Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

REALnorth Opportunities Fund

For the periods ended September 30, 2021 and 2020

Unaudited – Prepared by Management

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* 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 September 30, 2021 and 2020.

REALnorth Opportunities Fund

Interim Consolidated Statement of Financial Position
Expressed in Canadian Dollars
Unaudited

		September 30, 2021		December 31, 2020
ASSETS				
Non-current assets				
Equity-accounted investments (note 4)	**$**	**4,804,004**	$	4,807,217
Current assets				
Property inventory (note 5)		**3,699,725**		3,699,725
Prepaid expenses		**13,268**		14,918
Deposits (note 6)		**29,467**		29,467
Amounts receivable		–		17
Due from related parties (note 13)		**155,109**		132,253
Cash		**86,501**		321,958
		3,984,070		4,198,338
TOTAL ASSETS	**$**	**8,788,074**	$	9,005,555
LIABILITIES				
Non-current liabilities				
Debentures (note 7)	**$**	**41,986**	**$**	41,514
Current liabilities				
Due to related parties (note 13)		**785,581**		688,002
Accounts payable and accrued liabilities		**110,761**		151,306
		896,342		839,308
TOTAL LIABILITIES		**938,328**		880,822
UNITHOLDERS' EQUITY				
Non-controlling interest (note 8)		**919,732**		947,519
Unitholders' equity (note 9)		**6,930,014**		7,177,214
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**$**	**8,788,074**	$	9,005,555

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, 2020	12,305	$	7,177,214	$	947,519	$	8,124,733
Unit redemptions	(125)		(71,725)		–		(71,725)
Loss for the period	–		(175,475)		(27,787)		(203,262)
Unitholders' equity, September 30, 2021	**12,180**	**$**	**6,930,014**	**$**	**919,732**	**$**	**7,849,746**

			Trust units		Non-controlling interest		Total
	Units		Amount		Amount		Amount
Unitholders' equity, December 31, 2019	12,421	$	7,680,788	$	1,011,481	$	8,692,269
Unit redemptions	(116)		(71,520)		–		(71,520)
Loss for the period	–		(157,855)		(24,861)		(182,716)
Unitholders' equity, September 30, 2020	**12,305**	**$**	**7,451,413**	**$**	**986,620**	**$**	**8,438,033**

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

	Nine months ended September 30		Three months ended September 30	
	2021	2020	**2021**	2020
SALES INCOME (EXPENSE)				
Sales (note 5)	**$ –**	$ 1,236,958	$ –	$ –
Cost of sales (note 5)	–	(1,176,389)	–	–
	–	60,569	–	–
OPERATING EXPENSE				
Property maintenance	–	(1,691)	–	(1,691)
Property taxes	**(27,430)**	(31,897)	(9,143)	(10,549)
	(27,430)	(33,588)	**(9,143)**	(12,240)
NET OPERATING INCOME (LOSS)	**(27,430)**	26,981	**(9,143)**	(12,240)
NET FINANCE INCOME (EXPENSES)				
Interest income	**45**	220	–	65
Debenture interest (note 7)	**(680)**	(554)	**(234)**	(216)
	(635)	(334)	**(234)**	(151)
NET OTHER EXPENSES				
General and administrative	**(43,780)**	(68,289)	**(9,222)**	(11,988)
Asset management fees (note 13)	**(97,579)**	(97,854)	**(32,470)**	(32,593)
	(141,359)	(166,143)	**(41,692)**	(44,581)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS (note 4)	**(33,838)**	(43,220)	**(11,608)**	(11,106)
NET LOSS AND COMPREHENSIVE LOSS	**$ (203,262)**	$ (182,716)	**$ (62,677)**	$ (68,078)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Unitholders	**$ (175,475)**	$ (157,855)	**$ (54,066)**	$ (58,815)
Non-controlling interest	**(27,787)**	(24,861)	**(8,611)**	(9,263)
	$ (203,262)	$ (182,716)	**$ (62,677)**	$ (68,078)
Loss per unit				
Basic and diluted	**$ (14.31)**	$ (12.81)	**$ (4.42)**	$ (4.77)
Weighted average number of units				
Basic and diluted	**12,264**	12,322	**12,228**	12,322

