

No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors" on page 41.

The securities described in this Offering Memorandum are offered for sale only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as a public offering or advertisement of these securities. The securities offered hereunder will be subject to resale restrictions imposed under the securities laws of the province where they are offered. See "Resale Restrictions" on page 47.

PACRIM DIEPPE LIMITED PARTNERSHIP NO. 2 (the "Partnership" or the "Issuer")

**OFFERING OF LIMITED PARTNERSHIP UNITS
UP TO A MAXIMUM OF \$750,000 (750 UNITS)**

\$1,000 per Limited Partnership Unit (each a "Unit")
Minimum subscription: \$25,000 (25 Units)

The Issuer

Address:	162 Cumberland Street, Suite 300 Toronto, Ontario M5R 3N5
Phone number:	(416) 260-3504
E-mail address:	agrossman@asgfinancialcorp.com
Fax number:	(416) 598-0608
Currently listed or quoted?	No. These securities do not trade on any exchange or market.
Reporting issuer?	No
SEDAR filer?	No

The Offering

The offering (the "**Offering**") by the Partnership consists of a maximum of 750 Units. The Partnership is a limited partnership formed under the laws of the Province of Ontario. The Units are being offered to allow the Partnership to acquire up to an undivided 22.06 percent interest in a parcel of land (the "**Dieppe Property**") upon which to construct, develop, own and operate an 86 room Super 8 Motel in Dieppe, New Brunswick (the "**Dieppe Hotel**") and to conduct any ancillary activities related to the Dieppe Hotel. This Offering is of Units and not of real estate or subdivided land.

Securities offered:	Limited Partnership Units (" Units ")
Price per security:	\$1,000 per Unit (the "Subscription Price") with a minimum subscription of 25 Units
Minimum/Maximum offering:	There is a minimum offering of 250 Units and a maximum offering of 750 Units
Payment terms:	Payment in full on closing
Proposed closing date(s)	January 31, 2006 for first closing, which may be extended by the General Partner. If the maximum offering is not achieved on the first closing, then the Partnership may have subsequent closings until the maximum offering is achieved.
Selling agent:	The selling agent for the Offering is ASG Financial Corp. (the " Agent "); see "Compensation Paid to Sellers and Finders" on page 41.

Resale restrictions

You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions" on page 47. Furthermore, as there is no market for the Units, it may be difficult or even impossible for a subscriber to sell them after purchase. The securities offered hereby should only be considered by those persons who are able to make a long-term investment. Investment in the Units is speculative due to the nature of the Partnership's business. There are no rights for Limited Partners to redeem their Units and only limited rights to request early dissolution of the Partnership. See "Terms of the Partnership Agreement" on page 26.

Purchaser's rights

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Purchaser's Rights" on page 48.

The Partnership conditionally offers the Units for sale by way of private placement to qualified investors who are residents of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia and Prince Edward Island. Subscriptions will be received if, as and when accepted, subject to prior sale and satisfaction of the conditions set forth under "Plan of Distribution" and to the right of Pacrim Dieppe GP No. 2 Limited (the "**General Partner**") and the Partnership to close the subscription books at any time without notice. The first closing of the Offering will take place at a time to be determined by the Agent and the General Partner. The first closing is expected to take place no later than January 31, 2006 however the General Partner may, in its discretion extend the first closing. If the maximum offering is not achieved on the first closing, then subsequent closings will be held from time to time as determined by the General Partner until the maximum offering is achieved. See "Plan of Distribution" on page 38.

Before making an investment decision respecting the securities described in this Offering Memorandum, you should carefully review and consider this entire Offering Memorandum. You should also consult with your lawyer and investment, accounting and tax advisors concerning this investment. The Partnership will make available to you or your lawyer or your other advisor, during the course of this transaction and prior to sale, the opportunity to ask questions of the Partnership and any person acting on its behalf relating to the terms and conditions of this Offering, and to obtain any additional information necessary to verify the accuracy of the information made available to you or your lawyer or other advisors. **No person is authorized by the Partnership to provide any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue and sale of the securities offered by the Partnership.**

This Offering Memorandum is confidential and has been prepared solely for delivery to and review by selected prospective purchasers of the securities offered hereby. This copy of the Offering Memorandum is personal to the person to whom it is delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the securities offered hereby. Distribution of this Offering Memorandum to any person other than the person to whom it is delivered and those persons, if any, retained to advise such person with respect thereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the General Partner is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and undertakes to make no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum, or any documents relating thereto and, if such prospective purchaser does not purchase any of the securities offered hereby or the Offering is terminated, to return promptly this Offering Memorandum and all such documents to the General Partner, if so requested by the General Partner.

Selling Agent:

**ASG Financial Corp.
162 Cumberland Street, Suite 300
Toronto, Ontario M5R 3N5**

An affiliate of the Agent holds 33^{1/3} % of the participating shares and 50% of the voting shares of the General Partner and may be considered to be related to the Partnership for purposes of applicable securities regulations. The Agent may also be considered to be connected to the Partnership for such purposes as the sole director and officer of the Agent is also a director and officer of the General Partner. See "Relationship Between Issuer and Agent" on page 41.

OFFERING MEMORANDUM SUMMARY

The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum

THE BUSINESS

The Partnership's business will be the acquisition of up to an undivided 22.06 percent interest in the Dieppe Property and the construction, development, ownership and operation of the Dieppe Hotel as described below. After construction of the Dieppe Hotel, the term Dieppe Property will include the Dieppe Hotel and the term Dieppe Hotel will include the Dieppe Property. See "Business of the Partnership" on page 27.

The Hotel

The Dieppe Property is an approximately 2.1 acre site located in the Champlain Business Park at Champlain Road and Dieppe Boulevard in Dieppe, New Brunswick. The proposed hotel to be constructed on the Dieppe Property is an 86 room hotel to be operated as a Super 8 Motel. The amenities currently planned include an indoor pool with waterslide, a meeting room to serve 30-45 people and access to high speed internet.

Acquisition of the Property

The Dieppe Property is currently owned by Dieppe 8 Motel Ltd. as bare trustee for the owners, which will include the Partnership. Dieppe 8 Motel Ltd. acquired the Dieppe Property from Biz-Park Developments Inc., an arm's length party, on behalf of Pacrim Dieppe Limited Partnership and other owners, under an agreement of purchase and sale (the "**Dieppe Purchase Agreement**") with the vendor of the Dieppe Property for the purchase price of \$650,000 (subject to usual adjustments). Under the Dieppe Purchase Agreement the purchase price was paid in full on the date of closing which took place on September 30, 2005. The Dieppe Property was delivered free and clear of encumbrances except for the usual encumbrances listed in the Dieppe Purchase Agreement. Title to the Dieppe Property was registered in the name of Dieppe 8 Motel Ltd., a nominee corporation which holds title as bare trustee for the owners, which currently consists of Pacrim Dieppe Limited Partnership (sixty percent interest), Pacrim Hospitality Services Inc. and Innvest Projects Ltd., (collectively a forty percent interest). The interest of the Partnership will be acquired from Pacrim Hospitality Services Inc. and Innvest Projects Ltd.

Construction of the Hotel

The owners of the Dieppe Property retained Pacrim Hospitality Services Inc. to perform the construction and development management of the Dieppe Hotel, including arranging construction financing. The current budget for the construction and development of the Dieppe Hotel is approximately \$6,890,000 which includes a development

fee of approximately \$150,000 and a design and procurement fee of approximately \$35,000 in each case plus applicable HST, payable to Pacrim Hospitality Services Inc. for overseeing construction and development of the Dieppe Hotel but excludes certain out-of-pocket and due diligence fees payable to the Agent of \$20,000.

Financing

Pacrim Hospitality Services Inc. has secured mortgage financing for the development and servicing of, and construction on the Dieppe Property of the Dieppe Hotel. The mortgage financing for the Dieppe Hotel is in the principal amount of approximately \$3,900,000. The terms of the mortgage financing are as follows:

Principal Amount:	\$3,900,000
Term:	5 years
Interest Rate:	7.15%
Amortization:	18 years

Co-tenancy

Pacrim Dieppe Limited Partnership, Pacrim Hospitality Services Inc., Innvest Projects Ltd. and the general partner of Pacrim Dieppe Limited Partnership entered into a co-tenancy agreement which sets out the rights and obligations of the owners in the Dieppe Property and the Dieppe Hotel and provides for the terms of the ongoing ownership, construction, development and management of the Dieppe Property and the Dieppe Hotel. The Partnership will become a party to the co-tenancy agreement on closing.

Manager

Pacrim Hospitality Services Inc. (the “**Manager**”) will manage the Dieppe Hotel. For its services the Manager will receive an annual base management fee of 4% of the gross revenue from the Dieppe Hotel and applicable federal and provincial sales taxes thereon.

THE OFFERING

Issuer

Pacrim Dieppe Limited Partnership No. 2, a limited partnership formed under the laws of the Province of Ontario

Amount

A maximum of \$750,000

Units

A maximum of 750 Units in the Partnership, representing the interests of the Limited Partners in the Partnership.

Price

\$1,000 per Unit.

Use of proceeds

All costs of this Offering, including all marketing costs, will be paid by the Partnership out of the proceeds of the Offering. The remainder will be used to purchase up to an

undivided 22.06 percent interest in the Dieppe Property, to pay those fees summarized in the Offering Memorandum, to pay a portion of the Partnership's share of the development, construction and fully furnishing and equipping of the Dieppe Hotel and the balance for working capital. See "Use of Available Funds" on page 10.

Closing

The first closing of the Offering will take place after the satisfaction of all conditions precedent for the closing of the Offering including the acquisition by the Partnership of an interest in the Dieppe Property.

Investor Services Agreement

The Agent will be paid an annual fee of \$6,000 payable monthly for investor relations services including assisting the Partnership in operational reporting to Limited Partners.

PACRIM DIEPPE LIMITED PARTNERSHIP

The Partnership

Pacrim Dieppe Limited Partnership No. 2 (the "**Partnership**") is a limited partnership formed under the laws of the Province of Ontario. Its general partner is Pacrim Dieppe GP No. 2 Limited (the "**General Partner**"), a corporation incorporated under the laws of the Province of Ontario.

Business of the Partnership

The business of the Partnership is to acquire up to an undivided 22.06 percent interest in the Dieppe Property and together with the other owners of the Dieppe Property to construct, develop, own and operate the Dieppe Hotel. See "Business of the Partnership" on page 27.

General Partner

The General Partner is a single purpose corporation, the shares of which are controlled by an affiliate of the Agent (as to 50% of the votes and 33 1/3% of the equity participation), and by Pacrim Hospitality Services Inc. (as to 50% of the votes and 66 2/3% of the equity participation).

Initial Capital contribution

The initial capital contribution of the Limited Partners is \$1,000 for each Unit.

Distribution of operating cash flow

All net cash flow from operations of the Dieppe Hotel after payment of all current obligations of the Dieppe Hotel, including debt service payments under the mortgage financing, the fee charged by the manager of the Dieppe Hotel and those other fees described in this Offering Memorandum, operating expenses of the Hotel and the creation of a reasonable working capital, capital improvement and capital repair reserve, as determined by the manager of the Hotel or the owners, will be distributed,

to the extent available, to the Partnership, to the other owners and the general partner of Pacrim Dieppe Limited Partnership in the following manner and priority:

- (a) first, to the owners in proportion to their percentage interests, until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time;
- (b) the balance (i) 62.5% to the owners (in proportion to their percentage interests) and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have been repaid all capital contributed to the co-tenancy together with an annual non-compounding cumulative preferred return of 20% on the capital contributed to the co-tenancy which remains outstanding from time to time; and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

The net cash flow from operations of the Dieppe Hotel received by the Partnership will be distributed in the following manner and priority:

- (a) first, to pay any expenses of the Partnership;
- (b) second, to pay to the Limited Partners an annual non-compounded cumulative preferred return of 10% on the capital contributed to the Partnership which remains outstanding from time to time;
- (c) the balance, 99.99% to the Limited Partners (on a pro rata basis) and 0.01% to the General Partner.

Distribution of sale proceeds and refinancing proceeds

Any net sale proceeds or net proceeds of a mortgage refinancing, as and when received as cash at any time in respect of the Dieppe Hotel will be distributed to the Partnership, to the other owners and the general partner of Pacrim Dieppe Limited Partnership in the order and priority set out below:

- (a) to the owners, in proportion to their percentage interests, until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow;

- (b) to the owners, in proportion to their percentage interests, until all the owners will have been repaid all capital contributed by the owners to the cotenancy and not yet repaid; and
- (c) the balance (i) 62.5% to the owners (in proportion to their percentage interests) and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have received an annual non-compounded cumulative preferred return of 20% on the capital contributed to the cotenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow; and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

Any net sale proceeds or net proceeds of a mortgage refinancing received by the Partnership will be distributed at such time in the order and priority set out below:

- (a) distribution on the Units to the Limited Partners of an annual non-compounded cumulative preferred return of 10% on the capital contributed to the Partnership which remains outstanding from time to time, to the extent not previously paid out of net cash flow;
- (b) repayment of all capital contributed by the Limited Partners to the Partnership and not yet repaid; and
- (c) the balance 99.99% to the Limited Partners (on a pro rata basis) and 0.01% to the General Partner.

Net income and loss of the Partnership

The net losses, if any, of the Partnership are to be allocated to the Limited Partners to the extent of the aggregate of the capital contributed by them and their share of undistributed net income of the Partnership. All further net losses are to be allocated to the General Partner. The net income of the Partnership will generally be allocated in a manner consistent and generally in accordance with the amounts and manner in which distributions of operating cash flow and sales and refinance proceeds are made by the Partnership.

Partnership Agreement

The rights and responsibilities of the General Partner respecting the management of the Partnership, allocation of income, gains and losses, and investment decisions are contained in the Partnership Agreement. By executing a Subscription Agreement all subscribers will commit contractually to the Partnership Agreement.

