REALNORTH OPPORTUNITIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED SEPTEMBER 30, 2015
DATED: NOVEMBER 27, 2015

1. BASIS OF PRESENTATION

REALnorth Opportunities Fund (the "Trust") uses International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as its basis of financial reporting for the unaudited condensed interim consolidated financial statements for the period ended September 30, 2015.

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations prepared on November 27, 2015 should be read together with the Trust's audited consolidated financial statements and notes thereto for the period ended December 31, 2014 and unaudited condensed interim consolidated financial statements and notes thereto for the period ended September 30, 2015. All financial information is reported in Canadian dollars and in accordance with IFRS unless otherwise noted.

2. FORWARD-LOOKING DISCLAIMER

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, without limitation, statements made or implied under the headings "Results of Quarterly Operations", "Liquidity", "Capital Resources", "Risks and Uncertainties", "Performance Summary" and "Subsequent Events" relating to the Trust's objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "believe", "expect", "may", "anticipate", "should", "intend", "estimates" and similar expressions.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to availability of cash for distributions, liquidity, credit risk, interest rate and other debt related risk, lease rollover risk, tax risk, ability to access capital markets, competition for real estate property investments, environmental matters, changes in legislation and indebtedness of the Trust.

Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available; however, management can give no assurance that actual results will be consistent with these forward-looking statements. Factors and assumptions that were applied in drawing conclusions and which could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, general economic conditions, competition for real estate property investments, the availability of new competitive supply of real estate, the Trust's ability to maintain occupancy, tenant defaults, changes in interest rates, changes in governmental regulations and taxation and the Trust's ability to obtain adequate insurance and financing. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Trust, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These forward-looking statements are made as of November 27, 2015 and the Trust assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Additional information about REALnorth Opportunities Fund filed with Canadian securities regulators is available online at www.sedar.com.

3. DESCRIPTION OF BUSINESS

The Trust is an unincorporated, open-ended investment trust formed pursuant to the Declaration of Trust dated August 27, 2014 under, and governed by, the laws of the Province of British Columbia and resident in Canada. The Trust's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The Trust was established, among other things, for the purpose of:

a) acquiring REALnorth Opportunities Master Limited Partnership (the "Master LP") units;

b) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of the Trust, paying amounts payable by the Trust in connection with the redemption of any Trust units and making distributions to Trust unitholders;

c) investing its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable);

d) acquiring, holding, maintaining, improving, leasing or managing of real property (or interests in real property) or any immovable (or real right in immovable) that is capital property of the Trust; and

e) in connection with the undertaking set out above, reinvesting income and gains of the Trust and taking other actions besides the mere protection and preservation of the Trust's property.

The Master LP is a limited partnership formed pursuant to and governed by the laws of the Province of British Columbia and created by the Master LP Agreement on July 31, 2014. The Master LP was established, among other things, to:

a) issue Master LP units and acquire REALnorth Opportunities (Investments) Limited Partnership (the "Investments LP") units and REALnorth Opportunities (Developments) Limited Partnership (the "Developments LP") units; and

b) temporarily hold cash and investments for the purposes of paying the expenses and liabilities of the Master LP and making distributions to the holders of the Master LP units.

The Investments LP was established on August 28, 2014 pursuant to the laws of British Columbia for the purposes of owning and operating a diversified portfolio of high quality, revenue-producing properties in northwestern Canada (or proportionate interests in such properties). The principal business of the Investments LP is to issue Investments LP units, to invest the proceeds from such issuance in the properties and to own and operate such properties.

The Developments LP was established on August 29, 2014 pursuant to the laws of British Columbia for the purposes of developing high quality real estate in northwestern Canada (or proportionate interests in such properties). The principal business of the Developments LP is to issue Developments LP units, to invest the proceeds from such issuance in the properties and to develop such properties.

On September 12, 2014, the Master LP issued 1,938 limited partnership units to the initial limited partners at $930 per unit for $1,802,340. The Master LP purchased 1,938 Investments LP units for $1,802,340 on the same day.

On December 30, 2014, the Trust issued 10,623 trust units at $1,000 per unit for gross proceeds of $10,623,000, pursuant to the Trust's prospectus dated December 22, 2014 (the "Prospectus"), and incurred offering costs in the amount of $849,840. That same day, the Trust purchased 10,623 Master LP units at $1,000 per unit for $10,623,000. On February 5, 2015, the Trust issued an additional 2,277 trust units at $1,000 per unit for gross proceeds of $2,277,000 and incurred offering costs in the amount of $182,160. The Trust purchased an additional 2,277 Master LP units at $1,000 per unit on the same day. The Trust owns approximately 87% of the Master LP after purchasing the Master LP units.

