Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

REALnorth Opportunities Fund

For the Periods Ended September 30, 2017 and 2016

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 period ended September 30, 2017.

REALnorth Opportunities Fund

Interim Consolidated Statement of Financial Position
Expressed in Canadian Dollars
Unaudited

		September 30, 2017		December 31, 2016
ASSETS				
Non-current assets				
Investment property (note 4)	**$**	**6,520,000**	$	6,520,000
Equity-accounted investments (note 5)		**9,304,574**		9,612,389
		15,824,574		16,132,389
Current assets				
Prepaid expenses		**12,808**		19,403
Amounts receivable		**304**		685
Due from related parties (note 13)		**1,070,319**		921,797
Cash		**256,938**		843,353
		1,340,369		1,785,238
TOTAL ASSETS	**$**	**17,164,943**	$	17,917,627
LIABILITIES				
Non-current liabilities				
Mortgage payable (note 6)	**$**	**4,150,496**	$	4,234,997
Current liabilities				
Mortgage payable – current portion (note 6)		**128,673**		125,168
Distributions payable (note 8)		–		345,314
Accounts payable and accrued liabilities		**78,534**		119,959
		207,207		590,441
TOTAL LIABILITIES		**4,357,703**		4,825,438
UNITHOLDERS' EQUITY				
Non-controlling interest (note 7)		**1,524,046**		1,549,532
Unitholders' equity (note 8)		**11,283,194**		11,542,657
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**$**	**17,164,943**	$	17,917,627

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, 2016	12,800	$ 11,542,657	$ 1,549,532	$ 13,092,189
Unit redemptions	(102)	(92,055)	–	(92,055)
Loss for the period	–	(167,408)	(25,486)	(192,894)
Unitholders' equity, September 30, 2017	**12,698**	**$ 11,283,194**	**$ 1,524,046**	**$ 12,807,240**

		Trust units	Non-controlling interest	Total
	Units	Amount	Amount	Amount
Unitholders' equity, December 31, 2015	12,900	$ 12,163,620	$ 1,624,977	$ 13,788,597
Unit redemption	(96)	(92,112)	–	(92,112)
Loss for the period	–	(113,245)	(17,096)	(130,341)
Unitholders' equity, September 30, 2016	**12,804**	**$ 11,958,263**	**$ 1,607,881**	**$ 13,566,144**

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		Three Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
NET RENTAL INCOME (EXPENSES)				
Rental revenue and recoveries	**$ 518,101**	$ 513,430	**$ 173,207**	$ 171,541
Insurance	**(7,440)**	(8,221)	**(2,496)**	(2,724)
Property management fees (note 13)	**(6,908)**	(6,773)	**(2,309)**	(2,264)
Property taxes	**(151,869)**	(146,163)	**(51,179)**	(49,077)
	351,884	352,273	**117,223**	117,476
NET FINANCE INCOME (EXPENSES)				
Interest income	**85,996**	56,881	**29,996**	29,051
Mortgage interest	**(133,500)**	(136,792)	**(44,241)**	(45,350)
	(47,504)	(79,911)	**(14,245)**	(16,299)
NET OTHER EXPENSES				
General and administrative	**(51,845)**	(121,936)	**(12,301)**	(17,067)
Asset management fees (note 13)	**(100,299)**	(101,588)	**(32,897)**	(33,863)
Decrease in fair value of investment property (note 4)	**(6,689)**	(13,462)	**(1,906)**	(4,170)
	(158,833)	(236,986)	**(47,104)**	(55,100)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS (note 5)	**(338,441)**	(165,717)	**(97,629)**	(98,760)
NET LOSS AND COMPREHENSIVE LOSS	**(192,894)**	(130,341)	**(41,755)**	(52,683)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Unitholders	**(167,408)**	(113,245)	**(36,226)**	(45,769)
Non-controlling interest	**(25,486)**	(17,096)	**(5,529)**	(6,914)
	$ (192,894)	$ (130,341)	**$ (41,755)**	$ (52,683)
Loss per unit				
Basic and diluted	**$ (13.16)**	$ (8.83)	**$ (2.85)**	$ (3.57)
Weighted average number of units				
Basic and diluted	**12,720**	12,818	**12,698**	12,804

