

Term Sheet

Celernus Realty Income Properties LP

October 28, 2015

Issuer	Celernus Realty Income Properties LP (the “ LP ”), a limited partnership established by Limited Partnership Agreement under the laws of the Province of Ontario, Canada.
LP Manager	Celernus Investment Partners Inc. (the “ Manager ”)
LP General Partner	Celernus Realty Partners Inc. (the “ GP ”)
Investment Strategy	<p>The LP aims to provide investors (“Limited Partners”) with consistent monthly income while simultaneously protecting capital, primarily through direct investments in real estate properties with income producing capabilities, mortgages with a loan to value measure that provide a desirable degree of security of capital, public and private REITs, MICs and mortgage funds.</p> <p>Real estate properties include equity and debt of properties (residential / commercial / industrial / mixed use).</p> <p>Additionally, to the extent the LP invests in Other Celernus Funds (defined under Management Fees), the Manager does not receive any indirect fees through the Other Celernus Funds, as the units of the Other Celernus Funds do not attract any management or related fees. In this way, there is no so-called 'double dipping' of Management Fees or any performance based compensation.</p>
Limited Partnership Units	<p>The LP is offering for sale an unlimited number of limited partnership units (“Units”) to eligible investors (“Unitholders”). Initially there will be two classes for Limited Partners (“Classes”) of Units: Class A Units and Class B Units. The GP will hold GP Units.</p> <p>The Units of each Class of the LP have equal rights and privileges. Each whole Unit entitles the registered holder thereof to:</p> <p>(i) one vote in respect of all matters to be decided by the Limited Partners, where Unitholders are entitled to vote for the purposes set out in the Limited Partnership Agreement;</p>

	<p>(ii) allocations and distributions of the LP's income or loss in accordance with and as otherwise provided for in the Limited Partnership Agreement; and</p> <p>(iii) distributions of the LP's assets on wind-up, dissolution, or any return of capital in accordance with the terms set forth below and as otherwise provided for in the Limited Partnership Agreement.</p> <p>At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of any of the Units.</p> <p>Class A Units of the LP may be purchased by subscribers through National Bank Correspondent Network or directly through registered dealers and advisors. Class B Units are sold through registered dealers and advisors, and a servicing commission is payable to the registered dealers and advisors by the Manager as discussed below under "Dealer Compensation".</p>
Reporting	<p>The LP Net Asset Value ("NAV") will be calculated on a monthly basis as of the close of business on the last business day in each month. See the "Valuation" section below for further details on the NAV calculation. Account statements will be provided to Unitholders quarterly. The audited annual and unaudited semi-annual financial statements of the LP will be prepared and sent to Unitholders who elect to receive the financial statements in conformity with applicable securities laws, as may be amended from time to time. Audited financial statements will be sent within 90 days of each fiscal year end and semi-annual financial statements of the LP will be sent within 60 days of the end of the most recent interim period.</p>
Purchase Frequency	<p>Purchases may be made on a monthly basis, as of the NAV calculation date.</p>
Qualification of Investors and Minimum Subscriptions	<p>The LP is offering Units to eligible investors pursuant to certain prospectus exemptions to qualified investors on an exempt private placement basis.</p>

	<p>Eligible investors may qualify as "Accredited Investors" (as the term is defined in the Securities Act (Ontario) or in NI 45-106 (depending on the jurisdiction in which such Subscriber resides).</p> <p>Subscribers may also purchase securities under the Offering in reliance on the "Minimum Amount Investment" exemption provided under Section 2.10 of NI 45-106, provided that they meet all required criteria, including that the Subscriber is neither an individual nor a syndicate.</p> <p>The minimum subscription amount is \$25,000 for qualified investors, and the Manager may waive this minimum subscription requirement in its sole discretion.</p> <p>Note that registered plan accounts (RRSP, RRIF, RESP, TFSA) are <u>not eligible</u> for investment in the LP.</p>
Redemptions	<p>Redemptions will be available on a semi-annual basis (June 30, December 31) with at least 6 (six) months' notice, although the Manager in its sole judgment may waive the notice period to anything less than 6 months. The Manager, in its sole discretion, may also suspend Redemptions for market or liquidity reasons which may adversely impact the LP.</p> <p>Redemptions will be paid in full within 10 business days.</p>
Early Redemption Fee	<p>Given the longer term nature of real estate investments, no Redemptions can be requested until the Units have been held for 36 months (the "Holding Period"), although the Manager may in its sole judgment waive the Holding Period to anything less than 36 months. The Manager reserves the right to charge an early redemption fee of 4% of the NAV for redemptions within the first 36 months after Units are purchased, although the Manager may in its sole discretion waive the early redemption fee to anything less than 4%.</p>
Acquisition Fee	<p>A 2.0% Acquisition Fee of all property purchased (based upon purchase price) within the LP will be paid to the GP as compensation for efforts to search out new opportunities, perform due diligence on the properties and complete the acquisition.</p>

