KNOW YOUR PRODUCT · INVESTMENT REVIEW COMMITTEE

Understanding our due diligence process

How Axcess Capital Advisors reviews and monitors issuer opportunities on your behalf.

6
Areas considered in every initial review

Annual
Formal review for as long as an issuer remains available

Ongoing
Monitoring and escalation between review cycles

INTRODUCTION

Our obligations to investors

Who we are

Axcess Capital Advisors Inc. (“Axcess”) is registered as an Exempt Market Dealer (“EMD”) under Canadian securities law.

That registration carries a defined set of obligations to the investors we serve — obligations that go well beyond simply presenting an investment opportunity.

What this guide explains

Before any exempt market security is made available through our dealing representatives, and for as long as it remains available, it is subject to a structured review by our Investment Review Committee (“IRC”).

Here, in plain terms, is what we look at before approving an issuer — and every year after.

WHY DUE DILIGENCE MATTERS IN THE EXEMPT MARKET

Securities sold in the exempt market — private REITs, mortgage investment corporations, private equity funds and other closely held issuers — are not subject to the same continuous public disclosure requirements as exchange-listed securities.

No stock ticker

These securities do not trade on an exchange.

No public analyst reports

Investors rarely have access to third-party research on these issuers.

No daily price

There is no market price to signal a change.



OUR OBLIGATION

A structured, documented review

Without continuous public disclosure, publicly available analyst reports or a daily market price, investors have less information to draw on themselves. An EMD's due diligence and know-your-product ("KYP") obligations are designed to help fill that gap.

REGULATORY BASIS

NI 31-103

Under National Instrument 31-103, Axcess and its dealing representatives must take reasonable steps to understand each security we offer before recommending it, and must reassess that understanding on an ongoing basis. Our IRC exists to carry out that responsibility in a structured and documented way.

The lifecycle of an approved issuer

01 →

Initial review

A review of each new issuer or offering across six areas.

02 →

Committee approval

An IRC decision, documented with its rationale.

03 →

Annual review

Every approved issuer, every year it remains available.

04 →

Interim action

Material news brought to the IRC between reviews.



BEFORE AN ISSUER IS APPROVED

Six areas the IRC considers

Before a new issuer or offering is approved for distribution through the Axcess dealer network, the IRC reviews it across the following six areas.

01

Sponsor, management and corporate structure

Track record, management expertise, corporate structure and background checks.

02

Investment structure and legal

Offering memorandum, security terms, material contracts and fees.

03

Financial review

Statements, use of proceeds, projections, leverage and redemptions.

04

Asset and operations review

Asset verification, market analysis, insurance and risk mitigation.

