 2013 Oil & Gas Income Limited Partnership.

Mr. Doyle graduated in 1988 from St. Mary’s University in Halifax with a Masters of Business Administration.



### **Byron Striloff – Trustee of the Trust and Director of the Administrator**

Byron Striloff is currently Vice President, Corporate Development and Investor Relations, Peptide Technologies Inc. Byron spent 35 years as a senior investment advisor in the area of personal and corporate investment management, tax planning, venture capital, insurance and estate planning.

His primary area of specialization is the development of financial strategies that optimize investment performance from long-term trends, tax minimization and wealth creation for individuals and businesses. Byron was a producing branch manager and has held senior management and directorship positions for various national investment dealers, and recently left CIBC Wood Gundy to join Peptide Technologies. Currently Byron is a master qualified member of the Dent Foundation and frequently speaks at public seminars on demographic economic forecasting.

### **Nancy Goertzen, CIPR – Director of the Administrator**

Nancy brings over 25 years of experience in corporate development, strategic partnerships, fund raising and investor relations with public companies. She has a wide range of experience including working with start-ups, private (pre-IPO), public companies and large corporations. Nancy has worked in multiple industry sectors including broadcasting, technology and resources.

Nancy holds the Certified Professional in Investor Relations designation from Richard Ivey Business School and is in good standing as a member of the Canadian Investor Relations Institute.

She is the Founding Chair of Canadian Women in Private Equity and Venture Capital BC, and has grown this group to 60 senior women over the last 4 years.

### **3.3 Penalties, Sanctions and Bankruptcy**

There have been no penalties or sanctions in effect during the last 10 years, or cease trade orders that have been in effect for a period of more than 30 consecutive days during the past 10 years, against any Trustee, director, executive officer or control person of the Trust or the Administrator, or any issuer of which any Trustee, director, executive officer or control person of the Trust or the Administrator was a director, executive officer or control person at that time.

There have been no declarations of bankruptcy, voluntary assignments in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that have been in effect in the last 10 years with regard to any director, executive officer or control person of the Trust or the Administrator, or any issuer of which any director, executive officer or control person of the Trust or the Administrator was a director, executive officer or control person at that time.

## Item 4 CAPITAL STRUCTURE

### 4.1 Capital.

Subscribers of Participating Preferred Trust Units of the Trust in this Offering will be governed by the terms of the Declaration of Trust. The following table provides relevant information about the outstanding securities of the Trust:

Description of Security	Number authorized to be issued	Number outstanding at September 30, 2018	Number outstanding after min. offering	Number outstanding after max. offering
Participating Preferred Trust Units	Unlimited	142,562.50	142,562.50 <sup>(1)</sup>	296,899.50 <sup>(1)</sup>

<sup>(1)</sup> Prior to the exercise of the Over-Subscription Option (if applicable). If the Over-Subscription Option were exercised in full, the total number of Participating Preferred Trust Units outstanding after the maximum offering would be 350,917.50.

#### Details of the Declaration of Trust

The rights and obligations of the Participating Preferred Trust Unitholders are governed by the Declaration of Trust and applicable legislation in each jurisdiction in which the Trust carries on business. The statements in this Offering Memorandum concerning the Declaration of Trust summarize the material provisions of the Declaration of Trust and do not purport to be complete. Reference should be made to the full text of the Declaration of Trust which will be available for inspection by Participating Preferred Trust Unitholders at the Trust's offices for the complete details of these and other provisions therein.

#### *Participating Preferred Trust Units*

The Trust has two classes of Participating Preferred Trust Units – the Class A Participating Preferred Trust Units and the Class F Participating Preferred Trust Units. The Trust is authorized to issue an unlimited number of each class of Participating Preferred Trust Units. The Class A and Class F Participating Preferred Trust Units are identical to each other, except the selling expenses applicable to each Class. See Item 7, "Compensation Paid to Sellers and Finders".

#### *Subscriptions*

Subscriptions will be received subject to acceptance or rejection in whole or in part by the Administrator on behalf of the Trust and the right is reserved to close the Offering of Participating Preferred Trust Units at any time without notice. At each Closing, non-certificated interests representing the aggregate number of Participating Preferred Trust Units subscribed for at such Closing will be recorded on the register of the Trust on the date of such Closing. No certificates representing the Participating Preferred Trust Units will be issued.

#### *Business of the Trust*

The Declaration of Trust provides that the activities of the Trust are restricted to the following: (a) acquiring, holding, transferring, disposing of, investing in, lending to, and otherwise dealing with, assets, securities (whether debt or equity) and other interests or properties of whatever nature or kind of or issued by, any person (including the Partnership) and making such other investments as the Trustees in their sole discretion determine; (b) holding cash and other investments in connection with and for the purposes of the Trust's activities, including paying liabilities of the Trust (including administration expenses), paying any amounts required in connection with the redemption of Participating Preferred Trust Units, and making distributions to Participating Preferred Trust Unitholders; (c) disposing of all or any part of the Trust Property; (d) issuing Participating Preferred Trust Units, instalment receipts, and other Trust securities (including debt instruments, securities convertible into or exchangeable for Participating Preferred Trust Units or other securities of the Trust, or warrants, options or other rights to acquire Participating Preferred Trust Units or other securities of the Trust), for the purposes of, without limitation: (i) conducting, or facilitating the conduct of the activities and undertaking of the Trust (including for the purpose of raising funds for acquisitions); (ii) repayment of any indebtedness or borrowings of the Trust or any affiliate thereof; (iii) establishing and implementing Participating Preferred Trust Unitholder rights plans, distribution reinvestment plans, Participating Preferred Trust Unit purchase plans, and incentive option and other compensation plans of the Trust, if any; (iv)

satisfying obligations to deliver securities of the Trust, including Participating Preferred Trust Units, pursuant to the terms of securities convertible into or exchangeable for such securities of the Trust, whether or not such convertible or exchangeable securities have been issued by the Trust; (v) carrying out any of the transactions contemplated by any offering documents of the Trust and satisfying all obligations in connection with such transactions; and (vi) making non-cash distributions to Participating Preferred Trust Unitholders, including in specie redemptions as well as distributions; (e) repurchasing or redeeming Participating Preferred Trust Units or other Trust securities, subject to the provisions of the Declaration of Trust and applicable law; (f) issuing debt securities or otherwise borrowing funds, as well as mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Trust Property, whether as security for obligations of the Trust or otherwise; (g) guaranteeing (whether as guarantor, surety or co-principal obligor, or otherwise) any obligations, indebtedness or liabilities, present or future, direct or indirect, absolute or contingent, matured or not of any person for, or in pursuit of pursuing or facilitating the business and purposes of the Trust, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Trust Property as security for such guarantee; (h) carrying out any of the transactions, and exercising, performing and satisfying any of the rights, liabilities and obligations of the Trust under any agreements or arrangements, entered into in connection with pursuing the business and purposes of the Trust; and (i) engaging in all activities, and taking all such actions, ancillary or incidental to any of those activities set forth in (a) through (h) above, provided that the Trust is prohibited from engaging in any activity or undertaking that could reasonably be expected to cause it not to be a “mutual fund trust” for the purposes of the Tax Act.

### *Trustees*

The Board of Trustees will consist of a minimum of two Trustees and a maximum of 5 Trustees. The number of trustees for the Trust has been set at three and such number may be changed from time to time, in the sole discretion of the Trustees, by a resolution of the Trustees.

If there is a resolution of the Trustees fixing the number of trustees of the Trust at a greater number than two (not to exceed five) the Trustees shall then, by majority vote, be entitled to elect the additional trustee(s) of the Trust to fill the vacancies created by the increase in number of trustees of the Trust or, in the alternative, if the Trustees of the Trust so decide they may call a meeting of Participating Preferred Trust Unitholders to elect the additional trustee(s) of the Trust to fill the vacancies created by the increase in number of trustees of the Trust. The Trustees remain in office until the earlier of the date of their death, disqualification, resignation or removal in accordance with the Declaration of Trust. In the case of a resignation, a majority of the Trustees remaining in office may appoint an individual as a replacement Trustee or, if they fail to so appoint a replacement or the Trustees determine to have the replacement elected by Participating Preferred Trust Unitholders, a meeting of Participating Preferred Trust Unitholders may be called to elect, by Ordinary Resolution, the replacement Trustee. Any Trustee may be removed at any time with or without cause by Ordinary Resolution passed in favour of the removal of such Trustee and such removal shall be effective upon the date stated in the Ordinary Resolution or upon the date of such Ordinary Resolution if not otherwise stated. If a Trustee dies, becomes disqualified from being a trustee of the Trust, or Otherwise becomes incapable of acting as a trustee, the remaining Trustees shall forthwith remove such Trustee and appoint a new trustee of the Trust to replace such deceased, disqualified or incapacitated Trustee or, if they fail to so appoint a replacement or the Trustees determine to have the replacement elected by Participating Preferred Trust Unitholders, a meeting of Participating Preferred Trust Unitholders may be called to elect, by Ordinary Resolution, the replacement Trustee. If at any time the number of Trustees then in office is less than the minimum number of trustees of the Trust required (being two in number) then at any time a Participating Preferred Trust Unitholder, a Trustee or any other interested person may apply to a court of competent jurisdiction for the appointment of a trustee(s) in order that the required minimum number be maintained.

The Declaration of Trust provides that, subject only to any limitations and restrictions contained in the Declaration of Trust, the Trustees have full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of such property in their own right and may do all such acts and things as they, in their sole judgment and discretion, deem necessary or incidental to, or desirable for, the carrying out the purposes of the trust created by the Declaration of Trust.

All determinations of the Trustees and any agent to whom the Trustees have delegated duties, where such determinations are made in good faith with respect to any matters relating to the Trust, shall be final and conclusive and shall be binding upon the Trust and all Participating Preferred Trust Unitholders. The Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the Trust and, in connection therewith, exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (herein the “**Standard of Care**”). In general, each Trustee shall be indemnified against

all liabilities or claims against them or the Trust, and they shall have no liability to any holders of Participating Preferred Trust Units, where such liabilities or claims arise out of being or having been a trustee of the Trust, unless such liabilities or claims arise as a result of the Trustee failing to satisfy the Standard of Care or, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, where such Trustee did not have reasonable grounds for believing that his conduct was lawful.

### ***Delegation***

Pursuant to the Administration Agreement the Trustees have delegated to the Administrator the obligation to provide and perform for and on behalf of the Trust essentially all services that are or may be required or advisable, from time to time, in order to manage, administer and govern the operations of the Trust. See Item 2.5, “Material Agreements Administration Agreement”.

### ***Restrictions of Trustees***

The Trustees shall not:

- (a) without the approval of the Participating Preferred Trust Unitholders by Extraordinary Resolution, amend the Declaration of Trust except in certain circumstances. See “- Amendments to the Declaration of Trust” below.
- (b) without the approval of the Participating Preferred Trust Unitholders by Extraordinary Resolution, authorize any sale, lease, exchange, transfer or other disposition of all or substantially all of the property of the Trust, other than (i) as otherwise permitted under the Declaration of Trust, including pursuant to the wind-up and termination of the Trust and pursuant to in specie redemptions or distributions, (ii) in order to acquire securities of the Partnership or other affiliate of the Trust, or to consolidate the assets held by the Partnership with other similar issuers established by the General Partner or its affiliates, or (iii) in conjunction with an internal reorganization of the Trust.
- (c) without the approval of the Participating Preferred Trust Unitholders by Extraordinary Resolution, vote the Trust's securities of the Partnership to approve the Partnership carrying on business other than that which is then currently authorized by the LP Agreement, the removal of the general partner of the Partnership and substitution of a new general partner, any amendment to the LP Agreement that required Limited Partner approval pursuant to the terms of the LP Agreement, or the wind-up and dissolution of the Partnership if proposed by the General Partner.
- (d) without the approval of the Participating Preferred Trust Unitholders by Ordinary Resolution, vote the Trust's securities of the Partnership to approve the selection of a new General Partner in the event of the resignation of the General Partner or to approve the appointment or removal of the Partnership's auditor.

### ***Distributions***

The Trust expects to generate Distributable Cash through distributions on the LP Units held by the Trust. See Item 2.7, “Material Agreements - LP Agreement – Cash Distributions”. The Trustees, in respect of a Distribution Period, may declare payable to Participating Preferred Trust Unitholders of record as at the close of business on the Distribution Record Date for such Distribution Period, all or any part of the Distributable Cash for such Distribution Period as determined by the Trustees in their discretion. Each Participating Preferred Trust Unit issued and outstanding on the Distribution Record Date for a particular Distribution Period shall be entitled to an equal proportionate share of the Distributable Cash which is declared payable to Participating Preferred Trust Unitholders. The Trust is targeting a minimum 7.425%, 7.071%, 6.75% or 6.456% cumulative base annual return based on a \$100, \$105, \$110 and \$115 Participating Preferred Trust Unit issue price, respectively, on an investment in Participating Preferred Trust Units through distributions of Distributable Cash. Once Participating Preferred Trust Unitholders have received a 7.425%, 7.071%, 6.75% or 6.456%, as applicable, return on their investment in any calendar year and/or a cumulative 7.425%, 7.071%, 6.75% or 6.456%, as applicable, annual return on their investment over the life of the Partnership, the Administrator (in its capacity as general partner of the Partnership) will be entitled to the Performance Bonus from the Partnership.

The Administrator anticipates that distributions will commence approximately 15-30 months from the date of the final Closing of the Offering.