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

Nine months ended September 30		2021		2020
Cash provided by (used in)				
OPERATIONS				
Net loss for the period	**$**	**(203,262)**	$	(182,716)
Items not involving cash:				
Amortization of debenture transaction costs		**472**		391
Share of loss of equity-accounted investments (note 4)		**33,838**		43,220
Interest income		**(45)**		(220)
Debenture interest		**208**		163
Property sales (note 5)		–		1,171,573
Changes in non-cash working capital items:				
Increase in prepaid expenses		**1,650**		(1,268)
Decrease in amounts receivable		–		14,381
Increase in due from related parties		**(22,856)**		(27,813)
Increase (decrease) in due to related parties		**97,579**		(155,898)
Decrease in accounts payable and accrued liabilities		**(89,319)**		(148,459)
Decrease in deferred revenue		–		(930,000)
		(181,735)		(216,646)
INVESTING				
Contributions to equity-accounted investments		**(30,625)**		–
Distributions from equity-accounted investments (note 4)		–		498,750
Interest received		**62**		252
		(30,563)		499,002
FINANCING				
Debenture interest paid		**(207)**		(163)
Proceeds from issuance of debentures		–		37,000
Debenture issuance costs		–		(490)
Unit redemptions		**(22,952)**		(71,520)
		(23,159)		(35,173)
Net change in cash during the period		**(235,457)**		247,183
Cash, beginning of period		**321,958**		2,098
CASH, END OF PERIOD	**$**	**86,501**	$	249,281

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 200 – 50 Fell Ave., North Vancouver, British Columbia, V7P 3S2.

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 the Province of British Columbia and created by the Master LP agreement on July 31, 2014. The Master LP's head office is located at 200 – 50 Fell Ave., North Vancouver, British Columbia, V7P 3S2.

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 200 – 50 Fell Ave., North Vancouver, British Columbia, V7P 3S2.

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 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.
- 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 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.

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 the Province 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 200 – 50 Fell Ave., North Vancouver, BC, V7P 3S2.

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 the Province 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 200 – 50 Fell Ave., North Vancouver, BC V7P 3S2.

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 period ended September 30, 2021 were authorized for issuance by the Board of Trustees (the "Board") on November 25, 2021.

B. Basis of measurement and going concern

These consolidated financial statements have been prepared on a historical cost basis.

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(K) to the Trust's audited consolidated financial statements for the year ended December 31, 2020.

The ability of the Trust to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon continued support from related parties and sales of property by the Trust and its equity-accounted investments which impact the Trust's ability to achieve profitable operations in the future. The Trust received a distribution in 2020 from the sale of property inventory by one of its equity-accounted investments (note 4) and certain related parties waived their right to repayment of the loans noted in note 13 until 2022. During the three quarters of 2021, the residential property market in Fort St. John has continued to strengthen amid the current COVID-19 pandemic. Consequently, management is of the opinion that sufficient working capital will be obtained from future cash flows from operations and financing arrangements with its related parties to meet the Trust's liabilities and commitments as they become due.

C. Functional and presentation currency

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

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (CONTINUED)

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, 2020 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, 2020.

Future accounting policy changes

(i) IAS 1, Presentation of Financial Statements, Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1, Presentation of Financial Statements, to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability.

The amendments are effective January 1, 2023, with early adoption permitted. The amendments are to be applied retrospectively. The Trust is currently assessing the impact of this amendment.

4. 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 Properties Limited Partnership ("FSJ Industrial") and FSJ Aurora Developments Limited Partnership ("FSJ Aurora").

A. Current equity-accounted investments

As at September 30, 2021, 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.

4. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

A. Current equity-accounted investments (continued)

(i) FSJ Industrial Properties Limited Partnership (continued)

FSJ Industrial owns approximately 13.4 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.

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 *Income Tax Act* (Canada), and second, as to the remainder, if any, to the general partner.

(ii) FSJ Aurora Developments Limited Partnership

The Trust, through the Developments LP, owns 2,300,000 limited partnership units of FSJ Aurora, which gives the Trust a 50% interest in FSJ Aurora.

FSJ Aurora 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.

