REALNORTH OPPORTUNITIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018
DATED: APRIL 30, 2019

1. BASIS OF PRESENTATION

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations prepared on April 30, 2019 should be read together with the Trust's audited consolidated financial statements and notes thereto for the period ended December 31, 2018. All financial information is reported in Canadian dollars and in accordance with IFRS unless otherwise noted.

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 audited consolidated financial statements for the period ended December 31, 2018.

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 "Liquidity", "Capital Resources", "Risks and Uncertainties", "Performance Summary", "Selected Historical Information" and "Future Accounting Policy Changes" 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 April 30, 2019 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 an 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 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 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 the Province 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 the Province 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 August 2, 2018, the Developments LP subscribed for 100 units of FSJ Northwest Limited Partnership ("FSJ Northwest LP") at $1 per unit for a total of $100, which resulted in the Developments LP being the sole limited partner of FSJ Northwest LP. FSJ Northwest LP was established on August 2, 2018 pursuant to the laws of British Columbia for the purposes of acquiring real property, acquiring real property mortgages and other debt and developing and servicing real property for the purposes of leasing or selling.

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. Pursuant to a cost sharing and recovery agreement between the Trust and the Master LP, the Master LP assumed the costs and expenses in connection with the offering of the Trust units.

3. DESCRIPTION OF BUSINESS (CONTINUED)

During the year ended December 31, 2016, the Trust redeemed 100 limited partnership units of the Master LP for total redemption proceeds of $100,000.

During the year ended December 31, 2017, the Trust redeemed limited partnership units of the Master LP as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
January 25, 2017	15	$ 15,000
February 9, 2017	60	60,000
May 4, 2017	27	27,000
October 3, 2017	4	4,000
November 16, 2017	4	4,000
	110	$ 110,000

On December 31, 2018, the Developments LP acquired control of Western Canadian Properties Group VII Limited Partnership ("WCPG VII LP") (section 5). WCPG VII LP was established pursuant to the laws of British Columbia for the purposes of acquiring approximately 29 acres of residential property ("Garrison Landing"), other real property or shares, partnership units or other securities; and undertaking the subdivision, development and servicing of Garrison Landing with a view to selling individual lots at Garrison Landing or profiting from the property in any other manner permitted by law and deemed by the general partner to be beneficial for WCPG VII LP.

During the year ended December 31, 2018, the Trust redeemed limited partnership units of the Master LP as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
March 13, 2018	3	$ 3,000
March 15, 2018	25	25,000
March 28, 2018	25	25,000
April 11, 2018	30	30,000
April 25, 2018	25	25,000
May 8, 2018	10	10,000
September 6, 2018	1	1,000
October 2, 2018	4	4,000
November 14, 2018	10	10,000
November 26, 2018	30	30,000
	163	$ 163,000

As at December 31, 2018, the Trust owned 12,527 units of the Master LP, representing an ownership interest of approximately 87%.

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 FSJ Northwest LP owns an interest in FSJ Northwest LP and the general partner of WCPG VII LP owns an interest in WCPG VII LP, they represent the non-controlling interest of the Trust.

4. SELECTED HISTORICAL INFORMATION

Units subscribed for and issued

Proceeds of Offering - Gross and Net			
Date of Closing	**Number of Units**	**Trust Unit Proceeds**	
December 30, 2014	10,623	$	10,623,000
February 5, 2015	2,277		2,277,000
Gross proceeds	**12,900**		**12,900,000**
Issuance costs	–		(1,032,000)
Net proceeds	**12,900**	**$**	**11,868,000**

Direct property acquisitions

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, entered into a lease agreement with the tenant of 22nd Avenue. The lease was for seven years, expiring in 2021, and the tenant had 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 was 2.0% of the basic rent according to the lease agreement.

During the year ended December 31, 2018, the Trust, through the Investments LP, sold 22nd Avenue for a sale price of $6,750,000 less standard closing costs and adjustments.

Acquisition of equity-accounted investments

On May 7, 2015, the Trust, through the Developments LP, subscribed for 262,500 units of WCPG VII LP at $1 per unit for a total of $262,500, which resulted in the Trust, through the Developments LP, owning 88.9% of WCPG VII LP. On May 27, 2015, the Trust, through the Developments LP, subscribed for a further 3,737,500 units of WCPG VII LP at $1 per unit for a total of $3,737,500 and maintained its ownership interest at 88.9% of WCPG VII LP. During the year ended December 31, 2018, the Trust, though the Developments LP, acquired 100% ownership of WCPG VII LP (section 5).