3. DESCRIPTION OF BUSINESS (CONTINUED)

On May 7, 2015, the Developments LP subscribed for 262,500 units of Western Canadian Properties Group VII Limited Partnership ("WCPG VII LP") at $1 per unit for a total of $262,500. On May 27, 2015, the Developments LP subscribed for an additional 3,737,500 units of WCPG VII LP at $1 per unit for a total of $3,737,500. The Trust, through the Developments LP, owns approximately 89% of WCPG VII LP after purchasing the WCPG VII LP units.

On September 3, 2015, the Developments LP subscribed for 10 Class B units of FSJ Industrial Properties Limited Partnership ("FSJ Industrial") at $1 per unit for a total of $10. On September 9, 2015, the Developments LP subscribed for a further 3,076,362 Class B units for a total of $3,076,362. On September 24, 2015, the Developments LP subscribed for an additional 65,625 Class B units for a total of $65,625. The Trust, through the Developments LP, owns 87.5% of FSJ Industrial after purchasing the FSJ Industrial Class B units.

Since REALnorth Opportunities Inc. (the "Master GP") is the general partner of the Master LP and owns an interest in the Master LP, the initial limited partners own 1,938 units of the Master LP, the general partner of the Investments LP owns an interest in the Investments LP, the general partner of the Developments LP owns an interest in the Developments LP, the general partner of WCPG VII LP owns an interest in WCPG VII LP, Ground Floor Capital Management Ltd. ("GFCM") owns 500,000 units of WCPG VII LP, FSJ Industrial Properties GP Ltd. owns an interest in FSJ Industrial and 1044340 B.C. Ltd. owns 448,857 Class A units of FSJ Industrial, they represent the non-controlling interest of the Trust.

4. SELECTED HISTORICAL ANNUAL INFORMATION

Units subscribed for and issued

Proceeds of Offering - Gross and Net			
Date of Closing	**Number of Units**	**Trust Unit Proceeds**	**Total Proceeds**
December 30, 2014	10,623	$ 10,623,000	$ 10,623,000
Gross proceeds	**10,623**	**10,623,000**	**10,623,000**
Issuance costs	–	(849,840)	(849,840)
Net proceeds	**10,623**	**$ 9,773,160**	**$ 9,773,160**

Property portfolio

On September 12, 2014, the Master LP, through the Investments LP, completed the acquisition of 3851 22nd Avenue, Prince George, British Columbia ("22nd Avenue"), for a purchase price of $6,200,000 plus standard closing costs and adjustments. 22nd Avenue is a single tenant, 39,494 square foot industrial facility with a site area of approximately 10.1 acres.

The Trust, through the Investments LP, has entered into a lease agreement with the tenant of 22nd Avenue. The lease is for seven years and the tenant has the option to renew for two terms of three years each at prevailing market rates. The Trust can recover property tax, insurance and management fees from the tenant. The management fee is 2.0% of the basic rent according to the lease agreement.

4. Selected Historical Annual Information (continued)

Selected historical annual information

	For period from formation on 8/27/2014 to 12/31/2014
Total assets	$ 16,521,058
Total liabilities	5,188,040
Total non-current liabilities	4,449,218
Total revenue	3,373
Loss attributable to the Trust unitholders	(14,589)
Loss per unit attributable to the Trust unitholders	(1.37)

5. Performance Summary

Although the Trust was formed on August 27, 2014, it only commenced operations after the Trust issued 10,623 units for gross proceeds of $10,623,000 and used the proceeds to purchase 10,623 Master LP units on December 30, 2014. On February 5, 2015, the Trust issued an additional 2,277 units for gross proceeds of $2,277,000 and used the proceeds to purchase an additional 2,277 Master LP units.

On May 29, 2015, the Trust, through WCPG VII LP, acquired approximately 29 acres of residential property ("Garrison Landing") in Fort St. John, British Columbia, for a purchase price of $6,200,000 plus standard closing costs and adjustments. Garrison Landing residential subdivision lots are expected to be serviced in five phases with servicing for the first two phases expected to be completed in late 2015. As at September 30, 2015, expenditures incurred for the development of the initial two phases totalled $2,709,712, of which $2,389,639 was included in inventories, $240,073 was included in cost of sales and $80,000 was included in general and administrative expenses. Total expenditures for the initial two phases are expected to be approximately $4,500,000; the remaining expenditures are expected to be financed with cash and development loans.

