Cash Offer canada

April 11, 2019

Private Placement Memorandum

The memorandum is not to be reproduced. No Person is Authorized to give out any information other than that contained in the memo. The PPM contains summaries of important documents, and the summaries are qualified by reference to the full documentation. Each investor is urged to consult with his own attorney and accountant. The offering is not a registered security. Investors are encouraged to ask questions, review answers and obtain additional information. Investors will be required in the subscription documents to provide statements purporting their wealth.

Executive Summary

Cashoffer LP (" Cashoffer", the Project", or the Portfolio") offers investors the opportunity to immediately deploy capital into the acquisition of, high-yielding residential real estate in Western Canada at an opportune time in the market.

The Portfolio offers the following key attributes:

- The project offers investors the ability to invest alongside established Sponsor AJ Hazzi, an experienced, award winning real estate investor, developer, Owner of Vantage West Realty Inc and President of the Kelowna Real Estate Investment Network Chapter.
- A chance for investors to purchase real estate at a significant discount (10-13%) through the marketing of a website cashoffer.ca
- Investors receive predetermined capital gain by exiting properties utilizing rent to own program on predetermined timeline (2-3 years) With 4:1 leverage the equity growth will be 100% during the option period
- A chance to experience leveraged rates of return without the need to borrow or seek financing
- Sponsor will personally guarantee loans when necessary. Investors will not be required to contribute additional capital beyond their initial equity investment
- The chance to profit from value adding improvements using the GP's in house contracting company creating forced appreciation and increased equity. (Expected 100% return on all capital deployed for renovations)
- Ability to experience enhanced cash-flow through the higher rent payments received through rent to own program (typically 20% higher)
- The chance to empower aspiring home-owners with a stepping stone into home ownership through offering the portfolios properties on a rent to own program
- Enjoy better security through, purchasing at a margin of safety, collecting non refundable deposits (approx 5%) from tenant buyers which will accrue and become a 7 figure contingency fund, and deferring all maintenance costs to the tenant buyer per rent to own agreement.
- A chance to capitalize on the occasional lucrative flipping or development opportunity that the sponsor comes across during his day to day operation of Vantage West Realty Inc. (The fund will allocate no more than 10-20% of the funds capital towards speculative projects)
- A chance to invest using corporate dollars and create tax efficiency.

This fund is the combination of Sponsor's two decades of experience as an investor, realtor and leader. Cashoffer LP utilizes the Sponsor's infrastructure to execute the most profitable strategies in a both a diversified and appropriately leveraged portfolio of real estate investments.

Cashoffer.ca, the consumer facing website and the Vantage West Guaranteed Sale program provide the fund a steady stream of opportunity to buy properties at a substantial discount. The in house contracting, and Vantage West Realty's Rent to own program provide the opportunity to sell at a fixed premium, and create exceptional cash-flow along the way. No component of this is new or untested. These techniques have been honed and crafted over decades, the only thing unique about this, is the opportunity to do it in a diversified and leveraged way.

Inspired by the highly successful business model of Opendoor.com and Offerpad.com in the United States, our company ' Cash Offer' enables a motivated home seller to sell your home without listing on the market and allowing them the freedom of making decisions on their own timeline. There will be no listings, no showings, and much less stress in moving on to the next purchase. Our unique twist is marrying this lucrative business model with another tried and tested proprietary template; the Empowered Renter Program, which creates win-win-win transactions in which the motivated seller gets their desired outcome, a quick painless sale on their timeline, the tenant-buyer gets what they want, a lower barrier of entry into home ownership, and the investors earn an exceptional return for being the conduit between the two.. The following document will outline the , risks, disclosures, investment strategies, financial and market analysis for this exciting initiative.

