

OFFERING MEMORANDUM

SINCERUS OPPORTUNITIES FUND

Dated February 26, 2016

The Issuer

Name: SINCERUS OPPORTUNITIES FUND (the “Fund”, “Issuer”, or “Trust”)

Head Office: 200-584 Pembina Highway, Winnipeg, Manitoba R3M 3X7;
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Currently listed or quoted? No. **These securities do not trade on any exchange or market.**

Reporting issuer? No.

SEDAR filer? No.

The Offering

Securities offered: Up to 168,918.919 Class A Units of the Fund (each a “Class A Unit”), with such Class A Units having the attributes and characteristics set out in ITEM 5: SECURITIES OF THE TRUST.

Price per security: \$148 per Class A Unit, subject to increase or decrease from time to time in the discretion of the Trustees of the Fund.

Minimum/maximum Offering: **There is no minimum Offering. You may be the only Purchaser.** The maximum Offering is the number of Class A Units that will result in gross proceeds of \$25,000,000. **Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: You must invest a minimum of \$100,000, subject to the discretion of the Trustees of the Fund to make exceptions to the minimum subscription amount, from time to time, and allow for subscriptions in an amount less than \$100,000.

Payment terms: The subscription price must be paid to SINCERUS OPPORTUNITIES FUND before the Closing of a subscription. The Fund does not finance the purchase of Class A Units.

Proposed closing date: We will complete the sale of Class A Units (each a Closing) from time to time as subscriptions are received.

Income tax consequences: There are important tax consequences to the purchase of these securities. See ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY.

Selling Agent: Where allowed by applicable securities legislation, the Fund intends to pay compensation of up to 6% of the gross proceeds realized on the sale of Class A Units under this Offering, plus certain applicable trailer fees, to any one of, or a combination of, the following parties: unrelated investment dealers, related (including Sincerus Exempt Market Dealer Ltd.) and/or unrelated Exempt Market Dealers, their dealing representatives and/or persons exempt from the registration requirements of applicable securities laws. See ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See ITEM 10: RESALE RESTRICTIONS. The Class A Units are not transferable without the prior written consent of the Trustees, which consent shall be at the sole discretion of the Trustees, although the Class A Units are retractable and redeemable in certain circumstances, as described herein. See ITEM 5: SECURITIES OF THE FUND.

Purchasers’ Rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 11: INVESTORS RIGHTS.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See ITEM 8: RISK FACTORS.

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This Offering Memorandum constitutes a private offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus, advertisement or public offering of the securities referred to herein. No securities commission or similar regulatory authority has passed on the merits of the securities offered nor has it reviewed this Offering Memorandum, and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada. The securities offered hereunder will be issued under exemptions from the prospectus requirements of the applicable securities laws of each of the Provinces and Territories of Canada, and the rules, regulations and policies thereunder and will be subject to certain restrictions on resale under such securities laws and certain restrictions on transfer contained in the Declaration of Trust (as defined herein) except by way of retraction or redemption as set out in the Declaration of Trust and described herein.

The securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “U.S. *Securities Act*”), or the securities laws of any state of the United States of America (U.S.). These securities may not be offered or sold in the United States except pursuant to exemptions from registration under the U.S. *Securities Act* and all applicable states securities laws. The term “United States” is as defined in Rule 902 of Regulation S under the U.S. *Securities Act*. The securities are not available for sale to U.S. residents.

This Offering Memorandum is for the personal use only of those persons to whom we deliver a copy under the Offering and only for the purpose of evaluating the securities we are offering hereby. If you accept a copy of this Offering Memorandum, then you agree that you will not transmit, reproduce or make available to anyone, other than your professional advisors or as required by law, this Offering Memorandum or any information contained herein. No person has been authorized to give any other information or to make any other representation concerning this Offering that is not contained in this Offering Memorandum. You should not rely on any such other information or representation. The delivery of this Offering Memorandum is not intended to constitute an offering of securities where it is unlawful to make an offering under National Instrument 45-106 *Prospectus and Registration Exemptions* (“NI 45-106”).