On September 10, 2015, the Trust, through FSJ Industrial, acquired approximately 17 acres of industrial property (the "BCR Lands") in Fort St. John, British Columbia, for a purchase price of $3,446,000 plus standard closing costs and adjustments. The BCR Lands comprise four lots which are accessible by rail and which may be sold in their current condition or further developed with either build-to-suit options or lay-down yards for industrial users depending upon market demands. The acquisition of the BCR Lands was financed with cash. Any further development work is also expected to be financed with cash.

As at September 30, 2015, the Trust's assets totaled $24,386,603, increasing from $16,521,058 as at December 31, 2014 due to the issuance of additional trust units and purchase of Garrison Landing and the BCR Lands. Liabilities totaled $10,012,788 as at September 30, 2015, increasing from $5,188,040 as at December 31, 2014 due to financing the purchase of Garrison Landing with a vendor take-back mortgage and financing the development of Garrison Landing with two mortgages, offset in part by mortgage principal payments and payment of some offering costs.

The Trust earned net rental and sales income of $428,613 for the nine months ended September 30, 2015, increasing from $nil for the period from formation on August 27, 2014 to September 30, 2014. The increase in net rental income is due to the operation of 22nd Avenue and the sale of two subdivision lots at Garrison Landing during the nine months ended September 30, 2015. The Trust incurred a net loss of $3,090 after finance and other expenses for the nine months ended September 30, 2015, compared to a net loss of $nil for the period from formation on August 27, 2014 to September 30, 2014, when the Trust was not yet actively operating.

5. PERFORMANCE SUMMARY (CONTINUED)

The Trust did not issue any cash distributions to its investors from formation to September 30, 2015 since it had not completed its placement of a significant portion of the available funds as of September 30, 2015. As at September 30, 2015, there were 12,900 trust units outstanding (December 31, 2014 – 10,623 trust units).

6. RESULTS OF QUARTERLY OPERATIONS

The following summarizes the results of operations for the Trust for the three months ended September 30, 2015:

- Rental and sales revenues totaling $518,921 and operating and sales expenses of $325,047 produced net rental and sales income of $193,874 (period ended September 30, 2014 – $nil, $nil and $nil respectively).
- The Trust earned $11,327 in interest from bank deposits (period ended September 30, 2014 – $nil).
- The Trust recorded a fair value adjustment to investment property loss of $6,070 (period ended September 30, 2014 – $nil).
- The Trust earned net income of $6,919 attributable to the unitholders after finance and administrative expenses (period ended September 30, 2014 – $nil). The expenses consisted of:

  a) mortgage interest totaling $46,414 (period ended September 30, 2014 – $nil);
  b) general and administrative expenses totaling $95,434 (period ended September 30, 2014 – $nil); and
  c) asset management fees of $33,863 (period ended September 30, 2014 – $nil).

The table below summarizes the quarterly results for the past five periods:

Quarter ended	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	August 27, 2014 to September 30, 2014
Total assets	$ 24,386,603	$21,755,539*	$ 18,247,871	$ 16,521,058	$ 10
Investment property	6,200,000	6,200,000	6,200,000	6,200,000	–
Inventories	12,219,355	7,275,782*	–	–	–
Total liabilities	10,012,788	7,854,101*	4,783,060	5,188,040	–
Mortgages payable	9,641,205	6,731,983	4,540,441	4,565,395	–
Unitholders' equity	11,843,538	11,836,619	11,884,976	9,758,571	10
Rental and sales income	518,921	173,178	163,503	3,373	–
Finance income (expenses)	(35,087)	(19,495)	(17,586)	(479)	–
Income (loss) attributable to the Trust unitholders	6,919	(48,357)	31,565	(14,589)	–
Earnings (loss) per unit	0.54	(3.75)	2.63	(1.37)	–

* Restated (note 17).

During the three months ended September 30, 2015, inventories increased due to the purchase of the BCR Lands and the development of Garrison Landing. Total assets increased primarily due to the increase in inventories, amounts receivable and deposits, offset in part by decreases in cash and due from related parties. Mortgages payable increased due to financing the development of Garrison Landing with a new mortgage with a Canadian chartered bank and by drawing further funds on the mortgage with GFCM. Total liabilities increased due to an increase in mortgages payable, offset in part by a decrease in accounts payable and accrued liabilities. Rental and sales income increased primarily due to the sale of two subdivision lots at Garrison Landing.

7. MORTGAGES PAYABLE

Mortgages payable are recorded at amortized cost and bore a weighted effective interest rate of 4.55% as at September 30, 2015 (December 31, 2014 – 3.78%). The mortgages payable are secured by charges on the Trust's investment property and inventories.