On May 29, 2015, WCPG VII LP acquired Garrison Landing in Fort St. John, British Columbia, for a purchase price of $6,200,000 plus standard closing costs and adjustments. Garrison Landing is expected to be developed in multiple phases, and to generate, in aggregate, approximately 153 single family lots which will be offered for sale after servicing is complete. As at December 31, 2018, two phases comprising 55 subdivision lots were substantially complete and 25 of those lots had been sold or transferred (section 5).

On September 3, 2015, the Trust, through 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 Trust, through the Developments LP, subscribed for a further 3,076,362 Class B units for a total of $3,076,362, which resulted in the Trust, through the Developments LP, owning 87.5% of FSJ Industrial. On September 24, 2015, the Trust, through the Developments LP, subscribed for a further 65,625 Class B units for a total of $65,625 and maintained its ownership interest at 87.5% of FSJ Industrial. On December 21, 2015, the Trust, through the Developments LP, subscribed for an additional 131,250 Class B units for a total of $131,250 and maintained its ownership interest at 87.5% of FSJ Industrial.

4. SELECTED HISTORICAL INFORMATION (CONTINUED)

Acquisition of equity-accounted investments (continued)

On September 10, 2015, 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.

On October 20, 2015, the Trust, through the Developments LP, subscribed for 2,300,000 limited partnership units of FSJ Aurora Developments Limited Partnership ("FSJ Aurora LP") at $1 per unit 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. During the year ended December 31, 2016, the City of Fort St. John expanded its boundary, with the result that the Aurora Lands are now included within city boundaries. The Aurora Lands are currently in the Agricultural Land Reserve.

Selected annual information

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Total assets	$ 13,848,253	$ 17,186,723	$ 17,917,627
Total liabilities	1,351,663	4,441,201	4,825,438
Total non-current liabilities	4,047	4,121,245	4,234,997
Total rental revenue and recoveries	310,450	691,361	685,005
Loss attributable to the Trust unitholders	(103,568)	(217,971)	(225,107)
Loss per unit attributable to the Trust unitholders	(8.22)	(17.15)	(17.57)
Distribution per unit	–	–	23.43

5. PERFORMANCE SUMMARY

Change in Control of Equity-Accounted Investment

On December 31, 2018, the Trust, through the Developments LP, entered into an agreement with Ground Floor Capital Management Ltd. ("Ground Floor"), which owned 500,000 units of WCPG VII LP, giving it an 11.1% interest in WCPG VII LP. Under the agreement, Ground Floor forgave loans totalling $181,941 owing from WCPG VII LP to Ground Floor; WCPG VII LP transferred six lots at Garrison Landing having a fair value of $750,000 to Ground Floor; WCPG VII LP repurchased the 500,000 units of WCPG VII LP owned by Ground Floor for cancellation; a subsidiary of the Master GP acquired an additional 50% interest in the general partner of WCPG VII LP, giving it a 100% interest in the general partner; the Developments LP acquired a loan of $33,200 owing from the general partner of WCPG VII LP; and WCPG Fort St. John Homes 2 Ltd. agreed to forbear from enforcing the mortgage on Garrison Landing until December 31, 2019. As a result of the repurchase and cancellation of Ground Floor's units, the Developments LP became the sole limited partner of WCPG VII LP.

On December 31, 2018, subsequent to the transaction with Ground Floor, the limited partnership agreement for WCPG VII LP was amended such that the general partner could be removed without cause. As a result, the Trust, through the Master LP and Developments LP, was judged to have acquired control of WCPG VII LP on December 31, 2018. The Trust recorded a fair value adjustment to property inventory in the amount of $5,423 on acquisition of control (year ended December 31, 2017 – $nil).

5. PERFORMANCE SUMMARY (CONTINUED)

Financial Performance Summary

As at December 31, 2018, the Trust's assets totaled $13,848,253, decreasing from $17,186,723 as at December 31, 2017 primarily due to the sale of 22nd Avenue on August 30, 2018. The decrease was offset in part by the acquisition of control of WCPG VII LP, which resulted in an increase in property inventory and deposits but decreased amounts due from related parties. Liabilities totaled $1,351,663 as at December 31, 2018, decreasing from $4,441,201 as at December 31, 2017 due to the repayment of the first mortgage on 22nd Avenue following the sale of the property, offset in part by recording the first mortgage payable on Garrison Landing following acquisition of control of WCPG VII LP.