In addition to the foregoing the Trust may make such other distributions (“Special Distributions”) as the Trustees may determine from time to time. The Trustees intend to make additional distributions, payable in cash or by the issuance of additional Participating Preferred Trust Units, in respect of its Tax Income (including its net realized capital gains), if any, of the Trust in a fiscal year to the extent necessary to ensure that the Trust will not be liable for tax under Part I of the Tax Act in such year.

### **Redemptions**

A holder of Participating Preferred Trust Units is entitled to require the Trust to redeem, at any time at the demand of the holder, all or any part of the Participating Preferred Trust Units registered in the name of the Participating Preferred Trust Unitholder. Redemptions will be satisfied on the last day of the quarter in which the redemption request has been received, provided that the redemption request has been received at least twenty (20) days prior to the end of the quarter. Redemption requests received after such date will be satisfied at the end of the next quarter. There are certain procedural requirements, set forth in the Declaration of Trust, which must be adhered to in connection with any redemption of Participating Preferred Trust Units. Unless Participating Preferred Trust Units were to become listed, the price per Participating Preferred Trust Unit to be received on a redemption will be equal to (a) if the redemption occurs before January 1, 2022, 98%, and (b) in any other case 100%, of the fair market value of such Participating Preferred Trust Unit, as at the date upon which such Participating Preferred Trust Unit was tendered for redemption, as determined by a third party appraisal firm.

Payment of the redemption price shall be in cash, provided that if the Participating Preferred Trust Units tendered for redemption in the same quarter exceeds an amount equal to 0.25% of the Gross Proceeds until January 1, 2022, and 0.625% of the Gross Proceeds thereafter (as set out in Table 1 below), then the Trustees shall only be obligated to make cash payment to a maximum of such amount and the balance (payable to investors seeking to redeem *pro rata* based on the number of Participating Preferred Trust Units tendered for redemption), subject to receipt of any applicable regulatory approvals, may be paid by the Trust, in the discretion of the Administrator, through the issuance of Redemption Notes and/or through a distribution, in specie, of property of the Trust. In addition, the Trustees will have the right to pay redemption proceeds in Redemption Notes in circumstances where redeeming Preferred Trust Units for cash would be unduly detrimental to the business of the Trust (for example, where paying out redemption proceeds in cash would render the Trust insolvent or otherwise unable to pay its debts when they become due). There may be significant adverse tax consequences to a Participating Preferred Trust Unitholder that receives Redemption Notes or other non-cash property of the Trust on the redemption of Participating Preferred Trust Units. See Item 6, “Certain Canadian Federal Income Tax Considerations and Exempt Plan Eligibility - Tax-Exempt Holders of Participating Preferred Trust Units”.

*Table 1*

<b>1. Applicable Redemption Period</b>	<b>2. Cash Redemption Limit per Quarter</b>	<b>3. Maximum Cash Redemption per Quarter Based on Maximum Offering of \$16,500,000</b>
Prior to January 1, 2022	0.25% of the Gross Proceeds	Maximum of \$41,250 per quarter
From January 1, 2022 until termination of the Trust	0.625% of the Gross Proceeds	Maximum of \$103,125 per quarter

In the event that the Trust issues Redemption Notes to redeeming Participating Preferred Trust Unitholders, the Trust and the Administrator shall comply with the following:

- (a) the Administrator, on behalf of the Trust, shall only issue Redemptions Notes in compliance with the terms and conditions of the Declaration of Trust;
- (b) the form of the Redemption Notes to be issued by the Trust shall be approved by the independent directors of the Administrator;



- (c) the Administrator, on behalf of the Trust, shall advise redeeming Participating Preferred Trust Unitholders as soon as practicable in writing (the “**Redemption Note Issuance Notice**”) that the redemption price for the Participating Preferred Trust Units tendered for redemption will be paid in whole or in part by Redemption Notes, and such Participating Preferred Trust Unitholders have 15 Business Days from the date of the Redemption Note Issuance Notice to rescind their redemption request, if desired; and
- (d) the Redemption Note Issuance Notice shall include: (i) the form of the Redemption Note; (ii) reference to Item 6 of the Offering Memorandum in relation to the ineligibility of Redemption Notes as a qualified investment for Exempt Plans; (iii) discussion of options available to a Participating Preferred Trust Unitholder and a trustee of an Exempt Plan of a Participating Preferred Trust Unitholder, as a result of receiving a prohibited investment in a Exempt Plan as issued by the Trust; (iv) reference to the Risk Factor found in Item 8 of the Offering Memorandum under the heading Priority of Redemption Notes over Participating Preferred Trust Units; (v) discussion of potential priority issues of between holders of Redemption Notes, whether held inside or outside an Exempt Plan, as applicable and Participating Preferred Trust Unitholders, upon the occurrence of the liquidation or potential liquidation of the Trust Assets; and (vi) advice to the Participating Preferred Trust Unitholder to speak with their legal counsel and tax advisors regarding points (i)-(v) above.

### ***Meetings of Participating Preferred Trust Unitholders***

There is no requirement to hold annual meetings of the Participating Preferred Trust Unitholders. A meeting of Participating Preferred Trust Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Participating Preferred Trust Unitholders representing not less than 25% of all votes entitled to be voted at a meeting of Participating Preferred Trust Unitholders. Any such meeting requisition must comply with the requirements set forth in the Declaration of Trust, including that the request specify in reasonable detail the business proposed to be transacted at the meeting. Participating Preferred Trust Unitholders of record may attend and vote at all meetings of the Participating Preferred Trust Unitholders either in person or by proxy and a proxyholder need not be a Participating Preferred Trust Unitholder. One or more persons present in person and being Participating Preferred Trust Unitholders or representing by proxy Participating Preferred Trust Unitholders, and who hold in total not less than 5% of the votes attached to the then outstanding Participating Preferred Trust Units, will constitute a quorum for the transaction of business at all meetings. Each Participating Preferred Trust Unit entitles the holder to one vote at all meetings. The Declaration of Trust contains various other provisions pertaining to the procedural requirements with respect to the calling and holding of meetings of Participating Preferred Trust Unitholders.

### ***Term of the Trust and Distribution on Wind-Up***

The Trust is obligated to commence its wind-up and termination on the first of the following to occur (each of the following being hereinafter referred to as an “**Event of Termination**”): (a) December 31, 2024, unless the Trustees decide, in their discretion, to extend the termination date for up to two additional two year periods, (b) the date specified in proposal by the Administrator to wind-up and terminate the Trust which is approved by an Extraordinary Resolution; and (c) the date on which all material business in which the Trust holds an interest or has otherwise invested, have been liquidated (which generally means such business has been wound-up and its net assets distributed to those so entitled upon a wind-up, dissolution or termination of such business). It is currently contemplated that the only material business in which the Trust will invest is the Partnership and, consequently, that the termination of the Trust will be triggered by the wind-up and dissolution of the Partnership. The ability of the Trust to make distributions on the Participating Preferred Trust Units on the wind-up and dissolution of the Trust will be primarily dependent on the Trust’s receiving distributions on the LP Units in connection with the wind-up and dissolution of the Partnership. See Item 2.1.2, “The Partnership - Formation and Term of the Partnership and Item 2.7 - Material Agreements - LP Agreement Distributions on Dissolution”.

On the occurrence of an Event of Termination the Trustees shall commence the wind-up and termination of the affairs of the Trust and will use their reasonable commercial efforts to, as soon as practicable, liquidate and distribute all the Trust Property and wind-up the Trust. Once the Administrator is able to determine, with a reasonable degree of certainty, the time at which the Trust will be in a position to distribute the net assets of the Trust, then the Administrator shall give notice of the timing of such anticipated distribution. Such notice shall designate the time or times at which Participating Preferred Trust Unitholders may surrender their Participating Preferred Trust Units for cancellation and the date at which the registers of Participating Preferred Trust Units shall be closed.

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust (including expenses relating to the wind-up and termination of the Trust) and providing for

an indemnity against any other outstanding liabilities and obligations, provided the holders of Participating Preferred Trust Units, then after the payment of the Performance Bonus, if earned, the Administrator shall distribute the remaining Trust Property to the holders of the Participating Preferred Trust Units *pro rata* in accordance with their respective interest in the Trust, without preference or distinction. If the Administrator is unable to sell all or any of the Trust Property within a reasonable period of time, the Administrator may, subject to obtaining all necessary regulatory or other approvals, distribute undivided interests in the remaining Trust Property directly to the holders of the Participating Preferred Trust Units in accordance with their entitlements to the property of the Trust on a wind-up or termination of the Trust.

Notwithstanding the foregoing, the Trustees may call a meeting of Participating Preferred Trust Unitholders to approve, by Ordinary Resolution, extending the term of the Trust and continue operations on terms recommended by the Trustees.

### *Transfer of Participating Preferred Trust Units*

**There is no market through which the Participating Preferred Trust Units may be sold and none is expected to develop. The Participating Preferred Trust Units will not be listed on any stock exchange. Subscribers are likely to find it difficult or impossible to sell their Participating Preferred Trust Units.** Under the Declaration of Trust, Participating Preferred Trust Units may be transferred by a Participating Preferred Trust Unitholder subject to the following conditions: (a) the Participating Preferred Trust Unitholder must deliver to the Recordkeeper, a form of transfer and power of attorney, substantially in the form annexed to the Declaration of Trust, duly completed and executed by the Participating Preferred Trust Unitholder, as transferor, and the transferee and other necessary documentation duly executed, together with such evidence of the genuineness of the endorsement, execution and authorization thereof and of such other matters as may reasonably be required by the Recordkeeper; (b) the transferee will not become a Participating Preferred Trust Unitholder in respect of the Participating Preferred Trust Unit transferred to him or her until the prescribed information has been entered on the register of Participating Preferred Trust Unitholders; (c) no transfer of a Participating Preferred Trust Unit shall cause the dissolution of the Trust; (d) transfers of a fractional part of a Participating Preferred Trust Unit shall be recognized as long as it is part of a transfer of at least one additional Participating Preferred Trust Unit; (e) any transfer of a Participating Preferred Trust Unit is at the expense of the transferee (but the Trust will be responsible for all costs in relation to the preparation of any amendment to the Trust's register and similar documents in jurisdictions other than British Columbia); and (f) no transfer of Participating Preferred Trust Units will be accepted by the Recordkeeper after notice of dissolution of the Trust is given to the Participating Preferred Trust Unitholders. All transfers of Participating Preferred Trust Units are subject to the approval of the Administrator.

A transferee of Participating Preferred Trust Units, by executing the transfer form, agrees to become bound by and subject to the Declaration of Trust as a Participating Preferred Trust Unitholder as if the transferee had personally executed the Declaration of Trust and to grant the power of attorney provided for in the Declaration of Trust. The form of transfer includes representations, warranties and covenants on the part of the transferee that the transferee is not a "non-resident" for purposes of the Tax Act and is not a "non-Canadian" for purposes of the Investment Canada Act, that no interest in the transferee is a "tax shelter investment", as defined in the Tax Act, that the transferee is not a partnership (other than a "Canadian partnership", as defined in the Tax Act, that the transferee is not a Financial Institution unless such transferee has provided written notice to the contrary prior to the date of acceptance of the transferee's subscription, and that the transferee will continue to comply with these representations, warranties and covenants during the time that the transferee holds one or more Participating Preferred Trust Units. The Administrator has the right to reject the transfer of Participating Preferred Trust Units, in whole or in part, to a transferee who it believes to be a "non-resident" (or a partnership that is not a "Canadian partnership") for the purposes of the Tax Act, a "non-Canadian" for the purposes of the Investment Canada Act, a transferee an interest in which is a "tax shelter investment" for purposes of the Tax Act, or a Financial Institution. In addition, the Administrator may reject any transfer (a) if in the opinion of counsel to the Trust such transfer would result in the violation of any applicable securities laws; or (b) the Administrator believes that the representations and warranties provided by the transferee in the required form of transfer are untrue. A transferor of Participating Preferred Trust Units will remain liable to reimburse the Trust for any amounts distributed to such transferor by the Trust which may be necessary to restore the capital of the Trust to the amount existing immediately prior to such distribution, if the distribution resulted in a reduction of the capital of the Trust and the incapacity of the Trust to pay its debts as they became due.

Under certain circumstances, the Administrator may require any Participating Preferred Trust Unitholder that is a "non-resident" of Canada (or a partnership that is not a "Canadian partnership") for the purposes of the Tax Act ("**Non-Resident Participating Preferred Trust Unitholder**") to transfer the Non-Resident Participating Preferred Trust

Unitholder's Participating Preferred Trust Units to one or more persons who are not non-residents of Canada. The Administrator has the right pursuant to the Declaration of Trust either to purchase from a Non-Resident Participating Preferred Trust Unitholder whose Participating Preferred Trust Units are not sold as required, their Participating Preferred Trust Units for cancellation, or sell those Participating Preferred Trust Units to a person who is qualified to hold Participating Preferred Trust Units, in either case at their net asset value as determined by the Administrator with reference to the then current Net Asset Value.

The Declaration of Trust provides that if the Administrator becomes aware that the beneficial owners of 45% or more of the Participating Preferred Trust Units of a Class then outstanding are, or may be, Financial Institutions or that such a situation is imminent, among other rights set forth in the Declaration of Trust, the Administrator has the right to refuse to issue Participating Preferred Trust Units of that Class or register a transfer of Participating Preferred Trust Units of that Class to any person unless that person provides a declaration that it is not a Financial Institution.

