

TO: UrbanStar Horse Creek Development PH2 Ltd. (the "Corporation")

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of units ("**Units**") of the Corporation set forth below at a subscription price of \$1,000 per Unit, with each Unit consisting of: (i) \$950 of principal amount of a secured subordinated mortgage; and (ii) 10 Class B non-voting common shares of the Corporation at an issuance price of \$5 per share upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Units of UrbanStar Horse Creek Development PH2 Ltd." attached hereto (together with this page and the attached Exhibits, the "**Subscription Agreement**").

 (Name of Subscriber - please print)

By: _____
 (Authorized Signature)

 (Official Capacity or Title - please print)

 (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

 (Subscriber's Address)

 (City, Province, Postal Code)

 (Telephone Number)

 (E-Mail Address)

 (Social Insurance Number/BIN Number)

 ("**Aggregate Subscription Price**")
 (Minimum 25 Units (\$25,000), thereafter multiples of 1 Unit (\$1,000))

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either: (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit "1" is completed in respect of such principal ("Disclosed Beneficial Principal**"):**

 (Name of Principal)

 (Principal's Address, including postal code)

 (Principal's Telephone Number)

 (Principal's E-Mail Address)

Register the Units as set forth below (if different from above):

 (Name)

 (Account reference, if applicable)

 (Address)

 (City, Province, Postal Code)

Deliver the registered Units as set forth below (if different from above):

 (Name)

 (Account reference, if applicable)

 (Contact Name)

 (Address)

 (City, Province, Postal Code)

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

Date: _____

URBANSTAR HORSE CREEK DEVELOPMENT PH2 LTD.

Per: _____

Subscription No:

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
UNITS OF URBANSTAR HORSE CREEK DEVELOPMENT PH2 LTD.**

Terms of the Offering and the Units

1. The Subscriber acknowledges and agrees (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:
 - (a) the Units subscribed for by it hereunder form part of a larger issuance and sale of Units for gross aggregate subscription proceeds of **\$22,500,000** (the "**Offering**");
 - (b) each Unit consists of: (i) \$950 of principal amount of a secured subordinated mortgage (the "**Mortgage**"); and (ii) 10 Class B non-voting common shares ("**Shares**") in the authorized capital of the Corporation at an issuance price of \$5 per Share;
 - (c) the gross proceeds of the Offering shall be applied as follows: (i) **20%** shall be paid as a commission to eligible finders; (ii) **30.44%** shall be paid as a syndication fee to **USHC Development PH2 Capital Ltd.** (the "**Administrator**"), a related party of the Corporation; and (iii) **\$1,400,000** shall be set aside in a reserve fund and shall be applied to pay a management fee of \$10,000 per month up to \$250,000.00 per year to the Administrator commencing on the Closing Date (as defined herein), to pay a real estate broker fee of \$150,000.00 to an independent agent for brokering the land acquisition and shall also be applied to fund the operating costs of the Corporation, including without limitation, the costs of the Offering, the costs of planning, engineering and geotechnical studies, regulatory fees, property taxes and insurance;
 - (d) the net proceeds from the Offering shall be used by the Corporation to acquire a 160 acre parcel of bare land (the "**Land**") in the Town of Cochrane, Alberta from a related party (the "**Vendor**") at a purchase price of **\$9,750,000,000**. The Land was purchased by the Vendor from an arm's length party on April 10, 2018. The Land is currently zoned for multi-unit residential development and upon acquisition, the Corporation shall use reasonable commercial efforts to complete any one of the following: (i) obtain various levels of municipal regulatory approvals to seek a higher density use re-designation ("**Re-Designation**") of the Land; (ii) upon receipt of regulatory approvals for the Re-Designation, complete development ("**Development**") of the Land by building and selling multi-unit residential homes; or (iii) a sale of the Land to a third party, either before or after the Re-Designation;
 - (e) the Corporation has entered into a Project Management Agreement with **UrbanStar Developments Inc.** (the "**Developer**") a related party, pursuant to which the Developer shall act as the Corporation's project manager to manage and supervise all phases of the Development, including design, regulatory approvals, financing, budgeting and financial management, construction supervision, sales and marketing. In return for providing these services, the Developer shall be entitled to receive: (i) a management fee representing **3%** of the costs of completing the construction, sales and marketing of the Development; and (ii) a financing fee representing **5%** of the principal amount of the third-party financing obtained to fund the costs of the Development. In addition, in the event that the Land is sold to a third party, either before or after the Re-Designation, the Developer shall be entitled to receive an agency fee of **\$500,000** in return for completing certain services associated with the sale of the Land;
 - (f) assuming completion of the Offering and the issuance of an aggregate of 225,000 Shares, holders of the Shares shall collectively be entitled to receive **75%** of the net profits (the "**Net Profits**") from the sale of the Land or Development and in all other instances, the Net Profits shall be allocated on a *pro rata* basis based on the number of Shares outstanding on the date of distribution of the Net Profits based on the following formula: $(\text{number of outstanding Shares} \times 75\%) / 225,000$. The remainder of the Net Profits will be allocated to the holders of class A shares, being the Developer and/or its affiliates. For greater clarity, if the Offering is not fully subscribed then the holders of class A shares, being the Developer and/or its affiliates, will be entitled to the Net Profits of unsubscribed Shares. The Net Profits shall be determined after the sale of the Development or the Land and the payment of all costs associated thereunder, including the costs for all construction services and materials, closing costs, listing commissions, legal costs, applicable taxes and all other amounts owed by the Corporation under any other contractual obligations;
 - (g) the fundamental terms of the Mortgage are as follows: (i) no interest shall accrue or be payable; (ii) the maturity date shall be 20 years from the Closing Date; and (iii) a charge shall be registered against the Land to secure the Mortgage, but the Mortgage shall otherwise be subordinated to the VTB Mortgage (as defined herein) and any other mortgage registered against the Land in connection with any senior financing obtained by the Corporation to complete the Re-Designation or the Development. The Mortgage shall be subject to the terms of a Mortgage Administration Agreement (the "**Mortgage Agreement**") in the form attached as Exhibit "3" hereto among the Subscriber, the remaining holders of the Mortgage and the Administrator and by executing this Subscription Agreement, the Subscriber hereby agrees that it has read, understands and agrees to be bound by the terms of the Mortgage Agreement, including the appointment of the Administrator as agent and attorney of the Subscriber for the purposes of registering the Mortgage against the Land, without the requirement for the Subscriber to actually execute the Mortgage Agreement or carry out any further acts;

