

**REALNORTH OPPORTUNITIES FUND**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED DECEMBER 31, 2014**  
**DATED: APRIL 30, 2015**

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**1. BASIS OF PRESENTATION**

REALnorth Opportunities Fund (the “Trust”) uses International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), as its basis of financial reporting for the audited consolidated financial statements for the period ended December 31, 2014.

The following management discussion and analysis (“MD&A”) of the financial condition and results of operations prepared on April 30, 2015 should be read together with the Trust’s audited consolidated financial statements and notes thereto for the period ended December 31, 2014. All financial information is reported in Canadian dollars and in accordance with IFRS unless otherwise noted.

**2. FORWARD-LOOKING DISCLAIMER**

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements made or implied under the headings “Results of Operations”, “Liquidity”, “Capital Resources” and “Risks and Uncertainties” relating to the Trust’s objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as “outlook”, “believe”, “expect”, “may”, “anticipate”, “should”, “intend”, “estimates” and similar expressions.

Forward-looking statements are provided for the purpose of presenting information about management’s current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to availability of cash for distributions, liquidity, credit risk, interest rate and other debt related risk, lease rollover risk, tax risk, ability to access capital markets, competition for real estate property investments, environmental matters, changes in legislation and indebtedness of the Trust. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available; however, management can give no assurance that actual results will be consistent with these forward-looking statements.

Factors and assumptions that were applied in drawing conclusions and which could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, general economic conditions, competition for real estate property investments, the availability of new competitive supply of commercial real estate, the Trust’s ability to maintain occupancy, tenant defaults, changes in interest rates, changes in governmental regulations and taxation, and the Trust’s ability to obtain adequate insurance and financing.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Trust, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These forward-looking statements are made as of April 30, 2015 and the Trust assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Additional information about REALnorth Opportunities Fund filed with Canadian securities regulators is available online at [www.sedar.com](http://www.sedar.com).

### 3. DESCRIPTION OF BUSINESS

The Trust is an unincorporated, open-ended investment trust formed pursuant to the Declaration of Trust dated August 27, 2014 under and governed by the laws of the Province of British Columbia and resident in Canada. The Trust's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada.

The Trust was established, among other things, for the purpose of:

- a) acquiring REALnorth Opportunities Master Limited Partnership (the “Master LP”) units;
- b) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of the Trust, paying amounts payable by the Trust in connection with the redemption of any Trust units, and making distributions to Trust unitholders;
- c) investing its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable);
- d) acquiring, holding, maintaining, improving, leasing or managing of real property (or interests in real property) or any immovable (or real right in immovable) that is capital property of the Trust; and
- e) in connection with the undertaking set out above, reinvesting income and gains of the Trust and taking other actions besides the mere protection and preservation of the Trust property.

The Master LP is a limited partnership formed pursuant to and governed by the laws of the Province of British Columbia and created by the Master LP Agreement on July 31, 2014. The Master LP was established, among other things, to:

- a) issue Master LP units and acquire REALnorth Opportunities (Investments) Limited Partnership (the “Investments LP”) units and REALnorth Opportunities (Developments) Limited Partnership (the “Developments LP”) units; and
- b) temporarily hold cash and investments for the purposes of paying the expenses and liabilities of the Master LP and making distributions to the holders of the Master LP units.

The Investments LP was established on August 28, 2014 pursuant to the laws of 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.

The Developments LP was established 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.

On September 12, 2014, the Master LP issued 1,938 limited partnership units at \$930 per unit for \$1,802,340 to initial limited partners. The Master LP purchased 1,938 Investments LP units for \$1,802,340 on the same day.

On December 30, 2014, the Trust issued 10,623 trust units at \$1,000 per unit for gross proceeds of \$10,623,000, pursuant to the Trust's prospectus dated December 22, 2014 (the “Prospectus”), and incurred offering costs in the amount of \$849,840. That same day, the Trust has purchased 10,623 Master LP units at \$1,000 per unit for \$10,623,000.

The Trust owns 85% of the Master LP after the Trust purchased the Master LP units. Since REALnorth Opportunities Inc. (the “Master GP”) is the general partner of the Master LP and owns an interest in the Master LP, initial limited partners own 1,938 units of the Master LP, and the general partner of the Investments LP owns an interest in the Investments LP, they represent the non-controlling interest of the Trust.

#### 4. SELECTED ANNUAL INFORMATION

##### Units subscribed for and issued

Proceeds of Offering - Gross and Net			
Date of Closing	Number of Units	Trust Unit Proceeds	Total Proceeds
December 30, 2014	10,623	\$ 10,623,000	\$ 10,623,000
<b>Gross proceeds</b>	<b>10,623</b>	<b>10,623,000</b>	<b>10,623,000</b>
Issuance costs	–	(849,840)	(849,840)
<b>Net proceeds</b>	<b>10,623</b>	<b>\$ 9,773,160</b>	<b>\$ 9,773,160</b>

##### Property portfolio

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

The 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.