The Trust earned net rental income of $310,450 for the year ended December 31, 2018, compared to $469,049 for the year ended December 31, 2017. The decrease was due to the sale of 22nd Avenue on August 30, 2018. The Trust incurred a net loss of $115,252 after finance expense, other expenses and its share of the loss of equity-accounted investments for the year ended December 31, 2018, compared to a net loss of $247,392 for the year ended December 31, 2017. The decrease in net loss is primarily due to increased interest income resulting from increased loans to WCPG VII LP and interest on the second mortgage on Garrison Landing obtained by FSJ Northwest in August 2018, recognition of impairment recovery on the mortgage held by FSJ Northwest LP on Garrison Landing following acquisition of control of WCPG VII LP and extension of the first mortgage on the property and an increased fair value gain of 22nd Avenue, offset in part by the loss on sale of 22nd Avenue and the decrease in net rental income.

Redemptions

During the year ended December 31, 2018, the Trust received ten redemption requests which were effective as of the date of receipt, as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
March 13, 2018	3	$ 2,462
March 15, 2018	25	20,520
March 28, 2018	25	20,520
April 11, 2018	30	24,624
April 25, 2018	25	20,520
May 8, 2018	10	8,208
September 6, 2018	1	821
October 2, 2018	4	3,283
November 14, 2018	10	8,208
November 26, 2018	30	24,624
	163	$ 133,790

During the year ended December 31, 2017, the Trust received five redemption requests which were effective as of the date of receipt, as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
January 25, 2017	15	$ 13,538
February 9, 2017	60	54,150
May 4, 2017	27	24,367
October 3, 2017	4	3,610
November 16, 2017	4	3,610
	110	$ 99,275

5. PERFORMANCE SUMMARY (CONTINUED)

Redemptions (continued)

As of December 31, 2018, redemptions totaling $11,491 were outstanding and included in accounts payable and accrued liabilities (December 31, 2017 – $7,220) and there were 12,527 Trust units outstanding (December 31, 2017 – 12,690 Trust units).

6. RESULTS OF QUARTERLY OPERATIONS

The following summarizes the results of operations for the Trust for the three months ended December 31, 2018:

- Rental revenues totaling $nil and operating expenses of $nil resulted in net rental income of $nil (three months ended December 31, 2017 – $173,260; $56,095 and $117,165 respectively).
- The Trust earned $104,496 in interest from loans and bank deposits (three months ended December 31, 2017 – $30,439).
- The Trust recognized a settlement gain of $200,658 (three months ended December 31, 2017 – $nil).
- The Trust recorded an increase in the fair value of investment property of $nil (three months ended December 31, 2017 –$59,908).
- The Trust recorded a loss from its equity-accounted investments of $36,173 (three months ended December 31, 2017 – loss of $76,332).
- The Trust earned income of $108,976 attributable to the unitholders after finance and administrative expenses (three months ended December 31, 2017 – net loss attributable to unitholders of $50,563). The expenses consisted of:

  a) a reduction in mortgage interest of $63 (three months ended December 31, 2017 – expense of $44,020);
  b) debenture interest of $195 (three months ended December 31, 2017 – $nil);
  c) general and administrative expenses totaling $105,031 (three months ended December 31, 2017 – $108,299);
  d) asset management fees of $39,391 (three months ended December 31, 2017 – $33,359); and
  e) a fair value adjustment to property inventory of $5,423 (three months ended December 31, 2017 – $nil).