- (h) the Offering is not subject to a minimum subscription amount as the Vendor has undertaken to provide the Corporation with financing to fund the purchase price of the Land in accordance with the terms of a senior mortgage (the "**VTB Mortgage**"). Accordingly, the Corporation may complete the Offering in one or more closings and upon receipt by the Corporation of this subscription for Units, the subscription proceeds hereunder shall be held in trust by the Corporation and the Subscriber shall not be entitled to seek a return of his or her subscription proceeds. All subscription proceeds held in trust shall be released to the Corporation upon a closing under the Offering; and
- (i) this subscription for Units is subject to rejection or allotment by the Corporation, in whole or in part and at its sole discretion.

Representations, Warranties and Covenants by Subscriber

2. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) acknowledges, agrees, represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel, are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

- (a) it has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, except as set forth in the Term Sheet of the Corporation describing the Offering, or otherwise indicated in the Mortgage Agreement;
- (b) there can be no assurances whatsoever that the Corporation will be able to complete the Re-Designation or the Development on a timely basis, or at all. The Corporation shall be subject to risks inherent in the real estate industry and the purchase and sale of bare land and the development of residential real estate, including without limitation: (i) unforeseen contingencies and unanticipated delays; (ii) incurring development costs in advance of ensuring sales revenues will be earned from the Land; (iii) cost overruns; (iv) the inability to sell the Land, or to sell the Land at a profit after completion of the Re-Designation or the Development; (v) fluctuations in the demand and supply for residential properties such as the Land, resulting in a lack of market demand for the Land; and (vi) fluctuations in the market value of bare land. In addition, if there are significant adverse changes in the economic or real estate market conditions in the area where the Land is located, the Corporation may have to sell the Land at a loss or hold the Land for a longer period of time than currently anticipated;
- (c) the Corporation is entitled to borrow additional funds from one or more senior lenders to purchase the Land and to complete the Re-Designation or the Development. In addition, the Corporation may be required to borrow significant additional amounts from one or more senior lenders to install infrastructure on the Land in order to satisfy any municipal or regulatory conditions under the Re-Designation or the Development, such as roads and utilities. In the event that the Corporation is required to obtain senior debt financing, the Subscriber's entitlements to the Net Profits could be reduced;
- (d) in accordance with the terms of the Mortgage Agreement, the Subscriber and all other holders of the Mortgage may be required to advance additional funds to the Administrator to fund any enforcement proceedings in the event of any default of the terms of the Mortgage by the Corporation;
- (e) it is aware that the Corporation's Articles provide that: (i) no Shares may be transferred without prior approval of the board of directors and that the board of directors has the absolute discretion to accept or reject any request to transfer any Shares; and (ii) the Corporation shall have a maximum of 50 shareholders, excluding current or former employees. In the event that more than 50 purchasers of Units are required to complete the Offering, then in accordance with s. 141(1) of the *Business Corporations Act* (Alberta) R.S.A. 2000, c. B-9, the Corporation shall be entitled to rely on an executed copy of this Subscription Agreement as the Subscriber's executed shareholders resolution authorizing an amendment to the Corporation's Articles to remove the restrictions on the transfer of the Shares and the restriction on the maximum number of shareholders of the Corporation;