Expressed in Canadian Dollars

4. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

B. Carrying value, financial position and results of operations

The carrying value of the Trust's equity-accounted investments as at September 30, 2021 and December 31, 2020 has been determined as follows:

	FSJ Industrial	FSJ Aurora	Total
Balance, December 31, 2019	$ 3,091,776	$ 2,271,679	$ 5,363,455
Distributions	(498,750)	–	(498,750)
Share of loss	(32,548)	(24,940)	(57,488)
Balance, December 31, 2020	**$ 2,560,478**	**$ 2,246,739**	**$ 4,807,217**
Contributions	30,625	–	30,625
Share of loss	(25,924)	(7,914)	(33,838)
Balance, September 30, 2021	**$ 2,565,179**	**$ 2,238,825**	**$ 4,804,004**

On March 26, 2020, FSJ Industrial sold one of the four lots that comprise the BCR Lands for $650,000 less standard closing costs and adjustments. As a result, the Trust, through the Developments LP, received a distribution of $498,750 from FSJ Industrial on March 31, 2020.

The summarized financial position of the Trust's equity-accounted investments as at September 30, 2021 was as follows:

	FSJ Industrial	FSJ Aurora	Total
Current assets	$ 2,932,913	$ 28,386	$ 2,961,299
Non-current assets	–	4,650,000	4,650,000
Current liabilities	(1,180)	(200,626)	(201,806)
Net assets at 100%	2,931,733	4,477,760	7,409,493
General partner's share of net assets	100	110	210
Limited partner's share of net assets	2,931,633	4,477,650	7,409,283
Trust's ownership interest	87.5%	50%	
Trust's share of net assets	**$ 2,565,179**	**$ 2,238,825**	**$ 4,804,004**

The summarized financial position of the Trust's equity-accounted investments as at December 31, 2020 was as follows:

	FSJ Industrial	FSJ Aurora	Total
Current assets	$ 2,929,578	$ 4,710	$ 2,934,288
Non-current assets	–	4,650,000	4,650,000
Current liabilities	(3,217)	(161,122)	(164,339)
Net assets at 100%	2,926,361	4,493,588	7,419,949
General partner's share of net assets	100	110	210
Limited partner's share of net assets	2,926,261	4,493,478	7,419,739
Trust's ownership interest	87.5%	50%	
Trust's share of net assets	**$ 2,560,478**	**$ 2,246,739**	**$ 4,807,217**

Expressed in Canadian Dollars

4. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

B. Carrying value, financial position and results of operations (continued)

The summarized results of operation of the Trust's equity-accounted investments for the nine months ended September 30, 2021 are as follows:

	FSJ Industrial	FSJ Aurora	Total
Rental & sales expenses	$ (27,339)	$ (14,496)	$ (41,835)
Other income (expenses)	(2,289)	(1,332)	(3,621)
Net loss at 100%	(29,628)	(15,828)	(45,456)
Trust's share of net loss	**$ (25,924)**	**$ (7,914)**	**$ (33,838)**

The summarized results of operation of the Trust's equity-accounted investments for the nine months ended September 30, 2020 are as follows:

	FSJ Industrial	FSJ Aurora	Total
Rental & sales expenses	$ (26,610)	$ (15,050)	$ (41,660)
Other income (expenses)	919	(26,430)	(25,511)
Net loss at 100%	(25,691)	(41,480)	(67,171)
Trust's share of net loss	**$ (22,480)**	**$ (20,740)**	**$ (43,220)**

5. 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 September 30, 2021, two phases comprising 55 subdivision lots were substantially complete and 40 of those lots had been sold or transferred.

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

	September 30, 2021	December 31, 2020
Serviced land	$ 1,461,600	$ 1,461,600
Unserviced land	2,238,125	2,238,125
	$ 3,699,725	$ 3,699,725

As at September 30, 2021, the carrying amount of the Trust's property inventory is net of impairment of $3,174,965 (December 31, 2020 – $3,174,965). During the period ended September 30, 2021, the Trust recognized impairment of $nil on its serviced land (December 31, 2020 – $126,378) and impairment of $nil on its unserviced land (December 31, 2020 – $nil) due to management's determination that the net realizable value of the property inventory had maintained the same as a result of the current strengthened real estate market.

5. PROPERTY INVENTORY (CONTINUED)

On January 8, 2020, the Trust, through WCPG VII LP, sold 13 lots at Garrison Landing for a sale price of $1,236,958 to FSJ Residential Development Limited Partnership (“FSJ Residential”), which is related to the Trust by virtue of having a general partner director/officer in common, and recorded the related cost of sales totaling $1,176,389.

On November 27, 2020, the Trust, through WCPG VII LP, sold one serviced lot at Garrison Landing for proceeds of $95,000 less standard closing costs and adjustments and recognized cost of sales of $93,481.