The amount of mortgages payable on September 30, 2015 was $9,641,205 (December 31, 2014 – $4,565,395). Included in mortgages payable were the related unamortized mortgage transaction costs of $64,740 as at September 30, 2015 (December 31, 2014 – $76,600), which are amortized over the term of the respective mortgages using the effective interest rate method.

Principal repayments, as of September 30, 2015, based on scheduled repayments to be made on the mortgages payable over the next five years were as follows:

Remaining in 2015	$	2,886,142
2016		2,414,515
2017		125,168
2018		129,870
2019		4,150,250
	$	**9,705,945**

8. LIQUIDITY

The Trust has financed its acquisitions to date through the issuance of trust units and mortgages payable on the investment property and inventories.

Each investment property acquired in the portfolio is purchased with the expectation that it will generate sufficient cash flows to finance its own operating costs. Each development property acquired in the portfolio is purchased with the expectation that it will generate a return in addition to what could be realized from underlying investment properties and inventories.

These statements have been prepared on a going concern basis, which assumes that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

9. CAPITAL RESOURCES

The Trust intends to indirectly acquire additional properties. Accordingly, its capital needs primarily relate to any acquisitions, any required maintenance to the properties and servicing mortgage principal payments as they become due. It is management's opinion that the existing cash reserve and the operating cash flow from the property portfolio is sufficient to fund any future capital requirements. Management further expects that any maturing mortgages will be either refinanced or settled from the proceeds of the sale of all or part of the respective property.

10. CAPITAL MANAGEMENT

The Trust defines capital as the aggregate of unitholders' equity and mortgages payable. The Trust's objectives in managing capital are to maintain a level of capital that complies with investment and debt restrictions pursuant to the Prospectus, complies with existing debt covenants, funds its business strategies and builds long-term unitholders' value. The Trust's capital structure is approved by the board of trustees of the Trust through its periodic reviews.

10. CAPITAL MANAGEMENT (CONTINUED)

The Trust monitors on a monthly basis the "loan-to-value ratio", which is defined as overall mortgage loans divided by the purchase price of the properties plus the amount of any property improvement reserve account approved by the lenders as a whole and which serves as an indicator of the Trust's financial leverage. The overall loan-to-value ratio is targeted at not more than 70%, as indicated in the Prospectus. However, if deemed appropriate by the Trust, having regard to all of the circumstances including the potential value of the properties identified for investment, the Trust may cause the overall loan-to-value ratio of the mortgage loans to exceed this threshold. The Trust's loan-to-value ratio was 61% as at September 30, 2015 (December 31, 2014 – 74%). The Trust was in compliance with all restrictions during the periods ended September 30, 2015 and December 31, 2014.

The Trust's capital structure consisted of the following components at September 30, 2015 and December 31, 2014:

	September 30, 2015	December 31, 2014	Change
Capital			
Mortgages payable	$ 9,641,205	$ 4,565,395	$ 5,075,810
Unitholders' equity	11,843,538	9,758,571	2,084,967
Total capital	$ 21,484,743	$ 14,323,966	$ 7,160,777

During the nine months ended September 30, 2015, the Trust's total capital increased due to the issuance of trust units and the financing of Garrison Landing with two mortgages, offset in part by offering costs and the net loss for the period.

11. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Trust's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Trust's significant accounting policies are described in note 3 to the audited consolidated financial statements for the period ended December 31, 2014 and unaudited condensed interim consolidated financial statements for the period ended September 30, 2015.

The policies that are most subject to estimation and judgement are outlined below.

Valuation of investment properties

The fair value of investment property is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (including tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

Management reviews each appraisal and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches. Where an appraisal is not obtained at the reporting date, management uses similar valuation methods to evaluate each investment property and estimates the fair value.

11. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Valuation of investment properties (continued)

Fair value measurements recognized in the consolidated statement of financial position are categorized in accordance with the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy of investment property measured at fair value on the consolidated statements of financial position was as follows:

	September 30, 2015			December 31, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment property	$ –	$ –	$6,200,000	$ –	$ –	$6,200,000

Lease contracts

The Trust has indirectly entered into a property lease on its investment property. The Trust makes judgments in determining whether certain leases, in particular those leases with long contractual terms, are operating or finance leases. The Trust must assess each lease separately against land and building. The Trust has determined that its current lease of land and building is an operating lease.

12. FINANCIAL INSTRUMENTS

Financial instrument assets include cash, cash held in trust, restricted cash, amounts receivable and due from related parties, which are designated as loans and receivables and measured at amortized cost. Financial instrument liabilities include accounts payable and accrued liabilities and mortgages payable, which are designated as other liabilities and measured at amortized cost. There are no financial instruments classified as available-for-sale or held-to-maturity.