Certain major decisions require approval by 60% of the votes cast at a meeting of Limited Partners.

See "Terms of the Partnership Agreement" on page 26.

Additional capital contribution

If the Partnership experiences a cash flow deficiency and the General Partner is unable to arrange for a loan to the Partnership from a bank, trust company or other lender in respect of such deficiency, the Limited Partners may, by approval of 60% of the votes cast at a meeting of Limited Partners (a special resolution), request each Limited Partner to make an additional capital contribution to the Partnership with the amount to be contributed by each Limited Partner being equal to their proportionate share of the total amount so required by the Partnership. Although there is no obligation on a Limited Partner to make an additional capital contribution to the Partnership, all additional capital contributions so made by the Limited Partners shall bear interest at such rate (which rate shall be the same for all of the Limited Partners), if any, as shall be determined by the General Partner from time to time. The consequences of a failure to make such a contribution are set out under "Capital Call" on page 29. As well, the Partnership may default under the Co-tenancy Agreement as a result of Limited Partners failing to contribute sufficient capital.

Promoter of the Partnership

Pacrim Dieppe GP No. 2 Limited, a corporation incorporated under the laws of the Province of Ontario, the general partner of the Partnership and its shareholders are the promoters. Pacrim Dieppe GP No. 2 Limited is controlled by an affiliate of the Agent (as to 33-1/3% of the equity participation and 50% of the votes) and by Pacrim Hospitality Services Inc. (as to 66-2/3% of the equity participation and 50% of the votes). See "Directors, Management, Promoters and Principal Holders of the General Partner" on page 22.

Relationship between Issuer and Agent

An affiliate of the Agent holds approximately 50% of the voting shares and 33 1/3% of the participating shares of the General Partner and may be considered to be related to the Partnership for purposes of applicable securities regulations. The Agent may also be considered to be connected to the Partnership for such purposes, as the sole director and officer of the Agent is also a director and officer of the General Partner.

Resale Restrictions

Under applicable securities laws, the resale of the Units is subject to restrictions. Since the Partnership is not a "reporting issuer" under applicable securities laws and it is not

contemplated that it will become one, if no exemption is available under applicable securities laws and regulations or an appropriate discretionary order obtained pursuant to applicable securities laws, the Units cannot be sold without a prospectus for an indefinite period of time. See "Resale Restrictions" on page 47.

Risk Factors

Investment in the securities offered hereby is highly speculative due to the nature of the Partnership's business. Investment in the Partnership involves various risks referred to under "Risk Factors" on page 41. These include risks inherent in the ownership of real estate and business investment generally and hotels in particular, construction and development risks, conflicts, ownership of the Dieppe Hotel in a co-tenancy, reliance upon the construction manager and the manager of the hotel and on the General Partner, the lack of a formal market for the Units, no exit mechanism and the resale restrictions and hold periods prescribed by applicable securities laws.

Purchaser's Rights

A purchaser of securities offered hereby will have certain statutory and contractual rights, including, a right of action if there is a misrepresentation in this Offering Memorandum and, a two-day cancellation right. See "Purchaser's Rights" on page 50.

Income Tax Considerations

Note should be made that no opinion has been obtained as to the tax ramifications of an investment in Units. Investors should consult with their own advisers to assess the income tax aspects of investment in Units.

Currencies

All dollar figures in this Offering Memorandum are in Canadian dollars unless otherwise indicated.

OFFERING MEMORANDUM

USE OF AVAILABLE FUNDS

Net Proceeds and Available Funds

		Assuming minimum offering ¹	Assuming maximum offering
A	Amount to be raised by this offering	\$250,000	\$750,000
B	Selling commissions and fees ²	\$25,000	\$75,000
C	Estimated offering costs (e.g. legal, accounting, audit) ³	\$2,600	\$7,800
D	Net proceeds: $D = A - (B+C)$	\$222,400	\$667,200

1. Assumes the Partnership will be acquiring a 7.35 percent interest in the Dieppe Property.
2. An affiliate of the Agent holds 50% of the voting shares and 33-1/3% of the participating shares of the General Partner. Allan Grossman the sole director and officer of the Agent is also a director and officer of the General Partner.
3. A portion of the offering expenses attributable to accounting fees will be paid to Grunwald & Co. for accounting services. Leo Grunwald is a principal of Grunwald & Co and is registered as a salesperson with the Agent. An affiliate of the Agent holds approximately 50% of the voting shares and 33-1/3% of the participating shares of the General Partner.

Use of Available Funds

Description of intended use of available funds listed in order of priority	Assuming minimum offering ⁴	Assuming maximum offering
Purchase Price for Partnership's interest in Dieppe Property	\$47,775	\$143,455
Partnership's share of Mortgage Placement and Arrangement Fees ⁵	\$3,300	\$10,000
Partnership's share of Due Diligence Costs ⁶	\$1,470	\$4,410
Partnership's of share of Professional Fees for acquisition of the Dieppe Property ⁶	\$ 1,100	\$3,300
Partnership's share of a portion of Construction of the Dieppe Hotel ⁷	\$115,570	\$346,875

Partnership's share of furniture, fixtures, equipment and inventory	\$50,590	\$151,775
Unallocated working capital (including closing adjustments)	\$1,700	\$5,100

4. Assumes the Partnership will be acquiring a 7.35 percent interest in the Dieppe Property.
5. Assumes mortgage financing of \$3,900,000. See "Financing" on page 15.
6. To the extent that the General Partner or its affiliate has paid these arm's length third party costs and expenses prior to the first closing, the General Partner or such affiliate will be reimbursed such payments on the first closing. The Agent will receive certain out-of-pocket and due diligence fees of approximately \$20,000 payable by the co-tenancy.
7. Assumes the mortgage financing is used to fund the balance of construction.

Reallocation

The Partnership intends to spend the available funds as stated. The Partnership will reallocate funds only for sound business reasons.

BUSINESS OF THE PARTNERSHIP

Structure

The Partnership is a limited partnership formed, under the laws of the Province of Ontario, under the name "ASG Limited Partnership No. 11" by a declaration filed pursuant to the *Limited Partnerships Act* (Ontario) on December 19, 2003. The Partnership changed its name to Pacrim Dieppe Limited Partnership No. 2 by a further declaration filed pursuant to the *Limited Partnerships Act* (Ontario) on December 12, 2005.

The head office and address for service of the Partnership is located at 162 Cumberland Street, Suite 300, Toronto, Ontario, M5R 3N5.

The General Partner of the Partnership is Pacrim Dieppe GP No. 2 Limited which was incorporated pursuant to the *Business Corporations Act* (Ontario) on December 8, 2005. The General Partner became the general partner of the Partnership on December 8, 2005 replacing 1555219 Ontario Inc. The General Partner is a single purpose corporation, has no material net worth and no interest other than its ownership interest in the Partnership.

The head office and address for service of the General Partner is located at 162 Cumberland Street, Suite 300, Toronto, Ontario, M5R 3N5.

The Partnership will be one of the owners of the Dieppe Property. Each of the current owners, entered into a co-tenancy agreement which sets out the rights and obligations of the owners in the Dieppe Property and provides for the terms of the ongoing ownership, construction, development and management of the Dieppe Property and the Dieppe Hotel. The Partnership will become a party to the co-tenancy agreement on closing.

Our Business

The business of the Partnership is to acquire up to an undivided 22.06 percent interest in an approximately 2.1 acre parcel of land upon which to construct, develop, own and operate an 86

room Super 8 Motel in Dieppe, New Brunswick. The actual percentage interest will be determined upon the first closing of the Offering.

Dieppe Property

The Dieppe Property is an approximately 2.1 acre site located in the Champlain Business Park at Champlain Road and Dieppe Boulevard in Dieppe, New Brunswick. Travelers may access the site from Highways 2 and 15, which are the primary east-west routes for the Greater Moncton Region of New Brunswick. The Champlain Business Park is Greater Moncton's newest business district and is expected to contain over 250,000 square feet of commercial space adjacent to the Dieppe Industrial Park. The Dieppe Property is near the expanded Greater Moncton International Airport and Champlain Place, the largest retail facility in the Greater Moncton Region.

Dieppe Hotel

The Dieppe Hotel will be a three storey building consisting of 86 rooms and 89 surface parking spots. The current plans feature 38 regular double queen rooms, 6 rooms with king sized beds, 6 handicap rooms, 6 kids suites and 30 rooms with jacuzzi's. All rooms are expected to include a microwave, coffee maker, mini-fridge, hair dryer, cable television and access to high speed internet. The amenities currently planned include an indoor pool with waterslide, an elevator and a meeting room to serve 30-45 people.

The agreement to be entered into with Super 8 Motels, Inc. is expected to have a term of 20 years and requires the owners to operate and maintain the Dieppe Hotel in compliance with the system and standards imposed by Super 8 Motels, Inc. including participation in system marketing programs including the reservation system. The owners will pay a royalty fee of 5% of gross room sales and a marketing and reservation fee of 3% of gross room sales for the Dieppe Hotel as well as a fee for reservations communicated through a global distribution system, the chain website or other internet sources. Ian McAuley, a director of the General Partner, is a senior officer of Superior Lodging Corp., which hold the master development agreement for Super 8 motels in Canada.

Greater Moncton

The Greater Moncton Region of New Brunswick, which includes Dieppe, Moncton and Riverview, boasts the fastest growing economy in Atlantic Canada. The region and its surrounding area is home to over 192,800 people and has realized population growth of approximately 16.1% over the 1991 to 2000 period. Greater Moncton is situated at the geographic centre of the Maritimes and as such has historically been known as the transportation and communications hub of the region, with approximately 75% of the population of the Maritimes within a three hour drive. In recent years Greater Moncton has moved away from a blue collar economy into more professional and administrative services.

The statistical data contained herein has been obtained from publications and other sources assumed to be reliable. The General Partner and the Agent have not independently verified this information.

Market Research

Preliminary market research was conducted in September, 2004 concerning the hotel market in Greater Moncton, New Brunswick and the potential for hotel development at the site. The following is a summary of the findings and recommendations:

- Overall the visibility and access of the site is good for travelers on Dieppe Boulevard and Champlain Street, however, it is slightly removed from Highway 15 leaving an opportunity for travelers to bypass it. The use of tourism directional signage along Highway 15 would enhance the awareness of the site.
- The site is well positioned to capture local corporate/commercial and government/discount demand due to proximity to Greater Moncton Airport, Dieppe Industrial Park and Champlain Business Park. The primary weakness is lack of visibility from Highway 15.
- The proposed hotel is well located to compete for corporate and government/discount business and will compete effectively for leisure business, but not as well as the corporate or discount market segments.

In response to the preliminary market research, signage space has been reserved for the Dieppe Hotel on Highway 15. The preliminary market research was based upon assumptions which are inherently subject to uncertainty and variation depending upon evolving events. A copy of the preliminary market research is available at the office of the General Partner during normal business hours.

Purchase Agreement

The Dieppe Property is currently owned by Dieppe 8 Motel Ltd. as bare trust on behalf of the owners which will include the Partnership. Dieppe 8 Motel Ltd. acquired the Dieppe Property from Biz-Park Developments Inc., an arm's length party, under an agreement of purchase and sale dated May 24, 2005 (the "**Dieppe Purchase Agreement**") for the purchase price of \$650,000 (subject to usual adjustments).

Under the Dieppe Purchase Agreement the purchase price was paid in full on the date of closing which took place on September 30, 2005.

All conditions of the Dieppe Purchase Agreement were waived or satisfied at or prior to the acquisition of the Dieppe Property by Dieppe 8 Motel Ltd. The owners of the Dieppe Property or the nominee titleholder on their behalf obtained a legal opinion as to title to the Dieppe Property confirming that title conforms with the provisions of the Dieppe Purchase Agreement and that the proposed zoning regulations permit the construction of the Dieppe Hotel.

Title to the Dieppe Property was registered in the name of Dieppe 8 Motel Ltd., a nominee corporation which holds title as bare trustee for the owners.

Construction

The owners of the Dieppe Property retained Pacrim Hospitality Services Inc. (the "Developer") to perform the construction and development management of the Dieppe Hotel. The agreement provides that the Developer is to supervise and administer the planning, development and

construction of the Dieppe Hotel, in a proper and businesslike manner in compliance with all applicable laws and regulations. The services of the Developer include:

- negotiation of agreements with architectural, engineering and other professional consultants, contractors and suppliers;
- negotiation, (with the assistance of professional consultants), with governmental authorities and obtaining required approvals and permits for the construction of the Dieppe Hotel;
- supervision of the preparation of the design and working plans and specifications;
- liaising with professional consultants in the supervision of the general contractor;
- negotiation with lenders for interim and permanent financing;
- supervision, with professional consultants, of construction draws payable to the general contractor;
- arranging for insurance coverage with respect to construction;
- provision of accounting services for construction;
- notifying the owners promptly of material changes affecting the construction;
- generally the performance of such acts and things as may be reasonably required for the full and complete planning, development and construction of the Dieppe Hotel, subject to the approval of the owners.

The Developer will be obligated to prepare and submit monthly reports during construction describing the status and activities during the previous month and financial information as to monies expended with a comparison to the development budget. The Developer will be paid a development fee of \$150,000 and a design and procurement fee of approximately \$35,000, in each case, plus all applicable harmonized sales taxes. Additionally, all reasonable expenses incurred by the Developer in connection with the services except for certain head office overhead expenses will be reimbursed to the Developer. Any agreements entered into by the Developer under the construction and development agreement will be executed on behalf of and in the name of the owners. Certain of the services of the Developer will be provided by a general contractor acceptable to the owners and the Developer.

The Developer will not be responsible for matters beyond its reasonable control or for matters involving the expenditure of funds which are not made available by the owners. The Developer will be indemnified for all matters relating to its services provided it acts in good faith and the damages are not caused by the wilfull misconduct or negligence of the Developer.