Lenders Fee	Any Lenders Fees that are earned during a mortgage investment closing will be paid to the Manager.
Management Fee	<p>0.85% of NAV, calculated and paid to the Manager monthly as of the end of each month on the month end Net Assets (before the Management Fee, Advisory Fee and Service Fee are deducted). The Manager will charge an additional 1.0% of NAV in the case of Class B Units for the Management Fee, and will out of that Management Fee pay to registered dealers a servicing fee (the “Service Fee”) equal to 1.0% annually of the NAV attributable to the Class B Units, plus applicable taxes. The Manager will pay the Service Fee to brokers based on the number of Class B Units held by clients of such brokers at the end of the relevant quarter. No Service Fee is payable in respect of the Class A Units.</p> <p>The Management Fee is directly received by the Manager from the LP. The Manager may also invest LP funds in other Celernus Funds related to the LP, but in such cases the Manager does not receive indirect fees as a result of the LP holding other Celernus Funds which the Manager also manages (“Other Celernus Funds”). This is accomplished by the LP subscribing for special units of the Other Celernus Funds which do not pay management or performance based compensation to the Manager.</p>
Advisory Fee	1.0% of NAV, calculated and paid to the General Partner at the end of each month, for its role as advisor to the LP, in sourcing and evaluating investment opportunities for the LP.
Dealer Compensation	In respect of Class B Units of the Fund, the Manager will pay registered dealers and advisors a Service Fee based on the aggregate market value of their clients' investment in Class B Units of the Fund, as further described above in the Section titled Management Fee.
Distributions and Allocations	<p>Distributions</p> <p>The GP will distribute realized income over expenses paid as excess cash (“Distributable Cash”) to Limited Partners, the amount and timing of which will be at the absolute discretion of the GP. All distributions of Distributable Cash will be made 80% to the Limited Partners and 20% to the GP. Limited Partners</p>

	<p>will have the option to reinvest their Distributable Cash for additional Units.</p> <p><i>Allocations of Income or Loss</i></p> <p>The income or loss of the LP for each fiscal year will be allocated to partners in a manner that corresponds to the allocation of distributions that would have been made to the partners if the income was Distributable Cash that was distributed in the fiscal year (see “Distributions”). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed by the LP to that partner in respect of a given fiscal year.</p>
Operating Expenses	<p>The LP pays all administrative and operating fees and expenses of the LP, which include fees payable to the Manager and GP, fees payable to a third party administrator, accounting, audit and legal costs, insurance premiums, fees associated with the LP's bank accounts, custodial, prime broker and safekeeping fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, advisory board costs, all Unitholder communication expenses and servicing costs, distribution expenses, promotional expenses, the cost of maintaining the LP's existence, regulatory fees and expenses, the cost of consulting, property valuations, data, statistical services, research including software costs, distribution costs, regulatory filing fees and all reasonable extraordinary or nonrecurring expenses which are directly related to the maintenance and management of the LP along with all reasonable extraordinary or non-recurring expenses as determined by the General Partner.</p> <p>Additionally, the LP will pay fees and expenses relating to the LP's portfolio investments, including the cost of investments, property management, Joint Venture costs (as applicable), interest on borrowings and commitment fees and related expenses payable to lenders, brokerage fees, commissions and expenses, banking fees, interest expenses and taxes of all kinds to which the LP is subject.</p> <p>Organizational costs to set up the LP will be deferred and amortized over a period of 5 years (60 months).</p>