Fair value of financial instruments

For certain of the Trust's financial instruments, including cash, cash held in trust, restricted cash, amounts receivable, due from related parties and accounts payable and accrued liabilities, the carrying amounts approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The fair values of amounts due for mortgages payable are determined by discounting the future contractual cash flow under current financing arrangements at discount rates which represent borrowing rates presently available to the Trust for loans with similar terms and maturity and are measured under level 2 of the fair value hierarchy since the discount rates are either provided by the lenders or are observable on the open market.

12. FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the carrying amounts and fair values of the Trust's financial instruments:

		September 30, 2015		December 31, 2014	
Financial instruments	Fair value hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgages payable	Level 2	$ 9,641,205	$ 9,705,945	$ 4,565,395	$ 4,641,995
Accounts payable and accrued liabilities	Level 2	371,583	371,583	622,645	622,645
Amounts receivable	Level 2	143,444	143,444	80	80
Due from related parties	Level 2	230,265	230,265	273,881	273,881
Restricted cash	Level 1	189,890	189,890	–	–
Cash held in trust	Level 1	338,811	338,811	9,976,167	9,976,167
Cash	Level 1	2,507,038	2,507,038	63,551	63,551

13. RISKS AND UNCERTAINTIES

All income producing property investments are subject to a degree of risk and uncertainty. They are affected by various factors including general market conditions and local market circumstances. An example of general market conditions would be the availability of long-term financing, whereas local conditions would relate to factors affecting specific properties in a particular geographic location, such as changes in market lease rates as a result of an over-supply of space or a reduction in demand for real estate. Management attempts to manage these risks through geographic diversification in the Trust's portfolio.

The board of trustees of the Trust has the overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Trust's activities.

In the normal course of business, the Trust, through the Master LP, is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, include the following:

Credit risk

Credit risk is the risk of financial loss to the Trust if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from tenants and investment securities.

The Trust's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Trust is currently facing higher credit risk since it has only one tenant. The Trust will minimize the risk by checking tenants' credit histories, requesting security deposits and initiating a prompt collection process when the Trust acquires more investment properties.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. Real estate property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate a real estate property investment, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

13. RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk (continued)

The Trust's approach to managing liquidity risk is to ensure that it will have sufficient cash available to meet its liabilities when due. The Trust intends to refinance any mortgages which mature within the next six months or settle the mortgages from the proceeds of the sale of all or part of the respective property.

			September 30, 2015	December 31, 2014
MORTGAGES PAYABLE	Nominal interest rate	Year of maturity	Face value	Face value
22nd Avenue	3.72%	2019	$ 4,555,382	$ 4,641,995
Garrison Landing vendor take-back mortgage	6.00%	2016	2,000,000	–
Garrison Landing GFCM mortgage	10.00%	2016	293,986	–
Garrison Landing chartered bank mortgage	Prime + 1.50%	2015	2,856,577	–
Total mortgage principal payable			9,705,205	4,641,995
Unamortized mortgage transaction costs			(64,740)	(76,600)
Total carrying value of mortgages payable			$ 9,641,205	$ 4,565,395

Currency risk

The Trust is not exposed to currency risk since there are no foreign subsidiaries and the Trust does not enter into foreign currency transactions.

Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

The Trust manages its financial instruments and interest rate risks based on its cash flow needs and with a view to minimizing interest expense. Whenever possible, the Trust tries to obtain fixed rate mortgages to mitigate its interest rate risk. Since most of the current mortgages payable bear interest at fixed rates, the Trust is not exposed to significant interest rate risk.

The interest rate profile of the Trust's interest-bearing financial instruments was:

	Face Value	
	September 30, 2015	December 31, 2014
Fixed rate instruments		
Fixed rate mortgages payable	$ 6,849,368	$ 4,641,995
Variable rate instruments		
Variable rate mortgages payable	2,856,577	–

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) annual net income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2014.

	2015 Net Income		2014 Net Income	
Interest rate changes	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate mortgage	$ (28,566)	$ 28,566	$ –	$ –
Cash flow sensitivity	(28,566)	28,566	–	–

Interest rate risk (continued)

If interest rates increased by 100 basis points as at September 30, 2015, the Trust would incur an additional annual mortgage interest expense of $28,566 (December 31, 2014 – $nil). If interest rates decreased by 100 basis points as at September 30, 2015, annual mortgage interest expense would decrease by $28,566 (December 31, 2014 – $nil).

Redemption risk

The Trust unitholders are entitled to have their units redeemed at any time on demand. The aggregate redemption price payable by the Trust is subject to limitations. The Trust will not be required to pay the redemption price by way of a cash payment if the total amount payable by the Trust in any quarter will exceed $100,000 or if the amount payable in any twelve month period ending at the end of that quarter will exceed 0.75% of the aggregate subscription price of all Trust units that were issued and outstanding at the start of such twelve month period.