6. 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 September 30, 2021, deposits of $29,467 were held by the service provider (December 31, 2020 – $29,467).

7. 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 9). 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.

On April 30, 2020, the Master LP issued debentures totaling $37,000 to settle outstanding trust unit redemption requests in excess of its limit on cash payments for such redemptions (note 9). The debentures are subordinated, unsecured, will mature in April 2025 and pay interest monthly in arrears at an annual interest rate of 0.375%. The Master LP may repay the debentures at any time.

The debentures are recorded at amortized cost. The carrying value of the debentures on September 30, 2021 was $41,986 (December 31, 2020 – $41,514).

Included in the debentures were the related unamortized debenture transaction costs of $1,514 as at September 30, 2021 (December 31, 2020 – $1,986), which are amortized over the term of the debentures using the effective interest rate method. The July 31, 2018 debentures bear an effective interest rate of 13.22% as at September 30, 2021 (December 31, 2020 – 13.22%), and the April 30, 2020 debentures bear an effective interest rate of 0.64% (December 31, 2020 – 0.64%). During the nine months ended September 30, 2021, the Trust incurred debenture interest of $680 (nine months ended September 30, 2020 – $554).

8. NON-CONTROLLING INTEREST

As at September 30, 2021, 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 LP and the general partner of WCPG VII LP collectively represented the non-controlling interest of the Trust.

As at September 30, 2021, the initial limited partners of the Master LP had a 13.73% non-controlling ownership interest (December 31, 2020 – 13.61%). 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 September 30, 2021 and December 31, 2020.

Expressed in Canadian Dollars

8. NON-CONTROLLING INTEREST (CONTINUED)

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 nine months ended September 30, 2021, the Trust redeemed limited partnership units of the Master LP as follows:

Redemption Date	Number of Units Redeemed	Total Par Value of Redemption
March 10, 2021	30	$ 30,000
April 23, 2021	10	10,000
July 7, 2021	10	10,000
August 11, 2021	20	20,000
September 3, 2021	55	55,000
	125	$ 125,000

As a result of the unit redemptions during the period, the ownership interest of the initial limited partners of the Master LP increased from 13.61% as at December 31, 2020 to 13.73% as at September 30, 2021.

During the nine months ended September 30, 2020, the Trust redeemed limited partnership units of the Master LP as follows:

Redemption Date	Number of Units Redeemed	Total Par Value of Redemption
January 3, 2020	34	$ 34,000
February 5, 2020	22	22,000
March 5, 2020	60	60,000
	116	$ 116,000

Expressed in Canadian Dollars

9. 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.

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.

Redemptions

During the nine months ended September 30, 2021, 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 10, 2021	30	$ 17,214
April 23, 2021	10	5,738
July 7, 2021	10	5,738
August 11, 2021	20	11,476
September 3, 2021	55	31,559
	125	$ 71,725

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 nine months ended September 30, 2020, 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 3, 2020	34	$ 20,963
February 5, 2020	22	13,564
March 5, 2020	60	36,993
	116	$ 71,520

As at September 30, 2021, redemptions totaling $48,773 were outstanding and included in accounts payable and accrued liabilities (December 31, 2020 – $nil).

Expressed in Canadian Dollars

10. 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.

The capital structure consisted of the following components at September 30, 2021 and December 30, 2020:

	September 30, 2021	December 31, 2020	Change
Capital			
Unitholders' equity	$ 6,930,014	$ 7,177,214	$ (247,200)
Total capital	$ 6,930,014	$ 7,177,214	$ (247,200)

During the nine months ended September 30, 2021, the Trust's total capital decreased due to the redemption of 125 trust units (note 9) and the net loss incurred during the period.

11. 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(H) to the Trust's audited consolidated financial statements for the year ended December 31, 2020.

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(H) to the Trust's audited consolidated financial statements for the year ended December 31, 2020.

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

	September 30, 2021		December 31, 2020	
Financial instruments	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 86,501	$ 86,501	$ 321,958	$ 321,958
Amounts receivable	–	–	17	17
Due from related parties	155,109	155,109	132,253	132,253
Accounts payable and accrued liabilities	110,761	110,761	151,306	151,306
Due to related parties	785,581	785,581	688,002	688,002
Debentures	41,986	44,249	41,514	44,455

11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments (continued)

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

(i) Debentures

The fair value of the debentures is 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 (note 3(H) to the Trust's audited consolidated financial statements for the year ended December 31, 2020).