The following tables summarize the quarterly results for the past eight periods:

Quarter ended	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total assets	$ 13,848,253	$ 12,621,105	$ 17,095,386	$ 17,118,542
Investment property	–	–	6,750,000	6,580,000
Equity-accounted investments	5,509,845	8,828,556	9,029,499	9,117,235
Property inventory	8,034,611	–	–	–
Total liabilities	1,351,663	218,350	4,415,659	4,469,659
Mortgages payable	945,000	–	4,195,265	4,223,152
Unitholders' equity	10,988,053	10,915,192	11,155,280	11,135,679
Rental income	–	114,154	175,707	174,818
Finance income (expense)	305,022	6,104	(12,303)	(13,094)
Share of loss of equity-accounted investments	(36,173)	(200,943)	(135,861)	(111,006)
Income (loss) attributable to the Trust unitholders	108,976	(239,267)	72,953	(46,230)
Income (loss) per unit	8.68	(19.03)	5.80	(3.64)

6. RESULTS OF QUARTERLY OPERATIONS (CONTINUED)

Quarter ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total assets	$ 17,186,723	$ 17,164,943	$ 17,293,890	$ 17,509,136
Investment property	6,580,000	6,520,000	6,520,000	6,520,000
Equity-accounted investments	9,228,242	9,304,574	9,402,202	9,496,577
Property inventory	–	–	–	–
Total liabilities	4,441,201	4,357,703	4,444,895	4,549,965
Mortgage payable	4,251,115	4,279,169	4,306,566	4,333,302
Unitholders' equity	11,225,411	11,283,194	11,319,420	11,418,261
Rental income	173,260	173,207	172,723	172,171
Finance expense	(13,581)	(14,245)	(16,648)	(16,611)
Share of loss of equity-accounted investments	(76,332)	(97,629)	(124,999)	(115,813)
Loss attributable to the Trust unitholders	(50,563)	(36,226)	(74,474)	(56,708)
Loss per unit	(3.98)	(2.85)	(5.86)	(4.45)

During the period from September 30, 2018 to December 31, 2018, equity-accounted investments decreased due to losses incurred by FSJ Aurora and FSJ Industrial and the acquisition of control of WCPG VII LP, following which assets and liabilities of WCPG VII LP have been consolidated by the Trust. Property inventory and mortgages payable both increased due to the acquisition of control of WCPG VII LP. Total assets increased slightly primarily due to the increase in property inventory, offset in part by decreases in equity-accounted investments, the mortgage receivable (section 7) and amounts due from related parties following acquisition of control of WCPG VII LP. Total liabilities increased due to an increase in mortgages payable following acquisition of control of WCPG VII LP and an increase in accounts payable and accrued liabilities. Unitholders' equity increased due to the net income earned during the quarter, offset in part by Trust unit redemptions (section 5).

The Trust's equity-accounted investments incurred a loss of $36,173 during the three months ended December 31, 2018 compared to a loss of $76,332 during the three months ended December 31, 2017. The decrease in net loss was primarily due lower net loss incurred by WCPG VII LP, resulting primarily from the recognition of a gain on transfer of property inventory upon the transfer of six lots to Ground Floor (section 5). The Trust earned income attributable to the Trust unitholders of $108,976 during the three months ended December 31, 2018 compared to a loss attributable to the Trust unitholders of $50,563 during the three months ended December 31, 2017. The change from a loss to income attributable to the Trust unitholders was primarily due to increased interest income and the recognition of recovery of impairment loss, offset in part by the decrease in net rental income following the sale of 22nd Avenue.

7. MORTGAGE RECEIVABLE

On August 2, 2018, the Trust, through FSJ Northwest LP, acquired the second mortgage secured by Garrison Landing, which was in default, for proceeds of $2,117,180, net of a discount of $200,658 on the interest receivable. As at December 31, 2018, the outstanding mortgage debt and interest of $2,436,798 has been eliminated on consolidation and the discount on the interest receivable of $200,658 has been recorded as a settlement gain on the consolidated statement of loss and comprehensive loss. The mortgage has been extended on a month-to-month basis.

8. MORTGAGES PAYABLE

On September 12, 2014, the Master LP, through the Investments LP, financed the acquisition of 22nd Avenue with cash and a term loan in the amount of $4,650,000 bearing interest at 3.72% and maturing in 2019. The term loan was secured by a mortgage on the property.

On August 2, 2018, FSJ Northwest LP obtained a loan of $2,150,000 from Triple E Ventures Inc., which is related to the Trust by virtue of having trustees/directors in common. The loan was secured by a mortgage on 22nd Avenue, bore interest at 6.00% and was repayable upon demand.

On August 31, 2018, following the sale of 22nd Avenue, the mortgages were repaid in full.

