Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

REALnorth Opportunities Fund

For the periods ended March 31, 2019 and 2018

Unaudited – Prepared by Management

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Trust discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the periods ended March 31, 2019 and 2018.

REALnorth Opportunities Fund

Interim Consolidated Statement of Financial Position
Expressed in Canadian Dollars
Unaudited

		March 31, 2019		December 31, 2018
ASSETS				
Non-current assets				
Equity-accounted investments (note 5)	**$**	**5,497,149**	$	5,509,845
		5,497,149		5,509,845
Current assets				
Property inventory (note 6)		**8,034,611**		8,034,611
Prepaid expenses		**10,632**		11,967
Deposits (note 7)		**50,000**		50,000
Amounts receivable		**235**		304
Due from related parties (note 16)		**68,830**		69,351
Cash held in trust (note 8)		**18,506**		18,506
Cash		**111,429**		153,669
		8,294,243		8,338,408
TOTAL ASSETS	**$**	**13,791,392**	$	13,848,253
LIABILITIES				
Non-current liabilities				
Debentures (note 10)	**$**	**4,145**	$	4,047
		4,145		4,047
Current liabilities				
Mortgage payable – current portion (note 9)		**945,890**		945,000
Accounts payable and accrued liabilities		**460,689**		402,616
		1,406,579		1,347,616
TOTAL LIABILITIES		**1,410,724**		1,351,663
UNITHOLDERS' EQUITY				
Non-controlling interest (note 11)		**1,497,619**		1,508,537
Unitholders' equity (note 12)		**10,883,049**		10,988,053
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**$**	**13,791,392**	$	13,848,253

See accompanying notes to consolidated financial statements.

Approved on behalf of REALnorth Opportunities Fund by its Trustees:

"Antony Kalla" Trustee
Antony Kalla

"Stephen J. Evans" Trustee
Stephen J. Evans

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REALnorth Opportunities Fund
Interim Consolidated Statement of Unitholders' Equity
Expressed in Canadian Dollars
Unaudited

		Trust units	Non-controlling interest	Total
	Units	Amount	Amount	Amount
Unitholders' equity, December 31, 2018	12,527	$ 10,988,053	$ 1,508,537	$ 12,496,590
Unit redemptions	(39)	(34,568)	–	(34,568)
Loss for the period	–	(70,436)	(10,918)	(81,354)
Unitholders' equity, March 31, 2019	**12,488**	**$ 10,883,049**	**$ 1,497,619**	**$ 12,380,668**

		Trust units	Non-controlling interest	Total
	Units	Amount	Amount	Amount
Unitholders' equity, December 31, 2017	12,690	$ 11,225,411	$ 1,520,111	$ 12,745,522
Unit redemptions	(53)	(43,502)	–	(43,502)
Loss for the period	–	(46,230)	(6,907)	(53,137)
Unitholders' equity, March 31, 2018	**12,637**	**$ 11,135,679**	**$ 1,513,204**	**$ 12,648,883**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REALnorth Opportunities Fund
Interim Consolidated Statement of Loss and Comprehensive Loss
Expressed in Canadian Dollars
Unaudited

Three months ended March 31		2019		2018
NET SALES INCOME (EXPENSES)				
Property taxes	**$**	**(9,645)**	$	–
		(9,645)		–
NET FINANCE INCOME (EXPENSES)				
Interest income		**973**		30,575
Mortgage interest (note 9)		**(13,966)**		–
Debenture interest (note 10)		**(133)**		–
		(13,126)		30,575
NET OTHER INCOME (EXPENSES)				
General and administrative		**(12,918)**		(14,387)
Asset management fees (note 16)		**(32,969)**		(31,762)
		(45,887)		(46,149)
INCOME (EXPENSES) FROM DISCONTINUED OPERATIONS				
Rental revenue and recoveries		–		174,818
Insurance		–		(2,514)
Property management fees (note 16)		–		(2,346)
Property taxes		–		(52,754)
Mortgage interest (note 9)		–		(43,669)
Increase in fair value of investment property		–		(92)
		–		73,443
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS (note 5)		**(12,696)**		(111,006)
NET LOSS AND COMPREHENSIVE LOSS	**$**	**(81,354)**	$	(53,137)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Unitholders from continuing operations	**$**	**(70,436)**	$	(109,905)
Unitholders from discontinued operations		–		63,675
Non-controlling interest		**(10,918)**		(6,907)
	$	**(81,354)**	$	(53,137)
Loss per unit				
Basic and diluted	**$**	**(5.63)**	$	(3.64)
Weighted average number of units				
Basic and diluted		**12,506**		12,684