Executive Summary

WESTGATE

- Westgate Apartments ("Westgate", the "Project", or the "Portfolio") offers investors the opportunity to immediately deploy capital into the acquisition of a high quality 60-suite, 3 building, purpose built rental portfolio located in West Edmonton
- The Project offers the following key attributes:
  - Opportunity to acquire 3 well maintained buildings that have been substantially upgraded with minimal near or medium term capital improvements
  - The Project offers investors the ability to invest in a Core Plus asset in along side established Sponsors Tom Novecosky, an experienced local multi-residential operator and owner of Signature Properties, and Scott Mason a seasoned institutional investor and advisor currently employed at Brookfield Financial (the "Sponsors")
  - The adjacent property, Westlawn Village, owned by institutional operator Minto with Alberta Teachers Retirement Fund, is a 144 unit circa 1968 complex that is comparable to Westgate. Westlawn Village was recently listed for sale on an unpriced basis with broker guidance of approximately $24.5 million ($170,000/unit) or 19% above the price per unit of Westgate
  - Sponsors will be responsible for all facets of property and asset management for the Project
  - At an average age of 35 years old the Project is comprised of two substantially upgraded circa 1968 assets and one new generation 2017 building, making Westgate significantly newer than its late 1960s competitive set in the immediate geographic area
  - Ability to take advantage of attractive CMHC ensured financing that will materially enhance returns. Sponsors have secured 83% loan-to-value financing at rates 2.35% - 2.90% at 5 and 10 year terms(1)
  - Sponsors will personally guarantee all loans. Investors will not be required to contribute additional capital beyond their initial equity investment
  - The Project offers investors the ability to invest in one of Canada's most desirable asset classes, purpose built rental, at a price point below what institutional operators have paid for older generation product in the same community
  - The Sponsors have utilized both direct experience and institutionalize databases in formulating conservative but achievable projections
  - Based on a 5 Year Investment horizon the Sponsors project the following returns: (1)(2)(3)
    - Investor Cash on Cash: 9.10%
    - Investor Equity Multiple: 2.16x
    - Investor Leveraged IRR: 19.18%
    - Investor Profit: $1,308,000

(1) Final figure subject to rate at the day of rate lock
(2) Net of all fees
(3) Based on assumptions provided on page 18 "Assumptions". Results may vary. See "Forward Looking Information" and "Risk Factors"

A chance for investors to purchase real estate at a significant discount through the marketing of a website cashoffer.ca. The intention is to improve, rent and resell at a fixed margin through a rent to own structure. Investors will receive returns superior to a typical real estate investment without the need to borrow money, or manage the property. The risk is also diversified over dozens of properties thus lowering the exposure.

Inspired by the highly successful business model of Opendoor.com and Offerpad.com in the United States, our company ' Cash Offer' enables a motivated home seller to sell your home without listing on the market and allowing them the freedom of making decisions on their own timeline. There will be no listings, no showings, and much less stress in moving on to the next purchase. Our unique twist is marrying this lucrative business model with another tried and tested proprietary template; the Empowered Renter Program, which creates win-win-win transactions in which the motivated seller gets their desired outcome, a quick painless sale on their timeline, the tenant-buyer gets what they want, a lower barrier of entry into home ownership, and the investors earn an exceptional return for being the conduit between the two.. The following document will outline the , risks, disclosures, investment strategies, financial and market analysis for this exciting initiative.

This fund is the combination of the general partners two decades of experience as an investor, realtor and leader. Cashoffer LP utilizes the GP's infrastructure to execute the most profitable strategies in a both a diversified and appropriately leveraged portfolio of real estate investments.

Cashoffer.ca, the consumer facing website and the Vantage West Guaranteed Sale program provide the fund a steady stream of opportunity to buy properties at a substantial discount. The in house contracting, and Vantage West Realty's Rent to own program provide the opportunity to sell at a fixed premium, and create exceptional cash-flow along the way. No component of this is new or untested. These techniques have been honed and crafted over decades, the only thing unique about this, is the opportunity to do it in a diversified and leveraged way.