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

For the Nine Months Ended		**September 30, 2017**		September 30, 2016
Cash provided by (used in)				
OPERATIONS				
Net loss for the period	**$**	**(192,894)**	$	(130,341)
Items not involving cash:				
Amortization of mortgage transaction costs		**12,344**		12,098
Decrease in fair value of investment property		**6,689**		13,462
Straight-line rent adjustment		**(6,689)**		(13,462)
Share of loss of equity-accounted investments		**338,441**		165,717
Interest income		**(85,996)**		(56,881)
Mortgage interest		**121,156**		124,694
Changes in non-cash working capital items:				
Decrease in prepaid expenses		**6,595**		12,051
Decrease in amounts receivable		**81,249**		55
Increase in due from related parties		**(148,522)**		(352,321)
Decrease in accounts payable and accrued liabilities		**(36,920)**		(162,703)
		95,453		(387,631)
INVESTING				
Contributions to equity-accounted investments		**(30,625)**		(43,750)
Interest received		**5,128**		57,677
		(25,497)		13,927
FINANCING				
Distributions to Trust unitholders		**(299,906)**		(200,000)
Distributions to non-controlling interest		**(45,408)**		(30,047)
Mortgage interest paid		**(121,824)**		(125,421)
Repayment of mortgage		**(93,340)**		(89,743)
Unit redemptions		**(95,893)**		(92,112)
		(656,371)		(537,323)
Change in cash during the period		**(586,415)**		(911,027)
Cash, beginning of period		**843,353**		1,844,270
CASH, END OF PERIOD	**$**	**256,938**	$	933,243

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:

- 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.

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 nine months ended September 30, 2017 were authorized for issuance by the Board of Trustees (the "Board") on November 27, 2017.

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

B. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for investment property which has been measured at fair value.

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(O) to the Trust's audited consolidated financial statements for the year ended December 31, 2016.

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 statements of income (loss) and comprehensive income (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, 2016 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 period ended December 31, 2016.

A. Future accounting policy changes

a. IFRS 9 Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9 Financial Instruments ("IFRS 9").

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The standard must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *Future accounting policy changes (continued)*

a. *IFRS 9 Financial Instruments (continued)*

The Trust intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined; however, it is not expected to have a material impact on the Trust's consolidated financial statements.

b. *IFRS 15 Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Trust intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The Trust does not expect the standard to have a material impact on its consolidated financial statements.

c. *IFRS 16 Leases*

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

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.

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Future accounting policy changes (continued)

c. IFRS 16 Leases (continued)

The Trust intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined; however, it is not expected to have a material impact on the Trust's consolidated financial statements.

4. INVESTMENT PROPERTY

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

The balance of the investment property as at September 30, 2017 and December 31, 2016 has been determined as follows:

		2017
Balance, January 1, 2017	$	6,520,000
Straight-line rent adjustment		6,689
Decrease in fair value of investment property		(6,689)
Balance, September 30, 2017	$	6,520,000

		2016
Balance, January 1, 2016	$	6,450,000
Straight-line rent adjustment		15,854
Increase in fair value of investment property		54,146
Balance, December 31, 2016	$	6,520,000

The fair value of the investment property has been determined based on market value. As set out in note 3(C) to the Trust's audited consolidated financial statements for the year ended December 31, 2016, in arriving at its estimates of market value, management has used its market knowledge and professional judgment and did not rely solely on historical transactional comparisons.

For the year ended December 31, 2016, appraisals were obtained from accredited independent appraisers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. Management reviewed the appraisals as part of the year end valuation process and ensured that the assumptions used below were reasonable and the final fair value amount reflected those assumptions used in the determination of the fair market value of the property.

The Trust does not expect to obtain appraisals at each reporting date. Where the Trust does not obtain an appraisal for a specific investment property at the reporting date, management uses specific indicators (i.e. market conditions, discount rate changes, etc.) and determines whether a change in fair value has occurred.

Investment property as at September 30, 2017 and December 31, 2016 has been valued using the overall capitalization rate ("OCR") method, an income based approach, whereby the stabilized net operating income is capitalized at the requisite OCR.