### ***Repurchase***

The Trust has the right and entitlement to offer to any one or more Participating Preferred Trust Unitholders, as the Trustees determine in their sole discretion, and upon acceptance of such offer by the holder of such Participating Preferred Trust Units to whom such offer was made, to purchase for cancellation, at any time, by private agreement or otherwise, the whole or from time to time any part of the outstanding Participating Preferred Trust Units in respect of which the offer was accepted, at a price per security and on a basis as determined by the Trustees in their sole discretion but in compliance with all applicable laws, rules, regulations or policies governing same. Such offers may be made to one or more holders of Participating Preferred Trust Units to the exclusion of other holders of Participating Preferred Trust Units.

### ***Conflicts of Interest***

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

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

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

Trustees will also be bound by the Conflicts of Interest Policy adopted by the Trust.

### ***Governance of the Trust and the Administrator***

In order to provide for better governance and to address certain Conflict of Interest Matters, the Declaration of Trust and the by-laws of the Administrator require the following: (a) at least two (2) members of the board of trustees of the Trust and two (2) members of the board of directors of the Administrator (together, the "**Boards**") must be Independent (the "**Minimum Independent Director Requirement**"); (b) the Trustees and the officers and/or directors of the Administrator must bring all Conflict of Interest Matters to the attention of the applicable Board and any Conflict of

Interest Matter in any authorizing resolution requires the unanimous agreement of all Independent Trustees and Board members then sitting as Trustees and Board members, in addition to the requisite majority of non-Independent Trustees and directors voting in favour of such a resolution; (c) if a Board or the Trust has no Independent director or Trustee, then no Conflict of Interest Matter can be approved by a Board or the Trustees, as applicable. CADO Bancorp Ltd., the sole shareholder of the Administrator, may, in its sole discretion, elect to appoint more than one Independent director to a Board; and (d) annually, the Trust will provide, along with its annual financial statements, a report of the Independent Trustee(s) and director(s) of the Administrator regarding the review and approval of any Conflict of Interest Matters in the prior year.

For these purposes, “**Conflict of Interest Matter**” means any matter in respect of which a reasonable person would consider the Administrator, or an entity related to the Administrator, to have an interest that may conflict with the Administrator’s ability to act in good faith and in the best interests of the Trust, and “**Independent**” and “**Independence**” will be determined in accordance with the test set out in National Instrument 52-110 – *Audit Committees*. As of the date of this Offering Memorandum, one trustee, Byron Striloff, would be considered independent.

As of the date of this Offering Memorandum, two directors of the Administrator – Nancy Goertzen and Byron Striloff, are independent of the Administrator, and one Trustee, Byron Striloff, is independent of the Trust. Notwithstanding that only one Trustee is Independent, the Minimum Independent Director Requirement will be deemed to have been satisfied if the Trust appoints an additional Independent Trustee by no later than March 31, 2019.

#### ***Power of Attorney***

The Declaration of Trust includes a power of attorney coupled with an interest, the effect of which is to constitute it an irrevocable power of attorney. This power of attorney authorizes the Trustees, with full power of substitution, on behalf of the Participating Preferred Trust Unitholders, among other things, to execute the Declaration of Trust, any amendments to the Declaration of Trust, all instruments, documents and agreements in connection with the business and affairs of the Trust, and all instruments necessary to reflect the dissolution of the Trust and distribution and partition of assets distributed to Participating Preferred Trust Unitholders on dissolution, as well as any elections, determinations or designations under the Tax Act or taxation legislation of any province or territory with respect to the affairs of the Trust or a Participating Preferred Trust Unitholder’s interest in the Trust, including in respect of the dissolution of the Trust. **By subscribing for Participating Preferred Trust Units, each Subscriber acknowledges and agrees that he or she has given such power of attorney and will ratify any and all actions taken by the Trustees pursuant to such power of attorney.**

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

Except where otherwise specifically provided in the Declaration of Trust, the Declaration of Trust may only be amended or altered from time to time by Extraordinary Resolution. The Declaration of Trust specifically provides that the Trustees will be entitled, at their discretion and without the approval of the Participating Preferred Trust Unitholders, to make amendments to the Declaration of Trust for any purpose on or prior to the initial Closing and at any time for any of the following purposes: (i) ensuring continuing compliance, by the Trust, with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Trust; (ii) providing, in the opinion of the Trustees, additional protection for the Participating Preferred Trust Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Participating Preferred Trust Unitholders; (iii) making amendments to the Declaration of Trust which, in the opinion of the Trustees, are necessary or desirable in the interests of the Participating Preferred Trust Unitholders as a result of changes in taxation laws or in their interpretation or administration (including changes in the administrative practices and assessing policies of the Canada Revenue Agency); (iv) making corrections, or removing or curing any conflicts or inconsistencies between the provisions of the Declaration of Trust or any supplemental agreement and any other agreement of the Trust or any offering document with respect to the Trust, or any applicable law or regulation of any jurisdiction, provided that in the opinion of the Trustees the rights of the Participating Preferred Trust Unitholders are not materially prejudiced thereby; (v) making amendments to the Declaration of Trust as are necessary or desirable for correcting typographical mistakes or for curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions; (vi) making amendments to the Declaration of Trust as is required to undertake an internal reorganization of the Trust or its affiliates; or (vii) making amendments to the Declaration of Trust for any purpose in addition to those stated above, provided that,

in the opinion of the Trustees, the rights of the Participating Preferred Trust Unitholders are not materially prejudiced thereby.

#### 4.2 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
May 1, 2017	Initial Participating Preferred Trust Unit	1	\$90	\$90
June 30, 2017	Participating Preferred Trust Units	28,593.36	\$90	\$2,573,402.38
July 14, 2017	Participating Preferred Trust Units	8,545.08	\$90	\$769,056.98
July 31, 2017	Participating Preferred Trust Units	12,641.39	\$90	\$1,137,724.97
August 15, 2017	Participating Preferred Trust Units	14,996.16	\$90	\$1,349,654.21
August 31, 2017	Participating Preferred Trust Units	6,177.22	\$90	\$555,950.00
September 21, 2017	Participating Preferred Trust Units	39,875.69	\$90	\$3,588,811.97
September 29, 2017	Participating Preferred Trust Units	400	\$100	\$40,000.00
October 13, 2017	Participating Preferred Trust Units	849.00	\$100	\$84,900.00
October 30, 2017	Participating Preferred Trust Units	9,445.96	\$100	\$944,596.00
November 15, 2017	Participating Preferred Trust Units	2,945.00	\$100	\$294,500.00
November 30, 2017	Participating Preferred Trust Units	2,495.50	\$100	\$249,550.00
December 15, 2017	Participating Preferred Trust Units	2,913.00	\$100	\$291,300.00
January 15, 2018	Participating Preferred Trust Units	3,249.34	\$100	\$324,934.00
January 30, 2018	Participating Preferred Trust Units	1,392.44	\$100	\$139,244.00
February 15, 2018	Participating Preferred Trust Units	1,383.00	\$100	\$138,300.00
February 28, 2018	Participating Preferred Trust Units	1,336.98	\$100	\$133,698.00
March 15, 2018	Participating Preferred Trust Units	1,277.38	\$100	\$127,738.00
March 29, 2018	Participating Preferred Trust Units	795.00	\$100	\$79,500.00
April 20, 2018	Participating Preferred Trust Units	3,250.00	\$100	\$325,000.00



## **Item 5                    SECURITIES OFFERED**

### **5.1        Terms of Securities.**

#### **General**

The interests of the Participating Preferred Trust Unitholders in the Trust will be divided into an unlimited number of Participating Preferred Trust Units, of which a total of 142,562.50 Participating Preferred Trust Units are currently outstanding and a maximum of 208,355 additional Participating Preferred Trust Units (including 56,601 Participating Preferred Trust Units which may be issued in connection with the exercise of the Over-Subscription Option) which may be issued pursuant to the Offering. Each issued and outstanding Participating Preferred Trust Unit of a Class shall be equal to each other Participating Preferred Trust Unit of that Class with respect to all rights, benefits, obligations and limitations provided for in the Declaration of Trust and all other matters, including the right to distributions from the Trust and no Participating Preferred Trust Unit of a Class shall have any preference, priority or right in any circumstances over any other Participating Preferred Trust Unit of that Class. The Trust will not create any class of Units that has a preference to the Participating Preferred Trust Units over the distribution of Distributable Cash or entitlement to assets on disposition or dissolution.

At all meetings of the Participating Preferred Trust Unitholders, each Participating Preferred Trust Unitholder will be entitled to one vote for each Participating Preferred Trust Unit held in respect of all matters upon which holders of Participating Preferred Trust Units of that Class are entitled to vote. Each Participating Preferred Trust Unitholder will contribute to the capital of the Trust the applicable purchase price for each Participating Preferred Trust Unit purchased. There are no restrictions as to the maximum number of Participating Preferred Trust Units that a Participating Preferred Trust Unitholder may hold in the Trust, subject to limitations on the number of Participating Preferred Trust Units that may be held by Financial Institutions and provisions relating to take-over bids. The minimum purchase for each Participating Preferred Trust Unitholder is \$10,000 in Participating Preferred Trust Units. Additional purchases may be made in Participating Preferred Trust Unit multiples of \$1,000. Fractional Participating Preferred Trust Units may be issued. The Participating Preferred Trust Units constitute securities for the purposes of the *Securities Transfer Act* (Ontario) and similar legislation in other jurisdictions. See Item 4.1, “Capital - Summary of the Declaration of Trust”.

Under certain circumstances, the Administrator may require Non-Resident Participating Preferred Trust Unitholders to transfer their Participating Preferred Trust Units to persons who are not “non-residents” of Canada.

In addition, the Declaration of Trust provides that if the Administrator becomes aware that the beneficial owners of 45% or more of the Participating Preferred Trust Units then outstanding are, or may be, Financial Institutions or that such a situation is imminent, among other rights set forth in the Declaration of Trust, the Administrator has the right to refuse to issue Participating Preferred Trust Units or register a transfer of Participating Preferred Trust Units to any person unless that person provides a declaration that it is not a Financial Institution.

On the dissolution of the Trust, the Administrator shall, after payment or provision for the payment of the debts and liabilities of the Trust and liquidation expenses, including the payment to the Administrator (in its capacity as general partner of the Partnership) of the Performance Bonus, if earned, distribute to each Participating Preferred Trust Unitholder an undivided interest in each asset of the Trust that has not been sold for cash or securities or distributed to the in proportion to the number of Participating Preferred Trust Units owned by the Participating Preferred Trust Unitholder.

Pursuant to the Declaration of Trust, each Subscriber, among other things:

- (i) consents to the disclosure of certain information to, and its collection and use by, the Administrator and its service providers, including such Subscriber’s full name, residential address or address for service, social insurance number or the corporation account number, as the case may be, for the purpose of administering such Subscriber’s subscription for Participating Preferred Trust Units;
- (ii) acknowledges that the Subscriber is bound by the terms of the Declaration of Trust and is liable for all obligations of a Participating Preferred Trust Unitholder;

- (iii) makes the representations and warranties and covenants set out in the Declaration of Trust;
- (iv) irrevocably nominates, constitutes and appoints the Trustees as its true and lawful attorney with full power and authority as set out in the Declaration of Trust;
- (v) irrevocably authorizes the Trustees to transfer the assets of the Trust and implement the dissolution of the Trust;
- (vi) irrevocably authorizes the Trustees to file on behalf of the Subscriber all elections under applicable income tax legislation in respect of any dissolution of the Trust; and
- (vii) covenants and agrees that all documents executed and other actions taken on his, her or its behalf as a Participating Preferred Trust Unitholder pursuant to the power of attorney as set out in the Declaration of Trust will be binding on him, her or it and agrees to ratify any such documents or actions on request of the Administrator.

After completion of the Offering the Trustees, in their sole discretion, may issue Participating Preferred Trust Units, from time to time, to any person where it is necessary or desirable in connection with the conduct of the business of the Trust, including in connection with the purchase of additional Investments, and in each case such securities may be issued at such prices and upon such terms and at such time or times as the Trustees may determine.

Please also refer to Item 4.1, “Capital” for a description of the Declaration of Trust, which governs the terms of the Participating Preferred Trust Units.

### **Liquidity**

**There is no market for the Participating Preferred Trust Units and it is not anticipated that any market will develop.** It is expected that the primary mechanism for Participating Preferred Trust Unitholders to achieve liquidity for their investments will be pursuant to the redemption rights attached to the Participating Preferred Trust Units. However, in order to provide Participating Preferred Trust Unitholders with enhanced liquidity, the Administrator may investigate implementing a Liquidity Event. The tax implications of the Liquidity Event will vary depending on the nature of the transaction but will generally be a taxable transaction. See “Canadian Federal Income Tax Considerations” for a discussion of the tax implications of a Liquidity Event. In all cases, the amount distributed to Participating Preferred Trust Unitholders will be net of all liabilities payable and amounts owing to the Administrator.

#### *Timing*

The decision to implement a Liquidity Event will be dependent on the market conditions and transaction opportunities available at the time. Therefore there can be no assurance that a Liquidity Event will be implemented.

#### *Valuation of the Investments*

Prior to the Liquidity Event, the Administrator expects that it would obtain a report prepared by an arm’s length business valuator or, in the case of real property assets, a Qualified Appraiser, evaluating the fair market value of the Investments utilizing discount rates which are appropriate in the circumstances. If the Administrator determines that the consideration payable under a Liquidity Event for an Investment is less than the fair market value of the Investment, or that the Trust could obtain materially better consideration, the Administrator is not obligated to accept such Liquidity Event.