05

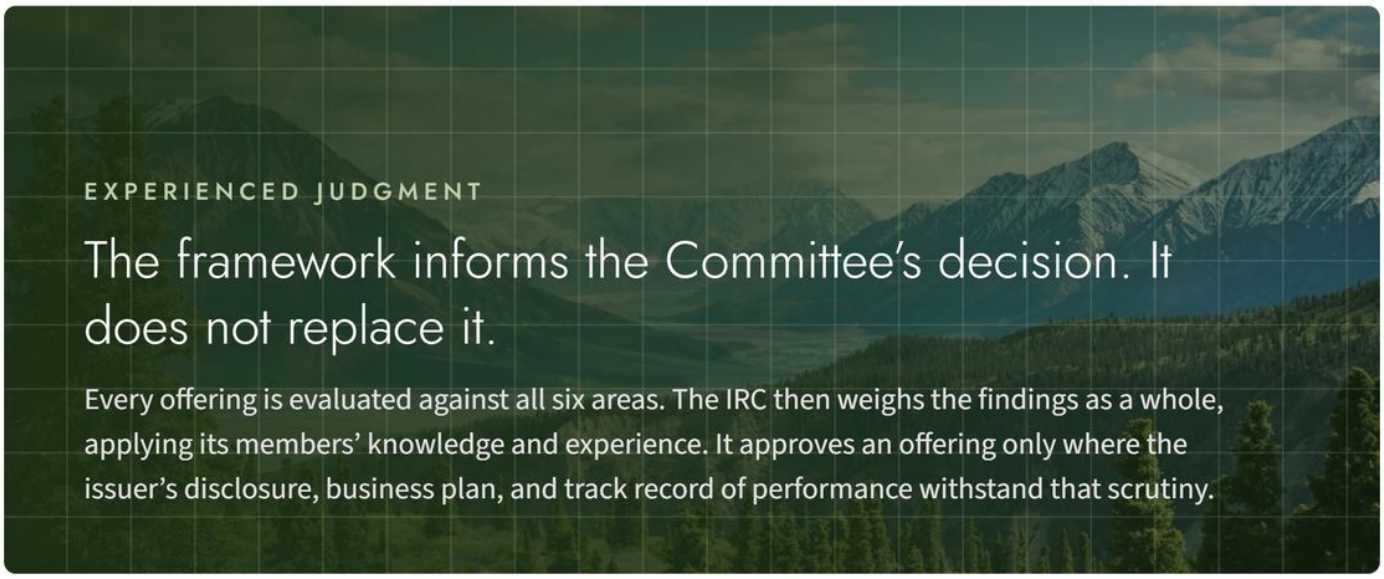
Disclosure review

Accurate disclosure, fairly conveyed risks and projections, and reasonable assumptions.

06

Committee approval

A formal decision, with rationale and conditions on record.



EXPERIENCED JUDGMENT

The framework informs the Committee's decision. It does not replace it.

Every offering is evaluated against all six areas. The IRC then weighs the findings as a whole, applying its members' knowledge and experience. It approves an offering only where the issuer's disclosure, business plan, and track record of performance withstand that scrutiny.

01

REVIEW AREA 01 OF 06

Sponsor, management and corporate structure

1.1 Track record and experience

We examine the sponsor's history with similar projects or asset classes, including prior fund performance, prior offerings closed, and outcomes for past investors.

1.2 Management team background

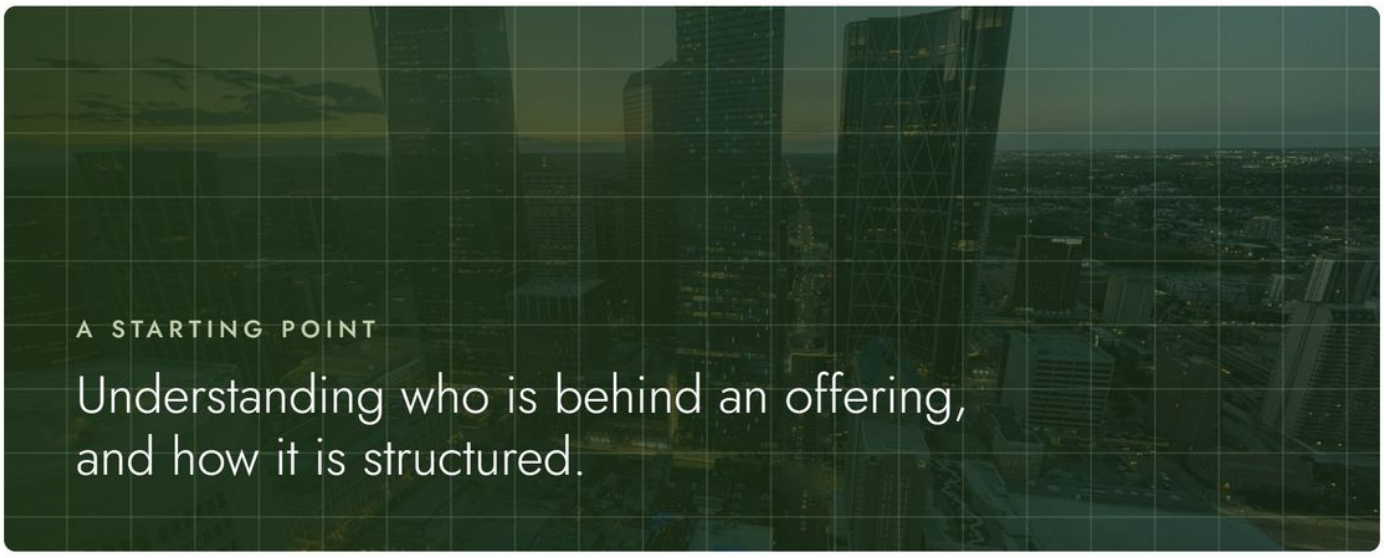
Principals and key decision-makers are identified, and their relevant experience, professional history, and any regulatory or disciplinary history are reviewed.