The Fund and Sincerus Opportunities Limited Partnership (“Sincerus Opportunities LP”) may be a connected issuer and related issuer of Sincerus Exempt Market Dealer Ltd. (“Sincerus EMD”) under National Instrument 33-105 - *Underwriting Conflicts* published by the Canadian Securities Administrators. Sincerus EMD is registered as an exempt market dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Sincerus Capital Ltd. (“Sincerus Capital”) is the initial limited partner of Sincerus Opportunities LP and the initial Unitholder of the Fund. Albert Rempel controls, directly or indirectly, Sincerus Capital, Sincerus EMD, and Sincerus Asset Management Ltd. He is a trustee of the Fund and is also a director and officer of Sincerus Capital, Sincerus EMD, Sincerus Asset Management Ltd., and Sincerus Opportunities GP Ltd.

RISK FACTORS

The Class A Units offered under this Offering Memorandum are speculative securities. The ability of the Fund to pay distributions is uncertain and you may lose some or all of your investment. There are a number of risk factors associated with an investment in Class A Units which investors should consider, including the following: (a) market value volatility of real estate assets; (b) changes in building occupancy and rental revenue collection; (c) interest rate fluctuations and changes in the availability and terms of financing; (d) various operational risks; (e) risks related to the taxation of the Fund, Sincerus Opportunities LP and Unitholders of the Fund; (f) there is no minimum Offering amount and there can be no assurance that the Fund will complete the maximum Offering. The actual amount of funds raised will be dependent on the market demand for Class A Units, the availability of investment opportunities deemed attractive by the Manager and other business considerations; and (g) other important risks more fully described in this Offering Memorandum. The impact of these risks may be increased by the use of leverage by the Fund. Investors should read the entire Offering Memorandum for full details about the Offering and should specifically note the risk factors more fully detailed in ITEM 8: RISK FACTORS. Investors are urged to consult with their own professional advisors to assess the legal, tax and other aspects of an investment in Class A Units.

ELIGIBILITY FOR INVESTMENT

This summary is based on the assumption that the Fund will qualify at all relevant times as a "mutual fund trust" as defined in the Tax Act.

The Class A Units are currently qualified investments for registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans and registered disability savings plans, subject to the specific provisions of any particular plan. Should the Class A Units not qualify there may be adverse consequences to the Fund and to investors.

Notwithstanding that the Class A Units may be a qualified investment, if the Class A Units held by a registered retirement savings plan, registered retirement income fund or tax free savings account are "prohibited investments" for purposes of the Tax Act, the annuitant of the registered retirement savings plan or registered retirement income fund or the holder of a tax free savings account will be subject to a penalty tax as set out in the Tax Act. The Class A Units will be a "prohibited investment" if the annuitant of a registered retirement savings plan or registered retirement income fund or the holder of a tax free savings account, as the case may be:

- (i) does not deal at arm's length with the fund for purposes of the Tax Act; or
- (ii) has a "significant interest" (within the meaning of the Tax Act) in the Fund.

In addition, the Class A Units will not be a "prohibited investment" if the Class A Units are "excluded property" as defined in the Tax Act for a registered retirement savings plan, registered retirement income fund or tax free savings account. If you intend to hold the Class A Units in a registered retirement savings plan, registered retirement income fund, or tax free savings account, you should consult your own tax advisor in this regard.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. Forward-looking statements may be identified by the use of words like believes, intends, expects, may, will, should, or anticipates, or the negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties. Our forward-looking statements are based on our current beliefs as well as assumptions made by and information currently available to us and relate to, among other things, the nature of our operations; sources of income; forecasts of capital expenditures and sources of the financing thereof; expectations regarding our ability to raise capital; our business outlook; plans and objectives for future operations; forecasted business results; and anticipated financial performance. The risks and uncertainties of our business, including those discussed under ITEM 8: RISK FACTORS, could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, we base forward-looking statements on assumptions

about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, prospective Investors should not place undue reliance on forward-looking statements and should be aware that events described in the forward-looking statements set out in this Offering Memorandum may not occur. We cannot assure prospective Investors that our future results, levels of activity and achievements will occur as we expect, and neither we nor any other Person assume responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, we assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