“Fair market value” has been described as the highest price, expressed in terms of money or money’s worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties acting at arm’s length. It has also been described as the value that can be obtained in a market in which sellers are ready but not too anxious to sell to potential arm’s length purchasers ready and able to purchase.

### *Liquidity Event Alternatives*

The form of any Liquidity Event would depend on the opportunities available at the time. For example, a Liquidity Event could take the form of a sale of the Trust's or the Partnership's assets for cash, publicly traded shares, or a combination thereof. In any event, the Administrator does not anticipate proposing any Liquidity Events that do not result in the Participating Preferred Trust Unitholders receiving cash or assets that are not readily convertible into cash.

### *Participating Preferred Trust Unitholders Meeting*

The Administrator will call a meeting of Participating Preferred Trust Unitholders to approve a Liquidity Event, if any, and no Liquidity Event will be implemented if a majority of the Participating Preferred Trust Units voted at such meeting are voted against the Liquidity Event.

The Administrator has been granted all necessary power, on behalf of the Trust and each Participating Preferred Trust Unitholder, to implement Offers, transfer the assets of the Trust pursuant to a Liquidity Event, implement the dissolution of the Trust thereafter and to file all elections deemed necessary or desirable by the Administrator to be filed under the Tax Act and any other applicable tax legislation in respect of any transaction with another entity or the dissolution of the Trust.

## **5.2 Subscription Procedure.**

The Participating Preferred Trust Units are offered for sale during the period (the "**Offering Period**"), which is intended to end on or before March 31, 2019. Subject to the Over-Subscription Option as described below, is \$100 per Participating Preferred Trust Unit for the first 30,000 Participating Preferred Trust Units issued, \$105 per Participating Preferred Trust Unit for the next 57,143 Participating Preferred Trust Units issued, \$110 per Participating Preferred Trust Unit for the next 45,455 Participating Preferred Trust Units issued and \$115 per Participating Preferred Trust Unit for the next 21,739 Participating Preferred Trust Units issued.

Pursuant to the Over-Subscription Option, the Administrator will have the discretion to accept subscriptions at each issue price even though the pricing tranches set out above are exceeded, in circumstances where subscriptions have previously been completed by subscribers or submitted but were not processed prior to the tranche being exceeded. The number of additional Participating Preferred Trust Units that may be issued at each price will not exceed 35% of the total number of Participating Preferred Trust Units intended to be issued at the relevant price (i.e., up to 10,500, 20,000, 15,909 and 7,609 additional Participating Preferred Trust Units may be issued at \$100, \$105, \$110 and \$115, respectively).

In addition to the Over-Subscription Option, the Administrator will also have the discretion to accept orders for Participating Preferred Trust Units at any of the applicable prices beyond the 35% tranches described above if in the opinion of the Administrator it is advantageous to the Trust to do so.

The purchase price of the Participating Preferred Trust Units is payable on execution of the Subscription Agreement and there is a minimum subscription of \$10,000 in Participating Preferred Trust Units per investor. The Offering is being made to all residents of Canada. Payment of the purchase price may be made either by direct debit from the Subscriber's brokerage account or by certified cheque or bank draft made payable to the Trust. Prior to each Closing, all certified cheques and bank drafts will be held by the Trust. No certified cheques or bank drafts will be cashed prior to the relevant Closing.

The Administrator has the right to accept or reject any subscription and will promptly notify each prospective Subscriber of any such rejection. All subscription proceeds of a rejected subscription will be returned, without interest or deduction, to the rejected Subscriber.

The Administrator will be responsible for collecting all subscription orders and subscription proceeds from subscribers and the Agents and remitting them to the Trust.

You may subscribe for Participating Preferred Trust Units by returning to the Administrator on behalf of the Trust a completed and signed Subscription Agreement in the form accompanying this Offering Memorandum, prepared in

accordance with the instructions on the cover of the Subscription Agreement, together with a cheque, bank draft or wire transfer for the total subscription price of the Participating Preferred Trust Units you wish to purchase, payable to "NationWide II Self Storage & Auto Wash Trust". **Please read the instructions on the cover of the Subscription Agreement carefully to ensure it is properly completed.**

The Trust will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed Subscription Agreement. Subscription proceeds will be held by the Administrator pending closing.

A Subscriber will be entitled to receive written confirmation from the Recordkeeper of Participating Preferred Trust Units subscribed for, provided the Subscriber has paid the full subscription price for his Participating Preferred Trust Units. The Administrator has appointed Investment Administration Solutions Inc. to undertake registrar and transfer agent function in respect of the Participating Preferred Trust Units.

### **Exemptions from Prospectus Requirements.**

The Offering is being made in reliance upon exemptions from the prospectus requirements provided in NI 45-106. Accordingly, no prospectus has been or will be filed with any securities commission in Canada in connection with the Offering.

#### Offering Memorandum Exemption

Section 2.9 of NI 45-106 provides exemptions for the sale of Participating Preferred Trust Units to Subscribers if the Subscriber purchases as principal and the Trust delivers this Offering Memorandum to the Subscriber in the required form; and the Subscriber signs the Risk Acknowledgment on Form 45-106F4 attached as Appendix I to the Subscription Agreement that accompanies this Offering Memorandum. All jurisdictions of Canada where the offering memorandum exemption is available, except British Columbia and Newfoundland and Labrador, impose eligibility criteria on persons or companies investing under the offering memorandum exemption. In these jurisdictions, **if** the Subscriber's aggregate subscription price is more than \$10,000, then the Subscriber must be an "eligible investor". In certain jurisdictions there are also limits on the maximum amounts Subscribers can buy, as further outlined below.

An "eligible investor" includes the following investors (among other categories):

- (a) a person whose
  - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
  - (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
  - (iii) net income before taxes, alone or with a spouse, in the case of an individual exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,
- (c) a Partnership of which all of the partners are eligible investors,
- (d) a Limited Partnership of which the majority of the general partners are eligible investors,
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- (f) an accredited investor,
- (g) a person described in section 2.5 of NI 45-106 [Family, friends and business associates], or

- (h) a person that has obtained advice regarding the suitability of the investment and if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

In addition, in Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, there is a requirement that the acquisition cost of all securities acquired by a Subscriber who is an individual under the Offering Memorandum exemption in the preceding 12 months does not exceed the following amounts:

- (i) in the case of a purchaser that is not an eligible investor, \$10,000;
- (ii) in the case of a purchaser that is an eligible investor, \$30,000;
- (iii) in the case of a purchaser that is an eligible investor and that received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$100,000.

In British Columbia and Newfoundland and Labrador, a Subscriber may purchase Participating Preferred Trust Units with a total subscription price over \$10,000, and there is no requirement that the Subscriber be an "eligible investor".

#### Accredited Investor Exemption

Section 2.3 of NI 45-106 allows "accredited investors" to purchase Participating Preferred Trust Units. The definition of "accredited investor" includes (among other categories):

- an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of those years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- an individual who, either alone or with a spouse, has net financial assets (which does not include real estate) of at least \$1,000,000;
- an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; and
- a registrant acting on behalf of a fully managed account.

See the Accredited Investor Certificate attached to the Subscription Agreement for a complete list of the categories of "accredited investor". Each Subscriber who purchases as an accredited investor must complete and sign the Accredited Investor Certificate attached to the Subscription Agreement, and if they are an individual must sign the Risk Acknowledgment for Individual Accredited Investors on Form 45-106F9.

#### \$150,000 Minimum Purchase Exemption (not available for individuals)

Section 2.10 of NI 45-106 allows a purchaser who is not an individual, is purchasing as principal and invests not less than \$150,000 to purchase Participating Preferred Trust Units. A Risk Acknowledgment on Form 45-106F4 or Form 45-106F9 need not be signed in this case.

### **Item 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

In this summary, an otherwise undefined term in quotation marks means that term as defined in the Tax Act.

In the opinion of Borden Ladner Gervais LLP, counsel to the Trust, the following fairly summarizes the principal Canadian federal income tax consequences of acquiring, holding, and disposing of Participating Preferred Trust Units acquired pursuant to the Offering generally applicable under the Tax Act to a Subscriber who, at all relevant times for the purposes of the Tax Act,



- (a) is an individual or corporation,
- (b) is resident solely in Canada,
- (c) holds all Participating Preferred Trust Units, solely as capital property,
- (d) deals at arm's length, and is not affiliated, with the Trust,
- (e) is not a "financial institution" for the purposes of the mark-to-market rules, or a "specified financial institution",
- (f) is not an entity an interest in which is a "tax shelter investment",
- (g) has not entered into or will enter into, in respect of the Units, a "derivative forward agreement" or a "synthetic disposition arrangement",
- (h) is not exempt from tax under Part I of the Tax Act (except for the limited discussion under the heading "*Eligibility for Investment*"), and
- (i) has not elected to determine its Canadian tax results in accordance with a "functional currency".

(each a "**Holder**").

A Subscriber's Participating Preferred Trust Units generally will be capital property of the Subscriber unless the Subscriber holds them in the course of carrying on a business or as an adventure in the nature of trade. A Subscriber whose Participating Preferred Trust Units might not otherwise be capital property may in certain circumstances irrevocably elect pursuant to subsection 39(4) of the Tax Act that the Subscriber's Participating Preferred Trust Units, together with all of the Subscriber's other "Canadian securities", be capital property.

This summary assumes that no Participating Preferred Trust Unit will be listed or traded on a stock exchange or other public market at any material time. Adverse tax consequences to the Fund and Holders may arise if Participating Preferred Trust Units are so listed or traded.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and assessing practices of the CRA to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed and that there will be no other material change to any applicable law, policy, or practice, although no assurance can be given in these respects. This summary does not take into account any provincial, territorial or foreign tax law or treaty, which may result in different considerations from those discussed below.

**This summary is of a general nature and is not, and is not to be construed as, legal or tax advice to any particular Holder. Each Holder, should consult the Holder's own tax advisers with respect to the legal and tax consequences of acquiring, holding and disposing of Participating Preferred Trust Units applicable to the Holder's particular circumstances.**

#### **Tax Status of the Trust**

This summary assumes that the Trust will qualify as a "mutual fund trust" as defined in the Tax Act on completion of the Offering of Participating Preferred Trust Units, and thereafter will continuously qualify as a mutual fund trust at all relevant times. If the Trust does not qualify or ceases to qualify as a mutual fund trust, the income tax considerations described below would be materially and adversely different.

In order to qualify as a mutual fund trust as defined in the Tax Act at any particular time,

- (a) the Trust must be a "unit trust" that is resident in Canada,

- (b) it must not be reasonable to consider that the Trust was established or is maintained primarily for the benefit of non-residents of Canada,
- (c) Participating Preferred Trust Units must have conditions requiring the Trust to accept at the demand of a Participating Preferred Trust Unitholder and at prices determined and payable in accordance with the conditions, the surrender of the Participating Preferred Trust Units that are fully paid,
- (d) the undertaking of the Trust must be limited to the investing of funds in property (other than real property or an interest in real property), or the acquiring, holding, maintaining, improving, leasing or managing of real property (or an interest in real property) that is capital property of the Trust, or any combination of such activities, and
- (e) the Trust must comply with certain prescribed requirements including that the Participating Preferred Trust Units be qualified for distribution to the public and that at all relevant times there must be no fewer than 150 beneficiaries of the Trust, each of whom holds at least 100 units of the Trust (assuming the fair market value of each unit is less than \$25) having an aggregate fair market value of \$500.

This summary assumes that these requirements have been satisfied and will continue to be satisfied at all material times.

### **Taxation of the Trust**

The Trust's taxation year is the calendar year. The Trust will be subject to tax under the Tax Act on its income for each taxation year of the Trust, computed in accordance with the detailed provisions of the Tax Act and including any net taxable capital gains realized in the year, as if it were an individual resident in Canada subject to income tax at the highest marginal rate applicable to individuals.

The Trust's income for a taxation year will include its share of the income of the Partnership (which will also have a calendar taxation year) for its corresponding taxation year.

The Partnership's income for a taxation year will include the rent paid or payable to it for the use of storage facilities and any income from the car wash business in the year, and net taxable capital gains for the year, if any, from dispositions of capital property by the Partnership. Subject to detailed rules set out in the Tax Act, the Partnership will generally be entitled to deduct from its income for a year reasonable expenses that it incurs in the year to earn income, and capital cost allowance in respect of its depreciable property.

Subject to detailed rules set out in the Tax Act, the Trust will generally be entitled to deduct from its income for a taxation year the reasonable administrative costs, interest and other expenses that it incurs in the year to earn income.

The Trust will also be entitled to deduct from its income for a taxation year that amount of its income that is payable or deemed to be payable to Participating Preferred Trust Unitholders in the year. An amount of the Trust's income for a year will be considered to be payable to a Participating Preferred Trust Unitholder in a taxation year if the Trust pays it to the Participating Preferred Trust Unitholder in the year, or the Participating Preferred Trust Unitholder becomes entitled to enforce payment of the amount in that year. The Trustees have confirmed their intention to cause the Trust to distribute sufficient of its income annually, whether in cash or by the issue of additional Participating Preferred Trust Units, to ensure that the Trust should not be liable for tax in any taxation year. The Trust cannot allocate losses, if any, that it incurs in a year to Participating Preferred Trust Unitholders, but may deduct them against its income in future years in accordance with detailed rules in the Tax Act.