On December 31, 2018, the Trust, through the Developments LP, obtained control of WCPG VII LP (section 5). WCPG VII LP has financed Garrison Landing with a $950,000 mortgage bearing interest at prime plus 1.50%. On December 31, 2018, the lender agreed to forbear from enforcing the mortgage until December 31, 2019.

The mortgages payable were recorded at amortized cost and bore a weighted effective interest rate of 5.74% as at December 31, 2018 (December 31, 2017 – 3.75%).

The amount of the mortgages payable on December 31, 2018 was $945,000 (December 31, 2017 – $4,251,115). Included in the mortgages payable were the related unamortized mortgage transaction costs of $5,000 as at December 31, 2018 (December 31, 2017 – $29,006), which were amortized over the term of the mortgages using the effective interest rate method.

9. DEBENTURES

On July 31, 2018, the Master LP issued debentures totaling $6,500 to settle outstanding Trust unit redemption requests in excess of its limit on cash payments for such redemptions (section 15). The debentures are subordinated, unsecured, will mature in July 2023 and pay interest monthly in arrears at an annual interest rate of 2.19%. The Master LP may repay the debentures at any time.

The debentures were recorded at amortized cost. The carrying value of the debentures on December 31, 2018 was $4,047 (December 31, 2017 – $nil). Included in the debentures were the related unamortized debenture transaction costs of $2,453 as at December 31, 2018 (December 31, 2017 – $nil), which are amortized over the term of the debentures using the effective interest rate method. The debentures bore an effective interest rate of 13.22% as at December 31, 2018 (December 31, 2017 – nil%).

10. LIQUIDITY

The Trust has financed its acquisitions to date through the issuance of Trust units, a mortgage payable on its investment property and mortgages payable on its property inventory.

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.

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.

11. CAPITAL RESOURCES

The Trust's capital needs primarily relate to 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 sales of property inventory will be sufficient to fund any future capital requirements.

12. CAPITAL MANAGEMENT

The Trust defines capital as the aggregate of unitholders' equity and the 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 reviewed by the board of trustees of the Trust from time to time.

The Trust monitors on a quarterly 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 15% as at December 31, 2018 (December 31, 2017 – 69%). The Trust was in compliance with all restrictions during the years ended December 31, 2018 and December 31, 2017.

The Trust's capital structure consisted of the following components at December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017	Change
Capital			
Mortgages payable	$ 945,000	$ 4,251,115	$ (3,306,115)
Unitholders' equity	10,988,053	11,225,411	(237,358)
Total capital	$ 11,933,053	$ 15,476,526	$ (3,543,473)

During the year ended December 31, 2018, the Trust's total capital decreased due to the repayment of the mortgages on 22nd Avenue (section 8), the redemption of a total of 163 Trust units (section 5) and the net loss incurred during the year.

13. 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 year ended December 31, 2018.

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

Cost of sales

The Trust and certain of the Trust's equity-accounted investments hold property inventory and property under development for sale. Cost of sales is determined by management using the net yield method, which requires the use of estimates including costs to complete a project and selling prices of subdivided lots within a project. Management engages a cost consultant to review budgeted costs to complete and estimates selling prices based on market conditions existing at the reporting date.

13. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Valuation of property inventory

The net realizable value of property inventory is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts.

The determination of the fair value of property inventory requires the use of estimates such as time to sell inventory, development costs and discount rates. These estimates are based on market conditions existing at the reporting date.

14. FINANCIAL INSTRUMENTS

Financial instrument assets include cash, cash held in trust, amounts receivable and amounts due from related parties, which are carried at amortized cost. Financial instrument liabilities include distributions payable, the mortgage payable, debentures and accounts payable and accrued liabilities, which are carried at amortized cost.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

		December 31, 2018		December 31, 2017	
Financial instruments	Fair value hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	Level 2	$ 153,669	$ 153,669	$ 258,682	$ 258,682
Cash held in trust	Level 2	18,506	18,506	–	–
Amounts receivable	Level 2	304	304	384	384
Due from related parties	Level 2	69,351	69,351	1,099,827	1,099,827
Accounts payable and accrued liabilities	Level 2	402,616	402,616	190,086	190,086
Mortgage payable	Level 2	945,000	949,995	4,251,115	4,494,005
Debentures	Level 2	4,047	7,137	–	–

The valuation techniques and inputs for the Trust's financial instruments are as follows:

(i) Mortgage payable and debentures

The fair value of amounts due for mortgages payable and debentures 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 (section 13).