Strategy

Homes purchased through Cashoffer.ca will be at a minimum 10% discount from market value less any necessary repairs. The repairs will be quoted at retail pricing and completed at a lower cost by our in house contracting company with a profit margin on the required repairs. We will have our own in house appraisal and inspection team protecting the model and interests of the LP. The discount properties will be put into one of three strategies:

1. Property First Lease Option - We purchase the home with the intent to re-market as a rent to own opportunity. This will be done on homes under $750,000 that can be structured into a lucrative option deal yielding 25% ROI or better
2. Buy Fix Sell - We renovate to maximize the value of the home and market the property for sale earning a quick profit. This will be done on homes that can be purchased at 70% of their After Renovation Value (ARV) or better, in select locations.
3. Buy Fix Hold - We renovate to maximize the rental potential of the property to earn maximum cash-flow. This will be done on properties with a potential Gross Rent Multiplier (GRM) of 12 or better.

Cashoffer LP Team

The Management Team

Cashoffer Limited Partnership

Adrian Hazzi

GP and Managing Partner of the Vantage Group of Companies.

Troy Howell

Founding Limited Partner and Head of R&D

Aaron Dow

Partner at Farris Law and our Partnership's legal council

Brad Levang

Certified Accountant and our partnership's in house Controller and Accountant

Infrastructure

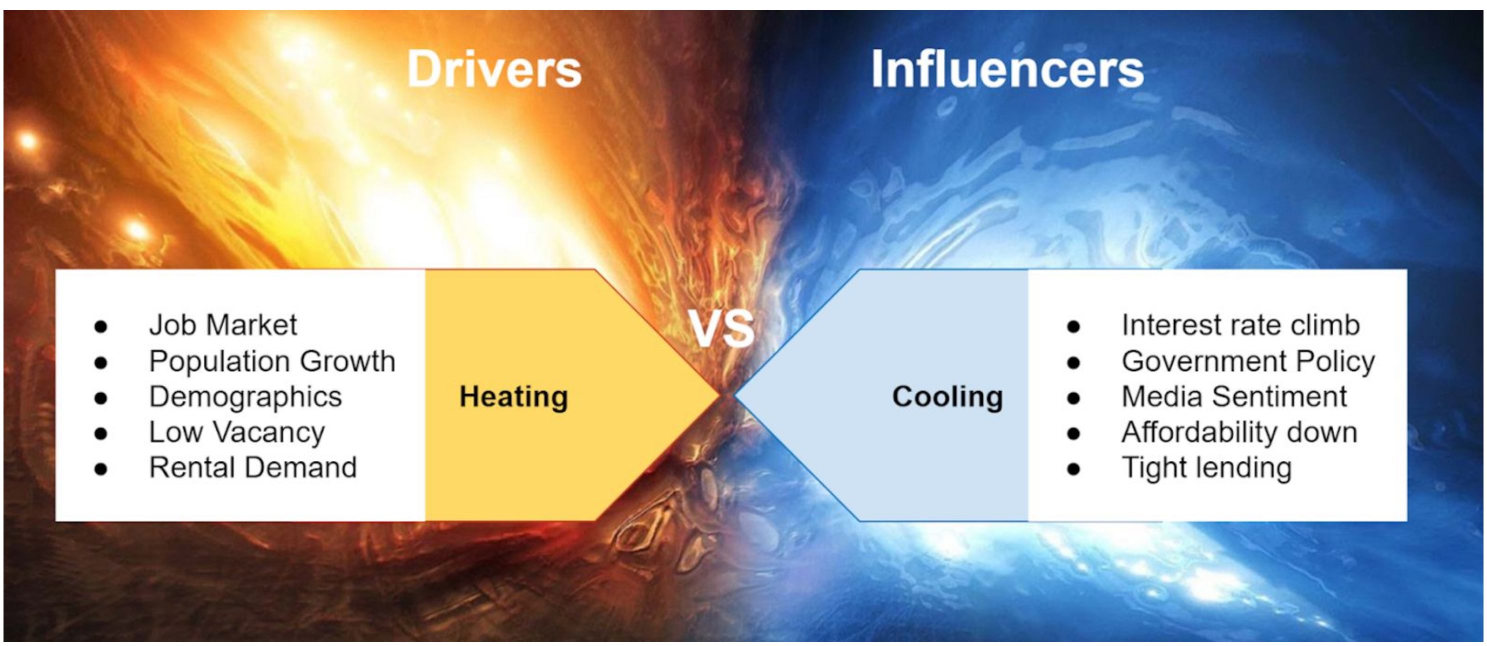
This fund takes advantage of all of the GP's existing infrastructure

