



INNOVATION CAPITAL INVESTMENT CORP. | INNOVATION CAPITAL INVESTMENT USA, INC. | VAN HAREN INVESTMENT CORP.

3830 Bayridge Avenue , West Vancouver, B.C. V7V3J2, Tel: (604) 922 8982
Rene: rvh@innovationcic.com (778) 999-3141 | Karin: kvh@innovationcic.com (604) 727-6328

ACKNOWLEDGEMENT OF TERMS OF INVESTMENT RELATIONSHIP

FROM

TO Innovation Capital Investment Corp.,
Innovation Capital Investments USA Inc.,
Van Haren Investment Corp.
("referred to together as the "ICIC Companies" and individually as an "ICIC Company")

1. Purpose of Acknowledgement

The purpose of this Acknowledgement of Terms of Investment Relationship ("Acknowledge-ment") is to inform "Sub-Investor" about:

- a) The process of investing funds in any of the ICIC Companies and the terms and conditions that apply to investments made by "Sub-Investor" in any of the ICIC Companies
- b) The risks that are associated with investing funds in any of the ICIC Companies.

2. Investment Process & Terms

- a) **Project Outlines.** ICIC Companies will from time to time provide "Sub-Investor" and other prospective investors (together referred to as "Sub-Investors") with an outline (a "Project Outline") of a real estate or other business investment project (a "Project") in which an ICIC Company intends to invest. The Project Outline will contain a general description of the Project, the amount the ICIC Company intends to invest in the Project, the anticipated duration of the Project and the terms upon which Sub-Investors may loan funds to the ICIC Company referred to in the Project Outline for investment in the Project.
- b) **Nature of Investment:** The nature of each investment made by Sub-Investors in an ICIC Company is a loan to the ICIC Company referred to in a Project Outline, bearing interest at the rate and repayable at the times specified in the Project Outline. The ICIC Company will apply the proceeds of the loans received from Sub-Investors to invest in the Project described in the Project Outline. It should be understood that Sub-Investors are not investing in the Project but are simply loaning funds to the ICIC Company for its investment in the Project described in the Project Outline. Thus, the investment made by the ICIC Company in a Project will produce a different return to the ICIC Company than the interest paid to Sub-Investors who make loans to an ICIC Company in respect of a Project.
- c) **Loan Agreement:** If Sub-Investors choose to advance funds to an ICIC Company for its investment in a Project the principal amount of the loan and the terms of repayment will be confirmed in a loan agreement (a "Loan Agreement") made between Sub-Investors and the ICIC Company referred to in the Project Outline. The terms of this Acknowledgement are incorporated into and form part of each Loan Agreement.



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- d) **Records and Reporting.** The ICIC Companies will maintain records of the loans made to any of the ICIC Companies by Sub-Investors and interest earned on the loans. Such information is available to Sub-Investors through an online account set up and maintained by the ICIC Companies. The ICIC Companies also provide all Sub-Investors with a quarterly report or newsletter summarizing the status of Projects.

3. Risk Factors

Investment of funds in any of the ICIC Companies involves a number of significant risk factors and is suitable only for Sub-Investors who are able to make and bear the economic risk of long-term investment, and in the worst case, the loss of their entire investment. Sub-Investors should consider the following risks before investing funds in any of the ICIC Companies:

- a) **Real Estate Risks.** Most of the Projects in which the ICIC Companies invest are focused on the development of residential, commercial or office real estate and are subject to a wide range of risks. There are risks that are beyond the control of the ICIC Companies or the third-party managers of the Projects, including the highly competitive nature of the real estate industry, changes in general economic conditions, local conditions, government regulations and changes in government or the political environment in the applicable jurisdiction. Real estate development also involves significant internal risks such as the prospect of Projects not being completed on schedule or within budget, increases in construction costs and the inability to obtain or delays in obtaining zoning, land-use, building, occupancy or other governmental permits and authorizations that are required for Projects. Such risks could have an adverse impact on the profitability of the Projects in which the ICIC Companies have invested, which in turn could impair the ability of the ICIC Companies to repay loans advanced by Sub-Investors.
- b) **Limitations and Restrictions on Transfer.** Sub-Investors should be aware that the loans they make to the ICIC Companies may not be readily saleable or accepted as collateral for a loan. Sub-Investors should therefore be prepared to hold the loans for the full term of each loan.
- c) **Reliance on Management.** Sub-Investors assessing the risks and prospective returns from any investment in the ICIC Companies should appreciate that they will be relying on the expertise and business judgement of the management of the ICIC Companies. Sub-Investors should also be aware that the ICIC Companies are reliant upon the good faith and expertise of the third parties who are directing and managing the Projects in which the ICIC Companies choose to invest.

