Consolidated Financial Statements
(Expressed in Canadian dollars)

REALnorth Opportunities Fund

December 31, 2014

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Trustees of REALnorth Opportunities Fund

We have audited the accompanying consolidated financial statements of REALnorth Opportunities Fund, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of loss and comprehensive loss, unitholders' equity and cash flows for the period from formation on August 27, 2014 to December 31, 2014 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects the consolidated financial position of REALnorth Opportunities Fund as at December 31, 2014 and its consolidated financial performance and consolidated cash flows for the period from formation on August 27, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
April 30, 2015
Vancouver, Canada

REALnorth Opportunities Fund

Statement of Financial Position
Expressed in Canadian dollars
As at December 31, 2014

		December 31, 2014
ASSETS		
Non-current assets		
Investment property (note 5)	**$**	**6,200,000**
Current assets		
Prepaid expenses		**7,379**
Amounts receivable		**80**
Due from related parties (note 14)		**273,881**
Cash held in trust (note 6)		**9,976,167**
Cash		**63,551**
		10,321,058
TOTAL ASSETS	**$**	**16,521,058**
LIABILITIES		
Non-current liabilities		
Mortgage payable (note 7)	**$**	**4,449,218**
Current liabilities		
Mortgage payable - current portion (note 7)		**116,177**
Accounts payable and accrued liabilities		**622,645**
		738,822
TOTAL LIABILITIES		**5,188,040**
UNITHOLDERS' EQUITY		
Non-controlling interest (note 8)		**1,574,447**
Unitholders' equity (note 9)		**9,758,571**
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**$**	**16,521,058**

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

REALnorth Opportunities Fund

Consolidated Statement of Unitholders' Equity
Expressed in Canadian dollars

		Trust units	Initial trust unit	Non-controlling interest	Total
	Units	Amount	Amount	Amount	Amount
Contributions	10,623	$ 10,623,000	$ 10	$ -	$ 10,623,010
Non-controlling interest on acquisition	-	-	-	1,577,108	1,577,108
Offering costs	-	(849,840)	-	-	(849,840)
Net loss for the period	-	(14,589)	-	(2,661)	(17,250)
Distributions	-	-	(10)	-	(10)
Unitholders' equity, December 31, 2014	**10,623**	**$ 9,758,571**	**$ -**	**$ 1,574,447**	**$ 11,333,018**

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

REALnorth Opportunities Fund

Consolidated Statement of Loss and Comprehensive Loss
Expressed in Canadian dollars

		For period from formation on 8/27/2014 to 12/31/2014
REVENUES		
Rental and recoveries	**$**	**3,373**
OPERATING EXPENSES		
Insurance		**57**
Management fees		**48**
Property taxes		**891**
		996
NET RENTAL INCOME		**2,377**
NET FINANCE INCOME (EXPENSES)		
Interest income		**563**
Mortgage interest		**(1,042)**
		(479)
NET OTHER INCOME (EXPENSES)		
General and administrative		**(19,056)**
Asset management fee (note 14)		**(92)**
		(19,148)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**(17,250)**
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Unitholders		**(14,589)**
Non-controlling interest		**(2,661)**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$**	**(17,250)**
Earnings (loss) per unit		
Basic and diluted	**$**	**(1.37)**
Weighted average number of units		
Basic and diluted		**10,623**

REALnorth Opportunities Fund
Consolidated Statement of Cash Flow
Expressed in Canadian dollars

		For period from formation on 8/27/2014 to 12/31/2014
Cash provided by (used in)		
OPERATIONS		
Loss for the period	**$**	**(17,250)**
Items not involving cash:		
Amortization of mortgage transaction costs		**62**
Interest income		**(563)**
Mortgage interest		**980**
Changes in non-cash working capital items:		
Increase in amounts receivable		**5**
Increase in due from related parties		**11**
Increase in accounts payable and accrued liabilities		**220,184**
		203,429
INVESTING		
Cash assumed on acquisition of REALnorth Opportunities Master Limited Partnership		**62,633**
Interest received		**547**
		63,180
FINANCING		
Mortgage interest paid		**(51)**
Proceeds from issuance of units		**10,623,000**
Unit issuance costs		**(849,840)**
		9,773,109
Change in cash and cash held in trust during the period		**10,039,718**
Cash and cash held in trust, beginning of period		**-**
CASH AND CASH HELD IN TRUST, END OF PERIOD	**$**	**10,039,718**

There were no significant non-cash transactions for the period ended December 31, 2014.