- Sales & Marketing
- Tenant Screening
- Renovations & Staging

Market Analysis

The 2019 market can be described as a tale of two forces. Market drivers vs Market influencers. The market drivers are the local and provincial GDP, the local and provincial inward migration, the demographic trends of Baby Boomers and Millennials, Low Vacancy rates. All of which point to a healthy and robust real estate market in the region. The influencers are the meddling provincial and federal government policy, interest rate increases, stress tests and tighter lending and media sentiment. To sum it up, the economic fundamentals suggest we should be in boom times however the head winds created by so many market influencers at once have created what we believe to be a short term market reverb that has shifted the prevailing market emotion from Greed to Fear.

To quote Mr Buffett, you want to buy when people are fearful and sell when people are greedy. We believe that the next 18 months will provide a terrific buying opportunity, we also believe that because this is not a recession or natural market correction, that the local real estate market will pick up some major steam again by the early 20's and return to boom times. For our fund to be successful, we don't need to be right about timing the market, this is not a speculation play. We are buying during a slow period, at a high margin of safety, renting at a premium to a tenant buyer

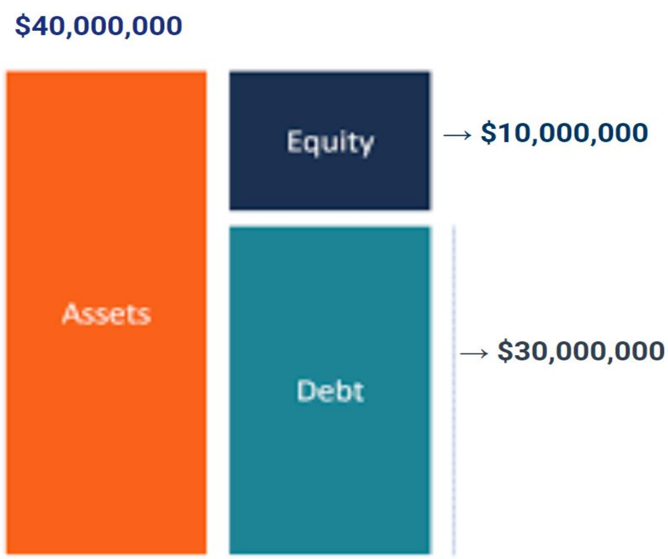


The 2 year absorption trend shows that since the government intervention, we have shifted from a seller's market to a buyers market with over 8 months worth of supply.

The 10 year Price trend which corresponds to the global financial crisis through to present day shows that despite 5 years of zero growth, over the long term, the market still performed at the 100 year historical average of 5% per year

FINANCIAL ANALYSIS

- The $10,000,000 owner's equity is to be leveraged 4:1 to $40,000,000
- The rent to own sale prices will exceed $50,000,000
- The $10,000,000 Capital Gain represents a 100% ROI (Capital Gains only)
- Each of the 75 properties will average $30,000 in Net Operating Income (Before Debt Service) which will yield a cash on cash return of approx 8%
- Internal rates of return on leveraged tenant first lease option transactions can be in excess of 20% compounded over 3 years.