The owners may terminate the construction and development agreement if the Developer is in material default of its obligations and the default is not cured after notice is given to the Developer. If the construction and development agreement is terminated as a result of a breach by the owners, the Developer is entitled to immediate payment of its entire fee and all expenses incurred.

The current budget for the construction and development of the Dieppe Hotel consists of the following:

Dieppe Property	\$650,000
Land Transfer Taxes	16,250
Building	5,535,750 ⁸
Furniture, Fixtures & Equipment	583,000
Signage	35,000
Franchise Fees	35,000
Computer Hardware/Software	35,000
	<hr/>
	\$6,890,000 ⁹

8. Includes a development fee payable to Pacrim Hospitality Services Inc. of approximately \$150,000 and a design and procurement fee of \$35,000 plus HST .
9. Excludes out-of-pocket and due diligence fees payable to the Agent of approximately \$20,000.

The final actual budget may vary from the current budget set out.

Financing

The Developer secured mortgage financing for the development and servicing of, and construction on the Dieppe Property of the Dieppe Hotel. The mortgage financing for the Dieppe Hotel is in the principal amount of approximately \$3,900,000. As is customary in financing of similar projects the mortgage financing is also secured by a general security agreement and limited guarantees from Pacrim Hospitality Services Inc. and Superior Lodging Corp. The mortgage financing is on the following terms:

Principal Amount:	\$3,900,000
Term:	5 years (closed)
Interest Rate:	7.15%
Amortization:	18 years
Monthly Payments:	\$31,908.94

Management

The owners will retain the services of Pacrim Hospitality Services Inc. (the “**Manager**”) to manage the Dieppe Hotel, after substantial completion of construction.

Responsibilities of the Manager include:

- negotiate the purchase of all furniture, fixtures and equipment and co-ordinate delivery schedules and installation, including all computer and telephone systems;
- use its best efforts to ensure that the business of the Dieppe Hotel opens in compliance with the requirements of its franchise agreement;
- provide such services as are customarily provided by operators of comparable hotels
- establish prices and rate schedules for guest rooms and meeting rooms;
- prepare and submit for approval an annual operating budget;
- hire, promote, discharge and supervise the general manager and all supervisory staff;
- if applicable, negotiate with any union representing employees;
- negotiate all service contracts required in the ordinary course of business including electricity, gas, telephone, cleaning, extermination, elevator and boiler maintenance;
- purchase or arrange for the purchase of all inventories, supplies and operating equipment which in the normal course of business are necessary to properly maintain and operate the Dieppe Hotel;
- apply for and obtain and maintain all licenses and permits required in connection with the management and operation of the hotel business;
- make all reasonable efforts to comply with all applicable laws and regulations;
- arrange all appropriate insurance including property damage insurance, boiler and machinery insurance, business interruption insurance and general liability insurance;
- deliver or arrange for delivery of a monthly profit and loss statement;
- deliver or arrange for delivery of financial information in order for the accountants to prepare annual financial statements;

- arrange and contract for all advertising and promotion provided for in the annual budget;
- pay as and when due gross operating expenses.
- generally doing all such acts, matters and things as may be necessary for the operation of the Dieppe Hotel.

All debts, obligations and liabilities incurred by the Manager in the performance of its duties will be incurred on behalf of the owners and the Manager will not be liable for those debts, obligations or liabilities.

The Manager will be responsible for undertaking on behalf of the owners, the ongoing provision of services relating to the financial aspects of the Dieppe Hotel, including collection of revenues and payment of all expenses properly incurred in connection with such duties and remittance of the excess funds to the owners.

The management agreement will be for a term of five (5) years and thereafter may be renewed for successive five (5) year renewal terms unless terminated by the Manager or the owners at least six months prior to the expiration of the term. The Manager and the owners will each have the option of terminating the management agreement in the event that the Dieppe Hotel is sold or if the other commits a material breach or default which is not cured. The Manager will receive a fee of 4% of the gross revenue from the Dieppe Hotel and applicable sales taxes thereon.

The Manager and its principals are experienced in the hospitality industry with a strong track record of successfully constructing and managing hotels and restaurants. The group has a strong and experienced management team with extensive experience in all aspects of evaluating, purchasing, developing and operating hotels and restaurants. Pacrim Hospitality Services Inc., which controls the Manager currently manages and/or has an ownership interest in 26 properties throughout Canada ranging in size from limited service properties to full service hotels with restaurants, lounges, and conference facilities. Pacrim Hospitality Services Inc. has gained a reputation for quality, service and innovation and their projects have been awarded the following:

Holiday Inn Express Halifax, NS

- | | |
|--|--|
| (1) "Newcomer Of The Year Award" (1995) | 1) Recognized as one of the best new hotels in the categories of design, construction and enhanced guest perception |
| (2) "Torchbearer Award" (1996,1997 & 1998) | (2) Based on overall hotel quality and guest satisfaction. Given to less than two percent of the Holiday Inn hotels in North America. |
| (3) "Quality Excellence Award" (1999, 2000 & 2001) | (3) In order to receive the award, the hotel had to receive a high score in Holiday Hospitality's Guest Satisfaction Tracking System, a system designed for guests to evaluate Holiday Inn hotels and their performance, including product quality and customer services |

Holiday Inn Express Hotel & Suites Moncton, NB

- | | |
|---|---|
| (1) "Newcomer Of The Year Award" (1997) | |
| | Tourism Industry Association of New Brunswick and The Canadian Tourism Human Resource Council (TIANB) |

	(1) Human Resource Development Award Of The Year" (2001)	(1) Awarded because of the hotel's demonstrated dedication to human resource development by enrolling all of their full time employees and new hires into the National Certification Programs under the Canadian Tourism Human Resource Council (CTHRC) and the Tourism Industry Association of New Brunswick (TIANB). This is a formal process of assessment in which a candidate must demonstrate their mastery of the knowledge and skills as defined in National Occupational Standards for the occupation in which they chose.
Howard Johnson Brunswick Plaza Hotel, Moncton, NB	(1) "Gold Medal Designation" (Score 480 out of 500) (2004)	(1) The Gold Medal program rewards properties with the highest Quality Assurance scores. The Gold Medal designation is awarded to those properties that attain a score of 450 points or more out of a possible 500 points on their Quality Assurance evaluation. The property must also maintain high standards in housekeeping and participate in all mandatory brand programs and initiatives. Properties that receive the Gold Medal designation receive prominent identification in the Howard Johnson International worldwide directory. In addition, Howard Johnson reservations agents offer information on award winning properties to callers who are booking rooms
Lord Beaverbrook, Fredericton, NB	North West Commercial Travellers' Association Award (1) "Hotel Of The Year" 2001 for the province of New Brunswick	(1) This award is presented in each province and is based on excellence in service, location and room rate
Radisson Suite Hotel Halifax, NS	(1) "President's Award" (1997, 1998, 1999, 2000, 2001, 2002, 2003) (2) "Ranked #1 Radisson In The World" (1998) (3) "Advocates Award" (1998, 2000,2003) (4) "Cleanest Radisson Hotel In Canada" (2004) Tourism Industry Association of Nova Scotia (TIANS)	(1) Radisson's top honour - based on guest satisfaction and willingness to return 2) Awarded for guest willingness to return (3) Among the top 30 Radisson Hotels in the world to achieve the highest level of "Advocates" ratings from the Radisson's guest comment system (4) Based on Radisson Worldwide inspection.
Sheraton Suites Calgary Eau Claire, AB	(1) "Commitment To Excellence" Award (2003) (1) "Best In Brand Award" (2001) (2) "GSI- North America" 1999 – Ranked	(1) In recognition of commitment to staff development through support of the National Certification from TIANS (1) Based on Customer Satisfaction (2) Based on Customer Satisfaction &

1, 1st Quarter 2000 - Ranked #2
2nd Quarter 2000 - Ranked #2
3rd Quarter 2000 - Ranked #1

Loyalty

(1) "Housekeeping Award"

(1) Excellence achieved in all categories of cleanliness, comfort and maintenance. A review is completed of the properties' guest comment cards to ensure no serious concerns or complaints have been received from guests during the past year

Super 8 Motel, Ajax, ON

(1) "CERTIFICATE OF EXCELLENCE"
2004 - 2nd & 3rd Quarter

(1) Measures the cleanliness and condition of the property including the amenities and services furnished

Super 8 Motel, Athabasca, AB

Alberta Hotel & Lodging Association

(1) "Housekeeping Award" (2004)

(1) This recognition of excellence in housekeeping is based on the findings and observations made in the course of the Alberta Hotel and Lodging Association's annual inspection program. This achievement of excellence is based on cleanliness, comfort and maintenance of the property

Super 8 Motel, Calgary Shawnessy, AB

(1) "Pride of Super 8 Designation"

(1) Super 8 Motels Inc. proudly recognizes individual Super 8 Motels that have exceeded the chains standards in all areas of quality, service and cleanliness. Each member of this elite group of motels is recognized as a "Pride of Super 8 location and has demonstrated the ability to deliver consistent quality to Super 8 guests

(2) "CERTIFICATE OF EXCELLENCE"
2000 - 1st, 2nd, 3rd, 4th Quarter 2001-
1st, 2nd, 3rd, 4th Quarter 2002-1st, 2nd,
3rd, 4th Quarter 2003-1st, 3rd Quarter
2004- 1 st , 3rd Quarter

(2) Measures the cleanliness and condition of the property including the amenities and services furnished

(3) "V.I.P. Challenge" (2003)

(3) Awarded to the hotel that sold the most VIP memberships in each size of hotel category

Alberta Hotel and Lodging Association

(1) "Housekeeping Award" (2004)

Super 8 Motel Drayton Valley, AB

(1) "CERTIFICATE OF EXCELLENCE"
1999 - 2nd, 3rd ,4th
Quarter
2000 -1st, 2nd, 3rd & 4th
Quarter
2001 -1st, 2nd, 3rd & 4th
Quarter
2002 - 1st & 2nd Quarter

(1) Measures the cleanliness and condition of the property including the amenities and services furnished.

(2) "Clean & Friendly Award" (2001)

(2) Among the most important award Super 8 presents to its franchisees. The

"Clean & Friendly Award" recognizes motels that have had no customer service complaints filed during the previous year. Aside from having zero customer service complaints, many of the recipients have received numerous compliments and commendations from guests

(3) "Pride of Super 8 Designation"

(4) "Golden Pineapple Award"
(2004)

(4) Presented to Super 8 Drayton Valley for their continued involvement in community events and support of local charities.

Nominated by a member of the hotel's community, the Golden Pineapple Hospitality Award may be earned by individual employees or managers or by groups of employees who have demonstrated an extraordinary commitment to guest service and/or community involvement.

Super 8 Fort McMurray, AB

(1) "Certificate Of Excellence"
2000 -1st, 2nd, 3rd & 4th
Quarter
2001 -1st, 2nd, 3rd & 4th
Quarter 2002 -1st & 2nd
Quarter 2004 - 2nd Quarter

(2) "Clean & Friendly Award" (2001)

(3) "Pride of Super 8 Designation"
Alberta Hotel and Lodging Association

(1) "Housekeeping Award" (2002 & 2003)

Super 8 Motel, Grimsby, ON

(1) "Certificate of Excellence" (2004 – 2nd,
3rd & 4th Quarter)

(2) "Pride of Super 8 Designation"
Grimsby Lincon News & Niagara This
Week

(1) "Platinum Reader's Choice Best Hotel
Award" (2004)

(1) Competing against all hotels, including full service hotels, within the Grimsby/Niagara region, this award is voted on by the residents

Super 8 Motel, Truro, NS

(1) "Certificate Of Excellence"
2003- 3rd Quarter
2004 – 1st, 2nd & 4th Quarter

(2) "Pride of Super 8 Designation"

(3) "Golden Pineapple Hospitality Award"
(2004)

Super 8 Motel Yellowknife, NT

(1) "Certificate Of Excellence"
2001 - 2nd, 3rd, & 4th Quarter
2002 - 1st, & 2nd Quarter

(2) "Pride of Super 8 Designation"

Wingate Inn, Calgary, AB

(1) "Ambassador of the Year Award"
(2003)

Presented to Breakfast Bar Attendant. Nominated by guests and hotel staff, this award is presented to an employee who surpasses excellence in guest services

Pacrim Hospitality

Tourism Industry Association of Nova Scotia
(1) "ACCOMMODATION SECTOR AWARD" (2001)

(1) Presented to an organization that exemplifies a successful business operation which would include but is not limited to the following practices:

Commitment to service excellence,
Continually striving to improve product and service, Showing innovation and creativity in sales, marketing and promotion,
Showing commitment to encouraging a training culture- staff training and personal development
Involvement in local, provincial or national Tourism Industry activities
Recognizing and appreciating Nova Scotia's cultural diversity

(2) "Human Resources Leadership Award" (2004)

(2) Presented to an individual or organization that has demonstrated exemplary leadership in the development of future professionals for the Tourism Industry through education and training.

Long Term Objectives

The long term objectives of the Partnership are to hold the Dieppe Hotel as a long term investment, attaining significant market share and generating cash flow.