Income tax risk

Mutual Fund Trust – If the Trust does not qualify or ceases to qualify as a "mutual fund trust" under the *Income Tax Act (Canada)* (the "Tax Act"), adverse consequences may arise including that: (i) the Trust may become liable to pay certain additional tax liabilities (with the result that the amount of cash available for distribution by the Trust would be reduced and Trust unitholders may otherwise be adversely affected), and (ii) the Trust units may not be or may cease to be qualified investments for RRSP or similar plans (with the result that a plan, its annuitant, beneficiary thereunder or its holder thereat will generally become subject to additional tax or penalties or may be otherwise adversely affected).

SIFT Rules – The Tax Act contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation (the "SIFT Rules"). The exposure of the Trust to tax imposed by the SIFT Rules depends in part on whether or not the Trust units, Master LP units or units of any other subsidiary partnerships are listed or traded on a stock exchange or other public market. Where the Trust units, the Master LP units or units of any other subsidiary partnerships are listed or traded on a stock exchange or public market, adverse consequences could arise including that the non-deductible distributions amount or the taxable non-portfolio earnings could be taxable to the Trust, to the Master LP or such subsidiary partnerships, as the case may be (with the result that the amount of cash available for distribution by the Trust would be reduced), and such amount would also, depending on the circumstances, be included in the income of Trust unitholders for purposes of the Tax Act as taxable dividends.

Changing Tax Laws – There can be no assurance that income tax laws (or the judicial interpretation thereof or the administrative and assessing practices of Canada Revenue Agency) and/or the treatment of "mutual fund trusts" or SIFTS will not be changed in a manner which would adversely affect the Trust unitholders, including on a retroactive basis.

Environmental risk

The Trust, through the Investments LP, WCPG VII LP and FSJ Industrial, is subject to various provincial and municipal laws relating to the environment. Prior to acquisition, the Trust conducts environmental inspections of its properties and appropriate testing by qualified environmental consultants when required to ensure compliance with all applicable environmental laws.

Lease rollover risk

Lease rollover risk arises from the possibility that the Trust may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. The Trust currently has only one lease with a seven year term and its sole investment property is fully occupied.

14. OFF-BALANCE SHEET TRANSACTIONS

The Trust has no off-balance sheet arrangements.

15. RELATED PARTY TRANSACTIONS

Transactions with Pure Commercial Real Estate Advisors Inc.

Pure Commercial Real Estate Advisors Inc. ("Pure Commercial") is related to the Trust by virtue of having officers and directors/trustees in common. The Trust, through the Master LP, has entered into an asset management agreement with Pure Commercial, whereby Pure Commercial provides asset management, administrative and reporting services to the Trust. In consideration of these services, the Trust pays to Pure Commercial an annual asset management fee equal to 1.0% of net asset value plus any applicable taxes. Net asset value is equal to the greater of the total gross cash proceeds from all the Trust's public offerings and the total purchase price of the properties including all fees, expenses and cash reserves, less outstanding mortgage debt. During the three months ended September 30, 2015, Pure Commercial charged the Trust asset management fees of $33,863 (period ended September 30, 2014 – $nil). As at September 30, 2015, asset management fees of $11,288 (December 31, 2014 – $4,232) were included in accounts payable and accrued liabilities.

The Trust, through the Investments LP, entered into a property management agreement with Pure Commercial, whereby Pure Commercial provides property management services to the investment property and collects 2.0% of the basic annual rent as a property management fee. During the three months ended September 30, 2015, Pure Commercial charged the Trust property management fees of $2,226 (period ended September 30, 2014 – $nil). Property management fees of $nil were included in accounts payable and accrued liabilities as at September 30, 2015 (December 31, 2014 – $48).

Transactions with Triple E Ventures Inc.

Triple E Ventures Inc. ("Triple E") is related to the Trust by virtue of having officers and directors/trustees in common. In September 2014, Triple E paid a deposit for the acquisition of 22nd Avenue and a commitment fee for the mortgage on 22nd Avenue in the aggregate amount of $123,250. Triple E also advanced $1,000 to the Trust to cover administration expenses. In September 2015, the Trust, through the Investments LP, repaid $123,250 to Triple E. As at September 30, 2015, $1,000 was included in accounts payable and accrued liabilities (December 31, 2014 – $124,250).