Return on Investment

Purchase Price		$531,000
3 year Sale price		$665,231
Rent Revenue		$108,000
LP Revenue		$242,231
LP Expenses		$118,408
LP Net		$123,822
LP Cash		$141,370
ROI		88%
Annual (Compounded)		**23%**

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Buy - Fix - Refinance - Lease Option

When we spot a good candidate for a remodel, that fits the criteria for the lease option program, we will combine the first two models. We purchase the home for cash, spend the funds money on value adding renovations, simple renovations that we can expect a 2:1 return. For example a 25k cosmetic overhaul that adds 50k to the property value. Once complete, we will advertise it as a rent to own opportunity at the higher price and higher rents. Once the property has a placement, we will then finance based on the new loan to value which brings our actual cash investment down, and our return on that investment jumps to above 30% due to the higher cash-flow and capital gains achieved by doing the renovations at the outset.

FINANCIAL ANALYSIS (High Level)

Property First Lease Option:			**Leveraged**		**Comments**
Market Value			600,000	A	
Offer Value		88.5%	531,000	B	
Bank Commercial Term		75.0%	398,250	Leveraged	
Cash Component		25.0%	132,750		
3 Yr. Option Price	3	3.5%	665,231	C	On Mkt. Value
Rent / Cash Flow	3	3,000	108,000	D	
Revenue			**242,231**	R=C+D-B	
Expenses:					
Realtor Fees		2.00%	18,305	At Sale	
Bank Interest (Interest Only)	3	4.50%	53,764	P+ Commercial Rate	
Property Tax	3	0.60%	10,800		
Insurance	3	0.25%	4,500		
Legals, etc			1,500		
Transfer Tax		0%	8,620		
		0%	-		
Commercial Lending Costs	Estimated		3,983		
GP Fee	3		11,948		
Other Program Admin Costs	3%	of rent	3,240		
Contingency	1.5%		1,750		
Total Expense			**118,408**	E	
Net			**123,822**	N = R-E	
Investment			**141,370**	I = B+E	
ROI			**88%**	N/I	
Annualized (Compounded)	3		**23%**		

Buy Cash - Reno - Refi

Property First Lease Option:			**Leveraged**	
Market Value			600,000	
Offer Value		88.5%	531,000	
Renovation Budget		5%	26,550	
Forced Appreciation		2	53,100	
Refinance		65.0%	424,515	
Cash Component			133,035	
3 Yr. Option Price	3	3.5%	777,204	
Rent / Cash Flow	3	3,000	108,000	
Revenue			**354,204**	
Expenses:				
Realtor Fees		2.00%	20,544	
Bank Interest (Interest Only)	3	4.50%	57,310	
Property Tax	3	0.60%	10,800	
Insurance	3	0.25%	4,500	
Legals, etc			1,500	
Transfer Tax		0%	8,620	
Renovation Budget			26,550	
Commercial Lending Costs	Estimated		4,245	
GP Fee	3		11,973	
Other Program Admin Costs	3%	of rent	3,240	
Contingency	1.5%		2,239	
Total Expense			**151,521**	E
Net			**202,683**	N = R-E
Investment			**133,035**	I = B+E
ROI			**152%**	N/I
Annualized (Compounded)	3		**36%**	

Marketing Budget

The marketing will be funded by the referral fees paid back to the LP from Vantage West Realty Inc. On all closed business resulting from the purchases. These 25% referral fees will average $2500-$3000 each. This will fund 2 Billboards and some radio play. The rest of the marketing will be digital marketing. We will use a retargeting strategy for all visitors to our home evaluation website at Vantage West.

Also targeting local realtors who have active listings that are not selling. The message of generate an instant cash offer for your listing will be very appealing to frustrated realtors nearing the end of their listing term. Since the Seller will have the obligation to pay the agent a fee still after accepting our offer, the listing agent becomes a motivated sales force for Cashoffer LP at no incremental cost to the partnership.

Investment Opportunity - *Example Only, Not determined*

Our objective is to protect and preserve investor capital while providing maximum cash-on-cash returns. Adhering to proprietary maxims is the key to our success. It comes down to a formula and we have a team of professionals with the foresight, discipline and expertise to execute.