(ii) Other financial assets and liabilities

The carrying values of financial assets and financial liabilities not measured at fair value, including cash, cash held in trust, amounts receivable, due from related parties and accounts payable and accrued liabilities, approximate their fair values due to the immediate or short-term maturity of these financial instruments or because they are receivable or payable on demand.

15. RISKS AND UNCERTAINTIES

All real estate 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.

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. Credit risk arises principally from the Trust's receivables from tenants and related parties. As at December 31, 2018, the Trust no longer has any tenants following the sale of 22nd Avenue.

The Trust's exposure to credit risk is also influenced by the individual characteristics of parties to whom it lends funds. The Trust has mitigated the risk by having officers and directors in common with the parties to whom it has loaned funds as at December 31, 2018.

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.

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 following table provides the future non-discounted scheduled payments of financial liabilities, including estimated interest payments:

	2019	2013	2021	2023	2023	2024 and thereafter
Mortgages payable (principal and interest)	$ 999,400	$ –	$ –	$ –	$ –	$ –
Debentures (principal and interest)	142	142	142	142	6,583	–
Accounts payable and accrued liabilities	402,616	–	–	–	–	–
	$1,402,158	$ 142	$ 142	$ 142	$ 6,583	$ –

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.

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. As at December 31, 2018, the Trust no longer has any leases due to the sale of 22nd Avenue and is therefore not currently exposed to lease rollover risk.

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.

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. The Trust is exposed to interest rate risk on the variable rate mortgage on Garrison Landing.

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

	Face Value	
	December 31, 2018	December 31, 2017
Fixed rate instruments		
Fixed rate mortgage payable	$ –	$ 4,280,121
Debentures	4,047	–
Variable rate instruments		
Variable rate mortgage payable	950,000	–

15. Risks and Uncertainties (continued)

Environmental risk

The Trust, through the Investments LP, the Developments LP, WCPG VII LP and its equity-accounted investments, 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.

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.

During the year ended December 31, 2018, the Trust redeemed 163 units for total consideration of $133,790 (section 5) which represented 1.05% of the aggregate subscription price of all Trust units that were issued and outstanding as at December 31, 2017 (year ended December 31, 2017 – 110 units for total consideration of $99,275, which represented 0.78% of all Trust units issued and outstanding as at December 31, 2016). The total consideration paid for redemptions during the year ended December 31, 2018 included the issuance of debentures by the Master LP totaling $6,500 (year ended December 31, 2017 – $nil) (section 9).

16. Off-Balance Sheet Transactions

The Trust has no off-balance sheet arrangements.

17. 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 1.00% 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 December 31, 2018, Pure Commercial charged the Trust asset management fees of $39,391 (three months ended December 31, 2017 – $33,360). As at December 31, 2018, asset management fees of $166,014 (December 31, 2017 – $33,360) 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 provided property management services to the investment property and collected 2.00% of the basic annual rent as a property management fee. During the three months ended December 31, 2018, Pure Commercial charged the Trust property management fees of $nil (three months ended December 31, 2017 – $2,346). Property management fees of $nil were included in accounts payable and accrued liabilities as at December 31, 2018 (December 31, 2017 – $nil).

During the three months ended December 31, 2018, Pure Commercial advanced $nil to WCPG VII LP on the Developments LP's behalf. As at December 31, 2018, $21,000 was owing to Pure Commercial and included in accounts payable and accrued liabilities (December 31, 2017 – $nil).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with Sui Generis Investments Ltd.

Sui Generis Investments Ltd. ("Sui Generis") is related to the Trust by virtue of having officers in common. The Master LP has entered into an agreement whereby Sui Generis provides certain consulting and advisory services for a fee of $15,000 per annum plus any applicable taxes, payable quarterly. During the three months ended December 31, 2018, the Master LP recorded fees, inclusive of taxes, of $3,938 to Sui Generis (three months ended December 31, 2017 – $3,938). As of December 31, 2018, $27,563 was included in accounts payable and accrued liabilities (December 31, 2017 – $11,813).

Transactions with In Re Capital Inc.