Short Term Objectives and How the Partnership Intends to Achieve Them

<i>What we must do and how we will do it</i>	<i>Target completion date or, if not known, number of months to complete</i>	<i>Our cost to complete Assuming Acquisition of 22.06% interest</i>
Acquire an interest in the Dieppe Property	On or before January 31, 2006	\$143,455
Construct and Develop the Dieppe Hotel	Expect to complete within 6 months.	\$1,373,000

Material Agreements

The following are the only material agreements other than the service contracts which are entered into in the ordinary course of the Partnership's and the General Partner's business:

- (a) Limited partnership agreement for the Partnership (the "**Partnership Agreement**") which is described in more detail under "Terms of the Partnership Agreement" on page 26.
- (b) Co-tenancy agreement (the "**Co-tenancy Agreement**") to be assumed by the Partnership. The current owners of the Dieppe Property are already parties to the Co-tenancy Agreement which is described in more detail under Terms of Co-tenancy Agreement on page 33. The general partner of Pacrim Dieppe Limited Partnership will be receiving fees from owners under the Co-tenancy Agreement. Such general partner has identical ownership to that of the General Partner.
- (c) Purchase Agreement for the purchase of the Dieppe Property which is described in more detail under "Purchase Agreement" on page 13. The vendor was unrelated to the General Partner and its directors, officers and shareholders.
- (d) Mortgage financing which is described in more detail under "Financing" on page 15.
- (e) Investor services agreement (the "**Investor Services Agreement**") to be entered into on or before the first Closing between the Agent and the Partnership. The Agent will be paid an annual fee of \$6,000 payable monthly for investor relations services including assisting the Partnership in operational reporting to the Limited Partners. The term of the agreement is five years and thereafter, is automatically renewable from year to year unless terminated by any one of the parties by giving at least six months notice. An affiliate of the Agent holds 33-1/3% of the participating shares and 50% of the voting shares of the General Partner and the general partner of Pacrim Dieppe Limited Partnership. Pacrim Hospitality Services Inc. owns 66-2/3% of the participation shares and 50% of the voting shares of the General Partner and the general partner of Pacrim Dieppe Limited Partnership and certain senior officers of Pacrim Hospitality Services Inc. are directors and officers of the General Partner. Leo Grunwald is registered as a salesperson with the Agent and is a partner of Grunwald & Co., which is and will be providing accounting services to the Partnership and will be earning fees for such services.
- (f) Agency agreement between the Partnership and the Agent entered into on the date of this Offering Memorandum which is described in more detail under "Plan of Distribution" on page 38.
- (g) Deposit agreement between the Agent and the General Partner entered into on the date of this Offering Memorandum in which the Agent has agreed to hold subscription proceeds and subscription agreements in escrow pending the first Closing. An affiliate of the Agent holds 33-1/3% of the participating shares and 50% of the voting shares of the General Partner and the sole director and officer of the Agent is also a director and officer of the General Partner and the general partner of Pacrim Dieppe Limited Partnership. The Agent will not receive any additional payment for its services under the deposit agreement.

- (h) Construction and development management agreement entered into between the owners, or the bare trustee titleholder on behalf of the owners, and Pacrim Hospitality Services Inc. which is described in more detail under “Construction” on page 13. Pacrim Hospitality Services Inc. is controlled by Glenn Squires. Pacrim Hospitality Services Inc. holds 50% of the voting shares and 66-2/3% of the participating shares of the General Partner and the general partner of Pacrim Dieppe Limited Partnership. Glenn Squires is a director and officer of the General Partner and the general partner of Pacrim Dieppe Limited Partnership.
- (i) Management agreement to be entered into effective after substantial completion of the construction and development of the Dieppe Hotel, between the owners, or a bare trustee titleholder on behalf of the owners and Pacrim Hospitality Services Inc. which is described in more detail under “Management” on page 17.
- (j) Franchise Agreement to be entered into on or before the commencement of operations of the Dieppe Hotel with Super 8 Motels, Inc. The agreement is expected to have a term of 20 years and requires the owners to operate and maintain the Dieppe Hotel in compliance with the system and standards imposed by Super 8 Motels, Inc. including participation in system marketing programs including the reservation system. The owners will pay a royalty fee of 5% of gross room sales and a marketing and reservation fee of 3% of gross room sales for the Dieppe Hotel as well as a fee for reservations communicated through a global distribution system, the chain website or other internet sources. Ian McAuley, a director of the General Partner and a principal of SLC Development Corp. (one of the owners) is a director of the General Partner and is a senior officer of Superior Lodging Corp., which holds the master development agreement for Super 8 motels in Canada.

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS OF THE GENERAL PARTNER

Compensation and Securities Held

<i>Name and municipality of principal residence</i>	<i>Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position</i>	<i>Compensation paid by issuer in the most recently completed financial year (or, if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year</i>	<i>Number, type and percentage of securities of the issuer held after completion of minimum offering</i>	<i>Number, type and percentage of securities of the issuer held after completion of maximum offering</i>
Dan Kowalchuk	Director, Secretary	None	None	None
Allan Grossman Toronto, Ontario	Director, President	None	None	None
Glenn Squires	Director, Vice-President	None	None	None
Ian McAuley	Director, Treasurer	None	None	None
ASG Financial Holdings Inc. ¹⁰	Promoter, Principal Holder	As 33-1/3% participating shareholder of the general partner of Pacrim Dieppe Limited Partnership and the General Partner will receive a portion of the	None ¹²	None ¹²

		fees and distributions payable to the General Partner from the co-tenancy and from the Partnership ¹⁰		
Pacrim Hospitality Services Inc. ¹¹	Promoter, Principal Holder	As 66-2/3% participating shareholder of the general partner of Pacrim Dieppe Limited Partnership and the General Partner will receive a portion of the fees and distributions payable to the General Partner from the Co-tenancy and from the Partnership ¹¹	None ¹²	None ¹²

10. ASG Financial Holdings Inc. is an affiliate of the Agent. Allan Grossman, the sole director and an officer of the Agent is a director and officer of the General Partner and a partner of Horwath Orenstein LLP. The Agent will receive a fee of \$6,000 per year under the investor services agreement in addition to commissions paid for selling Units. The Agent will receive certain out-of-pocket and due diligence fees of approximately \$20,000 payable by the co-tenancy.
11. Pacrim Hospitality Services Inc. is the Manager under the management agreement, the developer under the construction and development management agreement and will be receiving fees for such services. Pacrim Hospitality Services Inc. will be an owner of the Dieppe Property, and Glenn Squires, a director and officer of Pacrim Hospitality Services Inc. is also a director and officer of the General Partner.
12. The General Partner, its shareholders, family members, directors, officers, or affiliates may subscribe for Units at any closing. As well, Pacrim Hospitality Services Inc. will be an owner of the Dieppe Property and a party to the co-tenancy agreement.

Management Experience

<i>Name</i>	<i>Principal occupation and related experience</i>
Glenn Squires	President, Pacrim Hospitality Services Inc.
	Mr. Squires utilizes his 26 years of national and international experience in the tourism and hospitality industry to focus on a single goal – to deliver superior levels of employee and customer satisfaction. Responsible for the development and operation of all Pacrim owned and managed hotels, Mr. Squires has been involved in over \$100 million in hotel development and acquisitions over the last 10 years, ranging from 50 – 325 room hotels, restaurants and other hospitality enterprises. Mr. Squires' commitment to the fundamentals of the hotel industry and his focus on the bottom line have contributed to the success Pacrim has been able to achieve for its managed and owned properties.
Allan S. Grossman	President, ASG Financial Corp. and Chartered Accountant
	Mr. Grossman founded ASG Financial Corp. in 1988. ASG Financial Corp. introduces private investors to strategic

	<p>opportunities and ambitious entrepreneurs with promising ideas to the right financing sources. Its goal is to enable companies to reach their potential and to enable investors to optimize their returns. Through a worldwide network of financiers, entrepreneurs and professionals, it has facilitated start ups, product/service extension and market expansions for companies in Canada, the US and Israel and has raised more than \$600 million through private placements to "angel" investors, venture capital firms and limited partnership offerings. Mr. Grossman has extensive knowledge of the real estate sector and financing of real estate. Mr. Grossman was a Partner in the accounting firm Horwath Orenstein LLP until June 30, 2005.</p>
Ian McAuley	<p>Executive Vice-President, Chief Financial Officer, Superior Lodging Corp.</p>
	<p>Mr. McAuley oversees the operation and development of all corporate-owned hotels of Superior Lodging Corp. and is involved with all Canadian franchise activity for Super 8 Motels and Wingate Inns. His areas of expertise include feasibility analysis, project financing and hotel operation. Since 1997, Mr. McAuley has been involved with the development of more than 50 Super 8 motels in Canada as the vice president of Royop Hospitality Corporation. Prior, Mr. McAuley was the co-founder and managing partner of InnVentures Hospitality Corp., a boutique hotel management and consulting firm based in Vancouver, B.C. He has held senior positions with the international hospitality management consulting and accounting firms of Laventhol and Horwath and Price Waterhouse, both in Canada and the United States. Mr. McAuley holds an M.B.A., a B.A. and a technical diploma in Hospitality Administration. He is an advisory board member of two Canadian hotel colleges, a distinguished member of the Association of Tourism Professionals, and a director of Continuum Health Care Inc., a publicly traded company listed on the CVE.</p>
Dan Kowalchuk	<p>Chief Financial Officer, ASG Financial Corp., and Chartered Accountant</p>
	<p>Mr. Kowalchuk joined Horwath Orenstein LLP in 1981, becoming a chartered accountant in 1985 and a partner in 1993. He worked principally with mid sized owner managed businesses with a primary focus in the real estate industry including development, commercial and residential rental operations and retirement homes. In 2003, Mr. Kowalchuk joined ASG Financial Corp. as Chief Financial Officer where his responsibilities included new project due diligence, project monitoring and tax and financial statement compliance for the various projects under its administration. Mr. Kowalchuk was a Partner in the accounting firm Horwath Orenstein LLP until June 30, 2005.</p>

CAPITAL STRUCTURE OF THE PARTNERSHIP

Capital of the Partnership

<i>Description of Security</i>	<i>Number authorized to be issued</i>	<i>Number of outstanding as of January 31, 2006</i>	<i>Number outstanding after minimum offering</i>	<i>Number outstanding after maximum offering</i>
Limited Partnership Units	750	One Unit issued to the Initial Limited Partner and to be redeemed at the time of the first Closing	100	750

Long Term Debt

<i>Description of long term debt (including whether secured)</i>	<i>Interest Rate</i>	<i>Repayment terms</i>	<i>Amount outstanding on the first Closing</i>
Mortgage financing (see "Financing on page 16)	7.15%	Blended monthly payments of principal and interest of \$31,908.94 based on an amortization of 18 years over a term of five years	\$3,900,000

Prior Sales by the Partnership

<i>Date of issuance</i>	<i>Type of security issued</i>	<i>Number of securities issued</i>	<i>Price per security</i>	<i>Total funds received</i>
December 19, 2003	Initial Unit	One	\$1.00	\$1.00

Share Capital of the General Partner

<i>Description of security</i>	<i>Number authorized to be issued</i>	<i>Number outstanding as at the date of this offering memorandum</i>
Common Shares ¹³	Unlimited	30
Class A Shares ¹⁴	Unlimited	100

^{13.} 20 non-voting common shares have been issued to Pacrim Hospitality Services Inc. and 10 non-voting common shares have been issued to ASG Financial Holdings Inc.

^{14.} 50 Class A voting shares have been issued to Pacrim Hospitality Services Inc. and 50 Class A voting shares have been issued to ASG Financial Holdings Inc.

SECURITIES OFFERED

Term of Securities

The securities offered under this Offering Memorandum are limited partnership units (the “Units”). The authorized capital of the Partnership is 750 Units. The securities are subject to the terms and conditions of the Partnership Agreement. The statements in this Offering Memorandum concerning the Partnership Agreement are intended to be only a summary of certain provisions of the Partnership Agreement and do not purport to be complete. A copy of the Partnership Agreement is available for review by each subscriber for Units. Before executing a subscription agreement, you should review with your advisors the provisions of the Partnership Agreement.

Terms of the Partnership Agreement

Units

There are a maximum of 750 Units in the Partnership. Except for the nominal interest held by the Initial Limited Partner and the right of the General Partner to receive distributions from the Partnership (see “Distributions” on page 31”), there are no other interests to be issued except as described herein (see “Additional Units” on page 32). The Units have equal voting, distribution, liquidation and other rights and no preference, conversion, exchange, preemptive or redemption rights as against each other. Only registered holders of Units will be entitled to vote or to receive distributions or otherwise to exercise or enjoy the rights of Partnership.

Units may only be subscribed for by persons who are (i) “accredited investors” or “eligible investors” within the meaning of Section 1.1 of National Instrument 45-106; and (ii) purchasing the Units as principal; or who are otherwise permitted to acquire Units pursuant to applicable securities legislation. If the person is an individual, he must be of the age of majority and have the capacity and competence to enter into and be bound by the Partnership Agreement and to take all actions required pursuant thereto. If the person is a corporation, partnership, unincorporated association or other entity, it must have the legal capacity or competence to enter into and be bound by the Partnership Agreement and to take all actions required pursuant to the Partnership Agreement and certify that all necessary approvals of directors, shareholders, partners, members or others have been given. A representation and warranty to such effect is contained in the Subscription Agreement provided as a part of this Offering Memorandum.

Fiscal Year

The fiscal year of the Partnership will end on December 31 in each year.

Transfer of Units

A Unit may be assigned and transferred by a Limited Partner or his agent duly authorized in writing if the following conditions are satisfied:

- (a) the transferee has delivered to the Registrar and Transfer Agent an executed transfer of the Units in the form of the transfer of Units attached to the Partnership Agreement or in such other form as may be approved by the General Partner and executed in a manner acceptable to the General Partner;

- (b) the transferee has executed a counterpart of the Partnership Agreement or otherwise agrees to be bound by its terms and has executed such other documentation as may reasonably be required by the General Partner;
- (c) the provisions of all applicable securities legislation have been complied with;
- (d) the transferor or transferee has paid or agrees to pay such costs, expenses and disbursements, including legal fees, as are reasonably incurred by the Partnership by reason of the transfer;
- (e) the transferor's Unit certificate issued pursuant to the Limited Partnership Agreement for the Unit(s) being transferred is surrendered to the General Partner;
- (f) the transferee supplies the General Partner with evidence that he has the status required to become a Limited Partner as set out above; and
- (g) such other requirements as may be required by law or may reasonably be required by the General Partner and/or the Registrar and Transfer Agent are satisfied.