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

REALnorth Opportunities Fund

Interim Consolidated Statement of Cash Flow
Expressed in Canadian Dollars
Unaudited

Three months ended March 31		2019		2018
Cash provided by (used in)				
OPERATIONS				
Net loss for the period	**$**	**(81,354)**	$	(53,137)
Items not involving cash:				
Amortization of debenture transaction costs		**98**		–
Share of loss of equity-accounted investments		**12,696**		111,006
Amortization of mortgage transaction costs		**890**		–
Interest income		**(973)**		(30,575)
Mortgage interest		**13,076**		39,078
Debenture interest		**35**		–
Changes in non-cash working capital items:				
Decrease (increase) in prepaid expenses		**1,335**		5,596
Decrease in amounts receivable		**52**		29,537
Increase in due from related parties		**521**		(60,740)
Increase in accounts payable and accrued liabilities		**34,996**		20,230
Discontinued operations:				
Amortization of mortgage transaction costs		–		4,591
Straight-line rent adjustment		–		(92)
Increase in fair value of investment property		–		92
		(18,628)		65,586
INVESTING				
Interest received		**990**		1,044
		990		1,044
FINANCING				
Debenture interest paid		**(35)**		–
Mortgage interest paid		**(13,076)**		–
Unit redemptions		**(11,491)**		(7,220)
Discontinued operations:				
Mortgage interest paid		–		(39,168)
Repayment of mortgage		–		(32,554)
		(24,602)		(78,942)
Decrease in cash during the period		**(42,240)**		(12,312)
Cash, beginning of period		**153,669**		258,682
CASH, END OF PERIOD	**$**	**111,429**	$	246,370

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. TRUST INFORMATION

REALnorth Opportunities Fund (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 principal business of the Trust is to invest the proceeds from the issuance of Trust units in the acquisition of REALnorth Opportunities Master Limited Partnership (the "Master LP") units.

The Master LP is a limited partnership formed pursuant to and governed by the laws of British Columbia and created by the Master LP agreement on July 31, 2014. The Master LP's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The general partner of the Master LP is REALnorth Opportunities Inc. (the "Master GP"), a corporation incorporated under the *Canada Business Corporations Act* on February 25, 2014, having its office at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The principal business of the Master LP is to invest the proceeds from the issuance of Master LP units in the following subsidiaries:

- REALnorth Opportunities (Investments) Limited Partnership (the "Investments LP") units. REALnorth Opportunities (Investments) GP Ltd. (the "Investments GP") was incorporated under the *Business Corporations Act* (British Columbia) on June 19, 2014 and identified investment opportunities in revenue-producing real estate located in northwestern Canada. In order to take advantage of such investment opportunities, the Investments GP established the Investments LP 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.
- REALnorth Opportunities (Developments) Limited Partnership (the "Developments LP") units. REALnorth Opportunities (Developments) GP Ltd. (the "Developments GP") was incorporated under the *Business Corporations Act* (British Columbia) on August 29, 2014 and identified investment opportunities in developing real estate located in northwestern Canada. In order to take advantage of such investment opportunities, the Developments GP established the Developments LP 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.

The allocation of the net proceeds received by the Master LP from the issuance of Master LP units between Investments LP units and Developments LP units is determined by the Master GP from time to time.

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 Developments LP being the sole limited partner of FSJ Northwest LP. FSJ Northwest LP was established 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. FSJ Northwest LP's head office is located at 910 – 925 West Georgia Street, Vancouver, BC, V6C 3L2.

1. TRUST INFORMATION (continued)

On December 31, 2018, the Developments LP acquired control of Western Canadian Properties Group VII Limited Partnership ("WCPG VII LP") (note 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. The principal place of business for WCPG VII LP is 910 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

A. Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements for the three months ended March 31, 2019 were authorized for issuance by the Board of Trustees (the "Board") on May 28, 2019.

B. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for investment property which was measured at fair value before its disposition.

The preparation of these condensed interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Trust's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(M) to the Trust's audited consolidated financial statements for the year ended December 31, 2018.

C. Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Trust's functional currency.