In Re Capital Inc. ("In Re Capital") is related to the Trust by virtue of having officers in common. On October 24, 2017, WCPG VII LP sold a lot at Garrison Landing to In Re Capital for a sale price of $100,000 plus adjustments of $191 in order to fund working capital requirements. The full amount of $100,191 was received on the date of sale and used to reduce mortgage debt secured by Garrison Landing and to fund working capital requirements.

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. During the year ended December 31, 2015, the Trust paid a $148 expense on behalf of the Master GP and the Master GP received interest on 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. As at December 31, 2018, $151 was still outstanding and included in due from related parties (December 31, 2017 – $151).

Trustee Compensation

Each trustee of the Trust, other than Stephen Evans, is entitled to an annual fee of $12,500. During the three months ended December 30, 2018, the Trust paid annual trustee fees of $25,000 (December 31, 2017 – $nil). As at December 31, 2018, trustee fees of $nil were included in accounts payable and accrued liabilities (December 31, 2017 – $25,000).

Transactions with FSJ Aurora LP

FSJ Aurora LP is related to the Trust by virtue of the fact that the Trust, through the Developments LP, holds a 50% interest in FSJ Aurora LP (section 4). The remaining 50% of FSJ Aurora LP is indirectly owned by officers and trustees or directors of the Trust and the Master GP. During prior years, the Trust, through the Developments LP, advanced funds to FSJ Aurora LP to cover working capital requirements. During the three months ended December 31, 2018, the Trust, through the Developments LP, advanced a further $1,000 to FSJ Aurora LP to cover working capital requirements (three months ended December 31, 2017 – $121). As at December 31, 2018, $36,000 was outstanding and included in due from related parties (December 31, 2017 – $32,241).

Transactions with Triple E Ventures Inc.

On August 2, 2018, Triple E Ventures Inc., which is related to the Trust by virtue of having trustees/directors in common, loaned $2,150,000 to FSJ Northwest LP. The loan was secured by a mortgage on 22nd Avenue, bore interest at 6.00% and was repayable upon demand. The mortgage was repaid on August 31, 2018, following the sale of 22nd Avenue.

Transactions with WCPG Garrison Landing Ltd.

As at December 31, 2018, WCPG Garrison Landing Ltd., which is the general partner of WCPG VII LP, owed the Trust, through the Developments LP, $33,200 (December 31, 2017 – $nil).

18. 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 reviews operations based on earnings from property operations and sales. As at December 31, 2018, the Trust operated one development property and had interests in one additional development property and one investment property through its equity-accounted investments. As at December 31, 2017, the Trust operated one investment property and had interests in one additional investment property and two development properties through its equity-accounted investments. Assets and liabilities are reviewed on a total basis by management and therefore are not included in the following segmented disclosure.

The following summarizes the results of operations for the Trust's segments for the three months ended December 31, 2018:

	Development	Investment	Trust	Total
Interest income	$ 30,846	$ 1,128	$ 72,522	$ 104,496
Impairment recovery	–	–	200,658	200,658
Debenture interest	–	–	(195)	(195)
Mortgage interest	–	–	63	63
General and administrative expenses	(19,007)	(4,060)	(81,964)	(105,031)
Asset management fees	–	–	(39,391)	(39,391)
Fair value adjustment to property inventory	5,423	–	–	5,423
Share of loss of equity-accounted investments	(33,311)	(2,862)	–	(36,173)
Loss and comprehensive loss	$ (16,049)	$ (5,794)	$ 151,693	$ 129,850

The following summarizes the results of operations for the Trust's segments for the three months ended December 31, 2017:

	Development	Investment	Trust	Total
Interest income	$ 30,181	$ 120	$ 138	$ 30,439
General and administrative expenses	(15,660)	(6,551)	(86,088)	(108,299)
Asset management fees	–	–	(33,359)	(33,359)
Share of profit (loss) of equity-accounted investments	(98,236)	21,904	–	(76,332)
Income from discontinued operations	–	133,053	–	133,053
Income (loss) and comprehensive income (loss)	$ (83,715)	$ 148,526	$ (119,309)	$ (54,498)

18. SEGMENTED INFORMATION (CONTINUED)

The development segment's share of the loss of its equity-accounted investments was $33,311 during the three months ended December 31, 2018 (three months ended December 31, 2017 – loss of $98,236). The decrease in loss on equity-accounted investments is primarily due to recognition of a gain on the transfer of six lots to Ground Floor (section 5), offset in part by an increase in interest expense for WCPG VII LP as a result of increased borrowing, increased property tax expense for WCPG VII LP and decreased sales revenue for WCPG VII LP. After interest income and general and administrative expenses, the development segment incurred a loss and comprehensive loss of $16,049 for the three months ended December 31, 2018 (three months ended December 31, 2017 – loss and comprehensive loss of $83,715).