1.3 Corporate structure

We map the full legal and ownership structure of the issuer — including related-party entities, general partners, property managers and any affiliated service providers — to understand where conflicts of interest may arise.

1.4 Reference and background checks

Independent searches are conducted, including corporate registry searches, litigation and judgment searches and, where warranted, background checks on key principals.



02 REVIEW AREA 02 OF 06 Investment structure and legal documentation

2.1 Offering memorandum review

The OM (or equivalent disclosure document) is reviewed for completeness, internal consistency, and compliance with applicable prospectus exemptions — including the specific exemption being relied upon (offering memorandum, accredited investor, family, friends and business associates, etc.).

2.2 Security terms

The class of security, the rights attached to it (voting, distribution priority, redemption rights), and any subordination to other classes of capital are reviewed.

2.3 Material contracts

Loan agreements, property management agreements, construction contracts, leases and any other agreements material to the issuer's operations are reviewed for terms that could affect investor outcomes.

2.4 Fee structure

All fees payable to the sponsor, manager or related parties are identified and assessed for reasonableness and alignment with investor interests.

2.5 Legal counsel involvement

We confirm the issuer is represented by qualified securities counsel and that the offering has been structured with appropriate legal review.



03 Financial review

REVIEW AREA 03 OF 06

3.1 Financial statements

Audited or review-engagement financial statements are examined, along with the qualifications of the accounting firm involved.

3.2 Use of proceeds

We confirm that the stated use of investor capital is clearly disclosed and consistent with the issuer's business plan.

3.3 Financial modelling and projections

Pro forma projections, their underlying assumptions, and their sensitivity to key variables (interest rates, occupancy, construction costs, absorption rates, etc.) are assessed for reasonableness.

3.4 Debt and leverage

Existing and planned debt facilities, loan-to-value ratios, covenants and maturity schedules are reviewed to understand leverage risk.

3.5 Liquidity and redemption mechanics

Any redemption plan is reviewed for its funding source, limits, gating provisions, and the circumstances under which redemptions could be suspended.