- (f) the Corporation is not a "reporting issuer" in any jurisdiction in Canada and therefore, the Mortgage and the Shares (collectively the "**Underlying Securities**") shall be subject to an indefinite "hold period" under applicable securities laws, the fact that it will not be able to resell the Underlying Securities until expiration of the applicable "hold period" (which hold period may never expire as the Corporation has no obligation or intention to become and may never become a "reporting issuer" in any jurisdiction in Canada) except in accordance with limited exemptions under applicable securities laws, that none of the Underlying Securities are listed on any stock exchange, nor does the Corporation ever intend to list on any stock exchange and that there is no market to re-sell the Underlying Securities; and
- (g) that any certificate representing the Underlying Securities will be endorsed with a legend setting out that they are the subject to resale restrictions under applicable securities laws in substantially the following form:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF [THE CLOSING DATE] AND THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY"

- (h) unless it is purchasing under subparagraph 2(i) or (j), it is purchasing the Units as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Underlying Securities, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" on the face page hereof and it fully complies with one or more of the criteria set forth below:

Officer, Director or Close Personal Friend

- i. it is resident in or otherwise subject to applicable securities laws of **Alberta, British Columbia or Manitoba** and it is (if applicable, please initial):
- _____ (A) a "director", "executive officer" or "control person" (as such terms are defined in NI 45-106 and reproduced in **Appendix "A" to Exhibit "1"** of this Subscription Agreement) of the Corporation, or of an affiliate of the Corporation; or
 - _____ (B) a "spouse" (as such term is defined in NI 45-106 and reproduced in **Appendix "A" to Exhibit "1"** of this Subscription Agreement), parent, grandparent, brother, sister or child of any person referred to in subparagraph (A) above; or
 - _____ (C) a parent, grandparent, brother, sister or child of the spouse of any person referred to in subparagraph (A) above; or
 - _____ (D) a close personal friend of any person referred to in subparagraph (A) above and, if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons; or
 - _____ (E) a close business associate of any person referred to in subparagraph (A) above and, if requested by the Corporation or their counsel, will provide a signed statement describing the relationship with any of such persons; or
 - _____ (F) a "founder" (as such term is defined in NI 45-106 and reproduced in **Appendix "A" to Exhibit "1"** of this Subscription Agreement) of the Corporation, or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation and, if requested by the Corporation or their counsel, will provide a signed statement describing the relationship with such founder of the Corporation; or
 - _____ (G) a parent, grandparent, brother, sister or child of a spouse of a founder of the Corporation; or
 - _____ (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in subparagraphs (A) through (G) above; or
 - _____ (I) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in subparagraphs (A) through (G) above; or

(Note: for the purposes of subparagraphs (D) and (F) above, a person is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or because the individual is a client, customer or former client or customer, nor is an individual a close personal friend as a result of being a close personal friend of a close personal friend of one of the listed individuals above, rather the relationship must be direct. A close personal friend is one who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. Further, for the purposes of subparagraphs (E) and (F) above, a person is not a "close business associate" if the person is a casual business associate or a person introduced or solicited for purposes of purchasing securities nor is the individual a close business associate solely because the individual is a client, customer, former client or customer, nor is the individual a close business associate if they are a close business associate of a close business associate of one of the listed individuals above, rather the relationship must be direct. A close business associate is an individual who had sufficient prior dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness)