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, Canada.

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* in British Columbia 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 is engaged in identifying 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 will be to issue Investments LP units, to invest the proceeds from such issuance in the properties, and to own and operate such properties; and

- REALnorth Opportunities (Developments) LP (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 is engaged in identifying 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 will be 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 will be determined by the Master GP from time to time based upon the individual economic fundamentals of the prospective investment opportunities.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

A. Statement of compliance

These consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs") and effective for the year ended December 31, 2014, or issued and early adopted.

These consolidated financial statements for the year ended December 31, 2014 were authorized for issue by the Board of Trustees (the "Board") on April 30, 2015.

B. Basis of measurement

These 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 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(N).

C. Functional and presentation currency

These 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 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 the recovery or settlement is expected to occur more than twelve months from the reporting date. The Trust will classify 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 operation or administrative activities.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries, over which the Trust has control. Control exists when the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The non-controlling interest is included in the Trust unitholders' equity. The financial statements of subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of consolidation (continued)

On September 12, 2014, the Master LP invested $1,802,340 in the Investments LP, which resulted in the Master LP having control of the Investments LP. On December 30, 2014, the Trust raised $10,623,000 from its initial public offering and used the proceeds to purchase 10,623 Master LP units, which resulted in the Trust having control of the Master LP commencing December 30, 2014. Thus, the consolidated statement of loss and comprehensive loss for the period from formation on August 27, 2014 to December 31, 2014 reflect the operating results and changes in cash flows of the Master LP and the Investments LP from December 30, 2014 to December 31, 2014.

The initial limited partners of the Master LP, the general partner of the Master LP and the general partner of the Investments LP represent non-controlling interest of the Trust.

Intra-group transactions and balances are eliminated in preparing the consolidated financial statements. The consolidated financial statements reflect the financial position, results of operations and cash flows of the Trust and its interests in its subsidiaries (85% interest in the Master LP).

B. Property acquisitions and business combinations

Where property is acquired, management considers the substance of the agreement in determining whether the acquisition represents an asset acquisition or a business combination. The basis of the judgment is set out in note 3(N).

Where such acquisitions are not determined to be a business combination, they are treated as an asset acquisition. The cost to acquire the property is allocated between the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Otherwise, acquisitions are accounted for as a business combination.

C. Investment properties

Investment properties comprise property held to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost including acquisition costs. Acquisition costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are measured at fair value and related gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset on the date the transaction occurred. The Trust defines fair value to be the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the fair value of recently acquired investment property would be the purchase price. Any subsequent valuations performed on an investment property, after acquisition date, would be the new basis for the fair value recorded on the investment property. Gains or losses arising from changes in fair values are included in the consolidated statement of income (loss) and comprehensive income (loss) in the year in which they arise.

To avoid double counting assets, the Trust includes the accrued straight-line rental revenue difference in the fair value of investment property instead of recognizing it as a separate asset.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statement of income (loss) and comprehensive income (loss) in the year of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Leases

The Trust is the lessor in all leasing arrangements. Leases are classified according to the substance of the transaction. Leases that transfer substantially all the risks and benefits of ownership from the Trust to the lessees are accounted for as finance leases. The current lease of the Trust is classified as an operating lease.

E. Cash and cash equivalents

Cash consists of cash on hand and cash held at banks. Cash equivalents include short-term investments with original maturities of three months or less from the acquisition date.

F. Revenue recognition

Rental revenue is recognized in income on a straight-line basis over the lease term subject to ultimate collection being reasonably assured. Revenue includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements. Recoveries are recognized in the period in which the related operating expense was incurred and collectability is reasonably assured.

G. Finance income (expenses)

Finance income consists of interest earned on deposit from bank accounts, which is recognized in the period in which it is earned.

Finance expense consists of mortgage interest, which is recognized in the period in which it is incurred.

H. Financial instruments

Non-derivative financial assets and non-derivative financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trust's designation of such instruments.

The Trust classifies its financial instruments as follows:

Cash	Loans and receivables
Cash held in trust	Loans and receivables
Amounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgage payable	Other financial liabilities

Amounts receivable and due from related parties are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are accounted for at amortized cost, using the effective interest rate method, less any impairment losses.