Through a limited partnership and if needed, the use of a licensed Exempt market dealer, we will raise 10M in units from $25,000. As funds are available we will purchase the properties outright and execute the proven strategies above on the first 5-10 deals. The reason for this is we need to build the portfolio to the min requirement to qualify for a Commercially Adjudicated Residential Mortgage (C.A.R.M). Once this threshold is achieved, we will add leverage to the portfolio and the returns will improve dramatically.

We are offering LP partners a preferred rate of return of 12%, the GP fee is 0.75% of total assets under management. Once the pref and the GP fee are paid, profits of the fund are split 50/50 between the Limited partners and the general partner. The forward looking projections put the Limited partner returns in the 18-22% range using only the 1st strategy, ignoring the fix for profit potential of these properties. It is our belief that we can exceed these returns through hands on management of the general partner and the team.

Market timing risk

Exploring the scenario where we head into a bad recession and values in the 3-5 year horizon are well below the predicted exit price, we must understand that unlike many ventures where you might be forced to liquidate at a loss, real estate is different. We have no obligation to sell the properties at below projected (and mutually agreed upon pricing) In a rent to own contract, the decision remains with the titled owner (Cash offer LP)

If we get to the end of the term, and the market has conspired against us, we will elect to extend the term of the rent own agreement with the tenant-buyer. Nothing changes for them, they stay in the home, their payment stays the same, and we wait. How long, is the only variable. During that period of time, we are still seeing a positive ROI due to the monthly cash-flow however the overall internal rate of returns will drop due to the longer holding period.

This leaves an absolute worst case scenario, of 8-12% annual returns if we were forced to hold the inventory for 10 years to allow the market to recover.

Liquidity Events

As with any private offering, your investment should be considered ill-liquid for 3-5 years, however, there will be various liquidity events that will provide return of capital opportunities for those limited partners that require their capital back. Specific terms of repayment will be found in the subscription agreement. Liquidity events that may provide return of capital opportunities are, the refinancing of our portfolio of property. The sale proceeds of any buy-fix-sell properties, and the earliest exercising of options by tenant buyers (1-2 years). It bears repeating that this is being set up as a long term investment, but sales will be transpiring along the way which will provide our partners return of capital opportunities long before the eventual wind up of the fund in an estimated 5 years. Priority will be given to the first investors to receive their return of capital.

Risks & Disclosures

The purchase of real estate involves certain risks and is suitable for investors whose contributions are typically twenty percent (or lower) of their net worth; who have no need for liquidity in a real estate investment and can absorb the loss of such contributions. Before purchasing any interests, a potential investor should consider carefully the risk factors below, together with all others matters referenced in this document.

Based on the latest economic research in the Okanagan market, we are focusing our attentions on three investment models. The research is available for your review and consideration on subsequent pages.

The business and affairs of purchased properties through Cash Offer LP.. are controlled exclusively by its appointed Managing Members. As such non-voting equity stakeholders have no voice in the management of any purchased properties. Accordingly, no person should invest in properties unless he/she is willing to rely solely on the judgment, ability and experience of the Managing Member of the Company in managing, operating and making all decisions with respect to purchased properties.

- **Risks of Investing in Real Estate.** investment in properties will be subject to the risks and other factors associated with ownership of real property, including, the effects of inflation or deflation, inability to control future operating costs, vacancy, vandalism, rent strikes, collection issues, the availability and costs of borrowed funds, the general level of real estate values, competition from other properties, real estate taxes, provincial and federal income tax laws, real estate patterns and uses, general economic conditions (national, regional and local), acts of God, amongst other factors beyond the control of the Company. There is no assurance that if it becomes necessary to sell properties, a buyer will be found or a suitable price would be achieved.

At such time as the Company elects to sell a property, the Company may take installment purchase- money obligations as part of the consideration from the buyer of a property. If the property is subject to a lien at that time, such purchase- money obligations may be a secondary mortgage, which would be junior to such a lien. In any case, if the Company accepts. In any case, if the Company accepts purchase- money obligations upon the sale of a property, the Company will be subject to the risks of a lender on real estate, including, but not limited to, the possibility it may have to institute foreclosure proceedings in the event of a default by the buyer. The liquidated value of the purchase- money obligation may be adversely impacted by the volatility of money markets. In addition, the utilization of purchase- money obligations in connection with the sale of a property will delay the distribution of sales proceeds to Equity Stakeholders and Managing Members.