	<p>The Manager and/or the General Partner may from time to time choose, at their sole discretion, to pay some of the expenses of the LP or reduce their fees otherwise due.</p>
Leverage	<p>Leverage will be utilized to purchase property investment by way of mortgage borrowing. A line of credit, bridge financing or some other form of mezzanine financing could be used for temporary cash flow purposes, such as a mismatch between making an investment and accepting additional purchase capital from new Unitholders.</p>
Valuation	<p>The NAV of the LP, as of any month end valuation date, shall equal the aggregate value of all the property and assets of the LP at that date, less an amount equal to all liabilities of the LP. The Net Asset Value per Unit of a Class of the LP shall be calculated by dividing the Net Asset Value of the LP attributable to each Class of Units on the valuation date by the number of Units of each Class of the LP then outstanding (the "NAV per Unit"), prior to any issuance or redemption (including any exchange) of Units of such Class to be processed by the LP immediately after the valuation time on that valuation date.</p> <p>For the purpose of calculating the Net Asset Value of the LP on a valuation date, the LP property, and any short positions, will be determined as follows:</p> <ul style="list-style-type: none"> • Mortgages will held at cost, unless it is deemed that a loss provision or other fair value consideration is required • Property holdings will be valued first at cost. If the property is held for development, the valuation will become purchase price plus development costs. If an Offer to Purchase the property is received, a revaluation may occur and could include other fair value considerations. A formal market appraisal may be performed, no less than every 24 months, or as determined by the Manager if it is felt that the market has moved significantly in either direction.

	<ul style="list-style-type: none"> All investments may be fair valued by the Manager in consultation with the Advisory Board or Joint Venture partners, and/or investment deal partners. <p>For the purposes of the foregoing rules, any values or quotations that are supplied to the Manager and GP by a third party acceptable to the Manager, including without limitation the Manager, General Partner or any of their agents, may be relied upon by the Manager. The Manager shall not be required to make any investigation or inquiry as to the accuracy or validity of such values or quotations and shall be held harmless and shall not be responsible nor held liable whatsoever for any loss or damage in so relying.</p> <p>The NAV per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the LP may obtain ("Transaction NAV"). The NAV per Unit determined in accordance with the principles set out above may differ from NAV per Unit determined under Canadian GAAP ("GAAP NAV"). The GAAP NAV will be used for financial statement reporting purposes and a reconciliation between GAAP NAV and Transaction NAV will be included as necessary.</p>
No Offering Memorandum	<p>Purchasers of Units of the LP have not received, requested nor been provided with, nor have any need to receive, an offering memorandum relating to the subscription for units of the LP or the business and affairs of the LP. The decision to enter into transactions contemplated and purchase the Units of the LP is not based upon any verbal or written representation as to fact or otherwise made by or on behalf of the LP, the GP, the Manager, or any officer, director, employee or agent of Manager and that such decision is based entirely upon this Term Sheet and currently available public information concerning the LP.</p>
Professional Advice	<p>Purchasers of Units of the LP acknowledge that proceeds of each investment contemplated hereunder may result in income tax consequences to such investors based on each individual investor's circumstances and that investors should consult with their own professional advisors regarding the consequences of their investment.</p>

	The Units of the LP are not listed for trading, and there is no market for the Units. Purchasers are advised to consult their own legal advisors in this regard.
Year End	December 31 st
LP Administrator	Convexus Managed Services Inc.
Auditor and Tax	Fuller Landau LLP
Legal Counsel	WeirFoulds LLP
Bank	National Bank of Canada

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DISCLAIMER: This document constitutes a summary only. Subscribers to this offering must review the Limited Partnership Agreement of the LP and complete the Subscription Agreement also provided. This summary together with the Limited Partnership Agreement and the Subscription Agreement shall constitute the only documentation on which an investment decision should be based. This offering is made available only in those jurisdictions where it may be lawfully offered. No securities regulatory authority has expressed an opinion about the securities offered herein and it is an offence to claim otherwise.