04 Asset and operations review

REVIEW AREA 04 OF 06

4.1 Underlying asset verification

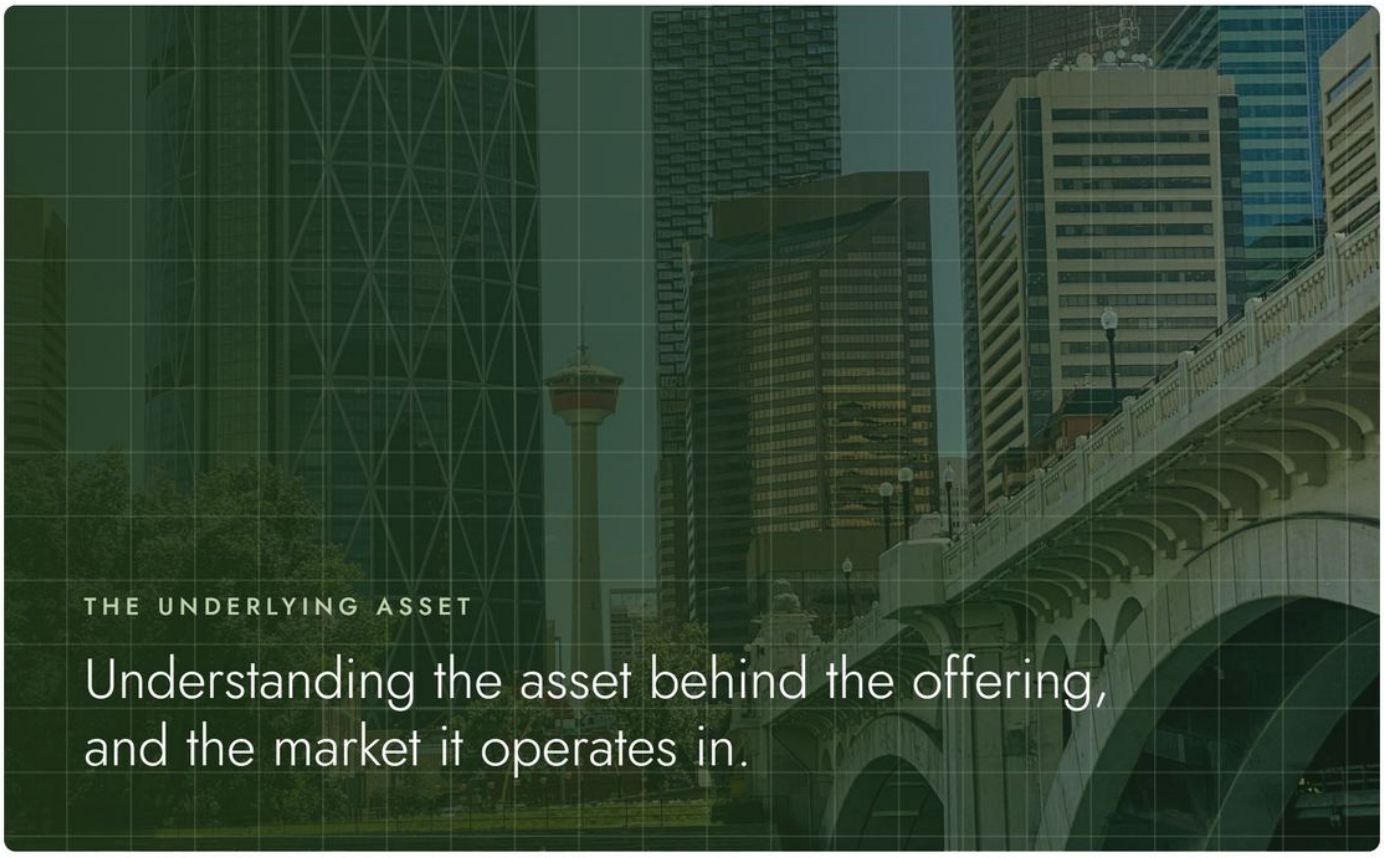
For real estate or asset-backed issuers, we review appraisals, environmental assessments and title searches and, where practical, site visits or third-party inspection reports.

4.2 Market and sector analysis

The issuer's target market, competitive positioning and the broader sector outlook are assessed to put the investment thesis in context.

4.3 Insurance and risk mitigation

Insurance coverage, guarantees and other risk-mitigation mechanisms are reviewed for adequacy.



05

REVIEW AREA 05 OF 06

Disclosure review

All exempt market investments are considered to be inherently high risk due to the reduced disclosure requirements and limitations to liquidity. The IRC does not rank or rate offerings based on their risk profile; all offerings on Axcess's shelf are deemed to be high risk. The role of the IRC is to review the offering disclosure, to ensure that investors have access to complete and accurate information on which to make an investment decision. The review confirms that:

- ✓ The disclosure is accurate.
- ✓ Risks and projections are conveyed fairly.
- ✓ Underlying assumptions are reasonable.
- ✓ An investor can make an informed decision based on the information provided.

The completed due diligence file is provided to dealing representatives to support the suitability determinations they make with individual investors.

06

REVIEW AREA 06 OF 06

Committee approval

The completed due diligence file is presented to the IRC. The Committee weighs the findings across all six areas as a whole, drawing on its members' knowledge and experience, and approves an offering when it is comfortable doing so. Its decision — along with the supporting rationale and any conditions attached to approval — is documented and retained as part of Axcess's compliance record. Conditions can include:

Maximum allocation limits

Caps on how much may be placed in the offering.