Closing	Any closing of subscriptions and the issuance of Class A Units to Subscribers pursuant to this Offering Memorandum.
Declaration of Trust	The Declaration of Trust dated as of April 30, 2012, as amended by the First Supplemental Indenture dated as of February 25, 2013, and as amended and restated on December 4, 2015, pursuant to which the Fund was established and is governed, as may be further amended from time to time.
Deferred Plan	Any one of or collectively a trust governed by a “registered retirement savings plan”, “registered retirement income fund”, “registered education savings plan”, “tax-free savings account”, “deferred profit sharing plan” and “registered disability savings plan”, as all those phrases are defined in the Tax Act.
Distributable Cash	For Sincerus Opportunities LP means, at any particular time, all the cash of the Partnership on hand that is derived from any source, which is determined by the General Partner in its sole discretion not to be required for use in connection with the Business, whether because the General Partner has determined that such cash is required for the repayment of principal and interest on mortgages or other indebtedness, required as a reserve for capital expenditures, required for other reasonable reserves, or otherwise.
Distribution Reinvestment Plan or DRIP	A plan under which Unitholders may elect (and the holders of Class B Units are required subject to the discretion of the Trustees to pay cash in lieu of Units) to have cash distributions in respect of their Units reinvested in Units.
Dollars or \$	All references to currency shall be to Canadian currency unless otherwise expressly noted.
Extraordinary Resolution	A resolution passed by a majority of not less than 66⅔% of the votes cast by the Unitholders who voted in respect of that resolution whether at a meeting or by way of written resolution. Each Unitholder has one vote per Unit.
Fund Management Agreement	The fund management agreement, as amended from time to time, made among the Fund, Sincerus Opportunities LP and the Manager dated effective as of April 30, 2012, under which the Manager has agreed to provide certain services to the Fund and Sincerus Opportunities LP in consideration of certain fees to be paid to the Manager.
IFRS	The International Financial Reporting Standards established by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada.
Investors or Subscribers	Collectively, the Persons who purchase Class A Units under this Offering. “Investor”, “Subscriber” or “you” means any one of them.
Limited Partnership Agreement	The amended and restated limited partnership agreement dated as of April 30, 2012, governing Sincerus Opportunities LP, as amended and supplemented from time to time.

LP Unit	A unit of Sincerus Opportunities LP authorized to be issued from time to time. The plural of which means more than one unit.
Manager	Sincerus Asset Management Ltd, a company incorporated under <i>The Corporations Act</i> (Manitoba).
Monthly Limit	The Unit Monthly Limit on retraction of Units. See ITEM 5: SECURITIES OF THE FUND.
Net Income or Net Loss	<p>For any taxation year means the income or loss of the Fund for such year computed in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) of the Tax Act regarding the calculation of income for the purposes of determining the “taxable income” of the Trust thereunder; provided, however, that:</p> <ul style="list-style-type: none"> (a) no account shall be taken of any gain or loss, whether realized or unrealized, that would, if realized, be a capital gain or capital loss for the purposes of the Tax Act; (b) if an amount has been designated by the Fund under subsection 104(19) of the Tax Act, such designation shall be disregarded; and (c) if the calculation results in income there shall be deducted the amount of any non-capital losses (as defined in the Tax Act) of the Fund for any preceding years, and Net Income of the Fund for any period means the income of the Fund for such period computed in accordance with the foregoing as if that period were the taxation year of the Fund.
Net Realized Capital Gains	<p>For any taxation year shall equal the amount, if any, by which the aggregate amount of the capital gains of the Fund realized in the year exceed:</p> <ul style="list-style-type: none"> (a) the aggregate amount of capital losses of the Fund realized in the year; (b) the unapplied capital losses of the Fund for preceding years of the Fund to the extent that they may be applied against capital gains of the Trust for the year under the Tax Act; (c) any Net Loss of the Fund for the year and, if the Trustees so determine, any unapplied non-capital losses (as defined in the Tax Act) of the Fund for preceding years of the Fund, in each case multiplied by the reciprocal of the applicable fraction in paragraph 38(a) of the Tax Act; and (d) any amount in respect of which the Trust is entitled to a capital gains refund under the Tax Act, as determined by the Trustees; provided that at the discretion of the Trustees, the Net Realized Capital Gains of the Trust for a year may be calculated without subtracting the full amount of the net capital losses of the Trust for the year and/or without subtracting the full amount of the net capital losses of the Trust carried forward from prior years. <p>For these purposes, “capital gains” and “capital losses” shall be computed in accordance with the provisions of the Tax Act.</p>
Non-Resident	Any person that is neither a resident of Canada nor a Canadian partnership for the purposes of the meaning of the Tax Act.
Offering	The offering of the Class A Units by the Fund pursuant to this Offering Memorandum.
Offering Price(s)	Is the price that we are offering to sell a Class A Unit under this Offering Memorandum. This price will equal the Unit Price, which is currently set at \$148 per Class A Unit, but which may be increased or decreased from time to time by the Trustees, in their sole discretion.
Our Portfolio	At any time, is the portfolio of Sincerus Opportunities LP consisting of direct or indirect interests in Properties.