Expressed in Canadian Dollars

4. INVESTMENT PROPERTY (continued)

Since significant estimates are made for key inputs, including the capitalization rate and stabilized net operating income, the Trust measures the fair value of investment property under level 3 of the fair value hierarchy as described in note 3(K) to the Trust's audited consolidated financial statements for the year ended December 31, 2016.

	September 30, 2017			December 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment property	$ –	$ –	$6,520,000	$ –	$ –	$6,520,000

Significant assumptions made relating to the valuation of the investment property are set out below:

	September 30, 2017	December 31, 2016
Capitalization rate	6.75%	6.75%

Valuations determined using the direct capitalization income method are sensitive to changes in capitalization rates. The table below summarizes the sensitivity of the fair value of investment property to changes in the capitalization rate as at September 30, 2017.

Change in capitalization rate	Fair value	Change in fair value	Percentage change
- 0.75%	$ 7,335,000	$ 815,000	12.50%
- 0.50%	7,040,000	520,000	7.98%
- 0.25%	6,770,000	250,000	3.83%
September 30, 2017	6,520,000	–	–
+ 0.25%	6,290,000	(230,000)	(3.53%)
+ 0.50%	6,070,000	(450,000)	(6.90%)
+ 0.75%	5,870,000	(650,000)	(9.97%)

5. EQUITY-ACCOUNTED INVESTMENTS

As of September 30, 2017 and December 31, 2016, the Trust had three equity-accounted investments, as follows:

A. Western Canadian Properties Group VII Limited Partnership

The Trust, through the Developments LP, owns 4,000,000 units of Western Canadian Properties Group VII Limited Partnership ("WCPG VII LP"), which gives the Trust, through the Developments LP, an 88.9% ownership interest in WCPG VII LP.

The principal place of business for WCPG VII LP is #205, 930 Harbourside Drive, North Vancouver, British Columbia V7N 4C3.

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

A. Western Canadian Properties Group VII Limited Partnership (continued)

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.

Net income of WCPG VII LP is allocated among the partners in the same proportion and priority as distributions, without regard to the return of net equity. Net loss of WCPG VII LP 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)* (the "Tax Act"), and second, as to the remainder, if any, to the general partner.

WCPG VII LP has acquired approximately 29 acres of residential property ("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, 2017, two phases comprising 55 subdivision lots were substantially complete and 18 of those lots had been sold.

As of September 30, 2017, a third party loan in the principal amount of $2,000,000 and secured by a mortgage against Garrison Landing was in default. The lender is seeking a court order for judgment on the mortgage debt and under which WCPG VII LP would have six months to redeem the mortgage, failing which the property could be repossessed (see also note 11).

B. FSJ Industrial Properties Limited Partnership

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

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.

Expressed in Canadian Dollars

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

B. FSJ Industrial Properties Limited Partnership (continued)

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.

C. 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”). During the year ended December 31, 2016, the City of Fort St. John expanded its boundary, with the result that the Aurora Lands, which were formerly located immediately outside of the northeast boundary of the City of Fort St. John, are now included within city boundaries. The Aurora Lands are currently in the Agricultural Land Reserve.

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 WCPG VII LP, FSJ Industrial and FSJ Aurora LP, as set out in note 3(O) to the Trust’s audited consolidated financial statements for the year ended December 31, 2016.

The carrying value of the Trust’s equity-accounted investments as at September 30, 2017 and December 31, 2016 has been determined as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Balance, December 31, 2015	$ 4,342,998	$ 3,237,586	$ 2,296,704	$ 9,877,288
Contributions	–	43,750	–	43,750
Share of loss	(241,205)	(48,874)	(18,570)	(308,649)
Balance, December 31, 2016	$ 4,101,793	$ 3,232,462	$ 2,278,134	$ 9,612,389
Contributions	–	30,625	–	30,625
Share of loss	(306,962)	(27,291)	(4,187)	(338,440)
Balance, September 30, 2017	$ 3,794,831	$ 3,235,796	$ 2,273,947	$ 9,304,574