Upon compliance with these conditions and updating of the Partnership records, the transferee will become bound as a Limited Partner and will be entitled to all the rights and subject to all of the obligations of a Limited Partner under the provisions of the Partnership Agreement. No transfer of a Unit relieves the transferor from any obligations to the Partnership incurred prior to the transfer becoming effective.

Business of the Partnership

The business of the Partnership is restricted to acquiring, owning and operating an interest in the Dieppe Property together with the other owner or owners, and constructing, developing, owning and operating the Dieppe Hotel as described herein. The Partnership may conduct any ancillary activities related to the Dieppe Property and the Dieppe Hotel.

Meetings

The General Partner may convene meetings of the Limited Partners at any time and, upon the written request of one or more Limited Partners representing not less than 30% of the Units, the General Partner will be required to convene a meeting. If the General Partner fails or neglects to call such a meeting within 30 days after receipt of such written request, then any such requesting Limited Partner may call the meeting.

Meetings of the Limited Partners will normally be held in the Greater Toronto Area. At least 21 days' notice of any meeting of Limited Partners is required. Such notice will set forth the matters to be considered at the meeting. The quorum for any such meeting is Limited Partners present in person and owning or representing, in person or by proxy, at least 60% of all Units. If a quorum is not present, the meeting will be adjourned for not less than 10 and not more than 21 days and the adjourned meeting will be at the same time and place as the original meeting and at least seven days' notice of the adjourned meeting will be given to the Limited Partners by the General Partner. Such notice need not set forth the matters to be considered unless they are different from those for which the original meeting was called. Each Unit will entitle the holder thereof to one vote at such meetings.

Any business or matter which may be approved at a meeting of Partners may, in lieu thereof, be approved by a majority of votes cast by written ballot pursuant to a poll of the Partners taken by mail. Notice of any such business or matter to be polled will be given to all Partners and such notice will describe the business or matter to be voted upon in sufficient detail to enable a Partner to make a reasoned judgment with respect thereto. Approval of any such business or matter will require, in the case of a decision otherwise requiring approval by Ordinary Resolution, approval by more than one half of the votes so cast by ballot and, in the case of a decision otherwise requiring approval by Special Resolution, approval by at least 60% of the votes so cast by ballot. Ballots must be received by the Partnership within the time limit established by the notice for such receipt, which time limit will in no case be less than 10 days from the date such notice is given to the Partners.

Powers Exercisable Only by Special Resolution

Decisions on the following matters require approval by Special Resolution (i.e. 60% of votes cast) in order to be effective:

- (a) amending the Partnership Agreement, except as otherwise provided therein;
- (b) waiving any default by the General Partner on such terms as the Limited Partners may determine;
- (c) continuing the Partnership in the event that the Partnership is terminated by operation of law;
- (d) agreeing to any compromise or arrangement by the Partnership with any creditor, or class or classes of creditors;
- (e) amending, modifying, altering or repealing any Special Resolution previously passed by the Limited Partners;
- (f) subject to the provisions of the Partnership Agreement removing the General Partner and appointing a new General Partner, unless the General Partner requests that it be removed;
- (g) dissolving or terminating the Partnership;
- (h) approving a settlement of an action against the General Partner as a result of a breach of its duties;
- (i) authorizing the raising of additional capital by the sale of further Units of the Partnership; and
- (j) approving a capital contribution call by the General Partner.

Approving the creation of a security interest, mortgage or charge on the Dieppe Hotel requires approval by the owners under the Co-tenancy Agreement. Approval of the Limited Partners will not be required in connection with: (i) the mortgage financing described under "Financing" on page 15, or any renewals, replacements or extensions thereof; (ii) increases in mortgage financing up to an aggregate of 75% of the then fair market value of the property based upon an independent appraisal obtained by the General Partner; or (iii) in respect of amounts borrowed up to an aggregate amount of \$500,000, all of which may be borrowed with the approval of the

General Partner alone. For other mortgage financing the approval of owners holding at least a 60% interest will be required and the Partnership will vote in favour or against such mortgage financing in the same proportions as the Limited Partners vote for or against such mortgage financing.

During the first five years after the first Closing, a sale or exchange of the Dieppe Hotel requires approval by the owners holding at least a 60% interest. After the first five years a sale or exchange requires approval by the owners holding at least a 50% interest. The Partnership will vote in favour or against a sale or exchange in the same proportions as the Limited Partners vote for or against such sale or exchange.

Capital Call

If the Limited Partners by Special Resolution approve a capital contribution call by the General Partner and any Limited Partner does not advance his proportionate share of the capital requested, then the interest of such Limited Partner may, in the discretion of the General Partner, be subordinated to the new capital contributed by those Limited Partners advancing the further capital requested. Such new capital may bear interest at such rate as the General Partner may determine, in its discretion.

Amendment to Partnership Agreement

Under the Partnership Agreement, the General Partner may, without notice to or consent from the Limited Partners, insert provisions into or amend existing provisions of the Partnership Agreement as may be required by any lenders providing financing for the Dieppe Hotel provided such amendments do not change the proportionate interest of any Limited Partner in the Partnership and provided such amendments do not impose a direct obligation on any Limited Partner to contribute further capital to the Partnership. Further, the General Partner may, without notice to or consent from the Limited Partners, insert provisions into or amend existing provisions of the Partnership Agreement rectifying any ambiguities, defective provisions or errors or omissions therein, provided that the rights of the Limited Partners are not materially prejudiced thereby.

The Limited Partners are entitled to authorize amendments to the Partnership Agreement by Special Resolution, but no such amendment that adversely affects the rights of the General Partner (other than removal of the General Partner) will be validly made without the consent of the General Partner.

Liability and Managing Powers of Limited Partners

Under the Limited Partnerships Act (*Ontario*), a limited partner is not liable for any debts, liabilities, losses or obligations incurred by a limited partnership in excess of his paid capital contributions and any unpaid capital contributions agreed to be paid in respect of his interest in the limited partnership, together with any undistributed income, provided he does not take part in the control or management of the business of the limited partnership. However, if any part of his capital contributions are returned or limited partnership property distributed to such limited partner then such limited partner (including any successor to such limited partner) might, under applicable law, be obligated under some circumstances to return amounts previously distributed to him, to the extent such distributions constitute a return of the amount he had agreed to contribute to the limited partnership, at a time when creditors had valid and unsatisfied claims against the limited partnership.

Under the terms of the Partnership Agreement, no Limited Partner is permitted to take part in the management of the business of the Partnership. The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership.

Powers of General Partner

Subject to those matters requiring an Ordinary Resolution or a Special Resolution and subject to the Limited Partnerships Act (*Ontario*), the General Partner shall carry on the business of the Partnership, with full power and authority to administer, manage or supervise the management of the affairs and business of the Partnership. The General Partner is liable for debts, liabilities and obligations of the Partnership to the extent required by the Act and other applicable legislation.

The books, records and documentation of the Partnership will be available for inspection by any Limited Partner or his duly authorized representative at the expense of such Limited Partner during normal business hours and after reasonable notice at the principal office of the Partnership.

Removal

The Partnership Agreement provides that if the General Partner is in material default of its obligations under the Partnership Agreement and such default continues for 30 days following written notice by a Limited Partner to remedy such default (unless the nature of the default is such that more than 30 days are required for its cure and the General Partner commences to cure such default within such 30 day period and diligently pursues completion of such curative measures) the General Partner can be removed and a successor appointed by Special Resolution. The General Partner may also resign after giving 180 days' written notice to the Partnership. The General Partner continues to receive its share of distributions of the co-tenancy after removal as general partner of the Partnership.

Offices of the Partnership

The head office of the Partnership is located at 162 Cumberland Street, Suite 300, Toronto, Ontario M5R 3N5.

Accountant

The accountants of the Partnership will be Grunwald & Co., 162 Cumberland Street, Suite 300, Toronto, Ontario M5R 3N5, which firm will continue as such for so long as no other accountant has been appointed by the General Partner.

Registrar and Transfer Agent

The General Partner will be the Registrar and Transfer Agent. The register of the Limited Partners will be kept by the General Partner at its principal office located at 162 Cumberland Street, Toronto, Ontario M5R 3N5.

Remuneration of the General Partner

In addition to the fees and distributions described in this Offering Memorandum, the General Partner will be entitled to be remunerated by the Partnership for all expenses incurred by it that are chargeable to the Partnership.

Distributions

All net cash flow from operations of the Dieppe Hotel after payment of all current obligations of the Dieppe Hotel, including debt service payments under the mortgage financing, the fee charged by the manager of the Dieppe Hotel and those other fees described in this Offering Memorandum, operating expenses of the Hotel and the creation of a reasonable working capital, capital improvement and capital repair reserve, as determined by the manager of the Hotel or the owners, will be distributed, to the extent available, to the Partnership, to the other owners and the general partner of Pacrim Dieppe Limited Partnership in the following manner and priority:

- (a) first, to the owners in proportion to their percentage interests until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time;
- (b) the balance (i) 62.5% to the owners in proportion to their percentage interests and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have been repaid all capital contributed to the co-tenancy together with an annual non-compounding cumulative preferred return of 20% on the capital contributed to the co-tenancy which remains outstanding from time to time (including the commission paid to the Agent); and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

The net cash flow from operations of the Dieppe Hotel received by the Partnership will be distributed in the following manner and priority:

- (i) first, to pay any expenses of the Partnership;
- (ii) second, to pay to the Limited Partners an annual non-compounded cumulative preferred return of 10% on the capital contributed to the Partnership which remains outstanding from time to time; and
- (iii) the balance, 99.99% to the Limited Partners (on a pro rata basis) and 0.01% to the General Partner.

Any net sale proceeds or net proceeds of a mortgage refinancing, as and when received as cash at any time in respect of the Dieppe Hotel will be distributed to the Partnership, to the other owners and the general partner of Pacrim Dieppe Limited Partnership in the order and priority set out below:

- (a) to the owners in proportion to their percentage interests until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow;
- (b) to the owners in proportion to their percentage interests until all the owners will have been repaid all capital contributed by the owners to the co-tenancy and not yet repaid; and
- (c) the balance (i) 62.5% to the owners in proportion to their percentage interests and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have received an annual non-compounded cumulative preferred return of 20% on the capital

contributed to the co-tenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow; and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

Any net sale proceeds or net proceeds of a mortgage refinancing received by the Partnership will be distributed at such time in the order and priority set out below:

- (i) distribution on the Units to the Limited Partners of an annual non-compounded cumulative preferred return of 10% on the capital contributed to the Partnership which remains outstanding from time to time, to the extent not previously paid out of net cash flow;
- (ii) repayment of all capital contributed by the Limited Partners to the Partnership and not yet repaid; and
- (iii) the balance 99.99% to the Limited Partners (on a pro rata basis) and 0.01% to the General Partner

Additional Units

If the General Partner determines that additional funds are required by the Partnership, the General Partner, at any time and from time to time, may create by special resolution of the Limited Partners on behalf of the Partnership, and may offer for sale and sell, units or interests in the Partnership in addition to the Units then issued and outstanding. Such additional units shall first be offered for sale, on the terms then proposed to be offered to anyone else, to the Limited Partners who are at such time holders of the Units, rateably according to the number of Units held by each. The additional units may be units of a different class than the Units or interests of a different nature than the Units and the holder thereof may be entitled to preferences, priorities or rights over Limited Partners holding Units in the allocation of income or loss and the share of distributions or the return of capital contributed. The General Partner may cause such amendments to be made to the Partnership Agreement, the declaration made under the Limited Partnerships Act (*Ontario*) and the register as may be necessary or appropriate to reflect the additional units or other interests and such preferences, priorities and rights.

Reporting

The Limited Partners will be provided with quarterly reports as to the financial status of the Partnership. The quarterly information will be internally prepared, and will be prepared in the format of internal management statements. In addition, annual unaudited accounting statements will be provided as soon as reasonably possible after the fiscal year end.

Profits and Losses

The net losses, if any, of the Partnership are to be allocated to the Limited Partners to the extent of the aggregate of the capital contributed by them and their share of undistributed net income of the Partnership. All further net losses are to be allocated to the General Partner. The net income of the Partnership will generally be allocated in a manner consistent and generally in accordance with the amounts and manner in which distributions of operating cash flow and sales and refinance proceeds are made by the Partnership.

Dissolution of the Partnership

The Partnership shall be dissolved on the earlier to occur of the following:

- (a) the bankruptcy, dissolution or winding up of the General Partner, unless the General Partner is replaced within 120 days of such bankruptcy, dissolution or winding up;
- (b) the passage of a Special Resolution approving the dissolution and winding up of the Partnership; or
- (c) December 31, 2050.

The General Partner may make a recommendation for approval by Special Resolution that the Partnership be dissolved upon such terms and conditions as the General Partner sees fit and, without limiting the generality of the foregoing, the recommendation of the General Partner may include those terms and conditions which shall govern the relationship among the Limited Partners with respect to their respective interests subsequent to a dissolution of the Partnership.

The Partnership shall terminate following dissolution when the General Partner shall have taken full account of the Partnership's interest in the Partnership assets and liabilities, shall have liquidated the assets as promptly as is consistent with the obtaining of the fair value thereof and shall have applied and distributed the net proceeds therefrom to the Limited Partners in the same proportions and in the same order of priority as profits of the Partnership are distributed to the Partners as described under "Distributions" on page 31.

Terms of the Co-tenancy Agreement

The rights and obligations of the Partnership and the other owners of the Dieppe Property and the Dieppe Hotel are governed by the Co-tenancy Agreement. The General Partner will execute the Co-tenancy Agreement on behalf of the Partnership at the first closing of this offering.