Non-derivative financial liabilities include accounts payable and accrued liabilities, and mortgage payable. These liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost, using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Impairment of financial assets

At each reporting date, the Trust assesses whether there is objective evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The loss is recognized in impairment expense.

J. Fair value

The Trust measures investment properties at fair value at the end of each reporting period. The 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 under current market conditions. In certain circumstances, the initial fair value may be based on other observable current market transactions, without modification or on a valuation technique using market based inputs.

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

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

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

K. Income taxes

The Income Tax Act (Canada) (the "Tax Act") contains rules regarding the taxation of certain types of publicly listed or traded trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation (the "SIFT Rules"). The SIFT Rules apply to any trust or partnership that is a "SIFT trust" or "SIFT partnership" (each defined in the Tax Act) and its investors.

The Trust expects to be a mutual fund trust and the trustees believe that the Trust will not be a SIFT trust. Under current tax legislation, a mutual fund trust that is not a SIFT trust is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes, provided that its taxable income is fully distributed to its unitholders. The Trust intends to qualify as a mutual fund trust that is not a SIFT trust and to make distributions not less than the amount necessary to ensure that it will not be liable to pay income taxes.

The Master LP, together with the Investments LP and Developments LP, are subsidiary partnerships of the Trust ("Subsidiary Partnerships"). The Trust owns a majority interest in the Subsidiary Partnerships. The Subsidiary Partnerships are not subject to tax under Part I of the Tax Act. Each partner of the Subsidiary Partnerships is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of such Subsidiary Partnerships for their fiscal years ending in or on the partner's taxation year-end, whether or not any income or loss is distributed to the partner in the taxation year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Income taxes (continued)

One of the conditions for a trust or partnership to be a SIFT trust or a SIFT partnership is that "investments" (as defined in the Tax Act) in the trust or partnership must be listed or traded on a stock exchange or other "public market" (as defined in the Tax Act). The Trust and the Subsidiary Partnerships have no current plans for their units or other "investments" thereof to be listed or traded on a stock exchange or other "public market". In addition, the issuance and transfer of units of the Trust or the Subsidiary Partnerships will only be made in a manner that would not cause such entities to be subject to SIFT tax. As a result, the Trust does not account for current or deferred taxes.

L. Net earnings (loss) per unit

Basic and diluted net earnings (loss) per unit is calculated by dividing net income (loss) attributable to the unitholders by the weighted average number of units (basic and diluted) outstanding during the reporting period.

Although the Trust was formed on August 27, 2014, it only commenced operations after the Trust issued 10,623 units on December 30, 2014. Thus, the calculation of the loss per unit for the period from formation on August 27, 2014 to December 31, 2014 represents two days of earnings from the commencement of operations of the Trust on December 30, 2014.

M. Operating segments

The Trust currently operates in one business segment, being the owning and operating of investment and development properties in northwestern Canada, holding the Master LP units and paying distributions to unitholders. The Trust, through the Master LP and the Investments LP currently owns and operates one investment property in northern British Columbia, Canada. The primary format for segment reporting is based on geographic region and is consistent with the internal reporting provided to the chief operating decision-maker, determined to be the Chief Executive Officer of the Master LP.

N. Significant accounting judgments and estimates

Judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities are reviewed on an ongoing basis. Actual results may differ from these estimates.

a. Judgments

In the process of applying the Trust's accounting policies, management has made the following critical judgments, which have the most significant effects on the amounts recognized in the consolidated financial statements:

(i) Asset acquisitions

The Trust acquires individual real estate properties. At the time of acquisition, the Trust considers whether or not the acquisition represents the acquisition of a business. The Trust accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g., maintenance, cleaning, security, bookkeeping, etc.).

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Significant accounting judgments and estimates (continued)

a. Judgments (continued)

(i) Asset acquisitions (continued)

All acquisitions to date have been determined to be asset acquisitions.

(ii) Lease contracts

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

(iii)Deferred Income Taxes

Deferred income taxes are not recognized in the Trust's consolidated financial statements on the basis that the Trust intends to continue to distribute all of its taxable income, and not be a SIFT trust pursuant to the Tax Act for the foreseeable future.

b. Estimates

The significant areas of estimation include the following:

(i) Valuation of investment properties

The fair value of the investment properties is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts.