D. Presentation of financial statements

The Trust uses a classified statement of financial position. The consolidated statement of financial position distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within twelve months of the reporting date and non-current assets and liabilities are those where recovery or settlement is expected to occur more than twelve months from the reporting date. The Trust classifies the consolidated statement of loss and comprehensive loss using the function of expense method, which classifies expenses according to their functions, such as costs of operations or administrative activities.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Trust in the preparation of these unaudited condensed interim consolidated financial statements are consistent with the significant accounting policies reported in the Trust's audited annual consolidated financial statements for the year ended December 31, 2018 except as set out below. The accounting policies have also been applied consistently by group entities unless otherwise stated. Additional disclosures are required in annual financial statements; therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Trust's audited consolidated financial statements for the year ended December 31, 2018.

A. 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. IFRS 16 replaces IAS 17 *Leases* ("IAS 17").

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

The Trust adopted IFRS 16 in its financial statements on January 1, 2019 and applied the requirements of the standard retrospectively. Adoption of the standard had no impact on the Trust's consolidated financial statements.

4. DISCONTINUED OPERATIONS

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.

On August 30, 2018, the Master LP, through the Investments LP, sold 22nd Avenue for a sale price of $6,750,000 less standard closing costs and adjustments.

The results of operations of the investment property from January 1, 2018 until its disposal have been shown as discontinued operations in the statement of loss and comprehensive loss.

5. EQUITY-ACCOUNTED INVESTMENTS

Under IAS 28, *Investments in Associates and Joint Ventures*, the Trust accounts for its interests in entities over which it has significant influence using the equity method. The Trust has determined that it has significant influence over FSJ Industrial and FSJ Aurora LP as at March 31, 2019 and had significant influence over WCPG VII LP until acquisition of control on December 31, 2018.

A. Current equity-accounted investments

As at March 31, 2019, the Trust had two equity-accounted investments, as follows:

(i) FSJ Industrial Properties Limited Partnership

The Trust, through the Developments LP, owns 3,273,247 Class B units of FSJ Industrial, resulting in the Trust having an ownership interest of 87.5% in FSJ Industrial.

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

A. Current equity-accounted investments (continued)

(i) FSJ Industrial Properties Limited Partnership (continued)

The principal place of business for FSJ Industrial is 1050 – 475 West Georgia Street, Vancouver, British Columbia V6B 4M9.

Distributable cash will be distributed by FSJ Industrial as follows:

a) First, to the limited partners, pro rata in accordance with their respective net equity, until each limited partner has received a return in full of its net equity;

b) Second, 0.01% of the balance of distributable cash will be distributed to the general partner, to a maximum of $100 per annum;

c) As to the balance of distributable cash:

   i. 50% thereof will be distributed to the limited partners holding Class A units, pro rata in accordance with their respective proportionate shares; and

   ii. 50% thereof will be distributed to the limited partners holding Class B units, pro rata in accordance with their respective proportionate shares.

Net income of FSJ Industrial is allocated among the partners in the same proportion and priority as distributable cash, without regard to the return of net equity. Net loss of FSJ Industrial is allocated first to the limited partners, pro rata in accordance with their respective proportionate share, to the extent of their at-risk amount as computed in accordance with the Tax Act, and second, as to the remainder, if any, to the general partner.

FSJ Industrial owns approximately 17 acres of industrial property (the "BCR Lands") in Fort St. John, British Columbia. 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.

(ii) FSJ Aurora Developments Limited Partnership

The Trust, through the Developments LP, owns 2,300,000 limited partnership units of FSJ Aurora Developments Limited Partnership ("FSJ Aurora LP"), which gives the Trust a 50% interest in FSJ Aurora LP. FSJ Aurora LP owns approximately 144 acres of bare land (the "Aurora Lands"), which were located immediately outside of the northeast boundary of the City of Fort St. John at the date of purchase but are now included within city boundaries. The Aurora Lands are currently in the Agricultural Land Reserve.

The principal place of business for FSJ Aurora is 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

B. Change of Ownership and Acquisition of Control

In May 2015, the Trust, through the Developments LP, acquired 4,000,000 units of WCPG VII LP, which gave the Trust, through the Developments LP, an 88.9% ownership interest in WCPG VII LP. The Trust accounted for its investment in WCPG VII LP as an equity-accounted investment until acquisition of control.