The following is a summary of certain material provisions in the Co-tenancy Agreement and does not purport to be complete:

Management and Operation of the Dieppe Property and the Dieppe Hotel

Subject to the authority granted to Pacrim Hospitality Services Inc., as construction and development manager and as manager of the Dieppe Hotel, overall management and control of the co-tenancy will be vested in a management committee consisting of two representatives of the general partner of Pacrim Dieppe Limited Partnership and two representatives of the other owners. Except as otherwise specifically provided, all decisions will be made by such management committee for and on behalf of all owners.

Financing

The owners are obligated to pay in proportion to their interest in the Dieppe Property, when due, all regularly scheduled installments of principal and interest becoming due under any loan to the owners collectively relative to the Dieppe Property and the Dieppe Hotel and otherwise comply with the provisions of the documents securing or evidencing such loan.

Taxes

The owners are obligated to pay or cause to be paid in proportion to their interest in the Dieppe Property, prior to accrual of interest or penalty charges, all taxes and assessments levied or assessed upon the Dieppe Property.

Insurance

The owners are obligated to obtain and pay for, in proportion to their interest in the Dieppe Property, or cause to be obtained and paid for public liability insurance with respect to the Dieppe Property and the Dieppe Hotel. In addition, the owners are obligated to obtain and pay in their proportionate shares, for a fire, all risk hazard, insurance policy in an amount deemed appropriate by the Manager.

Acquisition Costs

The owners are obligated to perform all obligations incurred in connection with the acquisition of the Dieppe Property and the construction and development of the Dieppe Hotel.

Management

The owners will enter into a construction and development management agreement with Pacrim Hospitality Services Inc. and a management agreement with the Manager. Except as delegated to Pacrim Hospitality Services Inc. or the manager, the management committee of the owners will be entitled to act and make all decisions respecting the Dieppe Property and the Dieppe Hotel. Provided, however, that notwithstanding the foregoing, in regard to the creation of a security interest, mortgage or charge on the Dieppe Property or the Dieppe Hotel certain mortgage financing will require approval of the owners holding at least a 60% interest. Each owner which is a limited partnership or similar entity is required to vote in favour or against such mortgage financing in the same proportions as the underlying Limited Partners or investors in such entity.

Approving Sale of Dieppe Hotel

The sale or exchange of the Dieppe Property or Dieppe Hotel requires the consent of (i) prior to the fifth anniversary of acquisition of the Dieppe Property, owners holding at least a sixty percent (60%) interest in the co-tenancy; and (ii) thereafter owners holding at least a fifty percent (50%) interest in the co-tenancy. Each owner which is a limited partnership or other entity will vote in favour of or against such sale or exchange in the same proportions as the underlying Limited Partners or investors in such entity vote for such transaction.

Other

The owners are obligated to do all such other acts and things as shall be reasonable for the ownership, construction, development, operation, management, repair, upkeep, replacement, and enforcement of warranties, of or relating to the Dieppe Property and the Dieppe Hotel. The obligations of the owners will be discharged to the extent that such obligations are to be borne by Pacrim Hospitality Services Inc. under the construction and development management agreement or the Manager under the management agreement.

Expenses

All direct expenses which are approved and which are incurred in carrying out the purposes and objectives of the owners are to be charged to and borne by the owners in their respective proportions. Such expenses will include fees for architectural, engineering, legal, auditing, accounting and other professional services, charges payable to governmental authorities, amounts paid for insurance, amounts paid for management fees, amounts paid for advertising, promotion and sales commissions and property and business taxes levied on the Dieppe Hotel while owned or held by the owners. Indirect expenses, such as travel and personal expenses, will be borne by the owner incurring same.

Compensation of Manager

No payment will be made to any owner for its services with respect to the Dieppe Property or the Dieppe Hotel, unless approved by the management committee or contained in a budget approved by the management committee or under a written agreement, however, proper expenses of the co-tenancy may be reimbursed.

Revenues

Each owner will be entitled to receive its proportionate share of all revenues and financing proceeds arising from or accruing out of the Dieppe Hotel after deduction of all expenses.

Cash Requirements for the Hotel

If funds are required from time to time to pay any expenses of the owners in managing and operating the Dieppe Hotel (including a reserve determined by the Manager for future expenses which cannot be paid timely from anticipated future gross cash receipts from the operation of the Dieppe Hotel), each owner, within 30 days after a reasonably itemized request therefor is made by the Manager or a member of the management committee, is obligated to deposit in a bank account designated by the Manager its proportionate share of the amount so requested. Failure of an owner to make timely deposit of such sum will be a default by that owner under the terms of the Co-tenancy Agreement.

If an owner fails to deposit funds required to be deposited by that owner, in addition to any other remedies under the Co-tenancy Agreement, and not by way of limitation, one or more of the other owners may advance the funds as a loan to the defaulting owner, without relieving the defaulting owner from being in default, but will have no obligation to do so. Any such loan will be evidenced by a promissory note from the owner to whom such loan is made and will be secured by a mortgage over such owner's interest (which will contain a waiver of the mortgagee's right of foreclosure thereunder), and such other documents as are requested by the lending owner(s) in its reasonable discretion, duly executed by the owner to whom the loan is made, in recordable form and otherwise satisfactory in form and substance to the lending owner(s), acting reasonably, charging all of the owner's interest to which such loan is made. Each loan will bear interest at 18% per annum, will be payable on demand and will be paid in any event out of the next instalments of the defaulting owner's share of the cash available for distribution until paid in full as to principal and interest.

Allocation of Profits and Losses and Cash Available for Distribution

The net losses, if any, resulting from the ownership and operation of the Dieppe Hotel and the Dieppe Property are to be allocated to the owners in proportion to their respective owner's interests in the Dieppe Property and their share of undistributed net income. In each fiscal

period, the net cash flow from the ownership and operation of the Dieppe Hotel, as and when received as cash, after payment of all current obligations of the Dieppe Hotel including debt service payments under the mortgage financing, the fee charged by the manager of the Dieppe Hotel and those other fees described in this Offering Memorandum, operating expenses of the Hotel and the creation of a reasonable working capital, capital improvement and capital repair reserve, as determined by the manager of the Hotel or the owners, will be distributed, to the extent available, to the Partnership, to the other owners and the general partner of Pacrim Dieppe Limited Partnership in the following manner and priority:

- (a) first, to the owners in proportion to their percentage interests until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time;
- (b) the balance (i) 62.5% to the owners in proportion to their percentage interests and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have been repaid all capital contributed to the co-tenancy together with an annual non-compounding cumulative preferred return of 20% on the capital contributed to the co-tenancy which remains outstanding from time to time (including the commission paid to the Agent); and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

Any net sale proceeds or net proceeds of a mortgage refinancing, as and when received as cash at any time in respect of the Dieppe Hotel will be distributed to the Partnership, to the other owners and the General Partner in the order and priority set out below:

- (a) to the owners in proportion to their percentage interests until the Partnership will have received an annual non-compounded cumulative preferred return of 10% on the capital contributed to the co-tenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow;
- (b) to the owners in proportion to their percentage interests until all the owners will have been repaid all capital contributed by the owners to the co-tenancy and not yet repaid; and
- (c) the balance (i) 62.5% to the owners in proportion to their percentage interests and 37.5% to the general partner of Pacrim Dieppe Limited Partnership until the owners have received an annual non-compounded cumulative preferred return of 20% on the capital contributed to the co-tenancy which remains outstanding from time to time, to the extent not previously paid out of net cash flow; and (ii) thereafter 50% to the owners (on a pro rata basis) and 50% to the general partner of Pacrim Dieppe Limited Partnership.

All net cash receipts resulting from sale, expropriation or other disposition of all or any part of the Dieppe Hotel or the Dieppe Property, the financing or refinancing of the Dieppe Hotel or the Dieppe Property or an excess of insurance proceeds over casualty losses with respect to the Dieppe Hotel or the Dieppe Property will be applied first in payment of indebtedness for which the owners are liable. Any net proceeds remaining or received after such indebtedness has been paid in full shall be divided amongst the owners and the general partner of Pacrim Dieppe Limited Partnership as set out.

The amount of cash available for distribution in any period will be reduced by any reasonable reserve allowances made by the Manager in its discretion or the management committee for certain anticipated cash disbursements. The cash available for distribution will be determined and if applicable, will be distributed quarterly. Any funds allocated to an owner as part of cash

available for distribution or out of funds to be received pursuant to a sale or refinancing who owes to another owner indebtedness which is secured in whole or in part by the borrowing owner's interest in the Dieppe Hotel will be distributed to the lending owner and applied against the indebtedness until the indebtedness is paid in full.

Books, Records, Accounting, Reports and Bank Accounts

The financial year will end on December 31.

The books and records and all the documents and papers pertaining to the Dieppe Hotel will be kept at the principal office of the Manager or at such other place as is designated by the owners and will be open at all reasonable times to the inspection of, and may be copied by, any owner or its duly authorized representative. The owners will direct the Manager to maintain in accordance with generally accepted accounting principles accurate books and records of account in which will be entered all matters relating to the Dieppe Hotel and the Dieppe Property, including all income, expenditures, assets and liabilities thereof. The books of account will be kept in such a manner as to separate clearly all income and expenses and indicate to which sources they are attributable, with all distributions to the owners to be accompanied by a statement identifying the source of such funds.

Within 120 days after the close of each financial year, the Manager will cause to be prepared by a firm of chartered accountants retained by the Manager as a notice to reader engagement, an unaudited financial report which will include a balance sheet as of the end of that financial year and a statement of income or loss and cash flow statement for that financial year. The statement of income or loss will disclose the amount and changes of income or loss and cash available for distribution, and will show, among other things, the amounts of depreciation depletion, amortization, interest and extraordinary interest and extraordinary charges. Each owner will have the right at its own expense to have the books and records pertaining to the Dieppe Property and the Dieppe Hotel audited at any time or times.

All funds arising out of, or in connection with, the Dieppe Property and the Dieppe Hotel or its operation, prior to distribution to the owners, will be deposited in a dedicated separate bank trust account or accounts established pursuant to the management agreement and will not otherwise be commingled with any other funds of an owner or the Manager.

Term

The Co-tenancy Agreement will be in effect from the date of closing of this offering until the earliest of the following to occur:

- (a) the sale of the Dieppe Hotel and the receipt and disbursement of all sales proceeds therefrom;
- (b) termination of the Co-tenancy Agreement by agreement of the owners and the General Partner;
- (c) an owner having acquired the entire interests in the Dieppe Hotel of the other owners and entering into a separate agreement with the General Partner providing for the payment of its fees in accordance with the Co-tenancy Agreement.

Notwithstanding anything in the Co-tenancy Agreement or any rule of law to the contrary, no owner may terminate the Co-tenancy Agreement except as specifically set out.

Waiver of Partition and Sale Rights

The Co-tenancy Agreement provides that each owner waives the benefit of all provisions of law, now in effect or hereinafter enacted, relating to actions for a partition or sale in lieu of partition and/or administration of real and personal property. The agreement also prohibits each Owner from resorting to any action at law or in equity for partition or sale in lieu of partition of the property or seeking administration in respect thereof. See "Risk Factors".

Disposition

An owner may not dispose of or encumber in any way its interest in the Dieppe Property and the Dieppe Hotel or the Co-tenancy Agreement or any part of it except, in each case, with the consent of all of the other owners and the General Partner or pursuant to the Co-tenancy Agreement. Any of the owners will be entitled, without the consent of the other owners to transfer its entire interest to another owner. As well, an owner will be entitled without the consent of the other owners to transfer its entire interest to an affiliate and the transferring owner and the transferee affiliate covenants in favour of the other owners that the transferee will remain an affiliate of the transferor so long as the transferee is an owner and that the transferor will continue to be fully responsible for all liability and obligations of the transferee with respect to matters occurring under the Co-tenancy Agreement.

Default and Right to Buy

Owners will have the right, but not the obligation, to purchase, in whatever proportions they deem appropriate among themselves, the entire interest of another owner at fair market value (as determined by the owners, if they agree or otherwise by appraisal under the Co-tenancy Agreement) if any of the events of default set out in the Co-tenancy Agreement have occurred with respect to the selling owner.

Plan of Distribution

This Offering will be sold by ASG Financial Corp. (the "**Agent**") on behalf of the Partnership on a commercially reasonable efforts basis in reliance on certain statutory private placement exemptions pursuant to the terms of the private placement agency agreement between the Partnership and the Agent (the "Agency Agreement") and the Subscription Agreements. (See "Compensation Paid to Sellers and Finders" on page 41.) The Agent is registered under the Securities Act (Ontario) as a limited market dealer. The offering is being made to residents of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia, and Prince Edward Island only and not to persons resident in other provinces or in the United States. Subscriptions will only be accepted if the Agent and the General Partner are satisfied that you are appropriately qualified.

The Offering is being made in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Newfoundland, Nova Scotia and Prince Edward Island, under the exemptions contained in National Instrument 45-106 (Prospectus and Registration Exemptions). The Alberta, British Columbia, Saskatchewan, Manitoba, Newfoundland, Nova Scotia and Prince Edward Island offering memorandum exemption provides that the registration and prospectus requirements of the *Securities Acts* of those provinces do not apply to a distribution by an issuer of a security of its own issue if the purchaser purchases the security as principal and, at the same time or before the purchaser signs the agreement to purchase the security, the Partnership (a) delivers an offering memorandum to the purchaser in the required form, and (b) obtains a signed risk acknowledgement form from the purchaser. For purchasers resident in

Alberta, Manitoba, Saskatchewan and Prince Edward Island, the offering memorandum exemption only applies if the purchaser is an "eligible investor" as defined in National Instrument 45-106. Potential purchasers resident in Alberta, Manitoba, Saskatchewan and Prince Edward Island should refer to the Subscription Agreement for further information about the requirements for qualification as an "eligible investor" and will be required to certify that they are "eligible investors" in the Subscription Agreement.

The Offering is being made in the Province of Ontario under National Instrument 45-106.