- ii. it is resident in or otherwise subject to applicable securities laws of any jurisdiction of Canada or any international jurisdiction, and it is an "**accredited investor**", as such term is defined in National Instrument 45106 - *Prospectus and Registration Exemptions* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions ("**NI 45-106**") and *Regulation 45-106 Respecting Prospectus and Registration Exemptions* ("**Regulation 45-106**"), it was not created or used solely to purchase or hold the Units as an accredited investor as described in the definition of "accredited investor" in NI 45-106 and Regulation 45-106, and it has concurrently executed and delivered: (A) a Representation Letter in the form attached as **Exhibit "1"** and has initialed **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; and (B) if an individual Accredited Investor, the Form 45-106F9 attached as **Exhibit "2"**
- (i) if it is not purchasing as a principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Underlying Securities, it acknowledges that the Corporation is required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Units for whom it may be acting, and it and each beneficial purchaser is resident in the jurisdiction set out as the "Subscriber's Address" and
- (j) subject to securities laws applicable to the Subscriber, it is acting as agent for one or more Disclosed Beneficial Principals, each of such principals is purchasing as principal for its own account, not for the benefit of any other person, for investment only, and not with a view to the resale or distribution of all or any of the Units, and each of such principals complies with subparagraphs i or ii of paragraph 2(h) hereof as are applicable to it; and
- (k) if the Subscriber is resident in any international jurisdiction: (a) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the jurisdiction in which the Subscriber is resident; (b) the purchase of the Units does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not trigger: (i) any obligation to prepare and file a prospectus, an offering memorandum or similar disclosure document, or any other ongoing reporting requirements with respect to such purchase or otherwise, or (ii) to make any filings or seek any approvals or any registration or other obligation on the part of the Corporation; (c) the sale of the Units, as contemplated in this Subscription Agreement, complies with or is exempt from the securities legislation of the Subscriber's jurisdiction of residence, and the Subscriber will provide such evidence of compliance with all such matters as the Corporation may request; and (d) the Subscriber complies with the provisions of subsections 2(h)(i) or (ii) hereof as if it were a resident of Alberta;
- (l) it acknowledges that:
- i. no securities commission or similar regulatory authority has reviewed or passed on the merits of the Units; and
 - ii. there is no government or other insurance covering the Units; and
 - iii. there are risks associated with the purchase of the Units; and
 - iv. there are restrictions on the Subscriber's ability to assign or resell the Underlying Securities; and
 - v. the Corporation has advised the Subscriber that the Corporation is relying on exemptions from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Units pursuant to these exemptions, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws will not be available to the Subscriber; and
- (m) if a corporation, partnership, unincorporated association or other entity, it has the legal authority to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained; and
- (n) if an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- (o) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and
- (p) in the case of a subscription by it for a Units acting as agent for a disclosed principal, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable agreement of, such principal; and

- (q) it has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investments or, where it is not purchasing as principal, each beneficial purchaser is able to bear the economic risk of loss of its investment; and
- (r) it confirms that neither the Corporation, nor any of their respective directors, officers, employees or representatives, has made any representations (oral or written) to the Subscriber:
 - i. that any person will resell or repurchase the Units;
 - ii. that any person will refund the purchase price of the Units;
 - iii. as to the future price or value of the Units; or
 - iv. that the Underlying Securities will be listed on any exchange or quoted on any quotation and trade reporting system, or that application has been or will be made to list any such security on any exchange or quote the security on any quotation and trade reporting system;
- (s) it acknowledges that the Corporation's counsel is acting as counsel solely to the Corporation and not as counsel to the Subscriber; and
- (t) it understands, acknowledges and is aware that the Units is being offered for sale only on a "private placement" basis and that the sale and delivery of the Units is conditional upon such sale being exempt from the requirements under applicable securities laws as to the filing of a prospectus or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the filing of a prospectus and, as a consequence: (i) it is restricted from using most of the civil remedies available under securities legislation; (ii) it may not receive information that would otherwise be required to be provided to it under securities legislation; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under securities legislation; and
- (u) if required by applicable securities laws, regulations, rules, policies or orders or by any securities commission, or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Units; and
- (v) the entering into of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber, and if the Subscriber is not a natural person, any of the Subscriber's constituting documents, or any agreement to which the Subscriber is a party or by which it is bound;
- (w) the Subscriber acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Units and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement and the Agreement; and
- (x) if at the time of the distribution of the Net Profits or any other distributions by the Corporation to its shareholders, the Subscriber is a non-resident of Canada, then the Subscriber hereby irrevocably authorizes and directs the Corporation to deduct and remit all applicable withholding taxes to the appropriate taxing authority in Canada.