Expressed in Canadian Dollars

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

B. Change of Ownership and Acquisition of Control (continued)

On December 31, 2018, the Trust, through Developments LP, entered into an agreement with Ground Floor Capital Management Ltd. ("Ground Floor"), which owned 500,000 LP units of WCPG VII LP, giving it an 11.1% interest in WCPG VII LP. As a result of the agreement, Ground Floor's units were repurchased and cancelled and the Developments LP became the sole limited partner of WCPG VII LP (see note 5 to the Trust's audited consolidated financial statements for the year ended December 31, 2018).

On December 31, 2018, subsequent to the change in ownership, the limited partnership agreement for WCPG VII LP was amended and as a result, the Trust, through the Master LP and Developments LP, acquired control of WCPG VII LP.

C. Carrying Value, Financial Position and Results of Operations

The carrying value of the Trust's equity-accounted investments as at March 31, 2019 and December 31, 2018 has been determined as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Balance, December 31, 2017	$ 3,710,188	$ 3,222,202	$ 2,295,851	$ 9,228,241
Contributions	–	48,125	–	48,125
Share of loss	(427,649)	(49,193)	(7,140)	(483,982)
Acquisition of control	(3,282,539)	–	–	(3,282,539)
Balance, December 31, 2018	$ –	$ 3,221,134	$ 2,288,711	**$ 5,509,845**
Share of loss	–	(10,667)	(2,029)	(12,696)
Balance, March 31, 2019	**$ –**	**$ 3,210,467**	**$ 2,286,682**	**$ 5,497,149**

The summarized financial position of the Trust's equity-accounted investments as at March 31, 2019 was as follows:

	FSJ Industrial	FSJ Aurora LP	Total
Current assets	$ 3,684,235	$ 1,262	$ 3,685,497
Non-current assets	–	4,650,000	4,650,000
Current liabilities	(15,031)	(77,787)	(92,818)
Net assets at 100%	3,669,204	4,573,475	8,242,679
Trust's ownership interest	87.5%	50%	
Trust's share of net assets	**$ 3,210,466**	**$ 2,286,683**	**$ 5,497,149**

The summarized financial position of the Trust's equity-accounted investments as at December 31, 2018 was as follows:

	FSJ Industrial	FSJ Aurora LP	Total
Current assets	$ 3,684,446	$ 1,638	$ 3,686,084
Non-current assets	–	4,650,000	4,650,000
Current liabilities	(3,050)	(74,105)	(77,155)
Net assets at 100%	3,681,396	4,577,533	8,258,929
Trust's ownership interest	87.5%	50%	
Trust's share of net assets	**$ 3,221,134**	**$ 2,288,711**	**$ 5,509,845**

Expressed in Canadian Dollars

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

C. Carrying Value, Financial Position and Results of Operations (continued)

The summarized results of operation of the Trust's equity-accounted investments for the three months ended March 31, 2019 are as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Rental & sales expenses	$ –	$ (11,980)	$ (3,856)	$ (15,836)
Finance income (expenses)	–	–	–	–
Other income (expenses)	–	(211)	(202)	(413)
Net income loss at 100%	–	(12,191)	(4,058)	(16,249)
Trust's share of net loss	**$ –**	**$ (10,667)**	**$ (2,029)**	**$ (12,696)**

The summarized results of operation of the Trust's equity-accounted investments for the period ended March 31, 2018 are as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Rental & sales expenses	$ (11,489)	$ (11,623)	$ (2,091)	$ (25,203)
Finance expenses	(93,114)	–	–	(93,114)
Other expenses	(7,241)	(102)	(569)	(7,912)
Net loss at 100%	(111,844)	(11,725)	(2,660)	(126,229)
Trust's share of loss	**$ (99,417)**	**$ (10,259)**	**$ (1,330)**	**$ (111,006)**

6. PROPERTY INVENTORY

WCPG VII LP owns Garrison Landing in Fort St. John, British Columbia. Garrison Landing is expected to be developed in five phases, and to generate, in aggregate, approximately 153 single family lots which will be offered for sale after servicing is complete. As at March 31, 2019, two phases comprising 55 subdivision lots were substantially complete and 25 of those lots had been sold or transferred.