4. General Provisions

- a) **Entire Agreement.** This Acknowledgement applies to all loans made by Sub-Investors to any of the ICIC Companies prior to and following the date hereof and supersedes all prior acknowledgements or other agreements made between Sub-Investors and ICIC regarding the relationship between Sub-Investors and the ICIC Companies. This Acknowledgement together with any Loan Agreements made between Sub-Investors and any of the ICIC Companies constitute the entire agreement and understanding of the relationship between Sub-Investors and the ICIC Companies. There are no oral or written agreements, promises, warranties, terms, representations, conditions or collateral agreements whatsoever, express or implied other than those contained in this Acknowledgement and any Loan Agreements executed by Sub-Investors.
- b) **Changes to Acknowledgement.** The ICIC Companies may amend the terms of this Acknowledgement upon giving Sub-Investors written notice of such amendment or change. Any such amendment shall only apply to loans advanced by Sub-Investors to any of the ICIC Companies after the date notice is given.



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- c) **Nominees of Sub-Investors.** Sub-Investors may request the ICIC Companies to accept loans from a Corporation, Trust, RRSP, RRIF or other entity identified by Sub-Investors, and Sub-Investors hereby represent and warrant to the ICIC Companies that Sub-Investors have full power and authority to enter into this Acknowledgement on behalf of such entities.
- d) **Dispute Resolution.** This Acknowledgement shall be governed by and will be construed in accordance with the laws of the Province of British Columbia, Canada. Any dispute arising between the parties concerning this Acknowledgement or any Loan Agreement shall be referred to a mediator appointed under the Mediation Rules of the British Columbia International Commercial Arbitration Centre ("BCICAC"). If the dispute is not resolved within 30 days after the appointment of a mediator, either party may refer to the dispute to be resolved by arbitration under the BCICAC Rules.
- e) **Binding Effect.** This Agreement is for the benefit of and is binding on the parties and their respective heirs, administrators, executors, legal representatives, successors and permitted assigns. Except as specifically permitted by this Agreement, neither this Agreement nor any of the rights or obligations under this Agreement are assignable by any party.

5. Sub-Investor Acknowledgement

Having read and understood all the information and risk factors outlined in this Acknowledgment, "Sub-Investor" agrees that all provisions of this Acknowledgement shall apply to each and every loan made by "Sub-Investor" to any of the ICIC Companies, all of which shall be incorporated by reference into each Loan Agreement. "Sub-Investor" hereby further acknowledges and confirms that:

- a) I am investing in the ICIC Companies entirely at my own risk. Neither the ICIC Companies nor the management of the ICIC Companies are or will be acting as investment or financial advisors to me.
- b) I acknowledge the investments I make in the ICIC companies by way of loans to the ICIC Companies are risky and I could lose all the money I invest by way of loans made to the ICIC Companies.
- c) No securities regulatory authority or regulator has evaluated the merits of making investments in the ICIC Companies or the disclosures set out in this Acknowledgement.
- d) The investments I make by way of loans to any of the ICIC Companies are not liquid and will likely have to be held for the term of each Project.
- e) I am a sophisticated investor and/or a close personal friend or business associate of one of the management of the ICIC Companies.

Acknowledged and agreed to this.

Date: _____ Signature of Sub-Investor _____

Date: _____ Signature of the ICIC Companies _____