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

The following approaches, either individually or in combination, are used by management, together with the appraisals, in their determination of the fair value of the investment properties:

- The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

- The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

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

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Future accounting policy changes

a. Financial instruments: classification and measurement

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

b. Revenue recognition

The IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Trust has not yet reviewed the impact of IFRS 15 on the consolidated financial statements.

4. ACQUISITION OF MASTER LP

On December 30, 2014, the Trust completed its initial offering of units and acquired its 85% interest in the Master LP for the aggregate purchase price of $10,623,000. The purchase price has been allocated to the assets acquired and liabilities assumed as follows:

Cost of units	$	10,623,000
Less		
Investment property		6,200,000
Prepaid expenses		7,379
Amounts receivable		80
Due from related parties		273,881
Cash		62,633
Mortgage payable		(4,565,333)
Accounts payable and accrued liabilities		(401,532)
Non-controlling interest		(1,577,108)
Cash retained as working capital	$	10,623,000

The following table summarizes the Master LP’s operations from October 1, 2014 to December 29, 2014.

Rental and recoveries	$	160,138
Operating expenses		(45,323)
Net finance income (expenses)		(40,756)
Net other income (expenses)		(135,242)
Net loss and comprehensive loss	$	(61,003)

Expressed in Canadian dollars

5. 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. An appraisal was obtained to support the purchase price at the time of acquisition of 22nd Avenue by the Master LP. The appraisal was performed by an accredited independent appraiser with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. Management assessed that there had been no change in the fair value of the investment property in determining the purchase price allocation of the investment in the Master LP.

The fair value of the investment property has been determined based on market value. As set out in note 3, in arriving at their estimates of market values, management have used their market knowledge and professional judgment and did not rely solely on historical transactional comparisons.

Management estimates the fair value of the Trust's investment property using the direct capitalization income method. The fair value is determined by applying a capitalization rate to stabilized net operating income. The result is further adjusted for potential leasing costs, capital expenditures, and costs to stabilize the income. Since significant adjustments are made to the key inputs – capitalization rate and stabilized net operating income, the Trust measures the fair value of investment property under level 3 fair value hierarchy.

	December 31, 2014		
	Level 1	Level 2	Level 3
Investment property	$ -	$ -	$6,200,000

The significant assumptions made relating to the valuation are set out below:

	December 31, 2014
	Weighted average
Capitalization rate	7.00%

Valuations determined by direct capitalization income method are most 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 December 31, 2014.

Change in capitalization rate	Fair value	Change in fair value	Percentage change
- 0.75%	$ 6,910,000	$ 710,000	11.45%
- 0.50%	6,640,000	440,000	7.10%
- 0.25%	6,390,000	190,000	3.06%
December 31, 2014	6,200,000	-	-
+ 0.25%	5,950,000	(250,000)	(4.03%)
+ 0.50%	5,750,000	(450,000)	(7.26%)
+ 0.75%	5,570,000	(630,000)	(10.16%)

6. CASH HELD IN TRUST

On December 30, 2014, the Trust received net proceeds from the initial public offering, which was temporarily held in a lawyer's trust account on behalf of the Trust. As at December 31, 2014, the balance of cash held in trust was $9,976,167. The funds were subsequently released to the Trust in January 2015.

Expressed in Canadian dollars

7. 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 and an indemnity by Mr. Stephen Evans in the amount of $930,000.

Mortgage payable is recorded at amortized cost and bears a weighted effective interest rate of 3.78% as at December 31, 2014. Mortgage payable is secured by charges on the Trust's investment property.

The amount of mortgage payable on December 31, 2014 was $4,565,395. Included in mortgage payable is the related unamortized mortgage transaction cost of $76,600 as at December 31, 2014, which is amortized over the term of the mortgage, using the effective interest rate method.

Principal repayments, as of December 31, 2014, based on scheduled repayments to be made on the mortgage payable over the next five years are as follows:

2015	$	116,177
2016		120,573
2017		125,136
2018		129,871
2019		4,150,238
	$	**4,641,995**

8. NON-CONTROLLING INTEREST

On December 30, 2014, the Trust purchased 10,623 limited partnership units of the Master LP at $1,000 per unit for total amount of $10,623,000, which resulted in the Trust owning 85% of the Master LP and having control of the Master LP. The initial limited partners of the Master LP, the general partner of the Master LP and the general partner of the Investments LP collectively represent the 15% non-controlling interest of the Master LP.