The Trust will be entitled, in each taxation year in which it would otherwise be liable for tax on net taxable capital gains realized in the 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 Participating Preferred Trust Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the Trust's Capital Gains Refund for a particular taxation year may not completely offset its tax liability in respect of its capital gains for the taxation year that arise as a consequence of the Trust's distribution of non-cash assets to satisfy the redemption of Participating Preferred Trust Units in the year. The Declaration of Trust provides that the Trustees may allocate any capital gain so realized by the Trust in connection with the redemption of a Participating Preferred Trust Unit by a Participating Preferred Trust Unitholder in the year

to the Participating Preferred Trust Unitholder. The Participating Preferred Trust Unitholder would then be required to include the taxable portion of the allocated capital gain in the Participating Preferred Trust Unitholder's income.

## **Taxation of Holders**

### *Amounts Payable on Participating Preferred Trust Units*

Each Holder generally will be required to include in the Holder's income for a taxation year in which a taxation year of the Trust ends (the "**Trust's Taxation Year**") that portion of the Trust's income for the Trust's Taxation Year that became payable to the Holder in the Trust's Taxation Year, whether the portion becomes payable in cash or by the issue of additional Participating Preferred Trust Units (each a "**Reinvested Participating Preferred Trust Unit**"). A Holder to whom the Trust issues a Reinvested Participating Preferred Trust Unit will acquire the Reinvested Participating Preferred Trust Unit at a cost equal to the amount of the Trust's income that is thereby distributed to the Holder, and must average that cost with the adjusted cost base of all of the Holder's other Participating Preferred Trust Units to determine the adjusted cost base of the Holder's Participating Preferred Trust Units.

Provided that the Trust makes appropriate designations as permitted under the Tax Act, such portion of the Trust's net taxable capital gains, if any, that may reasonably be considered to be included in the Holder's income will retain their tax character as a taxable capital gain in the Holder's hands, and be taxed accordingly (see "Taxation of Capital Gains and Losses" below).

A Holder to whom a non-taxable portion of a net capital gain of the Trust's becomes payable in a taxation year (a "**Non-taxable Capital Gains Distribution**") will not be required to include the non-taxable portion in the Holder's income, provided that the Trust designated the taxable portion of the capital gain to the Holder.

A Holder will not be required to include in the Holder's income for a year the amount (the "**Excess**"), if any, by which the amount of all distribution on the Holder's Participating Preferred Trust Units that became payable in the year (other than Non-taxable Capital Gains Distributions, if any, for the year) exceed the portion of the Trust's income for the year that became payable to the Holder for the year. The Holder will be required to reduce the adjusted cost base of the Holder's Participating Preferred Trust Units by the amount of the Excess and will be deemed to have realized a capital gain equal to the amount, if any, by which that adjusted cost base thereby becomes negative. Any such deemed capital gain will be subject the taxation rules described below (see "Taxation of Capital Gains and Losses"). The adjusted cost base of the Holder's Participating Preferred Trust Units will then be reset to nil.

### *Disposition of Participating Preferred Trust Units*

A Holder who disposes or is deemed to dispose of a Participating Preferred Trust Unit (including on a redemption or repurchase thereof by the Trust) will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Participating Preferred Trust Unit, less reasonable costs of disposition, exceeds (or is exceeded by) the Participating Preferred Trust Unit's adjusted cost base to the Holder.

For these purposes a Holder who disposes of a Participating Preferred Trust Unit on the redemption or repurchase thereof by the Trust will be considered to receive proceeds of disposition equal to the fair market value of all cash, LP Units, and other property of the Trust (if any) paid or transferred to the Holder in satisfaction of the redemption price of the Participating Preferred Trust Unit. The Holder will acquire any property that the Trust transfers to the Holder in whole or part settlement of the redemption price of the Holder's Participating Preferred Trust Unit at a cost equal to the fair market value of the transferred property.

### *Taxation of Capital Gains and Losses*

Each Holder who realizes a capital gain (including as a result of holding Participating Preferred Trust Units with a negative adjusted cost base) or capital loss in a taxation year on the actual or deemed disposition of a Participating Preferred Trust Unit will be required to include one half of any such capital gain (taxable capital gain) in income in the year, and entitled to deduct one half of any such capital loss (allowable capital loss) against taxable capital gains realized in the year or, to the extent not so deductible, against taxable capital gains realized in any of the three preceding years or any subsequent year, to the extent and in the circumstances permitted by the Tax Act. The Holder

will also be required to include in income in a taxation year the amount of any net taxable capital gains that the Trust designates to the Holder for the year.

A Holder that is a “Canadian-controlled private corporation” may be required to pay an additional 10 2/3% refundable tax on certain investment income for the year, including the Holder’s net taxable capital gains.

Amounts designated as taxable dividends from taxable Canadian corporations or net taxable capital gains to an individual (other than certain trusts) may also be taken into account in determining a Holder’s liability for alternative minimum tax under the Tax Act.

### **Eligibility for Investment**

In the following paragraph an otherwise undefined term in quotation marks means that term as defined for the purposes of the Tax Act.

In the opinion of Borden Ladner Gervais LLP, counsel to the Trust, provided that the Trust qualifies as a “mutual fund trust” throughout the period in which an Exempt Plan holds the Participating Preferred Trust Unit a Participating Preferred Trust Unit should be a “qualified investment” under the Tax Act for the Exempt Plan.

If at any time the Trust does not qualify or ceases to qualify as a mutual fund trust for purposes of the Tax Act then Participating Preferred Trust Units will cease to be qualified investments for Exempt Plans. Further, the value of distributions or redemptions received by Exempt Plans in specie (other than the issuance of additional Participating Preferred Trust Units), including Redemption Notes, may not constitute qualified investments for Exempt Plans. Holding non-qualified investments within an Exempt Plan may result in significant adverse consequences to the Exempt Plan and the annuitant or beneficiary of the Exempt Plan. Therefore, any Exempt Plan that proposes to acquire or redeem Participating Preferred Trust Units should consult the Exempt Plan’s own tax advisers before doing so.

Notwithstanding the foregoing, the annuitant or holder (as the case may be) of an Exempt Plan that is an RRSP, RDSP, RESP, RRIF or TFSA will be subject to a penalty tax in respect of a Participating Preferred Trust Unit held in the Exempt Plan if the Participating Preferred Trust Unit is a “prohibited investment” of the Exempt Plan. A Participating Preferred Trust Unit generally should not be a “prohibited investment” for an RRSP, RDSP, RESP, RRIF or TFSA of which a Participating Preferred Trust Unitholder is the annuitant or holder (as the case may be) provided that the Participating Preferred Trust Unitholder does not hold a “significant interest” in the Trust and the Trust deals at arm’s length with the Participating Preferred Trust Unitholder. Generally, an annuitant or holder will not have a significant interest in the Trust unless the annuitant or holder owns 10% or more of the value of the Trust’s outstanding units, either alone or together with persons and partnerships with which the annuitant or holder is related or does not deal at arm’s length. In addition, a Participating Preferred Trust Unit will not be a “prohibited investment” if the Participating Preferred Trust Unit is “excluded property” for the Exempt Plan. Holders, subscribers and annuitants of a RRSP, RDSP, RESP, RRIF, RESP, RDSP or TFSA should consult their own tax advisers with respect to whether a Participating Preferred Trust Unit would be a prohibited investment having regard to their particular circumstances.

**Item 7                    COMPENSATION PAID TO SELLERS AND FINDERS**

Class A Participating Preferred Trust Units

The Trust will pay fees (the “**Agents’ fees**”) to Agents or, where permitted, non-registrants of up to 8.0% of the subscription proceeds obtained by such persons or from subscribers for Class A Participating Preferred Trust Units introduced to the Trust by such persons (the “**Raised Proceeds**”). In certain circumstances the Trust may reimburse Agents for their due diligence costs and provide other forms of consideration in respect of sales of Class A Units, such amounts not to exceed 1.2% of the Raised Proceeds. In addition, the Administrator is entitled, at its discretion, to share a portion of its General Partner’s Fee and up to 1/3 of the Performance Bonus (if earned) with Agents and, where permitted, non-registrants who participate in sales of Class A Participating Preferred Trust Units. Wholesalers who raise subscription proceeds will be paid cash fees by the Partnership out of the proceeds from sales of LP Units to the Trust.

In addition, once Class A Participating Preferred Trust Unitholders have received an 8% annualized return on their investment, the Trust may pay annual client service reimbursements to registrants that have dealing representatives whose clients have purchased and continue to hold at least \$300,000 in Class A Participating Preferred Trust Units equal to 0.5% per year of the lesser of the acquisition cost of the Class A Participating Preferred Trust Units held by such clients and the Asset Value attributable to such Class A Participating Preferred Trust Units. These reimbursements will not be paid if, in the opinion of the Trustees, such payment would cause financial hardship to the Trust and, if paid, may be discontinued at any time.

Class F Participating Preferred Trust Units

No Agents’ fees or other consideration will be paid in connection with sales of Class F Participating Preferred Trust Units.



## Item 8 RISK FACTORS

**This is a speculative offering.** There is no market through which the Participating Preferred Trust Units may be sold and no market is expected to develop. As a result, Subscribers may not be able to resell Participating Preferred Trust Units purchased under this Offering Memorandum. An investment in the Participating Preferred Trust Units is appropriate only for Subscribers who have the capacity to absorb a loss of some or all of their investment. There is no assurance of a positive return on a Participating Preferred Trust Unitholder's original investment.

The Trust will invest in LP Units of the Partnership and the Partnership will in turn use these funds to develop a combination self storage/car wash facility on the Development Property and, potentially, other Investments. There can be no assurance the Administrator will raise sufficient funds pursuant to the Offering to fund the development of the combined facility, that the Partnership will acquire any additional Investments, or that any acquisition or development will otherwise proceed or proceed successfully.

In addition, the purchase of Participating Preferred Trust Units involves significant risks, including, but not limited to, the following:

### Investment Risk

**Return on Investment.** There is no assurance that sufficient net profits or cash flow will be generated from which investors will earn any specified rate of return on, or repayment of, their investment in Participating Preferred Trust Units or receive any Distributions at any time. As a result of the investment structure of the Trust whereby the Trust will invest capital in the Partnership, which will in turn invest in Investments, a return on investment in Participating Preferred Trust Units is dependent upon the success of the Partnership in generating income. There is a risk that the Trust could realize losses rather than gains. As a result, there is no guarantee that the Trust and, correspondingly, the Subscribers will earn a return on their investment. An investment in the Participating Preferred Trust Units is appropriate only for Subscribers who have the capacity to absorb a loss of some or all of their investment.

The Trust intends to invest the capital raised in the Offering in LP Units of the Partnership. The Trust's ability to make distributions to Participating Preferred Trust Unitholders will depend on several factors, including the Trust receiving distributions relating to the LP Units from the Partnership.

**Dilution of Investment.** As described above, there are different prices for the Participating Preferred Trust Units being offered pursuant to the Offering, depending on the number of Participating Preferred Trust Units issued at the time of purchase. The first investors will pay \$100 per Participating Preferred Trust Unit, while those investors who subscribe for Participating Preferred Trust Units after 30,000 Participating Preferred Trust Units are issued will pay \$105, \$110 or \$115 per Participating Preferred Trust Unit (in each case before exercise of the Over-Subscription Option, if exercised). Those purchasers who subscribe at prices greater than \$100 per Participating Preferred Trust Unit will have an immediate dilution of their interest in the Trust, as they are paying a higher price per Participating Preferred Trust Unit than prior purchasers of Participating Preferred Trust Units. This dilutive effect will have a significant impact on the returns of those investors subscribing at a higher price.

**Reliance on Operations of the Partnership and General Partner/Administrator.** The Trust will invest the capital raised in this Offering in LP Units of the Partnership, and those securities will comprise the assets of the Trust. As a result, any return generated by the Trust will be dependent on the success of the Partnership. Distributions to Participating Preferred Trust Unitholders, both during the term of the Trust and on wind-up and termination, are dependent on the ability of the Partnership to generate income. The success of the Partnership will rely, to a substantial degree, on the ability of the Administrator, in its capacity as General Partner, to manage the business and affairs of the Partnership. Participating Preferred Trust Unitholders must rely entirely on the discretion of the Administrator, in its capacity as General Partner of the Partnership, with respect to the selection of the composition of the Partnership's Investments. Such decisions will be based on a series of assumptions, many of which will be subject to change and will be beyond the control of the Administrator. No assurance can be given that the Investments will, when acquired or entered into, produce positive returns.

**No Prior Trust or Partnership Experience.** The Administrator, in its capacity as Administrator of the Trust and General Partner of the Partnership, has no prior experience in managing a trust or a limited partnership.

***No Prior Self Storage or Car Wash Experience; Reliance of the Manager.*** The Administrator has no prior experience in evaluating, acquiring or developing self storage or car wash assets or operating self storage or car wash facilities. The Administrator will rely heavily on the services of the Manager in connection with the operation the Partnership's self storage facilities once they are operational. Although the Administrator believes there are other qualified firms in the market, a disruption in the services provided by the Manager to the Partnership could have an adverse effect on the business and affairs of the Partnership and, therefore, the Trust. The services of the Manager are not exclusive to the Partnership. The Administrator will rely on Sonny's for training its operational staff regarding the car wash business, and maintenance of the car wash facility will be contracted out to a third-party maintenance firm.