Partnership Act	<i>The Partnership Act</i> (Manitoba) as amended from time to time and any successor legislation and includes the regulations thereunder.
Person	An individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.
Promoter(s)	As defined under the Securities Act is a Person or company who has taken the initiative in founding, organizing or substantially reorganizing the business of an issuer. Sincerus Capital Ltd. may be considered a Promoter of this Offering.
Property 1, Property 2 and Property 3	Have their respective meaning in ITEM 2.7: OUR PROPERTIES.
Property(ies) or our Property(ies)	Direct or indirect interests in real estate held by Sincerus Opportunities LP from time to time. While our Properties are currently located in Canada we may at some time in the future acquire direct or indirect interests in real estate located outside of Canada.
Retraction Notice	A written notice in a form and content approved by the Trustees that must be delivered by a Unitholder to exercise the Unitholder's Retraction Right.
Retraction Date	The date on which we record cancellation of retracted Units and create a payment due to a Unitholder or former Unitholder in respect of the exercise of a Retraction Right, being the 1 st day of each and every month (or if the 1 st day of the month is not a business day then the next succeeding business day) or on such other date fixed by the Trustees.
Retraction Price	The price per unit to be paid by the Issuer to a Unitholder upon the exercise of a Retraction Right by the Unitholder. See ITEM 5: SECURITIES OF THE FUND.
Retraction Right	The right of a Unitholder under the Declaration of Trust to require by delivery of a Retraction Notice to the Fund (in a form approved by the Manager) requiring the Fund to redeem and pay the Retraction Price for all or any of his Units. See ITEM 5: SECURITIES OF THE FUND.
Sincerus Capital	Sincerus Capital Ltd., a Canadian corporation which is the initial Limited Partner of Sincerus Opportunities LP.
Sincerus Opportunities GP or the GP or the General Partner	Sincerus Opportunities GP Ltd., the Manitoba Company that is the general partner of Sincerus Opportunities LP, all of the shares of which are owned by the Fund.
Sincerus Opportunities LP or the LP or the Partnership	A limited partnership formed on April 11, 2012 pursuant to the Partnership Act, under the name Sincerus Opportunities Limited Partnership.
Securities	Class A Units offered for sale under this Offering, also occasionally referred to as " the securities " or " these securities ".
Securities Act	<i>The Securities Act</i> (Manitoba) as amended from time to time and any successor legislation and includes the regulations thereunder.