Enhanced disclosure

Additional disclosure requirements attached to approval.



WHAT HAPPENS AFTER APPROVAL

Review continues after approval

Because exempt market issuers do not provide continuous public disclosure, the IRC conducts a formal annual review of every approved issuer for as long as it remains available through the Axcess network, supplemented by ongoing monitoring between review cycles.

Annual review components

01	**Updated financial statements**	The issuer's most recent audited or reviewed financial statements are analyzed against prior periods and the original projections.
02	**Performance versus projections**	Actual results — revenue, occupancy, distributions, construction milestones and more — are compared to the projections presented at initial approval, and material variances are investigated.
03	**Distribution history**	The consistency and funding source of investor distributions are reviewed, including whether distributions are being paid from operations or from capital.
04	**Redemption experience**	Redemption requests received, amounts funded, and any gating or suspension of redemptions are reviewed to assess liquidity trends.



Annual review components, continued

05	**Material changes**	Changes in management, corporate structure, debt levels, related-party transactions or business strategy since the last review are identified and assessed.
06	**Documentation currency**	We confirm the offering memorandum and related disclosure documents are current, amended as required, and consistent with the issuer's actual operations.
07	**Complaints and regulatory matters**	Any investor complaints, litigation or regulatory inquiries involving the issuer during the review period are examined.

BETWEEN ANNUAL REVIEWS

Monitoring between annual reviews

Significant developments are not left until the next annual review. Dealing representatives and compliance staff are expected to bring material news about an approved issuer to the IRC as it becomes known — for example:

- ⚠ **A missed distribution**
- ⚠ **A covenant breach**
- ⚠ **A change in senior management**
- ⚠ **A suspension of redemptions**



Options available to the IRC

Depending on the nature of the issue

OPTION
Place under enhanced review

OPTION
Restrict new sales

OPTION
Withdraw approval

The IRC may take any of these steps between scheduled annual reviews, as it judges appropriate.

Documentation and accountability

- ✓ Every stage — initial approval, annual reviews and any interim actions — is documented and retained in the issuer's due diligence file.
- ✓ That audit trail supports Axcess's regulatory obligations and gives dealing representatives a defensible basis for the recommendations they make.
- ✓ Investors can ask why an offering was approved and whether it is still being monitored, and there is a documented answer.

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Why was this offering approved, and is it still being monitored?

When an investor asks, there is a documented answer.



IN PLAIN LANGUAGE

What this means for you as an investor

These points summarize what the IRC's process is intended to provide. It is not a guarantee of investment performance, and it does not eliminate the risks inherent in exempt market securities, which remain illiquid and higher-risk relative to publicly traded investments.

01 Every issuer offered through Axcess has been through a structured, documented review covering management, legal structure, financials and the underlying asset, and has been approved by an experienced Investment Review Committee before it is made available to you.

02 That review continues after approval. Issuers are reassessed at least annually, with performance measured against the projections originally presented.

03 Material developments are brought to the IRC as they arise, rather than waiting for the next scheduled review.

04 Your dealing representative's suitability recommendations are informed by this due diligence file, not by marketing materials alone.

05 You are always entitled to ask your dealing representative about the current status of an issuer's due diligence file, including when it was last reviewed.



QUESTIONS ABOUT AN OFFERING?

Talk to your dealing representative.

Your representative can walk you through the review behind any offering available through Axcess, including when it was last reviewed.

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This document is provided for general informational purposes and does not constitute investment advice or an offer to sell securities. Exempt market securities are illiquid, are not guaranteed, and are suitable only for investors who meet applicable eligibility criteria. Please speak with your Axcess dealing representative and review the offering memorandum for any specific investment before making a decision.

Axcess Capital Advisors Inc. is registered as an Exempt Market Dealer, Investment Fund Manager, and Restricted Portfolio Manager in AB, an Exempt Market Dealer and Investment Fund Manager in BC, and an Exempt Market Dealer in SK, MB, ON, and YT with the ASC as principal regulator. Exempt market investments involve risk including possible loss of principal.