Before December 30, 2014, the Master LP owned the Investments LP and 22<sup>nd</sup> Avenue. The table below summarizes the Master LP’s operations from October 1, 2014 to December 29, 2014.

Rental and recoveries	\$	160,318
Operating expenses		(45,323)
Net finance income (expenses)		(40,756)
Net other income (expenses)		(135,242)
Net loss and comprehensive loss	\$	(61,003)

##### Selected annual information

	For period from formation on 8/27/2014 to 12/31/2014
Total assets	\$ 16,521,058
Total liabilities	5,188,040
Total non-current liabilities	4,449,218
Total revenue	3,373
Loss attributable to the Trust unitholders	(14,589)
Loss per unit attributable to the Trust unitholders	(1.37)

#### 5. PERFORMANCE SUMMARY

Although the Trust was formed on August 27, 2014, it only commenced operations after the Trust issued 10,623 units for gross proceeds of \$10,623,000 and used the proceeds to purchase 10,623 Master LP units on December 30, 2014.

## 5. PERFORMANCE SUMMARY (CONTINUED)

For the period ended December 31, 2014, the Trust's assets totaled \$16,521,058, which includes investment property of \$6,200,000 and cash held in trust of \$9,976,167. The Trust's liabilities totaled \$5,188,040 including mortgage payable of \$4,565,395.

The Trust earned net rental income from 22<sup>nd</sup> Avenue of \$2,377 for the period ended December 31, 2014. The Trust incurred net loss of \$17,250 after finance and administrative expenses for the period ended December 31, 2014.

The Trust did not issue any cash distributions to its investors during 2014 since it had not completed its placement of available funds as of December 31, 2014.

As at December 31, 2014, there were 10,623 trust units outstanding.

## 6. RESULTS OF QUARTERLY OPERATIONS

The following summarizes the results of operations for the Trust for the three months ended December 31, 2014:

- Rental revenues totaling \$3,373 and operating expenses of \$996 produced rental income of \$2,377.
- The Trust earned \$563 in interest from bank deposits.
- The Trust recorded \$nil fair value adjustments to investment property.
- The Trust had a net loss of \$14,589 attributable to the unitholders after finance and administrative expenses. The expenses consist of:
  - a) mortgage interest totaling \$1,042;
  - b) general and administrative expenses totaling \$19,056; and,
  - c) asset management fee of \$92.

Table below summarizes the quarterly results for the past two periods:

Quarter ended	December 31, 2014	August 27, 2014 to September 30, 2014
Total assets	\$ 16,521,058	\$ 10
Investment properties	6,200,000	—
Total liabilities	5,188,040	—
Mortgage payable	4,565,395	—
Unitholders' equity	9,758,571	10
Rental income	3,373	—
Finance income (expenses)	(479)	—
Loss attributable to the Trust unitholders	(14,589)	—

There were significant changes from October 1, 2014 to December 31, 2014. The Trust issued 10,623 Trust units at \$1,000 per unit and invested the proceeds in the Master LP. Since the Trust has the control of the Master LP, it earned revenue and incurred expenses related to the property which was held by the Master LP.

## 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
	<hr/> <b>\$ 4,641,995</b> <hr/>

## 8. LIQUIDITY

The Trust has financed its acquisitions to date through the issuance of trust units and mortgages payable on individual property.

Each property acquired in the portfolio is purchased with the expectation that it generates sufficient cash flows to finance its own operating costs.

These statements have been prepared on a going concern basis which assumes that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

## 9. CAPITAL RESOURCES

The Trust intends to acquire additional properties. Accordingly, its capital needs primarily relate to any acquisitions, any required maintenance to the properties and servicing mortgage principal payments as they become due. It is management's opinion that the existing cash reserve and the operating cash flow from the property portfolio is sufficient to fund any future capital requirements. Management further expects that any maturing mortgages will be either refinanced or settled from the proceeds of the sale of the respective property. There are no mortgages currently maturing prior to October 2019.

## 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 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 of trustees of the Trust through its periodic reviews.

## 10. CAPITAL MANAGEMENT (CONTINUED)

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 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 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
<b>Total Capital</b>	<b>\$ 14,323,966</b>

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. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Trust’s consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Trust’s significant accounting policies are described in note 3 to the audited consolidated financial statements for the period ended December 31, 2014.

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

### Valuation of investment properties

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

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (including 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.

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

## 11. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Fair value measurements recognized in the consolidated statements 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.

The fair value hierarchy of investment property measured at fair value on the consolidated statements of financial position is as follows.

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

### Lease contracts

The Trust has entered into property leases 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 current lease of land and building is an operating lease.