Special Resolution	A resolution of the Unitholders proposed to be approved pursuant to the Declaration of Trust, such Special Resolution requiring the approval by not less than 66⅔% of the affirmative votes cast by Unitholders at of meeting convened for that purpose.
Special Voting Unit	The Special Voting Unit of the Fund which shall be issued to and held by the Manager.
Support Services Agreement	The Support Services Agreement dated as of April 30, 2012, between Sincerus Capital and the Manager.
Tax Act	<i>Income Tax Act</i> (Canada), as amended from time to time.
Tax Regulations	The Regulations to the <i>Income Tax Act</i> .
Trustees	The trustees of the Fund from time to time, who are currently Albert Rempel, Jack Murray and Daryl Friesen.
Unit	A unit, which may be a Class A Unit, Class B Unit or some other class of unit, representing a beneficial interest in the Fund, which may be issued in series.
Unitholder(s)	Unitholders means the holders of record of the Units. Unitholder means any one of them.
Unit Price	At any particular time, the value of a Unit determined and updated from time to time by the Trustees, in their sole discretion, using reasonable methods of determining fair value, and which may not equal the net asset value per unit that would be calculated based on accounting values.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Funds

We are offering to sell Class A Units under this Offering up to a maximum of \$25,000,000. Assuming the maximum Offering, the net proceeds of this Offering and the funds which will be available to us are calculated as follows:

		Assuming Max. Offering ⁽¹⁾
A.	Amount to be raised by this Offering	\$25,000,000 ⁽²⁾
B.	Estimated Selling commissions and fees	\$1,500,000 ⁽³⁾
C.	Estimated Offering costs (e.g. legal, accounting audit)	\$0.00 ⁽⁴⁾
D.	Available funds: $D = A - (B+C)$	\$23,500,000 ⁽⁴⁾
E.	Additional sources of funding required	\$0.00 ⁽⁴⁾
F.	Working capital deficiency	\$0.00 ⁽⁵⁾
G.	Total: $G = (D+E) - F$	\$23,500,000

Notes:

(1) There is no minimum offering amount. There can be no assurance that the Fund will complete the maximum Offering. The actual amount of funds raised will be dependent on the market demand for Class A Units, the availability of investment opportunities deemed attractive by the Manager and other business considerations.

(2) Assumes a Unit Price of \$148 for the Class A Units. The Unit Price, as of the date of this Offering Memorandum, is set at \$148 per Class A Unit but may be subject to change at the discretion of the Trustees.

(3) It is expected that the Fund will pay compensation to certain persons up to a maximum of 6% of the subscription proceeds. As such, the Fund could pay as much as \$1,500,000 in up front selling commissions and fees. The Fund may also pay trailing commissions to certain persons in respect of Class A Units held by their clients. The above described compensation and trailing commissions are described under ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS.

(4) The business and operations of the Fund will consist of the raising of capital and investment in real property through investment (as more particularly described in the Declaration of Trust) in the LP, or through investments in other entities that may be established by the Fund or the LP. The Fund will invest the net proceeds of this Offering in Sincerus Opportunities LP Units or as additional capital contributions to the LP, which the LP will use to finance its activities over the next 12 months. The LP or the Manager will pay for all other expenses of the Fund. Accordingly, costs of the type set out in Line C of the above table will not be incurred by the Issuer, but by the LP. See ITEM 1.2(b): USE OF AVAILABLE FUNDS.

(5) As of the date of this Offering Memorandum, there is no working capital deficiency at the Trust level on a non-consolidated basis. There is, however, a working capital deficiency on a consolidated basis (consolidation is inclusive of the Trust and the LP). The working capital deficiency on such consolidated basis, as at February 15, 2016, was \$2,250,000, comprised of the mortgage loan on Property 1, in the amount of \$2,288,395 which is due on demand (SEE ITEM 2.7: OUR PROPERTIES). There would not be a working capital deficiency on a consolidated basis if it were not for this loan maturity. As the working capital deficiency will be created by virtue of the loan on Property 1 being a demand loan, the entire amount of the loan will need to be shown as a current liability (even though the entire amount is not yet due). The Fund and Sincerus Opportunities LP are in good standing with all of its covenants and has no reason to believe that the demand loan on Property 1 will be called prior to its maturity date. Given the foregoing, neither the Fund nor Sincerus Opportunities LP intend to use the net proceeds to address the working capital deficiency until such time as the demand loan is called.