Expressed in Canadian Dollars

5. EQUITY-ACCOUNTED INVESTMENTS (continued)

The summarized financial position of the Trust's equity-accounted investments for the period ended September 30, 2017 was as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Current assets	$ 8,772,237	$ 3,699,845	$ 3,170	$ 12,475,252
Non-current assets	–	–	4,600,000	4,600,000
Current liabilities	(4,337,542)	(1,692)	(55,266)	(4,394,500)
Net assets at 100%	4,434,695	3,698,153	4,547,904	12,680,752
Trust's ownership interest	88.9%	87.5%	50%	
Trust's share of net assets	$ 3,941,951	$ 3,235,884	$ 2,273,952	$ 9,451,787

The summarized financial position of the Trust's equity-accounted investments as at December 31, 2016 was as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Current assets	$ 9,093,225	$ 3,698,750	$ 13,106	$ 12,805,081
Non-current assets	–	–	4,600,000	4,600,000
Current liabilities	(4,313,198)	(4,407)	(56,828)	(4,374,433)
Net assets at 100%	4,780,027	3,694,343	4,556,278	13,030,648
Trust's ownership interest	88.9%	87.5%	50%	
Trust's share of net assets	$ 4,248,913	$ 3,232,550	$ 2,278,139	$ 9,759,602

The summarized results of operation of the Trust's equity-accounted investments for the nine months ended September 30, 2017 are as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Rental & sales expenses	$ (43,184)	$ (31,508)	$ (6,406)	$ (81,098)
Finance expenses	(299,067)	–	–	(299,067)
Other income (expenses)	(3,081)	317	(1,969)	(4,733)
Net loss at 100%	(345,332)	(31,191)	(8,375)	(384,898)
Trust's share of loss	$ (306,962)	$ (27,292)	$ (4,187)	$ (338,441)

The summarized results of operation of the Trust's equity-accounted investments for the nine months ended September 30, 2016 are as follows:

	WCPG VII LP	FSJ Industrial	FSJ Aurora LP	Total
Rental & sales income (expenses)	$ 68,612	$ (40,057)	$ (1,455)	$ 27,100
Finance expenses	(246,175)	–	–	(246,175)
Other income (expenses)	33,430	(897)	(2,072)	30,461
Net loss at 100%	(144,133)	(40,954)	(3,527)	(188,614)
Trust's share of net income (loss)	$ (128,119)	$ (35,835)	$ (1,764)	$ (165,718)

Expressed in Canadian Dollars

6. MORTGAGE 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 is secured by a mortgage on the property.

The mortgage payable is recorded at amortized cost and bears an effective interest rate of 3.75% as at September 30, 2017 (December 31, 2016 – 3.76%).

The carrying value of the mortgage payable on September 30, 2017 was $4,279,169 (December 31, 2016 – $4,360,165). Included in the mortgage payable were the related unamortized mortgage transaction costs of $32,780 as at September 30, 2017 (December 31, 2016 – $45,124), which are amortized over the term of the mortgage using the effective interest rate method.

Principal repayments, as of September 30, 2017, based on scheduled repayments to be made on the mortgage payable over the next three years to maturity are as follows:

Remaining in 2017	$	31,828
2018		129,870
2019		4,150,251
	$	**4,311,949**

7. NON-CONTROLLING INTEREST

As at September 30, 2017, the initial limited partners of the Master LP, the general partner of the Master LP, the general partner of the Investments LP and the general partner of the Developments LP collectively represented the non-controlling interest of the Trust.

The non-controlling interest of the Trust at September 30, 2017 and December 31, 2016 is as follows:

Non-controlling interest	Ownership as at September 30, 2017	Ownership as at December 31, 2016
Initial limited partners of the Master LP	13.24%	13.15%
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%

On January 25, 2017, the Trust redeemed 15 limited partnership units of the Master LP for a total redemption price of $15,000. On February 9, 2017, the Trust redeemed 60 limited partnership units of the Master LP for a total redemption price of $60,000. On May 4, 2017, the Trust redeemed 27 limited partnership units of the Master LP for a total redemption price of $27,000. As a result, the ownership interest of the initial limited partners of the Master LP increased from 13.15% as at December 31, 2016 to 13.24% as at September 30, 2017.

The general partner of the Master LP, the general partner of the Investments LP and the general partner of the Developments LP had nominal ownership interests of less than 0.01% as at September 30, 2017 and December 31, 2016.

8. 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, the Trust indirectly is a limited partner in the Investments LP and Developments 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.