## 12. FINANCIAL INSTRUMENTS

Financial instrument assets include cash, cash held in trust, amounts receivable and due from related parties, which are designated as loans and receivables and measured at amortized cost. Financial instrument liabilities include accounts payable and accrued liabilities and mortgage payable, which are designated as other liabilities and measured at amortized cost. There are no financial instruments classified as available-for-sale or held-to-maturity.

### Fair value of financial instruments

For certain of the Trust's financial instruments, including cash, cash held in trust, 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 value of amounts due for mortgage payable is determined by discounting the future contractual cash flow under current financing arrangement at discount rate which represents borrowing rate presently available to the Trust for loans with similar terms and maturity and measured under level 2 fair value hierarchy since the discount rate is either provided by the lender or is observable on the open market.

## 12. FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial instruments	Fair value hierarchy	December 31, 2014	
		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

## 13. RISK AND UNCERTAINTIES

All income producing property investments are subject to a degree of risk and uncertainty. They are affected by various factors including general market conditions and local market circumstances. An example of general market conditions would be the availability of long-term financing whereas local conditions would relate to factors affecting specific properties in a particular geographic location, such as changes in market lease rates as a result of an over-supply of space or a reduction in demand for real estate. Management attempts to manage these risks through geographic diversification in the Trust's portfolio.

The board of trustees of the Trust has the overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Trust's activities.

In the normal course of business, the Trust through the Master LP is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

### 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.

### 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.



### 13. RISK AND UNCERTAINTIES (CONTINUED)

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.

MORTGAGE PAYABLE	Nominal interest rate	Year of maturity	December 31, 2014	
				Face value
22 <sup>nd</sup> 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

#### 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.

#### 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.

#### 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.

#### Income tax risk

Mutual Fund Trust - If the Trust does not qualify or ceases to qualify as a "mutual fund trust" under the Tax Act, adverse consequences may arise including that: (i) the Trust may become liable to pay certain additional tax liabilities (with the result that the amount of cash available for distribution by the Trust would be reduced and Trust unitholders may otherwise be adversely affected), and (ii) the Trust units may not be or may cease to be qualified investments for RRSP or similar plans (with the result that a plan, its annuitant, beneficiary thereunder or its holder thereat will generally become subject to additional tax or penalties or may be otherwise adversely affected).

SIFT Rules - The exposure of the Trust to tax imposed by the SIFT Rules will depend in part on whether or not the Trust units, Master LP units, or units of any other subsidiary partnerships will be listed or traded on a stock exchange or other public market. Where the Trust units, the Master LP units, or units of any other subsidiary partnerships are listed or traded on a stock exchange or public market, adverse consequences could arise including that the non-deductible distributions amount or the taxable non-portfolio earnings, could be taxable to the Trust, to the Master LP or such subsidiary partnerships, as the case may be (with the result that the amount of cash available for distribution by the Trust would be reduced), and such amount would also, depending on the circumstances, be included in the income of Trust unitholders for purposes of the Tax Act as taxable dividends.

### **13. RISK AND UNCERTAINTIES (CONTINUED)**

Changing Tax Laws - There can be no assurance that income tax laws (or the judicial interpretation thereof or the administrative and assessing practices of CRA) and/or the treatment of “mutual fund trusts” or SIFTS will not be changed in a manner which would adversely affect the Trust unitholders, including on a retroactive basis.

#### **Environmental risk**

The Trust through the Master LP and the Investments LP is subject to various provincial and municipal laws relating to the environment. On acquisition, the Trust conducts environmental inspections of its property and appropriate testing by qualified environmental consultants when required to ensure compliance with all applicable environmental laws.

#### **Lease rollover risk**

Lease rollover risk arises from the possibility that the Trust may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. The Trust currently has only one lease with a seven year term and the property is fully occupied. The Trust is not facing significant lease rollover risk.

### **14. OFF-BALANCE SHEET TRANSACTIONS**

The Trust has no off-balance sheet arrangements.

### **15. 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 Trust’s initial public offering and the total purchase price of the properties including all fees, expenses and cash reserves, less outstanding mortgage debt. As at December 31, 2014, \$4,232 for the 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.

## 15. RELATED PARTY TRANSACTIONS (CONTINUED)

### 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 in common. The Master GP held some funds on behalf of the Master LP before the Master LP opened its trustees 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.

### Trustee Compensation

For the period from formation on August 27, 2014 to December 31, 2014, no compensation was paid by the Trust to the trustees. Each trustee, other than Stephen Evans, is entitled to an annual fee of \$12,500.

## 16. SEGMENTED INFORMATION

The Trust 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. As at the date of this report, the Trust operates one investment property.

## 17. FUTURE ACCOUNTING CHANGES

### 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.

### 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.

## 18. SUBSEQUENT EVENTS

The Trust issued an additional 2,277 units at \$1,000 per unit to the public on February 5, 2015 for gross proceeds of \$2,277,000. Consequently, there are 12,900 Trust units outstanding as at the date of this report. The Trust purchased 2,277 limited partnership units of the Master LP on the same date.