1.2 Use of Available Funds

We will use the available funds under this Offering as follows:

(a) For the Fund:

Description of intended use of available funds listed in order of priority	Assuming Max. Offering ⁽¹⁾
Acquire Units of or Make Capital Contributions to Sincerus Opportunities LP	\$23,500,000 ⁽²⁾
Total	\$23,500,000

Notes:

(1) There is no minimum offering amount. There can be no assurance that the Fund will complete the maximum Offering. The actual amount of funds raised will be dependent on the market demand for Class A Units, the availability of investment opportunities deemed attractive by the Manager and other business considerations.

(2) The business and operations of the Fund will consist of the raising of capital and investment in real property through investment in the LP, or through investments in other entities that may be established by the Fund or the LP (as more particularly described in the Declaration of Trust). The Fund will invest the net proceeds of this Offering in LP Units or as additional capital contributions to the LP, which the LP will use to finance its activities over the next 12 months. See ITEM 1.2(b): USE OF AVAILABLE FUNDS. The Fund may also use available funds received under this Offering to fund the retraction or redemption of Units or for distribution payments.

(b) For Sincerus Opportunities LP:

Description of intended use of available funds listed in order of priority	Assuming Max. Offering ⁽¹⁾
Selling commissions and fees	\$0
Estimated Offering costs (e.g. legal, accounting, audit)	\$25,000
Estimated Manager fees associated with support services	\$800,000 ⁽²⁾
Working Capital Deficiency	\$0 ⁽³⁾
Future property acquisitions, working capital, development of undeveloped land, and general purposes.	\$22,675,000 ⁽⁴⁾⁽⁵⁾
Total	\$23,500,000

Notes:

(1) There is no minimum offering amount. There can be no assurance that the Fund will complete the maximum Offering. The actual amount of funds raised will be dependent on the market demand for Class A Units, the availability of investment opportunities deemed attractive by the Manager and other business considerations.

(2) Support services costs are based on 3% of the subscription proceeds plus the costs incurred by Sincerus Capital Ltd. associated with related services. The support services fees payable to Sincerus Capital Ltd are associated with the Support Services Agreement and are described under ITEM 2.8: MATERIAL AGREEMENTS.

(3) See Note (5) to the table in ITEM 1.1: USE OF AVAILABLE FUNDS – FUNDS.

(4) May include, as applicable, payments to reimburse Sincerus Capital for temporary financing of property deposits and closing costs, payments against vendor financing, Performance Incentive Fees and Acquisition Fees payable to the Manager under the Fund Management Agreement (see ITEM 2.8: MATERIAL AGREEMENTS), and legal costs associated with property acquisition and other property acquisition and construction related services. A portion of the costs of acquiring additional properties may be funded by third party mortgage financing in accordance with the Fund's policies (see ITEM 2.4: OUR INVESTMENT STRATEGY).

(5) The Fund continues to seek opportunities in the real estate industry to make use of its funds on hand, and funds raised pursuant to this Offering. As at the date hereof, there are no formal agreements in place other than as described in this Offering Memorandum.

1.3 Insufficient Funds

The proceeds of this Offering may not be sufficient to accomplish all of our proposed objectives and there is no assurance that alternative financing will be available.

1.4 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2: BUSINESS OF THE FUND

2.1 Structure

Sincerus Opportunities Fund

The Fund is an unincorporated open-ended private real estate investment trust that was formed as of April 30, 2012, under the laws of Manitoba by the Declaration of Trust. The Fund currently qualifies as a “mutual fund trust” as defined in the Tax Act. The beneficial interests in the net assets of the Fund are divided into an unlimited number of retractable and redeemable units, issuable in series. Each Unit represents an undivided beneficial interest in the Fund. Unless the Trustees otherwise determine, there is no limit to the number of Units that may be issued. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. In addition, one Special Voting Unit has been issued to the Manager. The attributes and characteristics of the Units are described below and under ITEM 5: SECURITIES OF THE FUND.