On February 9, 2016, the Trust received a redemption request. The redemption of 96 Trust units was effective as of the same date for total consideration of $92,112. The full redemption amount of $92,112 was paid in May 2016.

On November 24, 2016, the Trust received a second redemption request. The redemption of 4 Trust units was effective as of the same date for total consideration of $3,838. The full redemption amount of $3,838 was paid in January 2017.

On January 25, 2017, the Trust received a third redemption request. The redemption of 15 Trust units was effective as of the same date for total consideration of $13,538. The full redemption amount of $13,538 was paid in April 2017.

On February 9, 2017, the Trust received a fourth redemption request. The redemption of 60 Trust units was effective as of the same date for total consideration of $54,150. The full redemption amount of $54,150 was paid in April 2017.

Expressed in Canadian Dollars

8. UNITHOLDERS' EQUITY (continued)

On May 4, 2017, the Trust received a fifth redemption request. The redemption of 27 Trust units was effective as of the same date for total consideration of $24,368. The full redemption amount of $24,368 was paid in July 2017. As of September 30, 2017, $nil was outstanding and included in accounts payable and accrued liabilities (December 31, 2016 – $3,838).

As at September 30, 2017, total distributions of $nil were included in distributions payable (December 31, 2016 – $345,314).

9. 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 69% as at September 30, 2017 (December 31, 2016 – 70%). The Trust was in compliance with the loan-to-value restriction and all other non-financial restrictions during the nine months ended September 30, 2017 and the year ended December 31, 2016.

The capital structure consisted of the following components at September 30, 2017 and December 31, 2016:

		September 30, 2017		December 31, 2016		Change
Capital						
Mortgage payable	$	4,279,169	$	4,360,165	$	(80,996)
Unitholders' equity		11,283,194		11,542,657		(259,463)
Total capital	$	15,562,363	$	15,902,822	$	(340,459)

During the nine months ended September 30, 2017, the Trust's total capital decreased due to mortgage repayments, the loss incurred during the period and the redemption of a total of 102 units (note 8).

10. 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(K) to the Trust's audited consolidated financial statements for the year ended December 31, 2016.

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

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 is the only asset measured at fair value by the Trust on the statement of financial position. The investment property is 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(K) to the Trust's audited consolidated financial statements for the year ended December 31, 2016.

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

	September 30, 2017		December 31, 2016	
Financial instruments	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 256,938	$ 256,938	$ 843,353	$ 843,353
Amounts receivable	304	304	685	685
Due from related parties	1,070,319	1,070,319	921,797	921,797
Accounts payable and accrued liabilities	78,534	78,534	119,959	119,959
Distributions payable	–	–	345,314	345,314
Mortgage payable	4,279,169	4,311,949	4,360,165	4,405,289

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

(i) Other assets and other liabilities

The carrying values of financial assets and financial liabilities not measured at fair value, including cash, amounts receivable, due from related parties, distributions payable 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.

(ii) Mortgages payable

The fair values of amounts due for the mortgage payable are determined by discounting the future contractual cash flow under current financing arrangements at discount rates which represent borrowing rates presently available to the Trust for loans with similar terms and maturity and are measured under level 2 of the fair value hierarchy since the discount rates are either provided by the lenders or are observable on the open market (note 3(K) to the Trust's audited consolidated financial statements for the year ended December 31, 2016).

There were no transfers between levels in the fair value hierarchy during the nine months ended September 30, 2017 or the year ended December 31, 2016.

Expressed in Canadian Dollars

11. 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 the above-referenced risks, except as noted below, since December 31, 2016. Please refer to the Trust's audited consolidated financial statements for the period ended December 31, 2016 and management's discussion and analysis for the period ended September 30, 2017 for a discussion of these risk factors.

a. Credit risk

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

The Trust's exposure to credit risk is influenced by the individual characteristics of each tenant. The Trust is currently facing higher credit risk since it has only one tenant.

The Trust's exposure to credit risk is also influenced by the individual characteristics of parties to whom it lends funds. The Trust currently faces increased credit risk related to loans made to WCPG VII LP (note 13). A loan secured by a mortgage against Garrison Landing was in default as at September 30, 2017 (note 5). The lender is seeking a court order under which WCPG VII LP would have six months to redeem the mortgage, failing which the property could be repossessed. The Trust is mitigating the risk by working with WCPG VII LP to seek refinancing for the loan.