The carrying amount of the Trust's property inventory was as follows:

	March 31, 2019	December 31, 2018
Serviced land	$ 3,556,351	$ 3,556,351
Unserviced land	4,478,260	4,478,260
	$ 8,034,611	$ 8,034,611

7. DEPOSITS

Deposits are held pursuant to a service agreement for Garrison Landing, under which WCPG VII LP advanced $50,000 in 2017 to a gas service provider against future residents of Garrison Landing connecting to gas services. WCPG VII LP is entitled to a refund of the deposit on each anniversary date of the five-year agreement, with the amount of the refund determined by the number of eligible services connected at that date. As at March 31, 2019, deposits of $50,000 were held by the service provider (December 31, 2018 – $50,000).

8. CASH HELD IN TRUST

Cash held in trust consists of cash held by legal counsel on behalf of FSJ Northwest LP, the Developments LP and WCPG VII LP. As at March 31, 2019, the balance of cash held in trust was $18,506 (December 31, 2018 – $18,506).

9. 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 31, 2018, following the sale of 22nd Avenue, the mortgage of $4,193,934 was repaid in full.

As at March 31, 2019, the Trust, through WCPG VII LP, had an outstanding mortgage payable on Garrison Landing for $950,000 which bears interest at prime plus 1.50% (December 31, 2018 – $950,000). On December 31, 2018, the lender agreed to forbear from enforcing the mortgage until December 31, 2019, with interest payable monthly.

The mortgage payable is recorded at amortized cost and bears an effective interest rate of 5.99% as at March 31, 2019 (December 31, 2018 – 5.74%).

The carrying value of the mortgage payable on March 31, 2019 was $945,890 (December 31, 2018 – $945,000). Included in the mortgage payable at March 31, 2019 are the related unamortized mortgage transaction costs of $4,110 (December 31, 2018 – $5,000), which are amortized over the term of the mortgage using the effective interest rate method.

10. 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 (note 12). 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 are recorded at amortized cost. The carrying value of the debentures on March 31, 2019 was $4,145 (December 31, 2018 – $4,047). Included in the debentures were the related unamortized debenture transaction costs of $2,355 as at March 31, 2019 (December 31, 2018 – $2,453), which are amortized over the term of the debentures using the effective interest rate method. The debentures bear an effective interest rate of 13.22% as at March 31, 2019 (December 31, 2018 – 13.22%). During the period ended March 31, 2019, the Trust incurred debenture interest of $133 (period ended March 31, 2018 – $nil).

11. NON-CONTROLLING INTEREST

As at March 31, 2019, the initial limited partners of the Master LP, the general partner of the Master LP, the general partner of the Investments LP, the general partner of the Developments LP, the general partner of FSJ Northwest and the general partner of WCPG VII LP collectively represented the non-controlling interest of the Trust.

Expressed in Canadian Dollars

11. NON-CONTROLLING INTEREST (continued)

The non-controlling interest of the Trust at March 31, 2019 and December 31, 2018 was as follows:

Non-controlling interest	Ownership as at March 31, 2019	Ownership as at December 31, 2018
Initial limited partners of the Master LP	13.43%	13.40%
General partner of the Master LP	0.00%	0.00%
General partner of the Investments LP	0.00%	0.00%
General partner of the Developments LP	0.00%	0.00%
General partner of FSJ Northwest LP	9.09%	9.09%
General partner of WCPG VII LP	0.00%	0.00%

The general partner of the Master LP, the general partner of the Investments LP, the general partner of the Developments LP and the general partner of WCPG VII LP had nominal ownership interests of less than 0.01% as at March 31, 2019 and December 31, 2018.

Distributable cash for FSJ Northwest LP is allocated first to the limited partners until they have received a return in full of their net equity; second, to the general partner to a maximum of $100 per annum; and finally, the balance to the limited partners.

Distributable cash will be distributed by WCPG VII LP as follows:

a) First, to the limited partners, pro rata in accordance with their respective proportionate shares, until each limited partner has received a return in full of its net equity;

b) Second, to the extent of the next $5,000,000 of distributable cash:

   (i) First, to the limited partners, pro rata in accordance with their respective proportionate shares, until each has received an amount which, when aggregated with all previous distributions, is equal to, but not in excess of, the sum of such limited partners' hurdle return of 10% per annum on a non-compounded basis from their respective dates of closing;

   (ii) Second, to the general partner in an amount equal to 30/70ths of the amount paid to the limited partners on account of the hurdle return;

c) Third, to the extent of the next $2,500,000 of distributable cash, 100% to the general partner; and,

d) As to the balance, 35% to the limited partners, pro rata in accordance with their respective proportionate shares, and 65% to the general partner.