***Limited Ability of Participating Preferred Trust Unitholders to Remove the General Partner.*** The General Partner may only be removed as general partner of the Partnership if each of the following conditions are satisfied: (a) the General Partner has been found by a court of competent jurisdiction to have committed fraud or wilful misconduct in the performance of, or wilful disregard or breach of, any material obligation or duty of the General Partner under the Partnership Agreement; (b) its removal as General Partner has been approved by an Extraordinary Resolution; and (c) a qualified successor has been admitted to the Partnership as the General Partner and has been appointed as the General Partner of the Partnership by Ordinary Resolution of the Limited Partners. See Item 2.5, "Material Agreements – (a) The Partnership Agreement – Resignation, Replacement or Removal of the General Partner". These conditions, and in particular, the requirement for an adverse court finding against the General Partner, limits the ability of holders of Participating Preferred Trust Unitholders to remove the General Partner in the case of unsatisfactory or unacceptable performance on a timely basis or at all.

***Diversification.*** While the Partnership and therefore the Trust may invest in any number of Investments, currently, the Administrator only anticipates developing a single project, the combination self storage/car wash facility at the Development Property. See Item 2, "Business of NationWide II Self Storage & Auto Wash Trust". The concentration of the Partnership's investments will increase the Partnership's (and therefore the Trust's) exposure to the market and operational risks associated with a smaller number of projects, and an adverse development on a project will have a proportionately larger effect on the Partnership's overall business and operations, and therefore on a return on an investment in the Trust.

***Lack of Combined Feasibility Study.*** While the Administrator has obtained feasibility studies analyzing the business prospects of each of the planned self storage operation and car wash operation at the Development Property, it has not obtained a comprehensive study explicitly analyzing the prospects of the combination of the two. Therefore, there can be no assurance that the economic models developed by the Administrator in respect of the two components of the proposed facility will ultimately turn out to be accurate and the combined facility may not achieve profitability or its revenues on a combined basis may be less than expected.

***Illiquidity of Participating Preferred Trust Units.*** There is no market through which the Participating Preferred Trust Units may be sold and Subscribers may not be able to resell Participating Preferred Trust Units purchased under this Offering Memorandum. In addition, there will be no market for the LP Units held by the Trust, which impacts the Trust's ability to convert its assets into cash, if required.

***Participating Preferred Trust Unitholder Default.*** If a Participating Preferred Trust Unitholder is in breach of its representations or obligations pursuant to the terms of the Declaration of Trust and does not remedy such default when notified, the Trust has the right to sell or repurchase the Participating Preferred Trust Units.

***Forward Looking Information.*** Market conditions are continually changing and there can be no assurance the assumptions underlying forward looking statements in this Offering Memorandum, including the statements regarding the potential for operations of a self storage facility at the Development Property referred to under Item 2., "Business of NationWide II Self Storage & Auto Wash Trust", will prove accurate or ultimately be achieved. Past results are not necessarily indicative of future performance.

***Term of the Trust.*** Unless terminated earlier, the term of the Trust extends to December 31, 2024. While the Trustees have the discretion to extend the term of the Trust by up to two additional two year periods, and the life of the Trust could be further extended with the approval of an Extraordinary Resolution of the Participating Preferred Trust Unitholders, an investor in the Trust should not expect the Trust to continue in operation or make distributions indefinitely.

## **Risks Associated With Redemptions**

***Use of Available Cash.*** The payment in cash by the Trust of the redemption price of Participating Preferred Trust Units (as opposed to payment of the redemption price through the issuance of Redemption Notes) will reduce the amount of cash available to the Trust for the payment of distributions to Participating Preferred Trust Unitholders, as cash payments of the amount due in respect of redemptions will take priority over the payment of cash distributions.

***Redemption Price.*** If a redemption occurs is before January 1, 2022, the redemption price per Participating Preferred Trust Unit shall be 98% of the fair market value of each Participating Preferred Trust Unit to be redeemed, as determined by a third party appraisal firm and unanimously approved by the independent Trustees as of the last day of the quarter in which the redemption request is received. There is a risk that the estimate of the fair market value of the Units so determined may not accurately reflect the true fair market value of the Participating Preferred Trust Units and the Participating Preferred Trust Unitholders will have no recourse against the Trust or the Administrator in this respect.

***Limitation on Payment of Redemption Price in Cash.*** There are certain limits on the Trust's obligations to pay for redemption requests in cash. As disclosed in Item 4.1, "Capital – Details of the Declaration of Trust - Redemptions", if the Participating Preferred Trust Units tendered for redemption in the same quarter exceeds an amount equal to 0.25% of the Gross Proceeds until January 1, 2022, and 0.625% of the Gross Proceeds thereafter, the Trustees shall only be obligated to make cash payment to a maximum of such amount and the balance, subject to receipt of any applicable regulatory approvals, may be paid by the Trust, in the discretion of the Administrator, through the issuance of Redemption Notes and/or through a distribution, in specie, of property of the Trust, in respect of each of which there will not be a public market. Furthermore, the Trustees have the discretion to pay redemptions of Participating Preferred Trust Units in cash in circumstances where doing so would be unduly detrimental to the business of the Trust.

Redemption Notes will not be liquid and will not be a qualified investment for Exempt Plans and may be a prohibited investment for Exempt Plans. Adverse tax consequences generally may apply to a Participating Preferred Trust Unitholder, or Exempt Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Participating Preferred Trust Units. Accordingly, investors that propose to invest in Participating Preferred Trust Units through Exempt Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Participating Preferred Trust Units.

***Redemption Notes will be Unsecured.*** Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust.

***Payment of Redemption Notes.*** The Trust will create a reserve fund for interest payable with respect to Redemption Notes issued by the Trust. In the event that the Trust is unable to pay out a Redemption Note on maturity it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the aforesaid circumstances may arise resulting in the Trust may not have funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued.

***Priority of Redemption Notes over Participating Preferred Trust Units.*** Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Participating Preferred Trust Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists.

## **Sector Risks**

***Self Storage and Car Wash Industry Risks.*** The Partnership is newly formed and does not currently own property. In the event it elects not to or is otherwise unable to complete the purchase of the Development Property, the Partnership will have to explore other business opportunities, including the identification of suitable properties for lease or purchase, the purchase of property for development of facilities, investment in other self storage/car wash businesses, and the purchase of already developed self storage/car wash facilities and/or companies. The business activities of the Partnership may be adversely affected by factors outside of its control, including real estate and development costs, competition, lack of demand of storage units, and general economic conditions and cycles. There

can be no assurance the car wash operations will commence generating cashflow early in the Trust's life cycle, or as contemplated by the Administrator.

**Competition.** The Partnership will be competing with other established self storage and car wash businesses. As the Partnership does not currently own or lease any development properties or self storage/car wash facilities, competition may be significant and intensify depending on the location of the Partnership's facilities. Competitors may offer amenities that the Partnership's facilities may not be able to offer, have access to greater capital resources, or develop additional storage and/or car wash facilities in close proximity to the Partnership's facilities. This competition may impact occupancy levels, rental rates and operating expenses.

Each of the self storage and car wash industries are highly competitive and the Partnership must compete with many companies, many of whom have far greater financial strength, experience and resources. Generally, there is competition for the acquisition of properties considered to have potential. If the development of properties and building of facilities are delayed, the profitability of the Partnership will be impacted. There is no assurance that any particular Investment will prove to be profitable or viable over the short or long term.

**Operational Hazards.** The operations to be conducted by the Partnership will be subject to all of the operating risks normally attendant upon development and operations of self storage and car wash businesses. The Partnership's profit will be derived from the rental and operating income received from the Investments, and therefore, it will be subject to the risks related to real estate assets, including: changes in or lack of demand for self storage units or car wash services; the number of competing facilities in proximate distance; changing environmental, tax, property, construction or zoning laws that may affect the development or renovation of facilities; the ability to hire and retain knowledgeable employees.

**Developmental Hazards.** The Partnership does not currently own any properties or facilities and therefore does not have any properties that are in the development stage. Profitability will be reduced if there are delays in the development of the facilities, and as with other development projects, will be affected by several factors, including: budgeting; timing; permitting and zoning; construction delays and cost overruns; and environmental and weather issues when development is underway. A number of municipal and other regulatory approvals will be required to develop the proposed facility on the Development Property, for example to construct a 6 story facility and to build out Sky Lockers, which may not be granted as anticipated by the Administrator or at all. Once the Partnership has its combined self storage and car wash business up and running, there may be a significant amount of time before the occupancy rates are optimized and the business is profitable. In addition, there can be no assurance the strategy of combining a car wash with the self storage facility will be successful or result in operating synergies, affect the timing of distributions or otherwise have a positive effect on returns.

**The Trust and the Partnership.** There is no assurance as to the profitability of the Trust and the Partnership. The Partnership may, depending on its opportunities and funds, invest in a variety of Investments. As a result, the terms of each Investment and the success of each Investment are likely to be significantly different for each Investment. An investor in the Trust has no control over how the General Partner of the Partnership allocates the Trusts invested in the Partnership and any earnings from Investments, and in what Investments it will make. It is likely that returns, losses, successes or failures may occur to significantly different degrees in the different Investments. The effect of the above cannot be accurately predicted but may be material to the return on an investor's investment.

**Adherence to Short Term and Long Term Objectives.** In assessing the risks and rewards of an investment in Participating Preferred Trust Units, potential investors should appreciate that they are investing in Participating Preferred Trust Units of the Trust, which will in turn invest in the Partnership, and investors will be relying solely on the good faith, judgment and ability of the Administrator to make appropriate decisions with respect to the nature of the Investments selected. While the Administrator has established short term and long term objectives and has set out how they intend to achieve such objectives, certain of the investment objectives are future oriented and require the Administrator to direct investments based upon its assessment of the likelihood of an Investment meeting such objectives in the future. There can be no assurance that these future oriented criteria will ultimately be met by any Investment.

**Borrowing by the Trust and/or Partnership.** The Trust may borrow funds from a financial institution, subject to a maximum 0.80 to 1 debt to equity ratio (based on the appraised value of the property(ies)). See Item 4.1, "Capital – Details of the Declaration of Trust – Business of the Trust". The Partnership is also entitled to borrow funds from



time to time, and currently intends to refinance the Development Property once the self storage facility reaches stabilized occupancy levels and the auto wash is operational and achieving positive cash flow, as set out in Item 2.2, "Our Business". There is a risk that the Trust and/or the Partnership may not be able to borrow funds, or may not be able to borrow sufficient funds to meet the obligations under an agreement to purchase an Investment and hence may, in the case of additional Investments, lose some or all of the economic opportunity from not being able to participate in any such Investments. There can be no assurance that the fees and expenses associated with such borrowings will not exceed their incremental returns or that the Trust's and/or the Partnership's borrowing strategy will enhance returns, and it is possible that the Trust and/or the Partnership could leverage a profitable Investment to acquire and/or develop a less profitable Investment, thereby decreasing returns.

**Available Capital.** If the proceeds of the Offering of Participating Preferred Trust Units are significantly less than the maximum Offering, the expenses of the Offering and the ongoing administrative expenses and interest expense payable by the Trust may result in a substantial reduction or even elimination of the returns which would otherwise be available to the Trust.

**Liability of Participating Preferred Trust Unitholders.** Under the terms of the Declaration of Trust, Participating Preferred Trust Unitholders will not be subject to any liabilities in connection with the Trust, and in the event a Participating Preferred Trust Unitholder does become subject to any liabilities, the Participating Preferred Trust Unitholder will be entitled to indemnity and reimbursement out of the Trust Property. In addition, the Declaration of Trust provides that the Trustees and the Administrator shall make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Trust, a contractual provision to the effect that neither the Participating Preferred Trust Unitholders nor the Trustees have any personal liability or obligations in respect of the obligations and liabilities of the Trust. The Trustees have waived any right at law to indemnification from any Participating Preferred Trust Unitholder. Notwithstanding the foregoing, there remains some risk that a Participating Preferred Trust Unitholder may be personally liable in respect of certain liabilities and obligations of the Trust.

**Legal Rights Normally Associated with the Ownership of Shares of a Corporation.** Holders of Participating Preferred Trust Units do not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against the Trust. The Participating Preferred Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation. Furthermore, neither the Trust nor any of the Trustees is 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. Neither is the Trust a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act* (Canada) or, *The Companies' Creditors Arrangement Act* (Canada). As a result, if a restructuring of the Trust were necessary, the Trust would not be able to access the remedies available under these statutes.

**Liability of Limited Partners.** Limited Partners may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of the Partnership. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province or territory but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Limited Partners may be liable beyond their contribution of capital and share of undistributed Income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the Administrator and the net assets of the Partnership. While the Administrator has agreed to indemnify the Limited Partners in certain circumstances, the Administrator has only nominal assets, and it is unlikely that the Administrator will have sufficient assets to satisfy any claims pursuant to such indemnity.

Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.



## Tax Risks

**Changes in Tax Laws.** There can be no assurance that the Canadian federal or provincial tax consequences to a Participating Preferred Trust Unitholder of acquiring, holding and disposing of Participating Preferred Trust Units will not be adversely affected by changes to Canadian federal or provincial income tax laws.

**Insufficient Cash Distributions.** There can be no assurance that the Trust's cash distributions and other payments, if any, to a Participating Preferred Trust Unitholder will be sufficient to satisfy the Participating Preferred Trust Unitholder's liability for income tax in respect of the Participating Preferred Trust Unitholder's income from Participating Preferred Trust Units, or in respect of any actual or deemed disposition of Participating Preferred Trust Units.