The head office of the Fund is located at 200-584 Pembina Highway, Winnipeg, Manitoba R3M 3X7. The registered and records offices of the Fund are located at 1700-360 Main Street, Winnipeg, Manitoba R3C 3Z3. The fiscal year end for each of the Trust, Sincerus Opportunities LP and Sincerus Opportunities GP is December 31st. Albert Rempel, Daryl Friesen and Jack Murray are currently the Trustees of the Fund.

Sincerus Opportunities Limited Partnership

Sincerus Opportunities LP was formed on April 11, 2012, under the laws of the Province of Manitoba. The general partner of Sincerus Opportunities LP is Sincerus Opportunities GP, a Manitoba company, incorporated under *The Corporations Act* (Manitoba) on April 11, 2012. The head office of each of Sincerus Opportunities LP and Sincerus Opportunities GP is located at 200-584 Pembina Highway, Winnipeg, Manitoba R3M 3X7. The registered and records office of each of Sincerus Opportunities LP and Sincerus Opportunities GP is located at 1700-360 Main Street, Winnipeg, Manitoba R3C 3Z3. All of the issued and outstanding shares of Sincerus Opportunities GP are owned by the Fund.

The Manager

The Manager, Sincerus Asset Management Ltd., is a Manitoba company incorporated under *The Corporations Act* (Manitoba) on April 11, 2012. The head office of the Manager is located at 200-584 Pembina Highway, Winnipeg, Manitoba R3M 3X7. The registered and records offices of the Manager are located at 1700-360 Main Street, Winnipeg, Manitoba R3C 3Z3.

The Manager is responsible for managing the activities of the Fund in accordance with the applicable terms and conditions of the Fund Management Agreement between the Manager, the Fund and Sincerus Opportunities LP. The duties of the Manager include, but are not limited to, the identification, analysis and selection of investment opportunities, property related due diligence, negotiation, acquisition and disposition of properties, ongoing management and administration of portfolio assets, financing activities and investor services. Property management functions may be performed by the General Partner or may be contracted out to licensed property management companies under the supervision of the Manager. The Manager may, at some point in the future, establish the necessary organization and obtain the requisite licensing to fulfill the property management role, in