The British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia and Prince Edward Island accredited investor exemption provides that the registration and prospectus requirements of the *Securities Acts* of those provinces do not apply to a trade in a security to subscribers resident in those provinces who purchase as principal and who qualify as "accredited investors" as defined in the National Instrument. Potential purchasers should refer to the Subscription Agreement for further information about the requirements for qualification as an "accredited investor". Purchasers will be required to certify that they are "accredited investors" in the Subscription Agreement.

The Units may only be purchased by persons who are purchasing as principal for their own account and not for the benefit of any other person, for the purpose of investment only and not with a view to or for sale in connection with, any sale or distribution of the Units.

The purchase of Units involves certain risks and is not a suitable investment for all potential purchasers (see "Risk Factors" on page 41). Investment in Units is suitable only for persons who are prepared to hold the Units indefinitely, who are in a position to evaluate the prospective investment on the basis of this Offering Memorandum and such other information as is furnished to them, and who are able to bear the risk of investment loss. Accordingly, no subscription for Units will be accepted from a prospective purchaser unless such person represents that such person meets certain minimum suitability standards set out in the form of subscription agreement accompanying this Offering Memorandum (the "Subscription Agreement"). These suitability standards are minimum requirements for prospective purchasers and satisfaction of such requirements does not necessarily mean that an investment in Units is suitable for you. Subscribers for Units will also become bound by the terms of a deposit agreement which provides that proceeds of subscriptions will be held by the Agent in escrow until all conditions precedent to the first Closing have been satisfied.

Subscriptions received are subject to rejection or allotment by the General Partner in whole or in part. The General Partner reserves the right to close the subscription books at any time without notice. Confirmation of acceptance of a subscription will be forwarded to subscribers promptly after its acceptance. The General Partner is not obliged to accept any subscription. If any subscription is not accepted at any Closing, the money comprising such subscription will be promptly returned to the subscriber, without interest.

In addition to sales commission, the Agent will receive certain out-of-pocket and due diligence fees of approximately \$20,000 payable by the owners.

Subscription Procedure

The securities offered pursuant to this Offering Memorandum are only available by subscription through the Partnership and the Agent or its subagents. In order to subscribe for the Units, subscribers must complete and forward the following to the Agent:

- (a) two copies of the Subscription Agreement that has been supplied to you, complete with the necessary schedules, duly executed (one copy will be returned); and
- (b) certified cheque or wire transfer for the subscription amount payable to the Agent.

Subscribers in all provinces other than Ontario must also complete and submit to the Agent a Form 45-106F4, Risk Acknowledgement Form, which is attached to the Subscription Agreement. This document forms part of the Subscription Agreement.

The subscription proceeds will be held in trust by the Agent for a minimum of two days prior to each Closing and will be returned (without interest) to subscribers immediately following June 30, 2006, if the minimum subscription is not achieved by that date. A subscriber will become a Limited Partner upon acceptance of the subscription by the General Partner on behalf of the Partnership and the execution of the Partnership Agreement provided the conditions precedent to the Closing are satisfied.

Closing

Closing will occur on one or more dates, as determined by the Partnership and the Agent in accordance with regulatory requirements. The first Closing of the Offering will take place after the satisfaction of all conditions precedent for the first Closing. The Offering is subject to the satisfaction of the following conditions:

- (a) a minimum of \$100,000. has been subscribed for and is held by the Agent at least two days prior to the Closing;
- (b) legal counsel to the Partnership confirms that the Partnership has authorized the issuance of Units to the subscribers;
- (c) all of the material agreements to be executed on or before the first Closing shall have been executed and shall then be in effect; and
- (d) the Partnership, and the other owners, or a corporation as bare trustee for the Partnership and the other owners complete the purchase of the Dieppe Property, on or before the first Closing.

If the first Closing does not occur on or before June 30, 2006, the Agent will return all subscription proceeds immediately to subscribers, without interest.

INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you. Not all securities are eligible for investment in a registered retirement saving plan (RRSP). You should consult your own professional advisors to obtain advice on the RRSP eligibility of these securities.

None of the Partnership, the General Partner and the Agent shall be responsible for or warrants any income tax consequences. No application has been made to Canada Revenue Agency for an advance income tax ruling with respect to the Partnership.

Prospective investors are urged to consult their own income tax advisers with specific reference to their own income tax situations. Regardless of the tax consequences, a decision to purchase the Units offered should be based primarily on the appraisal of the merits of the investment as such and on an investor's ability to bear any loss which may be incurred.

COMPENSATION PAID TO SELLERS AND FINDERS

Under the Agency Agreement, the Partnership has appointed ASG Financial Corp. as its agent to offer the Units on a commercially reasonable efforts basis, with respect to this private placement. The Agent will receive a cash commission of 10% of the gross proceeds of the Offering (\$100 per Unit). Assuming the minimum offering, the selling commission will be \$10,000 and, assuming the maximum offering, the selling commission will be \$75,000.

The subscription proceeds will be held in trust by the Agent for a minimum of two days prior to each closing.

ASG Financial Corp. is an affiliate of ASG Financial Holdings Inc., a holder of 33-1/3% of the Partnership shares and 50% of the voting shares of the General Partner and of the general partner of Pacrim Dieppe Limited Partnership. The general partner of Pacrim Dieppe Limited Partnership will receive fees under the Co-tenancy Agreement from distributions and the General Partner will receive distributions in accordance with the Partnership Agreement. Additionally, the Agent will receive fees under the Investor Services Agreement and will receive certain out-of-pocket and due diligence fees of \$20,000.

ASG Financial Corp. and ASG Financial Holdings Inc. are controlled by Allan S. Grossman. Certain individuals who work with Allan Grossman or their families will share in the profits earned by the Agent and its affiliates including Dan Kowalchuk, Tom Rolfe and Leo Grunwald, a partner of Grunwald & Co., the accountants for the Partnership.

Relationship Between Issuer and Agent

Subject to the management agreement and the construction and development management agreement, the General Partner controls the day-to-day management of the business and affairs of the Partnership. However, the rights of the Partnership will be subject to the Co-tenancy Agreement. The controlling shareholder of the Agent directly or indirectly controls 33-1/3% of the participating shares and 50% of the voting shares of the General Partner and the Agent may be considered to be related to the Partnership for purposes of applicable securities legislation. The Agent may also be considered to be connected to the Partnership for such purposes as the sole director and officer of the Agent is also a director and officer of the General Partner.

RISK FACTORS

The purchase of securities hereunder involves a number of risk factors. The risks described below are not the only risks involved with an investment in the Units. If any of the following risks occur, or if others occur, the Partnership's business, operating results and financial condition could be seriously harmed and purchasers may lose all of their investment. In addition to the risk factors set forth elsewhere in this Offering Memorandum, prospective purchasers should consider the following risks associated with a purchase of such securities.

Price of the Units determined arbitrarily - The price of the Units was determined arbitrarily solely by the General Partner. The Partnership makes no representation to prospective

investors as to the market value of the Units. All prospective investors are urged to consider the purchase of the Units on its merits as an investment and to consult professional advisers having relevant expertise.

No market for units and no exit mechanism - There currently is no market whatsoever for the Units, and it is expected that there will be no market for the Units. Consequently, holders of such securities may not be able to sell them readily, and Units may not be readily accepted as collateral for a loan. Purchasers should be prepared to hold these securities indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

Less than full offering - There can be no assurance that this Offering will be completely sold out. If less than all of the 750 Units are sold, then less than the maximum proceeds will be available to the Partnership and, consequently, its business plans and prospects could be adversely affected, as these are the funds required to purchase the Partnership's interest in the Dieppe Property, construct, develop, own and operate the Partnership's interest in the Dieppe Hotel.

Risks of real estate ownership - Investment in real estate in general and hotels in particular is subject to numerous risks, including the highly competitive nature of the hospitality industry, changes in general or local economic or other conditions, fluctuations in occupancy and room rates, failure of guests to pay, changes in neighbourhood property values, interest rates, availability of mortgage funds, increases in real estate tax rates and other operating expenses, competition from other hotel and motel properties, the supply of and demand for accommodation, the possibility of competitive overbuilding and of the inability to obtain full occupancy, governmental rules and fiscal policies, and events and factors which are beyond the control of the Partnership. There can be no assurance the Dieppe Hotel will be operated at economic levels.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of the Dieppe Property and the Dieppe Hotel regardless of whether such property is producing sufficient income to offset such expenses. If, as a result of any of these matters, sufficient funds are not generated through the operation of the Dieppe Property and the Dieppe Hotel to service any mortgage, and if a default occurs under such mortgages, the lender could exercise its rights including, without limitation, foreclosure or sale of the Dieppe Property and the Dieppe Hotel.

Potential liability under environmental protection legislation - Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the Partnership could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the Dieppe Property or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect the Partnership's ability to sell its interest in the Dieppe Property and the Dieppe Hotel or to borrow using its interest in the Dieppe Property and the Dieppe Hotel as collateral, and could potentially also result in claims against the Partnership by private parties.

Notwithstanding the above, the Partnership and the General Partner are not aware of any material non-compliance, liability or other claim in connection with the Dieppe Property, nor of any environmental condition with respect to the Dieppe Property which the Partnership believes would involve material expenditure.

Financing and refinancing - There is no assurance that the Partnership and the other owners will be able to obtain mortgage financing for the Dieppe Hotel. In the absence of mortgage financing, the Partnership and the other owners may not be able to construct the Dieppe Hotel.

There is a possibility that the Partnership and the other owners may be unable to make payments of principal and interest on the mortgage financing. In that case the Dieppe Property and the Dieppe Hotel may be lost through the exercise of power of sale or foreclosure proceedings if the Partnership and the other owners are unable to make the required payments.

There is no assurance or guarantee that the mortgage will be renewed when it matures or, if renewed, renewed on the same terms and conditions (including the rate of interest). If the mortgage financing cannot be renewed or refinanced at the end of its term, Limited Partners may have to contribute additional capital to the Partnership in order to protect their investment, failing which the mortgagee may realize upon the security granted.

Uninsured losses - The owners or the Manager will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to those to be owned by the Partnership and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to the Dieppe Property or the Dieppe Hotel, the Partnership could suffer a loss of capital invested and not realize any profits which might be anticipated from the operation and disposition of the Dieppe Property or the Dieppe Hotel.

Limited liability - The limited liability of a Limited Partner may be lost if a Limited Partner takes part in the management of the business of the Partnership or through non-compliance with the applicable limited partnership legislation. The Partnership is an Ontario limited partnership and will be subject to New Brunswick legislation.

Failure to make additional capital contributions - The Partnership Agreement provides that, in certain circumstances, a Limited Partner may be required to make additional capital contributions. If such contributions are not made, those Limited Partners contributing additional capital will receive interest on the contribution in priority to non-contributing Limited Partners and non-contributing Limited Partners will not receive distributions from the Partnership until all additional capital contributions are repaid together with interest. (See "Capital Call" on page 29.) The Co-tenancy Agreement provides that, in certain circumstances the Partnership will be required to make additional capital contributions. Failure to make these additional contributions will be detrimental to the Partnership. (See "Cash Requirements for the Hotel" on page 35).

Revenue shortfalls - Revenues from the Dieppe Hotel may not increase sufficiently to meet increases in operating expenses or debt service payments under the mortgage or otherwise or to fund changes in the variable rates of interest charged in respect of such loans.

Net worth of the General Partner - The General Partner, which has certain obligations to the Partnership and has unlimited liabilities for the obligations of the Partnership, has no material net worth.

Reliance on General Partner - Prospective purchasers assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of the General Partner. Other than with respect to certain extraordinary matters, the Partnership will be bound by the decisions of the General Partner. The Partnership Agreement

provides that the General Partner may only be removed by a special resolution for an act of fraud, gross negligence in the performance of its duties or if the General Partner fails to perform its duties under the Partnership Agreement in the commercially reasonable manner of a general partner performing similar duties in respect of property in New Brunswick. It is likely that an act of fraud or gross negligence or the failure to meet the performance standard would only be recognized by the General Partner if it were a decision made by a court of law. It may therefore be difficult, time-consuming and expensive to remove the General Partner.

Additional contributions - The Partnership Agreement provides that the General Partner may, if authorized by special resolution, request that further additional capital contributions be made by Limited Partners.

Reliance on management - The Limited Partners will rely upon the expertise of Pacrim Hospitality Services Inc. to manage the construction and development of the Dieppe Hotel and to manage the Dieppe Hotel. The employees of Pacrim Hospitality Services Inc. and the Manager will devote so much of their time to the management as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Dieppe Property and their other development, investment and/or management activities.

Limited liability - If Limited Partners receive a return of capital from the Partnership, including by way of redemption or a distribution of assets of the Partnership to Limited Partners in their existing form upon a dissolution of the Partnership, Limited Partners may be liable to the Partnership for an amount necessary to discharge the Partnership's liabilities to all creditors who extended credit or whose claims otherwise arose before the return of capital, but such liability will not exceed the capital so returned with interest.

Projections (Future Orientated Financial Information) - The Future Orientated Financial Information (FOFI) contained in this offering memorandum has been prepared using assumptions, including hypotheses, considered reasonable when prepared that reflect the Partnership's planned courses of action for the period covered which are inherently subject to uncertainty and variation depending upon evolving events. Actual results will vary, perhaps materially, from the projected results contained in the Future Orientated Financial Information. There is no representation or warranty that the projections will be realized in whole or in part.

Securities are speculative - The Units offered by this Offering must be considered speculative, generally because of the nature of the Partnership's business and the early stage of its development. The Partnership has no proven history of performance, earnings or success.

Tax matters - The Canadian federal and provincial income tax treatment of business activities, of real estate investments including hotels and of limited partnerships has a material effect on the advisability of investing in the Units. (Refer to "Income Tax Consequences" on page 43.) The return on investment in a Unit to a Limited Partner is subject to changes in Canadian federal and provincial income tax laws. There can be no assurance that such tax laws will not be changed in a manner which will alter the tax consequences to a subscriber of acquiring, holding and disposing of a Unit.