9. UNITHOLDERS' EQUITY

Unitholders' equity represents Trust units and the initial capital contribution to the Trust made by the settlor. 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 unitholders 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 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 relating to the Offering include agents' fees of $60 per Trust unit.

9. UNITHOLDER'S EQUITY (continued)

On August 27, 2014, the Trust issued one initial unit for $10, which was returned upon the issuance of the first Trust unit. On December 30, 2014, the Trust issued 10,623 trust units at $1,000 per unit pursuant to the Offering for the gross proceeds of $10,623,000. The proceeds of the Offering were used to acquire Master LP units.

Pursuant to the agency agreement, the agents received 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.

The Trust intends to make periodic distributions to Trust unitholders.

Since the Trust invests in the Master LP, which in turn then invests 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.

Cash flow distributions

In each period, the Master LP will distribute available cash flow and other receipts, as cash flow permits, as follows:

(a) first, to the limited partners, pro rata as a group in accordance with their proportionate shares, in an amount equal to the minimum return. The minimum return will be calculated at 7% per annum on the limited partners' net equity on a cumulative, non-compounded basis such that in the years when the minimum return is not available from cash flow, it will accumulate and be paid from cash flow in subsequent years;

(b) second, to the limited partners, pro rata as a group in accordance with their proportionate shares, in repayment of their net equity;

(c) third, to the Master GP, an amount equal to the Master GP catch-up return. The Master GP catch-up return means an allocation and distribution to be made, subject to the payment of the minimum return and a full return of net equity, to the Master GP from the Master LP in an amount equal to 20/80ths of the total payments made to the date of such allocation and distribution to the limited partners holding Master LP units in respect of the minimum return, thereby providing the Master GP with a 20% share of the total amounts allocated and distributed to the limited partners and Master GP by the Master LP up to such date;

(d) fourth, 80% to the limited partners, pro rata as a group in accordance with their proportionate shares, and 20% to the Master GP, until the limited partners have received an amount which, when aggregated with all previous distributions to the limited partners pursuant to clauses (a) and (d) is equal to (but not in excess of) a cumulative, non-compounded 10% annual return on their net equity;

(e) fifth, 70% to the limited partners, pro rata as a group in accordance with their proportionate shares, and 30% to the Master GP, until the limited partners have received an amount which, when aggregated with all previous distributions to the limited partners pursuant to clauses (a), (d), and (e) is equal to (but not in excess of) a cumulative, non-compounded 15% annual return on their net equity; and

(f) thereafter, 65% to the limited partners, pro rata as a group in accordance with their proportionate shares, and 35% to the Master GP.

Expressed in Canadian dollars

10. CAPITAL MANAGEMENT

The Trust defines capital as the aggregate of unitholders' equity and 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 initial offering prospectus, complies with existing debt covenants, funds its business strategies and builds long-term unitholders' value. The Trust's capital structure is approved by the Board through its periodic reviews.

The Trust monitors on a monthly basis the "loan to value ratio", which is defined as overall mortgage loans divided by the purchase price of the properties plus the amount of any property improvement reserve account approved by the lenders as a whole and serves as an indicator of the Trust's financial leverage. The maximum loan to value ratio is targeted at 70% (as indicated in the Trust's prospectus dated December 22, 2014). 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 74% as at December 31, 2014. The Trust was in compliance with all restrictions during the period ended December 31, 2014.

The capital structure consisted of the following components at December 31, 2014.

		December 31, 2014
Capital		
Mortgage payable	$	4,565,395
Unitholders' equity		9,758,571
Total Capital	$	14,323,966

During the period ended December 31, 2014, the total capital of the Trust increased significantly mainly due to the issuance of trust units and financing investment property.

11. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

The fair values of amounts due for 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 measured under level 2 fair value hierarchy since the discount rates are either provided by the lenders or are observable on the open market.

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

		December 31, 2014	
Financial instruments	Fair value hierarchy	Carrying Amount	Fair Value
Mortgage payable	Level 2	$ 4,565,395	$ 4,641,995
Accounts payable and accrued liabilities	Level 2	622,645	622,645
Amounts receivable	Level 2	80	80
Due from related parties	Level 2	273,881	273,881
Cash held in trust	Level 1	9,976,167	9,976,167
Cash	Level 1	63,551	63,551

Expressed in Canadian dollars

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, interest risk, liquidity risk, currency risk, environmental risk and trust unit redemption risk.