During the period ended March 31, 2019, the Trust redeemed limited partnership units of the Master LP as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
January 7, 2019	19	$ 19,000
March 12, 2019	10	10,000
March 22, 2019	10	10,000
	39	$ 39,000

As a result of the unit redemptions during the period, the ownership interest of the initial limited partners of the Master LP increased from 13.40% as at December 31, 2018 to 13.43% as at March 31, 2019.

Expressed in Canadian Dollars

11. NON-CONTROLLING INTEREST (continued)

During the period ended March 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
	53	$ 53,000

12. UNITHOLDERS' EQUITY

Unitholders' equity represents Trust units. The Trust is authorized to issue an unlimited number of redeemable units of beneficial interest. Each Trust unit entitles the Trust unitholder to the same rights and obligations as any other Trust unitholder and no Trust unitholder is entitled to any privilege, priority or preference in relation to any other Trust unitholders.

Each Trust unitholder is entitled to participate equally with respect to any and all distributions of net income and net realized capital gains, subject to an adjustment in a Trust unit's proportionate share as a result of the date of first issue of a Trust unit in the first fiscal year of the Trust. On termination, the Trust unitholders of record are entitled to receive all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust.

The Trust entered into an agency agreement dated December 22, 2014, pursuant to which it filed a prospectus dated December 22, 2014 (the "Prospectus") in each of the provinces of Canada, except Quebec, in connection with its initial public offering (the "Offering") to sell a minimum of 10,000 Trust units and a maximum of 30,000 Trust units at a price of $1,000 per Trust unit. Costs related to the Offering included agents' fees of $60 per Trust unit.

On December 30, 2014, the Trust issued 10,623 Trust units at $1,000 per unit pursuant to the Offering for gross proceeds of $10,623,000. On February 5, 2015, the Trust issued an additional 2,277 Trust units at $1,000 per unit pursuant to the Offering for gross proceeds of $2,277,000. The proceeds of the Offering were used to acquire Master LP units.

Pursuant to the agency agreement, the agents received a commission equal to 6% of the gross proceeds of the Offering. In consideration of ongoing services provided by the agents and sub-agents to the Trust, and as a further incentive to the agents or any sub-agents, the Master GP has agreed to pay to the agents or any sub-agents a trailer fee equal to 10% of any amounts realized by the Master GP in respect of its incentive management interest.

Since the Trust has invested in the Master LP, which in turn has invested in the Investments LP and the Developments LP, and the Developments LP has invested in FSJ Northwest LP and WCPG VII LP, the Trust indirectly is a limited partner in the Investments LP, the Developments LP, FSJ Northwest LP and WCPG VII LP. Trust unitholders are entitled, by way, and to the extent, of the Trust's investment in Master LP units to a minimum non-compounded annual return of 7% of the net equity then outstanding and a return of capital before any amount is paid to the Master GP on account of the Master GP's incentive management interest.

Expressed in Canadian Dollars

12. UNITHOLDERS' EQUITY (continued)

Redemptions

During the period ended March 31, 2019, the Trust received redemption requests which were effective as of the date of receipt, as follows:

Redemption Date	Number of Units Redeemed	Total Redemption Price
January 7, 2019	19	$ 16,840
March 12, 2019	10	8,864
March 22, 2019	10	8,864
	39	$ 34,568

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 period ended June 30, 2018, the Trust exceeded its twelve-month limit on cash redemptions and issued $6,500 in debentures to settle several redemptions in excess of the limit (note 10).

During the period ended March 31, 2018, the Trust received 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
	53	$ 43,502

As at March 31, 2019, redemptions totaling $34,568 were outstanding and included in accounts payable and accrued liabilities (December 31, 2018 – $11,491).

13. CAPITAL MANAGEMENT

The Trust defines capital as the aggregate of unitholders' equity and the mortgage 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 from time to time.

On a quarterly basis, the Trust monitors 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 March 31, 2019 (December 31, 2018 – 15%). The Trust was in compliance with the loan-to-value restriction and all other non-financial restrictions during the periods ended March 31, 2019 and December 31, 2018.