Transactions with the Initial Limited Partners of the Master LP

The initial limited partners of the Master LP are related to the Trust by virtue of the fact that three of initial limited partners are trustees of the Trust. According to the Prospectus, the maximum expenses of the offering, inclusive of agents' fees and expenses, are not to exceed 1.5% of the maximum offering or 2.0% of the minimum offering. Due to the size of the initial and second offerings, actual offering expenses exceeded the maximum amount. Certain of the initial limited partners of the Master LP agreed to pay the offering expenses above the maximum amount. The total of $230,114 was included in due from related parties and was still outstanding as at September 30, 2015 (December 31, 2014 – $135,896).

Transactions with the Master GP

The Master GP is related to the Trust by virtue of having officers and directors/trustees in common. The Master GP held cash on behalf of the Master LP before the Master LP opened its bank account. The total amount of $137,985 was included in due from related parties as at December 31, 2014. The full amount was received by the Master LP in January 2015. In January 2015, the Trust paid a $148 expense on behalf of the Master GP. In February 2015, the Master GP received interest on the funds held on the Master LP's behalf in the amount of $90. The Master LP received $88 from the Master GP in April 2015. In June 2015, the Master GP received additional interest on the funds held on the Master LP's behalf in the amount of $1. As at September 30, 2015, $151 was still outstanding and included in due from related parties.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with Ground Floor Capital Management Ltd.

Ground Floor Capital Management Ltd. (“GFCM”) is the only other limited partner of WCPG VII LP and therefore represents the non-controlling interest of approximately 11% of WCPG VII LP. During the three months ended September 30, 2015, GFCM loaned $77,875 to WCPG VII LP to fund working capital requirements, secured by a mortgage on Garrison Landing. As at September 30, 2015, $293,986 was outstanding and included in mortgages payable (December 31, 2014 – $nil). As at September 30, 2015, interest on the loan totaling $8,682 was included in accounts payable and accrued liabilities (December 31, 2014 – $nil).

Transactions with WCPG Southview Townhomes Ltd.

WCPG Southview Townhomes Ltd. (“WCPG Southview”) is related to WCPG VII LP by virtue of having common ownership with GFCM. The Trust, through WCPG VII LP, has entered into a development management agreement whereby WCPG Southview provides development management services to Garrison Landing and collects development management fees as follows:

- $100,000 upon completion of the purchase of Garrison Landing;
- $25,000 per month for 20 months following the purchase of Garrison Landing; and
- $150,000 in aggregate by way of equal payments upon the sale of the last lot within each phase of the development of Garrison Landing.

During the three months ended September 30, 2015, WCPG Southview charged the Trust development management fees of $75,000 and the Trust paid outstanding development management fees of $200,000 (three months ended September 30, 2014 – $nil and $nil respectively). Interest on unpaid fees, inclusive of GST, is charged at a rate of 10%. During the three months ended September 30, 2015, WCPG Southview charged the Trust interest of $1,251 (three months ended September 30, 2014 – $nil) and the Trust paid interest of $2,380 (three months ended September 30, 2014 – $nil).

Transactions with Western Canadian Construction Company Ltd.

Western Canadian Construction Company Ltd. (“WCCC”) is related to WCPG VII LP by virtue of having common ownership with GFCM. During the three months ended September 30, 2015, the Trust paid $237,612 to WCCC to cover invoices associated with the development of Garrison Landing which were paid by WCCC, of which $149,455 was returned to the Trust due to overpayment (three months ended September 30, 2014 – $nil and $nil respectively). In June 2015, the Trust advanced $1,760,207 to WCCC to cover a security deposit required by the City of Fort St. John in relation to the development of Garrison Landing. On July 2, 2015, WCCC paid $1,556,207 to the City of Fort St. John as a security deposit. On July 3, 2015, the Trust received $204,000 from WCCC, representing the return of excess funds advanced to cover the security deposit.

Trustee Compensation

No compensation was paid by the Trust to the trustees during the period from formation on August 27, 2014 to September 30, 2015. Each trustee, other than Stephen Evans, is entitled to an annual fee of $12,500.

16. SEGMENTED INFORMATION

The Trust operates in two business segments in a single geographic location, being the owner and operator of investment properties and the owner and developer of development properties in northwestern Canada. For each of the business segments, the Acting Chief Executive Officer ("CEO") reviews operations based on earnings from property operations and sales. As at September 30, 2015, the Trust operated one investment property and owned two development properties. As at December 31, 2014, the Trust operated one investment property and the CEO reviewed the Trust’s operations on a consolidated basis rather than in segments.