(ii) Other financial assets and liabilities

The carrying values of financial assets and financial liabilities not measured at fair value, including cash, amounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties, 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 September 30, 2021 and December 31, 2020.

12. 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, income tax risk, interest rate risk, environmental risk and Trust unit redemption risk.

Please refer to the Trust's audited consolidated financial statements for the year ended December 31, 2020 and management's discussion and analysis for the period ended September 30, 2021 for a discussion of other risk factors that have been identified by the Trust.

During the year ended December 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Trust's business are not known at this time. These impacts could include impairment of equity-accounted investments, impairment of property inventory or potential future decreases in revenue or the profitability of the Trust's ongoing operations. Estimates and assumptions that are most subject to increased uncertainty caused by the COVID-19 pandemic relate to the net realizable value of property inventories (notes 4 and 5). Although not significant, COVID-19 had an impact on the Trust because there was impairment on its property inventory at Garrison Landing as of December 31, 2020, due to low market activities and downward pressure on lot value. Since the year end, amid continuous low interest rate and greater vaccination of the population, the real estate market has improved and continues to strengthen in Fort St. John.

13. 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 nine months ended September 30, 2021, Pure Commercial charged the Trust asset management fees of $97,579 (nine months ended September 30, 2020 – $97,854). As at September 30, 2021, asset management fees of $525,531 (December 31, 2020 – $427,952) were included in due to related parties.

During the nine months ended September 30, 2021, Pure Commercial advanced $nil to subsidiaries of the Trust to fund working capital requirements (nine months ended September 30, 2020 – $nil). The loans are non-interest bearing and repayable on demand. As at September 30, 2021, advances of $233,600 were owing to Pure Commercial and included in due to related parties (December 31, 2020 – $233,600). Pure Commercial has waived its right to demand repayment of the advances until 2022.

Transactions with the Master GP

The Master GP is related to the Trust by virtue of having officers and directors/trustees in common. During the nine months ended September 30, 2021, the Trust, through the Master LP, paid expenses of $1,101 on behalf of the Master GP (nine months ended September 30, 2020 – $2,247). As at September 30, 2021, $4,741 was outstanding and included in due from related parties (December 31, 2020 – $3,640). The loans are non-interest bearing and repayable on demand.

Transactions with Triple E Investments Ltd.

Triple E Investments Ltd. is related to the Trust by virtue of having directors/trustees in common. During the nine months ended September 30, 2021, Triple E Investments Ltd. advanced $nil to the Master LP to fund working capital requirements (nine months ended September 30, 2020 – $nil). The loans are non-interest bearing and repayable on demand. As at September 30, 2021, $12,000 was outstanding and included in due to related parties (December 31, 2020 – $12,000). Triple E Investments Ltd. has waived its right to demand repayment of the loans until 2022.

Transactions with Triple E Ventures Inc.

During the nine months ended September 30, 2021, WCPG VII LP repaid advances made from Triple E Ventures Inc. to fund working capital requirements totaling $nil (nine months ended September 30, 2020 – $73,752). The loans are non-interest bearing and repayable on demand. As at September 30, 2021, $14,450 was outstanding and included in due to related parties (December 31, 2020 – $14,450). Triple E Ventures Inc. has waived its right to demand repayment of the loans until 2022.

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with FSJ Aurora Development Limited Partnership

FSJ Aurora 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 (note 4). The remaining 50% of FSJ Aurora 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 to fund working capital requirements. The loans are non-interest bearing and repayable on demand. During the nine months ended September 30, 2021, the Trust, through the Developments LP, advanced $20,100 to FSJ Aurora to fund working capital requirements and paid invoices totalling $nil on FSJ Aurora's behalf (nine months ended September 30, 2020 – $24,000 and $nil respectively). As at September 30, 2021, $111,586 was outstanding and included in due from related parties (December 31, 2020 – $91,486).

Transactions with WCPG Garrison Landing Ltd.

WCPG Garrison Landing Ltd. is related to the Trust by virtue of being the general partner of WCPG VII LP. During the nine months ended September 30, 2021, the Trust, through WCPG VII LP, repaid loans and interest of $nil and paid expenses of $1,654 on WCPG Garrison Landings Ltd.'s behalf (nine months ended September 30, 2020 – $nil and $1,566 respectively). As at September 30, 2021, $38,771 was outstanding and included in due from related parties (December 31, 2020 – $37,117).