Expressed in Canadian Dollars

13. CAPITAL MANAGEMENT (continued)

The capital structure consisted of the following components at March 31, 2019 and December 30, 2018:

	March 31, 2019	December 31, 2018	Change
Capital			
Mortgage payable	$ 945,890	$ 945,000	$ 890
Unitholders' equity	10,883,049	10,988,053	(105,004)
Total capital	$ 11,828,939	$ 11,933,053	$ (104,114)

During the period ended March 31, 2019, the Trust's total capital decreased due to the amortization of mortgage transaction costs (note 9), the redemption of 39 trust units (note 12) and the net loss incurred during the period.

14. FINANCIAL INSTRUMENTS

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.

Assets and liabilities measured at fair value in the statement of financial position or for which fair value disclosure is required in the notes to the financial statements are classified based on a three-level hierarchy that reflects the significance of the inputs used when determining the fair value as described in note 3(I) to the Trust's audited consolidated financial statements for the year ended December 31, 2018.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by reassessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

The investment property, prior to its disposition in August 2018, was the only asset measured at fair value by the Trust on the statement of financial position. The investment property was measured under level 3 of the fair value hierarchy. The Trust does not have any liabilities designated as fair value through profit or loss.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 3(I) to the Trust's audited consolidated financial statements for the year ended December 31, 2018.

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

	March 31, 2019		December 31, 2018	
Financial instruments	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 111,429	$ 111,429	$ 153,669	$ 153,669
Cash held in trust	18,506	18,506	18,506	18,506
Amounts receivable	235	235	304	304
Due from related parties	68,830	68,830	69,351	69,351
Accounts payable and accrued liabilities	460,689	460,689	402,616	402,616
Mortgage payable	945,890	950,172	945,000	949,995
Debentures	4,145	7,103	4,047	7,137

14. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

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

(i) Mortgage payable and debentures

The fair values of amounts due for the mortgage 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 3 of the fair value hierarchy since the discount rates are either provided by the lenders or are observable on the open market.

(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.

There were no transfers between levels in the fair value hierarchy during the periods ended March 31, 2019 and March 31, 2018.

15. RISK MANAGEMENT

The Board has the overall responsibility for the establishment and oversight of the Trust's risk management framework. 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 is exposed to a number of risks from its use of financial instruments. These risks include, but are not limited to, credit risk, liquidity risk, currency risk, lease rollover risk, income tax risk, interest rate risk, environmental risk and Trust unit redemption risk.

There have been no changes to the Trust's assessment of its risk factors since December 31, 2018. Please refer to the Trust's audited consolidated financial statements for the period ended December 31, 2018 and management's discussion and analysis for the period ended March 31, 2019 for a discussion of other risk factors that have been identified by the Trust.

16. 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 period ended March 31, 2019, Pure Commercial charged the Trust asset management fees of $32,969 (period ended March 31, 2018 – $31,762). As at March 31, 2019, asset management fees of $198,984 (December 31, 2018 – $166,014) were included in accounts payable and accrued liabilities.

16. RELATED PARTY TRANSACTIONS (continued)

Transactions with Pure Commercial Real Estate Advisors Inc. (continued)

The Trust, through the Investments LP, entered into a property management agreement with Pure Commercial, whereby Pure Commercial provided property management services to 22nd Avenue and collected 2.0% of the basic annual rent as a property management fee prior to the sale of the property. During the period ended March 31, 2019, Pure Commercial charged the Trust property management fees of $nil (period ended March 31, 2018 – $2,346).

Pure Commercial has previously advanced funds to WCPG VII LP. As at March 31, 2019, $21,000 was owing to Pure Commercial and included in accounts payable and accrued liabilities (December 31, 2018 – $21,000).

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 (note 18). During the period ended March 31, 2019, the Master LP recorded fees, inclusive of taxes, of $3,938 to Sui Generis (period ended March 31, 2018 – $3,938). As of March 31, 2019, $31,500 was included in accounts payable and accrued liabilities (December 31, 2018 – $27,563).

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 March 31, 2019, $151 was outstanding and included in due from related parties (December 31, 2018 – $151).

Trustee Compensation

Each trustee of the Trust, other than Stephen Evans, is entitled to an annual fee of $12,500. During the period ended March 31, 2019, the Trust paid accrued trustee fees of $nil (period ended March 31, 2018 – $25,000). As at March 31, 2019, trustee fees of $nil were included in accounts payable and accrued liabilities (December 31, 2018 – $nil).