Closing

3. The Subscriber agrees to deliver to the Corporation, not later than 4:00 p.m. (Calgary time) on the business day that is two (2) business days before the Closing Date:

- (a) this duly completed and executed Subscription Agreement, including a fully executed and completed Representation Letter in the form attached as **Exhibit "1"** and if: (i) purchasing the Units as an "Accredited Investor", a duly completed **Appendix "A"** attached to **Exhibit "1"**; and (ii) if purchasing the Units as an individual "Accredited Investor", a duly completed Form 45-106F9 attached as Exhibit "2"; and
- (b) a certified cheque, bank draft, electronic funds transfer or money order payable to "UrbanStar Horse Creek Development PH2 Ltd. in trust" for the Aggregate Subscription Price or payment of the same amount in such other manner as is acceptable to the Corporation. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the subscription amount will be promptly returned to it without interest.

4. The Corporation anticipates that there will be multiple closings under this Offering, with the initial closing scheduled to occur on or about May 30, 2018 (the "**Closing Date**") at 2:00 p.m. (the "**Time of Closing**") or such other earlier or later date and time as the Corporation may determine in its sole discretion, at the offices of UrbanStar Horse Creek Development PH2 Ltd., in Calgary, Alberta.

5. The Corporation shall be entitled to rely on delivery of an electronic copy of executed Subscription Agreements, and acceptance by the Corporation of such electronic subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

General

6. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Units. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Units and the Subscriber agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents (including its legal counsel), from and against all losses, claims, costs, expenses and damages or liabilities whatsoever which any of them may suffer or incur which are caused or arise from a breach thereof or any misrepresentation. The Subscriber undertakes to immediately notify the Corporation at, 1043 - 19th Avenue S.E., Calgary, Alberta, T2G 1M1, Attention: Dean Gorenc, President (Tel: (403) 984-4050 or Fax: (403) 984-4060) of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

7. The Subscriber hereby irrevocably authorizes the Corporation, in its sole discretion: (a) to act as its representative at the Closing Time and to execute in its name and on its behalf all closing receipts and documents required; (b) to complete or correct any errors or omissions in any form or document provided by the Subscriber; (c) to receive on its behalf any registrations representing the Units; and (d) to approve any opinions, certificates or other documents addressed to the Subscriber.

8. The Subscriber acknowledges that this Subscription Agreement and the Exhibits and Appendix hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Units under applicable securities laws, preparing and registering the Units to be issued to the Subscriber and completing filings required by any securities or other regulatory authority. The Subscriber's personal information may be disclosed by the Corporation to: (a) the registrar and transfer agent of the Underlying Securities; (b) the remaining holders of the Mortgage in accordance with the terms of the Agreement; (c) securities or other regulatory authorities; (d) Canada Revenue Agency; and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in paragraph 2 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. In accordance with the requirements of the British Columbia Securities Commission (the "BCSC"), Subscribers resident in British Columbia consent to the disclosure of their name, address and the Aggregate Subscription Price to the BCSC, which may in turn allow members of the public with access to such personal information.

9. The Subscriber represents and warrants that the funds representing the Principal Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge: (a) none of the subscription funds to be provided by the Subscriber; (b) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other international jurisdiction; or (c) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (d) shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.

10. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Units to the Subscriber shall be borne exclusively by the Subscriber.

11. The contract arising out of this Subscription Agreement and all documents relating thereto, which by common accord has been or will be drafted in English, shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta. Time shall be of the essence hereof.

12. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
13. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent for the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.
14. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.
15. Subject to Section 7, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
16. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
17. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.
18. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.
19. In this Subscription Agreement (including the attached Exhibits and Appendix), references to dollar amounts are to Canadian dollars.