16. SEGMENTED INFORMATION (CONTINUED)

The following summarizes the results of operations for the Trust's segments for the three months ended September 30, 2015:

	Development	Investment	Trust	Total
Rental and sales revenues	$ 349,800	$ 169,121	$ –	$ 518,921
Operating and sales expenses	273,360	51,687	–	325,047
Net rental and sales income	76,440	117,434	–	193,874
Interest income	–	333	10,994	11,327
Fair value adjustment to investment property (loss)	–	(6,070)	–	(6,070)
Mortgage interest	–	46,414	–	46,414
General and administrative expenses	75,625	535	19,274	95,434
Asset management fees	–	–	33,863	33,863
Income (loss) and comprehensive income (loss) for the period	815	64,748	(42,143)	23,420

There were no revenues or expenses during the period from formation on August 27, 2014 to September 30, 2014.

During the three months ended September 30, 2015, the development segment developed one property and purchased another development property, producing sales revenues of $349,800, operating and sales expenses of $273,360 and net sales income of $76,440 (period ended September 30, 2014 – $nil, $nil and $nil respectively). After general and administrative expenses, the development segment earned income and comprehensive income of $815 for the three months ended September 30, 2015 (period ended September 30, 2014 – $nil).

During the three months ended September 30, 2015, the investment segment operated one investment property, producing rental revenues of $169,121, operating expenses of $51,687 and net rental income of $117,434 (period ended September 30, 2014 – $nil, $nil and $nil respectively). After interest income, the fair value adjustment to investment property, mortgage interest and general and administrative expenses, the investment segment earned income and comprehensive income of $64,748 for the three months ended September 30, 2015 (period ended September 30, 2014 – $nil).

During the three months ended September 30, 2015, the Trust segment earned interest income of $10,994 and incurred general and administrative expenses of $19,274 and asset management fees of $33,863, resulting in loss and comprehensive loss of $42,143 (period ended September 30, 2014 – $nil, $nil, $nil and $nil respectively).

17. RESTATEMENT

Subsequent to the issuance of the condensed interim consolidated financial statements for the period ended June 30, 2015, it came to management's attention that development expenditures for Garrison Landing which had been incurred on or before June 30, 2015 had been inadvertently omitted from the financial results reported for this property for the period. As a result, the following financial statement line items were incorrectly stated and have now been restated:

As at June 30, 2015	Originally reported	Correction	**Restated**
Inventories	$ 6,615,509	$ 660,273	**$ 7,275,782**
Amounts receivable	19,387	31,769	**51,156**
Current assets	14,863,497	692,042	**15,555,539**
Total assets	21,063,497	692,042	**21,755,539**
Accounts payable and accrued liabilities	430,076	692,042	**1,122,118**
Current liabilities	2,764,268	692,042	**3,456,310**
Total liabilities	7,162,059	692,042	**7,854,101**
Total liabilities and unitholders' equity	21,063,497	692,042	**21,755,539**

18. FUTURE ACCOUNTING POLICY CHANGES

Financial instruments: classification and measurement

In July 2014, the IASB issued IFRS 9, *Financial Instruments* (“IFRS 9”), which replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for fiscal years beginning on or after January 1, 2018 and is available for early adoption. The Trust has not yet reviewed the impact of IFRS 9 on the consolidated financial statements.

Revenue recognition

The IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”), in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Trust has not yet reviewed the impact of IFRS 15 on the consolidated financial statements.

19. SUBSEQUENT EVENTS

On October 9, 2015, the Trust, through WCPG VII LP, sold one additional subdivision lot at Garrison Landing for a sale price of $174,900 less standard closing costs and adjustments.

19. SUBSEQUENT EVENTS (CONTINUED)

On October 22, 2015, the Trust subscribed for 2,300,000 limited partnership units of FSJ Aurora Developments Limited Partnership ("FSJ Aurora LP") for a total of $2,300,000, thereby acquiring a 50% interest in FSJ Aurora LP. On October 23, 2015, FSJ Aurora LP completed the acquisition of approximately 144 acres of bare land (the "Aurora Lands") for a purchase price of $4,500,000 plus standard closing costs and adjustments. The Aurora Lands are located immediately outside of the current northeast boundary of the City of Fort St. John, which has confirmed that it intends to pursue the extension of the city's boundary and that the Aurora Lands are part of the intended expansion. The Aurora Lands are currently in the Agricultural Land Reserve (the "ALR"); FSJ Aurora LP intends to pursue an application to exclude the property from the ALR.

On November 17, 2015, the Trust, through WCPG VII LP, sold four additional subdivision lots at Garrison Landing for a total sale price of $714,600 less standard closing costs and adjustments.

On November 18, 2015, the Trust, through WCPG VII LP, sold an additional subdivision lot at Garrison Landing for a sale price of $174,900 less standard closing costs and adjustments.