12. LEASES

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

Future minimum rental revenue receivable under the non-cancellable operating lease is as follows:

	As at September 30, 2017	As at December 31, 2016
Within one year	$ 469,613	$ 462,704
After one year, but not more than five years	1,439,147	1,791,480
More than five years	–	–
	$ 1,908,760	$ 2,254,184

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, 2017, Pure Commercial charged the Trust asset management fees of $100,299 (nine months ended September 30, 2016 – $101,588). As at September 30, 2017, asset management fees of $32,897 (December 31, 2016 – $nil) were included in accounts payable and accrued liabilities.

The Trust, through the Investments LP, entered into a property management agreement with Pure Commercial, whereby Pure Commercial provides property management services to 22nd Avenue and collects 2.0% of the basic annual rent as a property management fee. During the nine months ended September 30, 2017, Pure Commercial charged the Trust property management fees of $6,908 (nine months ended September 30, 2016 – $6,773). Property management fees of $815 were included in accounts payable and accrued liabilities as at September 30, 2017 (December 31, 2016 – $nil).

Transactions with Sui Generis Investments Ltd.

Sui Generis Investments Ltd. ("Sui Generis") is related to the Trust by virtue of having officers in common. Effective July 1, 2016, the Master LP agreed to pay Sui Generis a fee of $15,000 per annum plus any applicable taxes, payable quarterly, for certain consulting and advisory services provided by Sui Generis. This amount does not represent a new fee but rather a reallocation of what was previously paid to another consultant. During the nine months ended September 30, 2017, Sui Generis charged the Master LP fees of $11,813 (nine months ended September 30, 2016 – $3,938). As of September 30, 2017, $7,875 was included in accounts payable and accrued liabilities (December 31, 2016 – $3,938).

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 September 30, 2017, $151 was outstanding and included in due from related parties (December 31, 2016 – $151).

Transactions with WCPG VII LP

WCPG VII LP is related to the Trust by virtue of the fact that the Trust, through the Developments LP, holds an 88.9% ownership interest in WCPG VII LP (note 5).

13. RELATED PARTY TRANSACTIONS (continued)

Transactions with WCPG VII LP (continued)

During the year ended December 31, 2015, the Trust, through the Developments LP, loaned $2,351,889 to WCPG VII LP to fund working capital requirements, secured by a loan on WCPG VII LP's property under development for sale. Of this, $1,943,435 was repaid during the year ended December 31, 2015. The loan had a maximum amount of $2,795,556 and bore interest at 10% per annum. In June 2016, the loan matured and was extended to June 2017, with an interest rate of 15% per annum, effective July 1, 2016. Upon maturity in June 2017, the mortgage was extended on a demand basis under the same terms and conditions. In August 2017, the Trust, through the Developments LP, advanced a further $15,000 to WCPG VII LP. The mortgage is repayable from the proceeds from sales of subdivision lots at Garrison Landing, after repayment of mortgages ranking in priority to this mortgage. During the nine months ended September 30, 2017, the Trust earned interest income of $46,047 on the loan (nine months ended September 30, 2016 – $35,712). Principal and interest of $624,830 was included in due from related parties as at September 30, 2017 (December 31, 2016 – $563,783).

In June 2016, the Trust, through the Developments LP, loaned WCPG VII LP a further $304,000 to fund working capital requirements. The loan bears interest at 15% and matured in June 2017, at which time the loan was extended on a demand basis under the same terms and conditions. During the nine months ended September 30, 2017, the Trust earned interest income of $34,106 on the loan (nine months ended September 30, 2016 – $11,711). Principal and interest of $361,280 was included in due from related parties as at September 30, 2017 (December 31, 2016 – $327,174).