EXHIBIT "1"

REPRESENTATION LETTER

TO: UrbanStar Horse Creek Development PH2 Ltd. (the "Corporation")

In connection with the purchase of units (the "**Units**") of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Subscriber**" for the purposes of this Exhibit "1"), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. the Subscriber is purchasing the Units as principal for its own account or otherwise complies with the provisions of paragraph 2(j) of the Subscription Agreement; and
2. the Subscriber is and shall be at the Time of Closing (as defined in the Subscription Agreement), an "accredited investor" within the meaning of National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") by virtue of satisfying the indicated criterion as set out in **Appendix "A"** to this Representation Letter;
3. the Subscriber fully understands the meaning of the terms and conditions of the category of "accredited investor" applicable to it, has had an opportunity to discuss the meaning of the category of "accredited investor" applicable to it with the Corporation, any authorized agent of the Corporation, or the Subscriber's counsel and confirms that it has reviewed and understands the definitions in **Appendix "A"** to this Representation Letter in respect of the category of "accredited investor" applicable to it and, in particular, if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (j.1), (k) or (l) of **Appendix "A"** to this Representation Letter, it has reviewed and understands the definitions of "financial assets", "related liabilities" and the calculation of net assets, as applicable, contained in **Appendix "A"** to this Representation Letter;
4. the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;
5. if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (k) or (l) on **Appendix "A"** to this Representation Letter, it acknowledges that it is required to complete **Exhibit "2"** to the Subscription Agreement and upon execution of **Exhibit "2"** by the Subscriber, **Exhibit "2"** shall be incorporated into and form a part of the Subscription Agreement and the Corporation and its counsel shall be entitled to rely thereon; and
6. upon execution of this **Exhibit "1"** by the Subscriber, this **Exhibit "1"** shall be incorporated into and form a part of the Subscription Agreement and the Corporation and its counsel shall be entitled to rely thereon.

Dated: _____, 2018

Print Name of Subscriber

By: _____
Signature

Print Name of Signatory (if different from Subscriber)

Title

IMPORTANT: PLEASE INITIAL OR PLACE A MARK BESIDE THE APPLICABLE CATEGORY OR CATEGORIES IN APPENDIX "A" ON THE NEXT PAGES THAT DESCRIBES YOU

APPENDIX "A"

TO EXHIBIT "1"

NOTE: THE INVESTOR MUST INITIAL OR PLACE A MARK BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

In connection with the purchase of Units by the Subscriber, the Subscriber (or the signatory on behalf of the Subscriber) certifies for the benefit of the Corporation that the Subscriber is an "accredited investor" within the meaning of National Instrument 45106 – *Prospectus Exemptions* in the category indicated below:

_____ (j) 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**;

[Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" below. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets— see the definition of "related liabilities" below. In the case where financial assets are held in a trust or in another type of investment vehicle for the benefit of an individual there may be questions as to whether the individual beneficially owns the financial assets. The following factors are indicative of beneficial ownership of financial assets: (i) physical or constructive possession of evidence of ownership of the financial asset; (ii) entitlement to receipt of any income generated by the financial asset; (iii) risk of loss of the value of the financial asset; and (iv) the ability to dispose of the financial asset or otherwise deal with it as you see fit. For example, securities held in a self-directed RRSP, for your sole benefit, are beneficially owned by you. In general, financial assets in a spousal RRSP would also be included for the purposes of the financial assets test in this paragraph (j); however, financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1) as an individual exclusive of your spouse, then initial paragraph (j.1) instead of this paragraph (j). If relying on this paragraph (j), you must deliver a completed **Exhibit 2**.]

Please provide the following information to the best of your knowledge based on the most recent information available to you:

Aggregate realizable value of financial assets before taxes \$ - _____

Related liabilities \$ - _____

_____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds **\$5,000,000**;

[Note: See the definition of "financial assets" below and the guidance in paragraph (j) above. The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1). If relying on this paragraph (j.1), you are not required to complete **Exhibit 2**.]

Please provide the following information to the best of your knowledge based on the most recent information available to you:

Aggregate realizable value of financial assets before taxes \$ - _____

Related liabilities \$ - _____

_____ (k) 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 the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

[Note: If relying on this paragraph (k), you must deliver a completed **Exhibit "2"**.]