Ability to Sell and Refinance. Any loan obtained by the Company to acquire a property must be repaid upon its maturity. Changes in the general economic or local conditions, including a decrease in demand or an increase in the number or quality of competing properties in the Properties market area, changes in interest rates and in the availability of permanent mortgage funds or other forms of financing may render the sale or refinancing of a property. Nonetheless, there can be no assurance that it will be possible for the Company to sell or refinance a property on terms acceptable at that time.

Government Regulation. The ownership and operation of real property is subject to extensive governmental regulation. There can be no assurance that changes in applicable law will not require the Company to make substantial capital expenditures to comply with, for example, handicap access requirements, life/fire/safety requirements, or seismic retrofitting requirements.

Environmental Liability. Under various federal and provincial laws and regulations, a current or previous owner or operator of real property may be required to investigate and clean up certain hazardous or toxic substances or petroleum product releases at the property. The Company may be held liable to a governmental entity or third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination of the property. In addition, some environmental laws create a lien on the contamination site in favor of the government for damages and costs it incurs in connection with the contamination. The presence of contamination or failure to remediate contamination may adversely affect the Company's ability to sell or lease real property or to borrow using the real property as collateral. The Company or operator of a site may be liable to third parties for damages and injuries resulting from environmental contamination emanating from the site.

There can be no assurance that the property is currently in compliance with applicable environmental laws and regulations, or that the Company will not become subject to liabilities that arise in whole or in part out of any such laws or regulations. Moreover, there can be no assurance any such liabilities to which the Company may become subject will not have a material adverse effect upon the business and financial condition of the Company.

Uninsured and Underinsured Losses; Availability and Cost of Insurance. All decisions relating to the type, quality and amount of insurance to be placed on a property are made exclusively by the Managing Members of the Company. The Equity stakeholders shall not have a voice in any such decisions. Certain types of losses, generally of a catastrophic nature (such as hurricanes, earthquakes and floods) may be uninsurable , not fully insured or not economically insurable . This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full prevailing market value or prevailing replacement cost of a property. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after a property has been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore a property.

Recently, the cost of certain types of insurance, such as hurricane, flood and earthquake coverage, has risen substantially. In some instances, insurance has become unavailable. The Company may proceed without insurance coverage for certain risks if it cannot secure an appropriate policy or if the Managing Member believes that he cost of the policy is too high with respect to the risks to be insured. Changes in the availability and cost of insurance may cause the Company to obtain different types and/or amounts of coverage for a property than may have been obtained for similar properties in the past.

Compliance with Disabilities Act. Under the Canadians with Disabilities Act, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. A determination that a property is not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. If substantial modifications are made to comply with the CDA, the Company's ability to make distributions to its Members may be impaired.

General Business Risks of Investing in the Company

Newly Formed Entity. The Company is a newly formed organization, which has no operating or financial history. An interest in the Company is a speculative investment involving a high degree of risk.

Lack of Control Over Management Decisions. The business and affairs of the Company, including all decisions relating to the ownership ,improvement, operation, sale or disposition of properties , are made exclusively by the Managing Members. The Company is a limited liability company and, accordingly, its Members, other than the Manager will have no voice in management or decisions of the Company. Accordingly, the success of the Company is substantially dependent on decisions made by the Managing Members of the Company. Thus, no person should invest unless he/she is willing to rely solely on the judgment, ability and experience of the Managing Members of the Company in managing and operating the Company.

No Assurance of Cash Distributions or Liquidation of Interest. Cash flow distributions will only be available to the extent there is cash flow from rentals and other operations of a property. Additionally, even if there is cash flow from operations of a property, the Managing Member of the Company, in its sole discretion, may cause the Company to retain some or all of such funds for working capital purposes, further renovation and other reserves. Therefore, there can be no assurance as to when or whether there will be any cash distributions from the Company to the Members.