In June 2017, the Trust, through the Developments LP, loaned WCPG VII LP a further $50,000 to fund working capital requirements. The loan bears interest at 15% and is payable upon demand. During the nine months ended September 30, 2017, the Trust earned interest income of $1,932 on the loan (nine months ended September 30, 2016 – $nil). Principal and interest of $51,932 was included in due from related parties as at September 30, 2017 (December 31, 2016 – $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 the year ended December 31, 2015, the Trust, through the Developments LP, advanced $29,650 to FSJ Aurora LP to cover working capital requirements. During the year ended December 31, 2016, the Trust, through the Developments LP, advanced a further $1,009 to FSJ Aurora LP to cover working capital requirements. During the nine months ended September 30, 2017, the Trust, through the Developments LP, advanced $1,461 to FSJ Aurora to cover working capital requirements (nine months ended September 30, 2016 – $929). The total loan of $32,120 is non-interest bearing, repayable on demand and was included in due from related parties as at September 30, 2017 (December 31, 2016 – $30,659).

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, 2017 and September 30, 2016, the Trust operated one investment property and had interests in one additional investment property and two development properties through its equity-accounted investments (note 5). Assets and liabilities are reviewed on a total basis by management and therefore are not included in the segmented disclosure that follows.

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, 2017:

Nine months ended September 30, 2017	Development	Investment	Trust	Total
NET RENTAL INCOME (EXPENSES)				
Rental revenue and recoveries	$ –	$ 518,101	$ –	$ 518,101
Insurance	–	(7,440)	–	(7,440)
Management fees	–	(6,908)	–	(6,908)
Property taxes	–	(151,869)	–	(151,869)
	–	351,884	–	351,884
NET FINANCE INCOME (EXPENSE)				
Interest income	84,796	843	357	85,996
Mortgage interest	–	(133,500)	–	(133,500)
	84,796	(132,657)	357	(47,504)
NET OTHER INCOME (EXPENSES)				
General and administrative	(3,587)	(2,004)	(46,254)	(51,845)
Asset management fees	–	–	(100,299)	(100,299)
Fair value adjustments to investment property	–	(6,689)	–	(6,689)
	(3,587)	(8,693)	(146,553)	(158,833)
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTMENTS	(334,254)	(4,187)	–	(338,441)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (253,045)	$ 206,347	$ (146,196)	$ (192,894)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Unitholders	(219,625)	179,090	(126,873)	(167,408)
Non-controlling interest	(33,420)	27,257	(19,323)	(25,486)
	$ (253,045)	$ 206,347	$ (146,196)	$ (192,894)
Earnings per unit				
Basic and diluted	$ (17.27)	$ 14.08	$ (9.97)	$ (13.16)
Weighted average number of units				
Basic and diluted	12,720	12,720	12,720	12,720

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, 2016:

Nine months ended September 30, 2016	Development	Investment	Trust	Total
NET RENTAL INCOME (EXPENSES)				
Rental revenue and recoveries	$ –	$ 513,430	$ –	$ 513,430
Insurance	–	(8,221)	–	(8,221)
Management fees	–	(6,773)	–	(6,773)
Property taxes	–	(146,163)	–	(146,163)
	–	352,273	–	352,273
NET FINANCE INCOME (EXPENSE)				
Interest income	55,942	632	307	56,881
Mortgage interest	–	(136,792)	–	(136,792)
	55,942	(136,160)	307	(79,911)
NET OTHER INCOME (EXPENSES)				
General and administrative	(22,430)	346	(99,852)	(121,936)
Asset management fees	–	–	(101,588)	(101,588)
Fair value adjustments to investment property	–	(13,462)	–	(13,462)
	(22,430)	(13,116)	(201,440)	(236,986)
SHARE OF INCOME (LOSS) OF EQUITY-ACCOUNTED INVESTMENTS	(163,953)	(1,764)	–	(165,717)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (130,441)	$ 201,233	$ (201,133)	$ (130,341)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Unitholders	(113,066)	174,498	(174,677)	(113,245)
Non-controlling interest	(17,375)	26,735	(26,456)	(17,096)
	$ (130,441)	$ 201,233	$ (201,133)	$ (130,341)
Earnings per unit				
Basic and diluted	$ (8.82)	$ 13.61	$ (13.63)	$ (8.83)
Weighted average number of units				
Basic and diluted	12,818	12,818	12,818	12,818

15. SUBSEQUENT EVENT

In October 2017, WCPG VII LP sold a lot at Garrison Landing to an entity controlled by an officer of the Trust for a sale price of $100,000. The proceeds were needed and used to fund short term working capital requirements.