**Trust's Status as a "Mutual Fund Trust".** The Canadian federal income tax consequences to a Participating Preferred Trust Unitholder in respect of the Participating Preferred Trust Unitholder's Participating Preferred Trust Units as summarized in this Offering Memorandum assume that the Trust will at all times be a "mutual fund trust" as defined for the purposes of the Tax Act. While the Trustees intend to manage the Trust so that it is a mutual fund trust at all times, there can be no guarantee that they will succeed. Different and in some cases adverse income tax consequences may arise if the Trust ceases to qualify as a mutual fund trust.

**Eligibility for Investment.** The status of a Participating Preferred Trust Unit as a "qualified investment" for a trust governed by a "registered retirement savings plan", "registered retirement income fund", "deferred profit sharing plan", "registered education savings plan", "registered disability savings plan", or "tax-free savings account" as those terms are defined in the Tax Act require that the Trust be a "mutual fund trust" as so defined. While the Trustees intend to manage the Trust so that it is a mutual fund trust at all times, there can be no guarantee that they will succeed. Adverse Canadian federal income tax consequences may arise in respect of a Participating Preferred Trust Unit held in such a trust if the Trust ceases to be a mutual fund trust.

## Issuer Risk

**Lack of Operating History.** The Trust, the Partnership and the Administrator are newly established entities and have no previous operating or investment history. The Partnership will, prior to the Closing Date, have only nominal assets and the Administrator will at all material times thereafter only have nominal assets. Prospective Subscribers who are not willing to rely on the business judgment of the Administrator, acting in its capacity as Administrator of the Trust and General Partner of the Partnership, should not subscribe for Participating Preferred Trust Units.

**Financial Resources of the General Partner.** The Administrator, as General Partner of the Partnership has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners against losses, costs or damages suffered if the Limited Partners' liabilities are not limited as provided herein, provided that such loss of liability was caused by an act or omission of the Administrator or by the negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the Administrator under the Partnership Agreement. However, the amount of this protection is limited by the extent of the net assets of the Administrator and such assets will not be sufficient to fully cover any actual loss. The Administrator is expected to have only nominal assets and, therefore, the indemnity of the Administrator will have nominal value. Limited Partners also will not be able to rely upon the Administrator to provide any additional capital or loans to the Partnership in the event of any contingency. Currently, based on the investment structure of the Trust, the Partnership expects that the Trust will be the only Limited Partner.

**Financial Resources of the Partnership.** The only sources of cash to pay the Partnership's current and future expenses, liabilities and commitments, including reimbursement of operating and administrative costs incurred by the Administrator and the fees payable to the Administrator, will be the revenues from Investments. Accordingly, if the operating income has been expended, payment of operating and administrative costs and the compensation to the Administrator will diminish the Partnership's assets.

**Liquidity of Securities Received Pursuant to a Liquidity Event.** Although the Administrator anticipates any securities issued pursuant to a Liquidity Event (if any) will be publicly traded on a stock exchange, there can be no assurance that such securities will be so listed or, if so listed, that the market for such securities will be an active market, which may impact on a Participating Preferred Trust Unitholder's ability to resell them. In addition, holding such securities

of such securities will subject the holder to all of the risks associated with an investment in that issuer, which may differ substantially from the risks associated with an investment in the Trust.

***Resale Restrictions May be an Issue if a Liquidity Event is not Implemented and Approval is not Sought or Received for the Continued Operation of the Trust, and There can be No Assurance that it will be Implemented on a Tax-Deferred Basis.*** There are no assurances that any Liquidity Event will be proposed, receive the necessary approvals (including regulatory approvals) or be implemented. In such circumstances, each Participating Preferred Trust Unitholder's *pro rata* interest in the assets of the Trust will be distributed upon the dissolution of the Trust.

For example, if no Liquidity Event is completed and the Administrator is unable to dispose of all assets in exchange for cash or freely trading securities prior to the Termination Date, Participating Preferred Trust Unitholders may receive securities or other interests in self storage facilities for which there may be an illiquid market or which may be subject to resale and other restrictions under applicable securities law.

There is no assurance that an adequate market will exist for such securities. There can be no assurance that any Liquidity Event will be implemented on a tax-deferred basis or at all. For example, if the consideration received by the Trust from a buyer for Investments comprises cash (or assets other than shares in the capital of the buyer), income tax-deferral for the Trust may be reduced or unavailable. See "Canadian Federal Income Tax Considerations".

***Conflicts of Interest.*** The Promoter, certain of its affiliates, certain limited partnerships whose general partner is or will be a subsidiary of the Promoter or its affiliates, and the directors and officers of the Promoter or its affiliates are and/or may in the future be actively engaged in a wide range of investment and management activities, some of which are or will be similar to and in competition with the business of the Partnership and the Administrator, including acting in the future as directors and officers of the general partners of other issuers engaged in the same business as the Partnership. Accordingly, conflicts of interest may arise between Limited Partners and the directors, shareholders, officers, employees and any affiliates of the Promoter.

Although the Trust and the Partnership have adopted certain procedures to help minimize conflicts of interest (see "Conflicts of Interest" and "Governance of the Trust and the Administrator" in Item 4.1, "Capital – Details of the Declaration of Trust"), there are no assurances that conflicts of interest will not arise which cannot be resolved in a manner most favourable to holders of Participating Preferred Trust Units. Persons considering a purchase of Participating Preferred Trust Units pursuant to this Offering must rely on the judgment and good faith of the shareholders, directors, officers and employees of the Promoters in resolving such conflicts of interest as may arise.

There is no obligation on the Promoter or its employees, officers and directors and shareholders to account for any profits made from other businesses whether or not they are competitive with the business of the Partnership.

In addition, the Administrator is entitled, at its discretion, to share a portion of its General Partner's Fee and/or Performance Bonus with Agents and, where permitted, non-registrants who participate in sales of Class A Participating Preferred Trust Units.

***Status of the Trust.*** The Trust is not a reporting issuer "mutual fund" for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Participating Preferred Trust Units and certain restrictions imposed on mutual funds under Canadian securities laws, including National Instrument 81-102, do not apply to the Trust.

***Lack of Separate Counsel.*** Counsel for the Trust in connection with this Offering are also counsel to the Partnership and the Administrator. Prospective Subscribers, as a group, have not been represented by separate counsel and counsel for the Trust, the Partnership and the Administrator do not purport to have acted for the Subscribers or to have conducted any investigation or review on their behalf.

## Item 9 REPORTING OBLIGATIONS

The Trust's fiscal year will be the calendar year. The Administrator, on behalf of the Trust, will file and deliver to each Participating Preferred Trust Unitholder, as applicable, such financial statements and other reports as are from time to time required by applicable law.

The Administrator will forward, or cause to be forwarded on a timely basis, to each Participating Preferred Trust Unitholder, either directly or indirectly through intermediaries, the information necessary for the Participating Preferred Trust Unitholder to complete such Participating Preferred Trust Unitholder's Canadian federal and provincial income tax returns with respect to Partnership matters for the preceding year. The Administrator will make all filings required by the Tax Act with respect to tax shelters.

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 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.

Notwithstanding the foregoing, the Trust will report to Participating Preferred Trust Unitholders on the following basis:

- (a) Subject to Applicable Law, within 120 days of the end of each financial year (or within such shorter time as may be required by applicable securities law), the Trust will make reasonably available to Participating Preferred Trust Unitholders the Trust's annual report, including without limitation the audited statements of the Trust for the most recently completed fiscal year, together with comparative audited financial statements for the preceding fiscal year, if any, and the report of the auditor thereon. Such financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS); provided that 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; and
- (b) Subject to Applicable Law, notice of:
  - (i) a change in the Trust's financial year end;
  - (ii) discontinuation of the Trust's business;
  - (iii) a change in the Trust's industry; or
  - (iv) a change of control of the Trust.

For purposes of the foregoing, the term "**make reasonably available to Participating Preferred Trust Unitholders**" means the documents will be mailed to Participating Preferred Trust Unitholders, or Participating Preferred Trust Unitholders will receive notice that the disclosure documents can be viewed on the Trust's public website accessible by all Participating Preferred Trust Unitholders (which may be a password protected website).

The Trust may deliver to prospective investors certain documents, including this Offering Memorandum, a subscription agreement and any updates or amendments to the Offering Memorandum, 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 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.

Financial or other information relating to the Trust and provided to Participating Preferred Trust Unitholders by the Trust in the future may not by itself be sufficient for Participating Preferred Trust Unitholders to assess the performance of the Trust or the performance of an investment in Participating Preferred Trust Units.

The Administrator will ensure that the Trust complies with all other reporting and administrative requirements, including the reporting requirements contained in NI 45-106. In addition to the foregoing, the Trust will include in

its audited annual financial statements a report by the independent Trustees and members of the board of directors of the General Partner regarding any Conflict of Interest Matters discussed and voted upon at any meeting of Trustees or the General Partner.

The Administrator is required to keep adequate books and records reflecting the activities of each Class in accordance with normal business practices and Canadian generally accepted accounting principles. A Participating Preferred Trust Unitholder has the right to examine the books and records of the Class in which he or she holds Participating Preferred Trust Units at all reasonable times. Notwithstanding the foregoing, a Participating Preferred Trust Unitholder will not have access to any information which in the opinion of the Administrator should be kept confidential in the interests of the Trust and which is not required to be disclosed by applicable securities laws or other laws governing the Trust.

## **Item 10            RESALE RESTRICTIONS**

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

In addition to requiring the approval of the Administrator to transfer Participating Preferred Trust Units, these securities will be subject to a number of resale restrictions on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada. **As there is no present intention for the Trust to become a reporting issuer in any province or territory of Canada, you may never be able to transfer your Participating Preferred Trust Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.**

### **For trades in Manitoba:**

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

- (a) The Trust has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) You have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

**Subscribers of Participating Preferred Trust Units offered hereunder who wish to resell such securities should consult with their own legal advisors prior to engaging in any resale, in order to ascertain the restriction on any such resale.**

It is the responsibility of each individual Subscriber of Participating Preferred Trust Units to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Participating Preferred Trust Units acquired pursuant to this Offering.



## **Item 11 PURCHASERS' RIGHTS**

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

Securities legislation in certain of the Provinces of Canada requires investors to be provided with a remedy for rescission or damages or both, in addition to any other right that they may have at law, where an Offering Memorandum and any amendment to it or any document referenced and incorporated into the Offering Memorandum or in amendments to it contains a misrepresentation. These remedies must be exercised by the investor within the time limits prescribed by the applicable securities legislation. Purchasers of these securities should refer to the applicable provisions of the securities legislation for the complete text of these rights and should consult with a legal adviser.

The applicable contractual and statutory rights are summarized below and are subject to the express provisions of the securities legislation of the applicable Province and reference is made thereto for the complete text of such Provinces. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

### **Two-Day Cancellation Right for all Purchasers of Participating Preferred Trust Units**

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

### **Rights of Action in the Event of a Misrepresentation**

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to cancel your agreement to buy these securities or to sue for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies 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. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

### ***Statutory Rights of Action in the Event of a Misrepresentation for Subscribers in the Provinces of British Columbia, Alberta, Ontario, Nova Scotia, New Brunswick and Prince Edward Island***

A subscriber for Participating Preferred Trust Units pursuant to this Offering Memorandum who is a resident in Alberta or British Columbia has, in addition to any other rights the subscriber may have at law, a right of action for damages or rescission against the Trust if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation. In British Columbia, Alberta and Ontario, a subscriber has additional statutory rights of action for damages against every director of the Administrator at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

If this Offering Memorandum contains a misrepresentation, which was a misrepresentation at the time the Participating Preferred Trust Units were purchased, the subscriber will be deemed to have relied upon the misrepresentation and will, as provided below, have a right of action against the Trust for damages or alternatively, if still the owner of any of the Participating Preferred Trust Units purchased by that subscriber, for rescission, in which case, if the subscriber

elects to exercise the right of rescission, the subscriber will have no right of action for damages against the Trust, provided that:

- (a) no person or company will be liable if it proves that the subscriber purchased the securities with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation;
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were purchased by the subscriber under this Offering Memorandum; and
- (d) in the case of a subscriber resident in Alberta, no person or company, other than the Trust, will be liable if such person or company is entitled to rely upon certain statutory provisions set out in subsections 204(3)(a)-(e) of the *Securities Act* (Alberta).

In British Columbia, Alberta and Ontario, no action may be commenced more than:

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

#### ***Statutory Rights of Action in the Event of a Misrepresentation for Subscribers in the Province of Saskatchewan***

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a “**material fact**”) or omits a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a “**misrepresentation**”), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Trust, the promoters and “directors” (as defined in the *Securities Act*, 1988 (Saskatchewan)) of the Trust, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Trust under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Trust, the purchaser may elect to exercise a right of rescission against the Trust.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

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

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

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in the *Securities Act*, 1988 (Saskatchewan).

***Contractual Rights of Action in the Event of a Misrepresentation for Subscribers in the Provinces of Manitoba, Quebec, Newfoundland and Labrador, Nunavut, Yukon and the Northwest Territories***

In Manitoba, Quebec, Newfoundland and Labrador, Nunavut, Yukon and the Northwest Territories if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Trust: (a) to cancel the agreement to buy the securities; or (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for the securities and will not include any part of the damages that the Trust proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Trust has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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 the action to cancel the agreement within 180 days after signing the agreement to purchase the securities. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentation and three years after signing the agreement to purchase the securities.

**Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.**

**The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.**

**Item 12**            **FINANCIAL STATEMENTS**

Attached are the audited financial statements for the Trust.