Please provide the following information (based on your two most recent notices of assessment from the Canada Revenue Agency or equivalent):

Net income before taxes	Last Year	<input type="checkbox"/> Range - Less than \$100,000	State Amount: \$ _____
		<input type="checkbox"/> Range - \$100,000-200,000	
		<input type="checkbox"/> Range - \$201,000-300,000	
		<input type="checkbox"/> Range - \$301,000-400,000	
		<input type="checkbox"/> Range - Greater than \$401,000	

Year prior to last year	<input type="checkbox"/> Range - Less than \$100,000	State Amount: \$ _____
	<input type="checkbox"/> Range - \$100,000-200,000	
	<input type="checkbox"/> Range - \$201,000-300,000	
	<input type="checkbox"/> Range - \$301,000-400,000	
	<input type="checkbox"/> Range - Greater than \$401,000	

<u>If applicable</u> , net income before taxes of your spouse	Last Year	<input type="checkbox"/> Range - Less than \$100,000	State Amount: \$ _____
		<input type="checkbox"/> Range - \$100,000-200,000	
		<input type="checkbox"/> Range - \$201,000-300,000	
		<input type="checkbox"/> Range - \$301,000-400,000	
		<input type="checkbox"/> Range - Greater than \$401,000	

Year prior to last year	<input type="checkbox"/> Range - Less than \$100,000	State Amount: \$ _____
	<input type="checkbox"/> Range - \$100,000-200,000	
	<input type="checkbox"/> Range - \$201,000-300,000	
	<input type="checkbox"/> Range - \$301,000-400,000	
	<input type="checkbox"/> Range - Greater than \$401,000	

_____ (l) an individual who, either alone or with a spouse, has net assets of at least **\$5,000,000**;

[Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of these securities. If relying on this paragraph (l), you must deliver a completed **Exhibit 2**.]

Please provide the following information by subtracting your total liabilities from your total assets (for example, the value your personal residence minus the related liabilities, such as a mortgage) and note that the value attributed to assets should reasonably reflect their estimated fair value and income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution:

Total Assets	\$ - _____
Minus - Total Liabilities (including outstanding taxes)	\$ - _____
Equals = Net Assets	\$ - _____

[Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under either sections (t) or (w) below, which must be initialled and the applicable information indicated completed.]

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least **\$5,000,000** as shown on its most recently prepared financial statements;
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;

[Note: If you initialled (t), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the owners of interests (attach additional pages if more than three):

Name	Category of Accredited Investor
_____	_____
_____	_____
_____	_____

- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

[Note: If you initialled (w), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the following (attach additional pages if more than three trustees):

Name	Category of Accredited Investor
Individual who established trust:	_____
Trustee	_____
Trustee	_____
Trustee	_____

For the purposes hereof:

- (a) **"financial assets"** means
 - (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (b) **"foreign jurisdiction"** means a country other than Canada or a political subdivision of a country other than Canada;
- (c) **"individual"** means a natural person, but does not include
 - (i) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
 - (ii) a natural person in the person's capacity as trustee, executor, administrator or other legal personal representative;
- (d) **"jurisdiction"** means a province or territory of Canada except when used in the term foreign jurisdiction;
- (e) **"local jurisdiction"** means the jurisdiction in which the Canadian securities regulatory authority is situate;

- (f) **"person"** includes
- (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (g) **"related liabilities"** means
- (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (h) **"spouse"** means, an individual who,
- (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

All monetary references in the Exhibit are in Canadian Dollars.

EXHIBIT "2"

Form 45-106F9

Form for Individual Accredited Investors

WARNING!

This Investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

1. About your investment

Type of securities: Units consisting of: (i) \$950 of principal amount of a secured, subordinated, interest fee Mortgage with a term of 20 years; and (ii) 10 Class B non-voting common shares at an issuance price of \$5 per share.	Issuer: UrbanStar Horse Creek Development PH2 Ltd.
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Purchased from: **The Issuer**

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement

This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$_____. [<i>Instruction: Insert the total dollar amount of the investment.</i>]	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	

3. Accredited investor status

You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<ul style="list-style-type: none"> Your net income before taxes was more than \$200,000 (CDN) in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 (CDN) in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000(CDN) in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 (CDN) in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million (CDN) in cash and securities, after subtracting any debt related to the cash and securities. 	

<ul style="list-style-type: none">• Either alone or with your spouse, you have net assets worth more than \$5 million (CDN). (Your net assets are your total assets (including real estate) minus your total debt.)	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>UrbanStar Horse Creek Development PH2 Ltd. 1043, 19th Avenue S.E. Calgary, Alberta T2G 1M1 Dean Gorenc, Director Tel: (403) 990-8718 E-mail: dgorenc@urbanstarcapital.com www.urbanstarcapital.com</p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.