Conflicts of Interest. The Managing Member is required to devote only so much of its time to Company affairs as it may deem necessary to manage the Company's business. The Managing Member, its officers and affiliates currently engage, and have the right to further engage, in other business activities and ventures (including, but without limitation to, the ownership and operation of real property projects and interests therein) and to compete , directly or indirectly, with the business of the Company.

Indemnification of Managing Member. Under certain circumstances and subject to certain conditions, the Managing Member, its members and officers, directors, employees, affiliates, and/or assigns will be indemnified by the Company against certain liabilities. Should such persons be successful in asserting a claim for indemnification against the Company, the assets of the Company could be subjected to substantial or total reduction.

Reliance on Certain Individuals. The Company will be particularly dependent upon the efforts, experience, contacts and skills of certain officers of the Managing Member. The loss of any such individual could have a material, adverse effect on the Company, and such loss could occur at any time due to death, disability, resignation or other reasons.

Investors Not Represented by Independent Counsel. The prospective investors as a group have not been represented by independent counsel in connection with the formation of the Company or this offering. The Operating Agreement and amendments thereto have been prepared by counsel for the Company and the Managing Member and such counsel owes no duties of any kind to any other Members of the Company.

Projections. Certain financial projections concerning the future performance of a property have been delivered to potential investors as a part of the Memorandum. These projections are based on assumptions of an arbitrary nature and may prove to be materially incorrect. No assurance is given that actual results will correspond with the results contemplated by these projections. These and all other financial projections, and any other statements previously provided to the Purchaser relating to the Company or its prospective business operations that are not historical acts, are forward-looking statements that involve risks and uncertainties. Sentences or phrases that use such words as "believes," "anticipates," "plans," "may," "hopes," "can," "will," "expects," "is designed to," "with the intent," "potential" and others indicate forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Although such statements are based on the Manager's current estimates and expectations, and currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain. A variety of factors could cause business conditions and results to differ materially from what is contained in any such forward-looking statements.

Tax Risks. THE FOLLOWING DISCUSSION IS NOT INTENDED AS AN EXHAUSTIVE ANALYSIS OR LISTING OF THE RISK FACTORS ASSOCIATED WITH THE TAX ASPECTS OF INVESTING IN THE COMPANY.

In General. Federal income tax considerations will affect the economic consequences of an investment in the Company. There can be no assurance that there will not be adverse legislative or administrative changes, which could adversely affect the tax consequences to the Members. Further, no assurance can be given that the Company's reporting on its income tax returns of items of income, gain, loss, deduction, or credit will not be challenged by the Canada Revenue Agency. Each investor may have his own unique circumstances, which could make statements in this Memorandum applicable to him or her. Each prospective investor should consult his or her personal tax advisor regarding the suitability of an investment in the Company for someone in his particular tax situation.

Possibility of Tax in Excess of Distributions. Net profits allocable to the Members in some years may exceed the amount of cash distributions to them in such years. Likewise, under certain circumstances a Member may have income tax liability upon a disposition of his Interests or a disposition of a property in excess of the amount of cash received by the Member as a consequence of the disposition. If a Member's tax liabilities from the Company in any year exceeds the amount of cash distributed to him, or her, he or she will be required to pay such liabilities with funds from sources other than Company distributions.

Losses Limited to Amounts at Risk. The extent to which a Member may utilize losses from the Company will be limited to the amount the Member is found to be "at risk" with respect to the Company.

Limitations on Use of Passive Losses. Losses from a passive activity are not allowed to offset other types of income, such as salary, active business income, and" portfolio income," and may offset income only from other passive activities. The Company anticipates that most of the net income (if any) allocated to the Members may be used by the Members to offset the "passive activity losses," if any, of the Members.

Registration as a Tax Shelter. The Company may be required to register with the Canada Revenue Agency as a "tax shelter."