Consolidated Financial Statements of

## **NATIONWIDE II SELF STORAGE TRUST**

Period from the date of formation on May 1, 2017 to  
December 31, 2017





KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of NationWide II Self Storage Trust

We have audited the accompanying consolidated financial statements of NationWide II Self Storage Trust, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of comprehensive income, changes in net assets attributable to unit holders and cash flows for the year ended December 31, 2017 and notes, comprising 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' 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 from 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 our 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, we consider 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.

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 presents fairly, in all material respects, the consolidated financial position of NationWide II Self Storage Trust as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 in accordance with International Financial Reporting Standards.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada

April 27, 2018

# NATIONWIDE II SELF STORAGE TRUST

Consolidated Statements of Financial Position

December 31, 2017

	Notes	2017
<b>Assets</b>		
Current assets:		
Cash		\$ 10,396,029
Accounts receivable		95
Prepaid assets		5,497
		<hr/>
		\$ 10,401,621
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities		\$ 118,815
Due to related parties	9	44,677
Due to Administrator	9	2,090
		<hr/>
		165,582
<b>Net Assets</b> , attributable to unit holders:		
Administrator contribution	4	10
Preferred Trust Units	4	10,236,029
		<hr/>
		10,236,039
		<hr/>
		\$ 10,401,621

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Trustees:

(signed) Hugh Cartwright \_\_\_\_\_ Director

(signed) John Dickson \_\_\_\_\_ Director

# NATIONWIDE II SELF STORAGE TRUST

Consolidated Statements of Comprehensive Income

Period from date of formation on May 1, 2017 to December 31, 2017

	Notes	2017
Revenue:		
Interest income		\$ 30,550
Expenses:		
Consulting and advisory		55,422
Administrative and other	8	
Marketing and web development		16,371
Audit		16,000
Legal		2,328
Printing		1,451
		<u>134,772</u>
Decrease in net assets attributable to unit holders		<u>\$ (104,222)</u>

The accompanying notes are an integral part of these consolidated financial statements.

# NATIONWIDE II SELF STORAGE TRUST

Consolidated Statements of Changes in Net Assets Attributable to Unit Holders

Period from date of formation on May 1, 2017 to December 31, 2017

	2017
Net assets attributable to unit holders, beginning of period	\$ -
Decrease in net assets attributable to unit holders from operations	(104,222)
Unit holder transactions:	
Initial contribution	10
Proceeds from issue of units	11,879,537
Agents' fees	(950,356)
Issue costs	(588,940)
Net increase from unit holder transactions	10,340,251
<b>Net assets attributable to unit holders, end of period</b>	<b>\$ 10,236,029</b>

The accompanying notes are an integral part of these consolidated financial statements.



# NATIONWIDE II SELF STORAGE TRUST

## Consolidated Statements of Cash Flows

Period from date of formation on May 1, 2017 to December 31, 2017

	Notes	2017
Cash provided by (used in):		
Operating activities:		
Decrease in net assets attributable to unit holders from operations		\$ (104,222)
Adjustments for:		
Accounts receivable		(95)
Prepaid assets		(5,497)
Accounts payable and accrued liabilities		118,815
Due to related parties		44,677
Due to Administrator		2,100
		<u>55,778</u>
Financing activities:		
Administrator's initial contribution		10
Proceeds from issue of units		11,879,537
Agents' fees		(950,356)
Issue costs		(588,940)
		<u>10,340,251</u>
Net increase in cash		10,396,029
Cash, beginning of period		-
Cash, end of period		<u>\$ 10,396,029</u>

The accompanying notes are an integral part of these consolidated financial statements.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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## 1. Operations:

NationWide II Self Storage Trust (the “Trust”) was formed on May 1, 2017 pursuant to a Declaration of Trust dated May 1, 2017. The principal purpose of the Trust is to indirectly invest in the acquisition, development and management of self-storage facilities in the Canadian marketplace. The Trust issued units, and invested the proceeds in acquiring units of NationWide II Self Storage Limited Partnership (the “Investment LP”). The Trust will provide unitholders with cash distributions on a periodic basis derived from income earned by the Trust from its investment in the Investment LP units.

The Trust is managed by NationWide II Self Storage Management Corp. (the “Administrator”), which is also the General Partner (the “General Partner”) of the Investment LP. The address of the registered office is 1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V7X 1T2.

The consolidated statements of financial position was approved and authorized for issue by the Trustees of the Trust on April 27, 2018.

## 2. Basis of presentation:

### (a) Statement of compliance:

These consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### (b) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis.

### (c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Trust’s and Investment LP’s functional currency.

### (d) Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS requires the Administrator to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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### 3. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Trust and the Investment LP.

The financial statements for the Investment LP are prepared for the same reporting period as the Trust using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

(b) Consolidated entity:

The Trust established the Investment LP for the purpose of carrying on the business of acquiring, developing and operating self-storage facilities. Income generated from the Investment LP's operations will be distributed to the Trust which will in turn be distributed to holders of Preferred Trust Units. The Investment LP is a wholly-owned subsidiary of the Trust. An entity is consolidated if, based on an evaluation of the substance of its relationship with the Trust, it is determined that the Trust has rights, either directly through ownership or indirectly through contractual arrangements, to direct the relevant activities of the other entity.

(c) Revenue recognition:

Lease revenue is recorded according to the terms of the applicable lease contracts and is generally recognized on a straight-line basis over the lease term subject to collectability being reasonably assured.

Recoveries from tenants, consisting of amounts due from tenants for 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.

(d) Financial instruments:

(i) Financial assets:

The Trust's financial assets are comprised of cash and accounts receivable. The Trust classifies these financial assets as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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## 3. Significant accounting policies (continued):

### (d) Financial instruments (continued):

#### (ii) Financial liabilities:

The Trust has the following non-derivative financial liabilities: accounts payable and accrued liabilities, due to Administrator and due to related parties.

These non-derivative financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. All non-derivative financial liabilities are initially recognized on the date that the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

#### (iii) Impairment of financial assets:

At each reporting date, the Trust assesses whether there is objective evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The loss is recognized in impairment expense.

### (e) Preferred trust units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The preferred trust units are classified as financial liabilities as they provide investors with the right to require redemption for cash or a financial asset, at a redemption price per unit based on the fair market value of a unit as determined on the relevant valuation date.

Distributions to holders of preferred trust units are recognized as finance expense in the consolidated statements of comprehensive income when they are authorized and no longer at the discretion of the Trust.

### (f) Income tax:

The Trust qualifies as a "mutual fund trust" for Canadian income tax purposes under Part I of the Income Tax Act (Canada) (the "Tax Act"). The Trust intends to distribute all of its taxable income to unitholders and to deduct such distributions for income tax purposes. Income tax obligations relating to distributions of the Trust are the obligations of the unitholders.

The Tax Act contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships in a manner similar to corporations which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation (the "SIFT Rules"). The SIFT Rules apply to any trust or partnership that is a "SIFT trust" or "SIFT partnership" (each defined in the Tax Act) and its investors.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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### 3. Significant accounting policies (continued):

(f) Income tax (continued):

One of the conditions for a trust or partnership to be a SIFT trust or a SIFT partnership is that “investments” (as defined in the Tax Act) in the trust or partnership must be listed or traded on a stock exchange or other “public market” (as defined in the Tax Act). The Trust has no current plans for its units to be listed or traded on a stock exchange or other “public market”. In addition, the Administrator represents that the issuance and transfer of units of the Trust will only be made in a manner that would not cause such entities to be subject to SIFT tax.

As a result, the Trust does not account for current or deferred income taxes.

(g) Accounting standards issued but not yet effective:

(i) IFRS 9 - *Financial Instruments: Classification and Measurement*:

On July 24, 2014 the IASB issued the complete IFRS 9, *Financial Instruments* (“IFRS 9 (2014)”).

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Trust intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. The Trust has determined that the new standards will have no material effect on its consolidated financial statements.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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### 3. Significant accounting policies (continued):

(g) Accounting standards issued but not yet effective (continued):

(ii) IFRS 15 - *Revenue Recognition*:

On May 28, 2014 the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Trust intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(iii) IFRS 16 - *Leases*:

On January 13, 2016 the IASB issued IFRS 16, *Leases* ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases* ("IAS 17").

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Trust intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.



# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

## 4. Preferred Trust Units:

The Trust has two classes of participating Preferred Trust Units – the Class A Preferred Trust Units and the Class F Preferred Trust Units. The Trust is authorized to issue an unlimited number of each class of participating Preferred Trust Units. The Class A and Class F Preferred Trust Units are identical to each other, except for the selling expenses applicable to each Class. As of December 31, 2017, there are no Class F Preferred Trust Units issued or outstanding.

At the date of formation of the Trust, one Class A Preferred Trust Unit was issued to the Administrator for \$90 cash. In addition, the Administrator contributed capital of \$10 to the Trust in order to constitute and settle the Trust.

Issued and outstanding for the period from the date of formation on May 1, 2017 to December 31, 2017:

	Number of Class A Units	Amount
Balance - beginning of period	-	\$ -
Issuance of unit to Administrator	1	90
Issuance of units for cash	129,876	11,879,447
Agents' fees	-	(950,356)
Issue costs	-	(588,940)
Balance - end of period	129,877	\$ 10,340,241

## 5. Fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value in the consolidated statements of financial position or disclosed in the notes to the consolidated financial statements are classified based on a three-level hierarchy that reflects the significance of the inputs used when determining the fair value as follows:

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2 - determined by using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 - determined using inputs that are not based on observable market data.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

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## 5. Fair value (continued):

The Trust's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, due to Administrator, and due to related parties. The Trust's financial instruments, which are measured at amortized cost, are classified as Level 2 in the fair value hierarchy as while quoted prices are available, these instruments are not traded in an active market. The Trust does not hold any financial instruments classified as Level 1 or 3 in the fair value hierarchy. The carrying value of the Trust's financial instruments approximate their fair value given their short-term nature.

The Trust does not have any financial instruments measured at fair value.

## 6. Capital management:

The Trust defines capital as the aggregate of administrator contribution and preferred trust units. The Trust is not subject to any internally or externally imposed restrictions on capital. The Trust's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to provide an adequate return to unitholders by pricing products commensurately with risk.

## 7. Financial risk management:

The Trust's activities expose it to a variety of financial instrument risks: market risk, credit risk, and liquidity risk.

### (a) Credit risk

The Trust has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Trust's only significant financial asset is cash, which is on deposit at a high creditworthy financial institution.

### (b) Market risk

The Trust is not subject to significant interest rate risk as none of its financial instruments are interest bearing, except cash in the bank which is nominal. The Trust is not subject to currency risk as the Trust's assets and liabilities are all denominated in Canadian dollars. The Trust is not subject to other price risk.

### (c) Liquidity risk

Liquidity risk refers to the risk that the Trust will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Trust expects to satisfy obligations under accounts payable and accrued liabilities and due to related parties. The Administrator intends to continue to finance the activities of the Trust by raising funds through equity investments. Liquidity risk is managed through regular monitoring and collection of amounts due to the Trust.

# NATIONWIDE II SELF STORAGE TRUST

Notes to the Consolidated Financial Statements

Period from the date of formation on May 1, 2017 to December 31, 2017

## 8. Administrative and other fees:

Administrative and other fees consist of the following:

Filing fees	\$	16,766
Accounting and administration		14,631
Courier and postage		5,957
Office and miscellaneous		2,604
Telephone and internet		1,623
Insurance		1,069
Travel		550
	\$	43,200

## 9. Related party transactions and balances:

The Trust conducts routine transactions with affiliated entities in the course of its regular business activities. Generally, transactions between the Trust and these related entities are recorded at their exchange amounts, are non-interest bearing and are due on demand. Related party transactions and balances for the year ended December 31, 2017 are as follows:

- (a) During the year ended December 31, 2017, the Trust reimbursed expenses of \$117,948 incurred by CADO Bancorp Ltd. ("CADO Bancorp"), a related company by way of common directors, on behalf of the Trust. As at December 31, 2017, the balance due to CADO Bancorp was \$38,168.
- (b) During the year ended December 31, 2017, the Trust reimbursed expenses of \$3,122 incurred by CADO Investment Fund Management Inc. ("CADO Investment"), a related company by way of common directors, on behalf of the Trust. As at December 31, 2017, the balance due to CADO Investment was \$6,510.
- (c) During the year ended December 31, 2017, the Administrator charged administration and services cost totaling \$5,000. The balance due to the Administrator as at December 31, 2017 was \$2,090.
- (d) During the year ended December 31, 2017, the Administrator charged management fees of nil pursuant to the management agreement.

The management agreement states that as partial consideration for its services to the Investment LP, the Administrator is entitled to equal to 1/12th of 2.0% of the Investment LP's then-current asset value of the Investment LP for each month of service, calculated and paid monthly in arrears.

**DATE AND CERTIFICATE**

Dated October 1, 2018

This Offering Memorandum does not contain a misrepresentation.

**NationWide II Self Storage & Auto Wash Trust,  
by its Administrator NationWide II Self Storage & Auto Wash Management Corp.**

(SIGNED) SHANE DOYLE  
Chief Executive Officer of the Administrator

(SIGNED) JOHN DICKSON  
Chief Financial Officer  
of the Administrator

**On behalf of the Board of Directors of NationWide II Self Storage & Auto Wash Management Corp.**

(SIGNED) SHANE DOYLE  
Director

(SIGNED) HUGH CARTWRIGHT  
Director

**On behalf of the Trustees of NationWide II Self Storage & Auto Wash Trust**

(SIGNED) JOHN DICKSON  
Trustee

(SIGNED) HUGH CARTWRIGHT  
Trustee