In the normal course of business, the Trust through the Master LP is exposed to a number of risks from its use of financial instruments. These risks and the actions taken to manage them are as follows:

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 investment securities.

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

b. *Liquidity risk*

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

The Trust's approach to managing liquidity risk is to ensure that it will have sufficient cash available to meet its liabilities when due. In addition, the Trust intends to refinance any mortgages which mature within six months.

			December 31, 2014
MORTGAGE PAYABLE	Nominal interest rate	Year of maturity	Face value
22nd Avenue	3.72%	2019	$ 4,641,995
Total mortgage principal payable			4,641,995
Unamortized mortgage transaction cost			(76,600)
Total carrying value of mortgage payable			$ 4,565,395

c. *Currency risk*

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

Expressed in Canadian dollars

12. RISK MANAGEMENT (continued)

d. Interest rate risk

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

The Trust manages its financial instruments and interest rate risks based on its cash flow needs and with a view to minimizing interest expense. The interest rate on the current mortgage is fixed. Whenever possible, the Trust tries to obtain fixed rate mortgages. Therefore, the Trust is not exposed to significant interest rate risk.

e. Redemption risk

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

f. Environmental risk

The Trust is subject to various federal, provincial and municipal laws relating to the environment. The Trust's ongoing environmental management program includes regular reviews of its tenant business uses and inspections of its properties to ensure compliance, as well as appropriate testing by qualified environmental consultants when required. A Phase I environmental audit was performed on properties considered for acquisition.

13. LEASES

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

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

	As at December 31, 2014
Within one year	$ 444,736
After one year, but not more than five years	1,869,692
More than five years	838,125
	$ 3,152,553

14. 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 the Asset Management Agreement with Pure Commercial, whereby Pure Commercial will provide asset management, administrative and reporting services to the Trust. In consideration of these services, the Trust will pay to Pure Commercial an annual asset management fee equal to 1.0% of the net asset value. Net asset value is equal to the greater of the total gross cash proceeds from the Offering and the total purchase price of the properties including all fees, expenses and cash reserves, less outstanding mortgage debt. As at the December 31, 2014, $4,232 Asset Management fee was included in accounts payable and accrued liabilities.

The Trust through the Master LP and the Investments LP entered into the Property Management Agreement with Pure Commercial, whereby Pure Commercial provides property management services to investment property and collects 2.0% of the basic annual rent as a property management fee. During the period ended December 31, 2014, Pure Commercial charged the Trust $48 for the property management fee and this amount was included in accounts payable and accrued liabilities as at December 31, 2014.

Transactions with Triple E Ventures Inc.

Triple E Ventures Inc. ("Triple E") is related to the Trust by virtue of having officers and directors/trustees in common. Triple E paid deposits for the acquisition of the property and the commitment fee for the mortgage on the property in the aggregate amount of $123,250 in September 2014. Triple E also advanced $1,000 to the Trust to cover administration expenses. The total amount of $124,250 was included in accounts payable and accrued liabilities as at December 31, 2014.

Transactions with Initial Limited Partners of the Master LP

Initial limited partners are related to the Trust since three of initial limited partners are the trustees of the Trust. According to the initial public offering prospectus, the maximum expenses of the Offering, inclusive of agents' fees and expenses, will not exceed 1.5% of the maximum Offering or 2.0% of the minimum Offering. Due to the size of the initial Offering, actual offering expenses exceeded the maximum amount. Certain of the initial limited partners of the Master LP agreed to pay the offering expenses above the maximum amount. The total of $135,896 was included in due from related parties and still outstanding as at December 31, 2014.

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 some funds on behalf of the Master LP before the Master LP opened its own bank account. Total amount of $137,985 was included in due from related parties as at December 31, 2014. The full amount was received by the Master LP in January 2015.

15. SEGMENTED INFORMATION

The Trust operates in one business segment, being the owning and operating of investment and development properties in northwestern of Canada, holding the Master LP units and paying distributions to unitholders. As at the date of this report, the Trust operates one investment property.

16. SUBSEQUENT EVENTS

The Trust issued additional 2,277 units at $1,000 per unit to the public on February 5, 2015 for gross proceeds of $2,277,000. The Trust purchased 2,277 limited partnership units of the Master LP at $1,000 per unit on the same date.