Trustee Compensation

Each trustee of the Trust, other than Stephen Evans, is entitled to an annual fee of $12,500. During the nine months ended September 30, 2021, the Trust paid accrued trustee fees of $nil (nine months ended September 30, 2020 – $nil). As at September 30, 2021, trustee fees of $nil were included in accounts payable and accrued liabilities (December 31, 2020 – $nil).

14. 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 September 30, 2021 and September 30, 2020, the Trust operated one development property and had interests in one additional development property and one investment property through its equity-accounted investments (note 4). Assets and liabilities are reviewed on a total basis by management and therefore are not included in the following segmented disclosure.

Expressed in Canadian Dollars

14. SEGMENTED INFORMATION (CONTINUED)

The following summarizes the results of operations for the Trust's segments for the nine months ended September 30, 2021:

Nine months ended September 30, 2021	Development	Investment	Trust	Total
NET OPERATING EXPENSES				
Property taxes	$ (27,430)	$ –	$ –	$ (27,430)
	(27,430)	–	–	(27,430)
NET OPERATING LOSS	(27,430)	–	–	(27,430)
NET FINANCE INCOME (EXPENSES)				
Interest income	45	–	–	45
Debenture interest	–	–	(680)	(680)
	45	–	(680)	(635)
NET OTHER EXPENSES				
General and administrative	(4,842)	(1,329)	(37,609)	(43,780)
Asset management fees	–	–	(97,579)	(97,579)
	(4,842)	(1,329)	(135,188)	(141,359)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS	(25,924)	(7,914)	–	(33,838)
NET LOSS AND COMPREHENSIVE LOSS	$ (58,151)	$ (9,243)	$ (135,868)	$ (203,262)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Unitholders from continuing operations	(50,072)	(7,980)	(117,423)	(175,475)
Non-controlling interest	(8,079)	(1,263)	(18,445)	(27,787)
	$ (58,151)	$ (9,243)	$ (135,868)	$ (203,262)
Loss per unit				
Basic and diluted	$ (4.08)	$ (0.65)	$ (9.57)	$ (14.31)
Weighted average number of units				
Basic and diluted	12,264	12,264	12,264	12,264

Expressed in Canadian Dollars

14. SEGMENTED INFORMATION (CONTINUED)

The following summarizes the results of operations for the Trust's segments for the nine months ended September 30, 2020:

Nine months ended September 30, 2020	Development	Investment	Trust	Total
SALES INCOME (EXPENSES)				
Sales (note 5)	$ 1,236,958	$ –	$ –	$ 1,236,958
Cost of sales (note 5)	(1,176,389)	–	–	(1,176,389)
	60,569	–	–	60,569
NET OPERATING EXPENSES				
Property maintenance	(1,691)	–	–	(1,691)
Property taxes	(31,897)	–	–	(31,897)
	(33,588)	–	–	(33,588)
NET OPERATING INCOME	26,981	–	–	26,981
NET FINANCE INCOME (EXPENSES)				
Interest income	195	1	24	220
Debenture interest	–	–	(554)	(554)
	195	1	(530)	(334)
NET OTHER EXPENSES				
General and administrative	(31,163)	(1,759)	(35,367)	(68,289)
Asset management fees	–	–	(97,854)	(97,854)
	(31,163)	(1,759)	(133,221)	(166,143)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS	(22,480)	(20,740)	–	(43,220)
NET LOSS AND COMPREHENSIVE LOSS	$ (26,467)	$ (22,498)	$ (133,751)	$ (182,716)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Unitholders from continuing operations	(22,849)	(19,445)	(115,560)	(157,854)
Non-controlling interest	(3,618)	(3,053)	(18,191)	(24,862)
	$ (26,467)	$ (22,498)	$ (133,751)	$ (182,716)
Loss per unit				
Basic and diluted	$ (1.85)	$ (1.58)	$ (9.38)	$ (12.81)
Weighted average number of units				
Basic and diluted	12,322	12,322	12,322	12,322

15. SUBSEQUENT EVENTS

On October 31, 2021, the Trust settled an outstanding redemption request for 85 units through a cash payment of $48,773.