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% ownership interest in FSJ Aurora LP (note 5). 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. The loans are non-interest bearing and repayable on demand. During the period ended March 31, 2019, the Trust, through the Developments LP, advanced $nil to FSJ Aurora LP to cover working capital requirements and paid invoices totalling $nil on FSJ Aurora LP's behalf (period ended March 31, 2018 – $2,759 and $124 respectively). As at March 31, 2019, $36,000 was outstanding and included in due from related parties (December 31, 2018 – $36,000).

Transactions with WCPG Garrison Landing Ltd.

As at March 31, 2019, WCPG Garrison Landing Ltd., which is the general partner of WCPG VII LP, owed the Trust, through Developments LP, $33,200 (December 31, 2018 – $33,200).

Expressed in Canadian Dollars

17. 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 March 31, 2019, the Trust operated one development property and had interests in one additional development property and one investment property through its equity-accounted investments (note 5). As at March 31, 2018, 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 period ended March 31, 2019:

Period ended March 31, 2019	Development	Investment	Trust	Total
NET SALES INCOME (EXPENSE)				
Property taxes	$ (9,645)	$ –	$ –	$ (9,645)
	(9,645)	–	–	(9,645)
NET FINANCE INCOME (EXPENSE)				
Interest income	170	574	229	973
Mortgage interest	(13,966)	–	–	(13,966)
Debenture interest	–	–	(133)	(133)
	(13,796)	574	96	(13,126)
NET OTHER INCOME (EXPENSES)				
General and administrative	(627)	(6)	(12,285)	(12,918)
Asset management fees	–	–	(32,969)	(32,969)
	(627)	(6)	(45,254)	(45,887)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS	(10,667)	(2,029)	–	(12,696)
NET LOSS AND COMPREHENSIVE LOSS	$ (34,735)	$ (1,461)	$ (45,158)	$ (81,354)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Unitholders from continuing operations	(30,075)	(1,265)	(39,096)	(70,436)
Non-controlling interest	(4,660)	(196)	(6,062)	(10,918)
	$ (34,735)	$ (1,461)	$ (45,158)	$ (81,354)
Loss per unit				
Basic and diluted	$ (2.40)	$ (0.10)	$ (3.13)	$ (5.63)
Weighted average number of units				
Basic and diluted	12,506	12,506	12,506	12,506

Expressed in Canadian Dollars

17. SEGMENTED INFORMATION (continued)

The following summarizes the results of operations for the Trust's segments for the period ended March 31, 2018:

Period ended March 31, 2018	Development	Investment	Trust	Total
NET FINANCE INCOME (EXPENSE)				
Interest income	$ 30,288	$ 134	$ 153	$ 30,575
	30,288	134	153	30,575
NET OTHER INCOME (EXPENSES)				
General and administrative	(1,870)	(6)	(12,511)	(14,387)
Asset management fees	–	–	(31,762)	(31,762)
	(1,870)	(6)	(44,273)	(46,149)
INCOME (EXPENSES) FROM DISCONTINUED OPERATIONS				
Rental revenue and recoveries	–	174,818	–	174,818
Insurance	–	(2,514)	–	(2,514)
Management fees	–	(2,346)	–	(2,346)
Property taxes	–	(52,754)	–	(52,754)
Mortgage interest	–	(43,669)	–	(43,669)
Fair value adjustments to investment property	–	(92)	–	(92)
	–	73,443	–	73,443
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS	(109,676)	(1,330)	–	(111,006)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (81,258)	$ 72,241	$ (44,120)	$ (53,137)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Unitholders from continuing operations	(70,488)	(10,770)	(38,415)	(119,673)
Unitholders from discontinued operations	–	73,443	–	73,443
Non-controlling interest	(10,770)	9,568	(5,705)	(6,907)
	$ (81,258)	$ 72,241	$ (44,120)	$ (53,137)
Earnings (loss) per unit				
Basic and diluted	$ (5.55)	$ 4.94	$ (3.03)	$ (3.64)
Weighted average number of units				
Basic and diluted	12,684	12,684	12,684	12,684

18. SUBSEQUENT EVENTS

On April 10, 2019, the Trust received a request to redeem one Trust unit. On April 16, 2019, the Trust received a request to redeem 10 Trust units.

On April 30, 2019, the Trust paid the outstanding redemption amount of $34,568 related to the January 7, March 12 and March 22, 2019 redemptions totalling 39 Trust units (note 12).

On May 16, 2019, Sui Generis terminated the agreement under which it provided certain consulting and advisory services to the Master LP and waived the outstanding fees of $31,500 (note 16).