During the three months ended December 31, 2018, the investment segment earned rental revenues of $nil, incurred operating expenses of $nil and recognized net rental income of $nil (three months ended December 31, 2017 – $173,260; $56,095 and $117,165 respectively). The decrease in net rental income was due to the sale of 22nd Avenue in August 2018. The investment segment's share of the loss from its equity-accounted investment, FSJ Aurora LP, was $2,862 for the three months ended December 31, 2018, decreasing from a profit of $59,908 for the three months ended December 31, 2017 primarily due to a decrease in the fair value adjustment to the investment property. After interest income, mortgage interest and general and administrative expenses, the investment segment incurred loss and comprehensive loss of $5,794 for the three months ended December 31, 2018 (three months ended December 31, 2017 – income and comprehensive income of $148,526).

During the three months ended December 31, 2018, the Trust segment earned interest income of $72,522, increasing from $138 for the three months ended December 31, 2017 due to interest income on the mortgage receivable acquired in August 2018 (section 7). The Trust segment recognized a settlement gain of $200,658 relating to the elimination of a discount on interest payable on the first mortgage on Garrison Landing on acquisition of control of WCPG VII LP (three months ended December 31, 2017 – $nil). After interest expense, general and administrative expenses and asset management fees, the Trust segment recognized income and comprehensive income of $151,693 (three months ended December 31, 2017 – loss and comprehensive loss of $119,309).

19. CURRENT AND FUTURE ACCOUNTING POLICY CHANGES

IFRS 9 Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9, *Financial Instruments* ("IFRS 9"), replacing IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), and related interpretations. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Trust implemented the new requirements for classification and measurement, impairment and hedging on January 1, 2018, retrospectively with no restatement of comparative periods.

IFRS 9 sets out a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL.

19. CURRENT AND FUTURE ACCOUNTING POLICY CHANGES (CONTINUED)

IFRS 9 Financial Instruments (continued)

The following table summarizes the classification impact upon adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in changes in measurement or the carrying amount of financial assets and liabilities.

Financial Instrument	Classification under IAS 39	Classification under IFRS 9
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Mortgage receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Distributions payable	Other financial liabilities	Amortized cost
Mortgage payable	Other financial liabilities	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition unless the objective of the business model used to manage the financial assets changes. In such an event, the classification of financial assets would be reassessed. Financial liabilities are not reclassified.

Impairment of financial assets carried at amortized cost is assessed using the expected credit loss model. Expected credit losses for the next 12 months are used to assess impairment unless there is evidence that a financial asset has experienced a significant increase in credit risk since initial recognition, in which case lifetime expected credit losses are used. Lifetime expected credit losses are also used for trade receivables and contract assets without a significant financing component.

The Trust defines a significant increase in credit risk as an increase from low risk to medium or high risk or from medium risk to high risk. In assessing credit risk, the Trust considers historical and forecasted credit losses, external indicators of credit risk, actual or expected changes in operational results of the borrower and economic conditions that will impact the risk of default. The Trust considers a financial asset to be in default when a contractual payment is 90 days past due.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Rental revenue is outside the scope of IFRS 15.

The Trust adopted IFRS 15 on January 1, 2018 and applied the requirements of the standard retrospectively. The implementation of IFRS 15 did not have any impact on the Trust's revenue.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases* ("IAS 17").

19. CURRENT AND FUTURE ACCOUNTING POLICY CHANGES (CONTINUED)

IFRS 16 Leases (continued)

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas at the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Trust intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. Adoption of the standard is not expected to have an impact on the Trust's consolidated financial statements.

20. SUBSEQUENT EVENTS

On January 31, 2019, the Trust paid the outstanding redemption amount of $11,491 related to the October 2, 2018 and November 14, 2018 redemptions totalling 14 Trust units (section 5).

On January 7, 2019; March 12, 2019 and March 22, 2019, the Trust received requests to redeem 19 units, 10 units and 10 units respectively. The redemptions were effective on the date the requests were received.