This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer or other professional advisor.

August 5, 2003

NOTICE OF EXTENSION

by

PHOENIX BOND & EQUITY CORPORATION

of its

OFFER TO PURCHASE

all of the outstanding Units in

IMPERIAL SQUARE EDMONTON III - WEST

at a price of $0.60 cash per unit

On August 5, 2003, Phoenix Bond & Equity Corporation (the "Offeror") extended its Offer to purchase all of the outstanding units ("Units") in Imperial Square Edmonton III – West (the "Property") not currently owned by the Offeror or affiliated companies. **The Offer as extended will be open for acceptance until 5:00 p.m. (Toronto time) on Friday, September 5, 2003, unless withdrawn or further extended.**

To accept the Offer, a holder of Units must deposit the certificate for such Units, together with the Letter of Acceptance and Transmittal which accompanied the original Offer, properly completed and duly executed, at the office of Depositary Security Services Inc., (the "Depositary"), shown on the Letter of Acceptance and Transmittal.

Questions and requests for assistance may be directed to the Offeror or Investpro Securities Inc. and additional copies of this document, the original Offer and Circular, Letter of Acceptance and Transmittal may be obtained, without charge, on request from the Offeror at its address shown on the Letter of Acceptance and Transmittal. Holders whose Units are registered in the name of a nominee should contact their broker, investment dealer, bank, trust company or other nominee for assistance.

The Offer is not being made to, nor will deposits be accepted from or on behalf of, Unitholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. The Offeror may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Unitholders in such jurisdiction. In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the laws of the jurisdiction. Neither the delivery of this document nor any exchange or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Offeror or the Property since the date hereof.

The Dealer Manager for the Offer is:

Investpro Securities Inc.
Rob Lee
Tel: 1-866-484-4001

NOTICE OF EXTENSION

TO: HOLDERS OF UNITS OF IMPERIAL SQUARE EDMONTON III - WEST

By notice to the Depositary, the Offeror has amended the Offer dated June 30, 2003, pursuant to which the Offeror is offering to purchase all of the outstanding Units in the Property not currently owned by the Offeror or affiliated companies.

Except as otherwise set forth in this Notice, the terms and conditions contained in the Offer continue to be applicable in all respects and this Notice should be read in conjunction therewith. In this Notice, unless the context or subject matter is inconsistent therewith, terms used shall have the same meaning as in the Offer and the Circular.

1. Extension of the Offer

The Offeror has amended the Offer by extending the time during which the Offer is open for acceptance from 5:00 p.m. (Toronto time) on Tuesday, August 5, 2003 to 5:00 p.m. (Toronto time) on Friday, September 5, 2003, (the "Expiry Time") unless further extended or withdrawn. Accordingly, the Expiry Time shall now be 5:00 p.m. (Toronto time) on September 5, 2003, or such later time and date or times and dates as may be fixed by the Offeror from time to time by notice pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer".

2. Reason for the Extension

As at the date hereof, 340,025 Units representing approximately 28% of the Units subject to the Offer, were validly tendered under the Offer. Accordingly, the Offeror will take up and pay for these Units under the terms of the Offer. The Offeror wishes to further extend the time for the deposit of Units under the Offer to accommodate Unitholders who have indicated that they need more time to locate unit certificates and/or complete the Letter of Acceptance and Transmittal. In addition, the Offeror does not have a current mailing address for the owners of approximately 19% of the outstanding Units currently not owned by the Offeror or its affiliates.

3. Payment for Deposited Units

If all conditions referred to under Section 4 of the Offer, "Conditions of the Offer", have been fulfilled or waived by the Offeror, the Offeror has agreed to take up and pay for the Units validly deposited (and not withdrawn) under the Offer as soon as practicable in the circumstances and in any event within three (3) business days of being legally able to do so. Reference is made to Section 6 of the Offer, "Payment for Deposited Units" for a complete description of the obligations of the Offeror to take up the Units.

4. Withdrawal of Deposited Units

Unitholders have the right to withdraw their Units at any time provided that the Offeror has not taken up and paid for such Units prior to the Depositary's receipt of the notice of withdrawal in respect of such

Units. Unitholders will otherwise have their right to withdraw their Units under the circumstances and in the manner set out in Section 7 “Withdrawal of Deposited Units” of the Offer.

5. **Directors’ Approval**

The contents of the original Offer and the Circular and this Notice of Extension have been approved and the sending, communication or delivery thereof to the Unitholders has been authorized by the board of directors of the Offeror.

6. **Consequential Amendments to Documentation**

The original Offer, the Circular and Letter of Acceptance and Transmittal are hereby amended *mutatis mutandis* to reflect the amendments contemplated by this Notice.

7. **Statutory Rights**

Securities legislation in certain of the provinces and territories of Canada provides holders of Units with, in addition to any other rights they may have at law, rights of rescission or damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such Unitholders. However, such rights must be exercised within prescribed time limits. Unitholders should refer to the applicable provisions of the securities legislation of their province or territory for the particulars of those rights or consult with a lawyer.

CERTIFICATE

The Offer contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. The Offer does not contain any misrepresentation likely to affect the value or the market price of the Units.

Dated: August 5, 2003

PHOENIX BOND & EQUITY CORPORATION

(Signed) James D. Hamilton
President and Chief Executive Officer and as Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) James D. Hamilton
Director

(Signed) Michael Pereira
Director