A Limited Partner is required to include their share of income from the Partnership in computing their income for income tax purposes for each calendar year. It is possible that a Limited Partner's share of the income of the Partnership will exceed the amount of cash distributions from the Partnership to the Limited Partner in a calendar year.

You should note that no opinion has been obtained in respect of the income tax consequences of an investment in Units.

Good faith of management - In assessing the risks and rewards of an investment in Units, potential subscribers should appreciate that they are relying on the good faith and judgment of the directors and officers of the General Partner in administering and managing the business of the Partnership. Although the approval of the Limited Partners is required for certain matters, Limited Partners have no right to take part in the management of the business of the Partnership and the Partnership will be bound by the decisions of the General Partner as provided in the Partnership Agreement. It would be inappropriate for subscribers who are unwilling to rely on the General Partner to this extent to subscribe for Units.

Conflicts of interest - The Partnership is or may be subject to various conflicts of interest. The Partnership does not have independent management and will be relying on the General Partner for the management of the Partnership and the services of Pacrim Hospitality Services Inc. under the construction and development management agreement and for the day-to-day management and operations of the Dieppe Hotel.

The directors and officers of the General Partner are also directors and officers of other companies and, as such, may have conflicts of interest in allocating management time, services and functions among the Partnership, Pacrim Dieppe Limited Partnership, the Dieppe Hotel and their other activities. Investment in the Partnership will not carry with it the right for the Partnership or any Limited Partner to invest in any other property or venture of any of the General Partner, Promoters, the Agent, the Manager, or their associates or affiliates or to share in any profit therefrom.

Potential conflicts of interest will not be resolved through arm's length negotiations but through the exercise of the General Partner's judgment consistent with its fiduciary responsibility to the Limited Partners.

There has been no independent review on behalf of the Limited Partners of the structure, formation and operation of the Partnership and the material contracts related to the Partnership, to the Dieppe Property and the Dieppe Hotel and to the co-tenancy. The price of the Units was determined by the Promoters without negotiation with the Agent. The Partnership is a related issuer and connected issuer of the Agent within the meaning of the Securities Act (Ontario).

The agreements and arrangements relating to compensation between the Partnership, the General Partner, the general partner of Pacrim Dieppe Limited Partnership, Pacrim Hospitality Services Inc., and the Agent have not been the result of arm's length negotiations, but are believed to be reasonable in relation to the services performed.

Allan Grossman is the controlling shareholder of the Agent and is an officer and director of the Agent. Commissions are earned by the Agent, as agent on the sale of Units in the Partnership and the Agent will receive fees under the Investor Services Agreement. Additionally an affiliate of the Agent will receive distributions as a shareholder of the General Partner. Dan Kowalchuk, Thomas Rolfe and Leo Grunwald will be participating in the distributions received by an affiliate of the Agent as a shareholder of the General Partner. Leo Grunwald is a partner of Grunwald & Co. the accountants for the Partnership and is also registered as a salesperson with the Agent.

The fact of the business connections between Allan Grossman, the Agent and the General Partner could be viewed as a conflict of interest. Similarly, the business connection between

the Agent and its affiliates with Leo Grunwald, a partner of the accountants for the Partnership, could be viewed as a conflict of interest.

Pacrim Hospitality Services Inc. is a holder of 66-2/3% of the participating shares and 50% of the voting shares of the General Partner. Glenn Squires is a director of the Manager and the General Partner. As well, Ian McAuley is a director and officer of the General Partner and an officer of Superior Lodging Corp.

Lack of separate legal counsel - The Partnership's lawyers in connection with this Offering are also counsel to the General Partner and the Agent. The Partnership's accountants Grunwald & Co. are also accountants to the General Partner and the Agent. No counsel has been appointed to represent the subscribers as a group. Counsel for the Partnership and the General Partner is not acting for the subscribers and has not conducted any investigations or review on behalf of subscribers. Neither the Agent nor its legal counsel has conducted any investigations or review into the General Partner, the Partnership nor matters disclosed in this Offering Memorandum and therefore no reliance may be placed thereon by you. **You should retain independent counsel to advise you on all matters relevant to this Offering.**

Characterization of Business Relationship - Characterization of the business relationship between the owners including the Partnership as a "co-tenancy" comprised of participants who describe themselves as "tenants-in-common" is not necessarily the way in which Canadian courts or Canadian tax authorities may view the relationship. Distinguishing between a "partnership" and a "co-tenancy" is a complex task which requires careful analysis of every attribute of the relationship and a careful examination of the Canadian case law and the administrative practices and policies of Canadian tax authorities. No assurances can be given to investors that the relationship between the Partnership and the other owners will be viewed as a co-tenancy for legal and tax purposes.

Waiver of Partition Rights - One of the legal incidents of co-tenancy is the right to enforce partition and sale under applicable legislation or in equity. Counsel for the Partnership is not aware of any Canadian case law on the subject of whether a contract to waive one's right to partition (in the manner agreed to by the co-tenants under the Co-tenancy Agreement) is enforceable at law. Accordingly, notwithstanding that the Co-tenancy Agreement provides for a sale of the Dieppe Property and the Dieppe Hotel only in very specific circumstances, if the waiver is unenforceable at law it is possible that a sale or partition of the Dieppe Property and the Dieppe Hotel could occur under the authority of a court order at the instance of any of the owners in circumstances that were not contemplated by the parties to the Co-tenancy Agreement. Even if the waiver is enforceable at law, it is possible that, in waiving their rights to enforce a judicial partition and sale, the waiver of such rights (which rights may be viewed as fundamental to a co-tenancy relationship), may result in Canadian courts or Canadian tax authorities viewing the relationship between the co-tenants as a "partnership" instead of as a "co-tenancy" among tenants-in-common.

Co tenancy Investment - Risks of Conflicting Interests and Impasse - The investment by the Partnership in the Dieppe Property and the Dieppe Hotel as a co-tenant could subject the Partnership to risks not otherwise present, including, (i) the possibility that the other owners may have economic interests different from the Partnership and that another owner might be in a position to take actions contrary to the interests of the Partnership and (ii) special tax risks, such as possible challenge by Canadian tax authorities of allocation of income and expense items (which could affect the computation of income of the Partnership). In addition, there is a potential risk of impasse on decisions of fundamental importance notwithstanding that the Co-tenancy Agreement provides for such decisions to be made by the management committee or

delegated to the Manager (with some exceptions), as the management committee or the Manager might choose to refrain from exercising decisions of fundamental importance in the face of opposition from one or more of the other owners.

Enforcing Rights Against Foreign Entities - Some or all of the owners or the principal shareholders of an owner may be resident or located outside Canada and a substantial portion of their assets may also be located outside Canada. It may not be possible to effect service of process upon such persons in Canada and there may be difficulty in pursuing legal or equitable remedies, and enforcing judgments, against such persons and their assets.

Non-Completion – There is a possibility that the Dieppe Hotel may never be completed, notwithstanding that the first Closing has occurred and the Partnership has paid its portion of the fees to Pacrim Hospitality Services Inc. under the construction and development management agreement. Completion of construction is also subject to ordinary risks of non-construction or non-completion faced by the construction industry for reasons beyond the control of the Partnership.

REPORTING OBLIGATIONS

The General Partner, or its agent in that behalf, will be responsible for the preparation of unaudited annual financial statements of the Partnership as at the end of each fiscal year of the Partnership. The General Partner has designated Grunwald & Co. as the accountants of the Partnership and the General Partner may from time to time appoint a replacement firm of chartered accountants to act as the accountants as it deems appropriate. The General Partner, or its agent in that behalf, will make a copy of such annual financial statements available to each Limited Partner within 120 days after the end of each fiscal year together with the report, if any, of the accountants on those financial statements. All financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. Additionally, the Limited Partners will be provided with quarterly reports as to the financial status of the Partnership. The quarterly information will be prepared in the format of internal management statements, without independent review. The General Partner, or its agent in that behalf, will make a copy of such quarterly reports available to each Limited Partner within 60 days of each quarter year.

RESALE RESTRICTIONS

The Units are subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under the securities legislation.

Unless permitted under the securities legislation, you cannot trade the Units before the date that is 4 months and a day after the date the Partnership becomes a reporting issuer in the Canadian province or territory in which you reside.

As the Partnership does not intend to become a reporting issuer, unless a further exemption is relied upon, such Units may be required to be held for an indefinite period of time.

For purchasers in Manitoba, you must not trade the Units without the prior written consent of the regulator in Manitoba unless:

- (a) the Partnership has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

PURCHASER'S RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

Two day cancellation right

You can cancel your agreement to purchase these securities. To do so, you just send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

Statutory rights of action in the event of a misrepresentation

British Columbia and Alberta

If there is a misrepresentation in this Offering Memorandum, you (as a resident of British Columbia or Alberta) have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) the Partnership, every director of the General Partner at the date of this Offering Memorandum, and every person who signed this Offering Memorandum, for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

Manitoba

If you reside in Manitoba and if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Partnership:

- (a) to cancel your agreement to buy these securities; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Partnership proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Partnership has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must begin your actions to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must begin your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

Saskatchewan

If you reside in Saskatchewan and if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a promoter or director of the General Partner at the date of this Offering Memorandum, every person who or company that signed this Offering Memorandum, and every person who sold you securities on behalf of the Partnership under the Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

In addition, if the Partnership disseminates any advertising or sales literature (as those terms are defined The Securities Act, 1988 (Saskatchewan) (the "Saskatchewan Act") in connection with this offering that contains a misrepresentation at the time of your purchase of the securities, then you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every promoter or director of the General Partner at the time the advertising or sales literature was disseminated and every one who, at the time the advertising or sales literature was disseminated, sells the securities on behalf of the Partnership in the offering with respect to which the advertising or sales literature was disseminated.

This additional right to sue is available to you whether or not you relied on the misrepresentation. The persons whom you have a right to sue will have several defences available to them. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

Where an individual makes a verbal statement to you that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with your purchase of the securities, then you have an additional right to sue the individual who made the

verbal statement whether or not you relied on the misrepresentation, if it was a misrepresentation at the time of your purchase. The persons whom you have a right to sue will have several defences available to them. In particular, the individual will have a defence if you knew of the misrepresentation when you purchased the securities.

If you purchase the securities from a vendor trading in contravention of the securities laws of Saskatchewan, then you may elect to cancel the contract and to recover all monies or other consideration paid by you to the vendor under the trade.

If the Offering Memorandum was not delivered before you purchased these securities, then you have a statutory right to sue to cancel your agreement to buy these securities or for damages against the Partnership or any dealer who failed to deliver the Offering Memorandum to you before you purchased these securities.

If you intend to rely on any of the foregoing rights, then you must do so within strict time limitations. You must begin your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must begin your action for damages within the earlier of one year after learning of the misrepresentation and 6 years after you signed the agreement to purchase the securities.

Ontario

Pursuant to Section 130.1 of the Securities Act (Ontario), when the Partnership delivers this Offering Memorandum to an investor resident in Ontario to whom Units are sold, the investor has a statutory right of action against the Partnership or any seller of the Units for rescission or damages. The aforesaid right of action is in addition to and without derogation from any other right or remedy available at law or in equity to the purchaser but is subject to certain defences set forth in Section 130.1 of the Securities Act (Ontario). This right of action may be summarized as follows:

In the event that this Offering Memorandum, together with any amendment thereto, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in light of the circumstances in which it was made (a "misrepresentation") and was a misrepresentation on the date of investment, an investor to whom this Offering Memorandum was delivered and who purchased Units offered hereunder, while still the owner of the Units, will be deemed to have relied on such misrepresentation and shall have, subject as hereinafter provided, a right of action against the Partnership or any seller of the Units (such liability being "joint and severable"), exercisable on written notice given to the Partnership no later than 180 days subsequent to the date of investment, in the case of rescission, and no later than the earlier of (i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action and (ii) three years after the date of the investment, in the case of damages, provided that:

- (a) the Partnership or any seller of the Units shall not be held liable if the investor purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the Partnership or any seller of the Units is not liable for all or any portion of such damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable exceed the price at which the Units were sold to the investor; and

- (d) the right herein conferred is in addition to any other right or remedy available at law or in equity to the investor.

Nova Scotia

If you reside in Nova Scotia and if there is a misrepresentation in this Offering Memorandum or any advertising or sales literature (as defined in the Securities Act (Nova Scotia) for this Offering, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) the Partnership, every director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damage.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement or commence your actions for damages within 120 days after you purchased the Units.

Newfoundland

If you reside in Newfoundland and if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Partnership:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Partnership proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Partnership has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

Prince Edward Island

If you reside in Prince Edward Island and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every director of the General Partner at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you purchase the securities.

General

The securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia and Prince Edward Island are complex. Reference should be made to the full text of the provisions summarized above relating to contractual and statutory rights of action. Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies which subscribers may have at law.

FINANCIAL STATEMENTS OF THE LIMITED PARTNERSHIP AND THE GENERAL PARTNER

The following financial statements are attached:

- (a) Financial Projection for the Partnership consisting of a projected Balance Sheet, Statement of Limited Partners Capital, Statement of Income and Statement of Cash Flow for First Two Years of Operations.
- (b) Balance Sheet for the General Partner as at December 30, 2005.
- (c) Balance Sheet for the Partnership as at December 30, 2005.

DATED: December 30, 2005

This Offering Memorandum does not contain a misrepresentation.

Allan Grossman, President

Ian McAuley, Treasurer

On behalf of all the directors of Pacrim Dieppe GP No. 2 Limited

Dan Kowalchuk, Director

Glenn Squires, Director

On behalf of ASG Financial Holdings Inc., a Promoter

Per: _____
Allan Grossman

On behalf of Pacrim Hospitality Services Inc., a Promoter

Per: _____
Glenn Squires