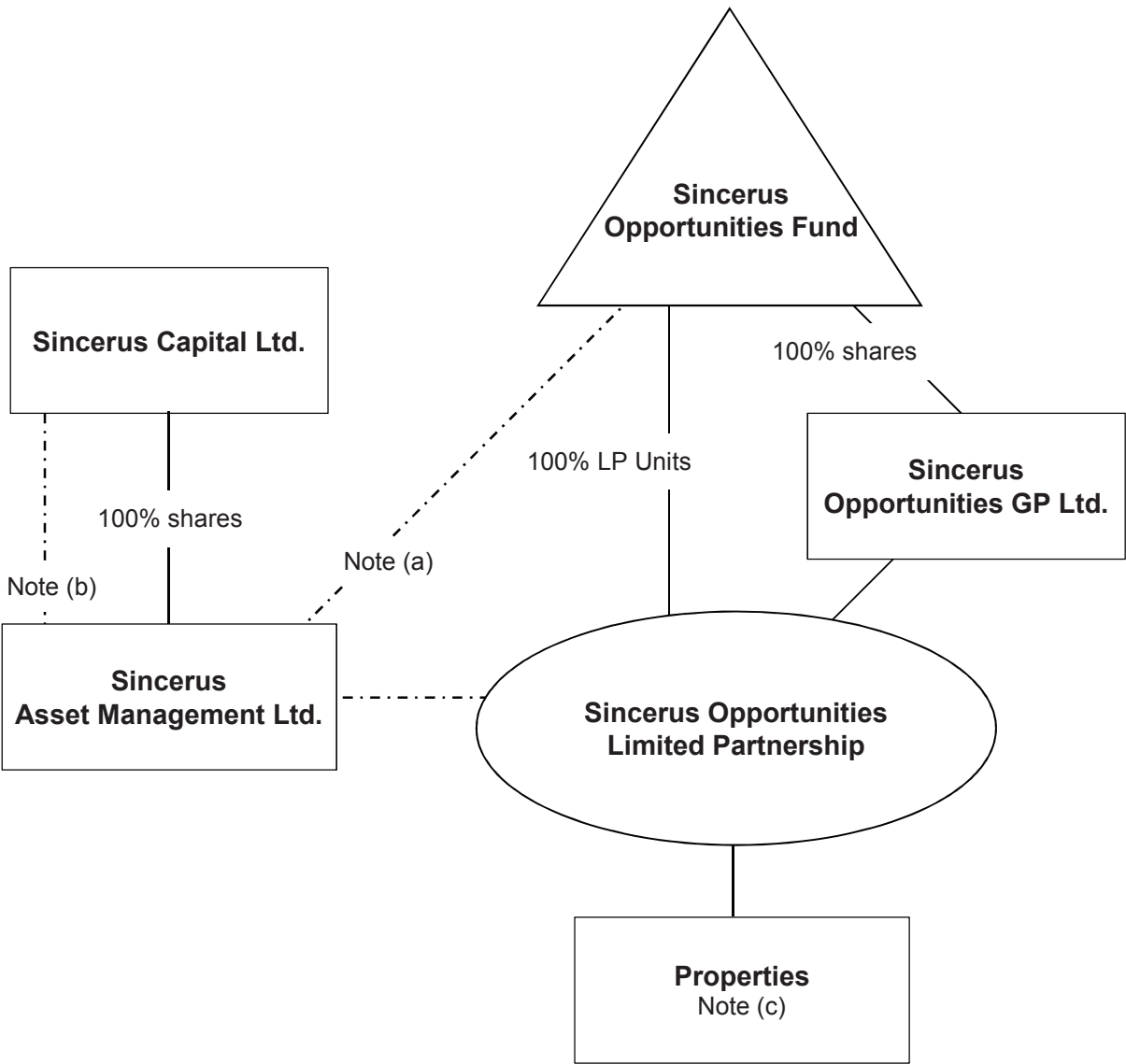
which case it may assume this responsibility for some or all of the portfolio properties of Sincerus Opportunities LP, for fees which are commensurate with industry standards.

Auditors

The auditors of both the Fund and Sincerus Opportunities LP are MNP LLP.

Organization Chart

The Chart below sets out the relationship between the Fund, Sincerus Opportunities LP, Sincerus Opportunities GP, the Manager and Sincerus Capital:



Note (a) The Fund Management Agreement is a contractual relationship between Sincerus Opportunities Fund, Sincerus Opportunities LP and Sincerus Asset Management Ltd. (SEE ITEM 2.8: FUND MANAGEMENT AGREEMENT.)

Note (b) The Support Services Agreement is a contractual relationship between Sincerus Capital Ltd. and Sincerus Asset Management Ltd. (SEE ITEM 2.8: SUPPORT SERVICES AGREEMENT.)

Note (c). Represents ownership interest in properties, properties under contract and/or properties to be acquired. Sincerus Opportunities LP will be the beneficial owner of the property interests, with legal title registered in the name of a bare trustee, multiple bare trustees or in the name of Sincerus Opportunities GP. (SEE ITEM 2.7: OUR PROPERTIES.)

2.2 Our Business

The Fund has been established with the objective of providing Unitholders with an opportunity to realize investment returns through the acquisition, management and disposition of, or financing of, commercial, residential and development property located in Canada, or outside Canada, with the initial focus on properties in Western Canada. All property investments will be made through and held by Sincerus Opportunities LP or other additional entities owned or held directly by Sincerus Opportunities LP. Additional information on our investment strategy and our properties are described elsewhere in this Offering Memorandum. See ITEM 2.4: OUR INVESTMENT STRATEGY and ITEM 2.7: OUR PROPERTIES.

The Fund intends to invest, through Sincerus Opportunities LP, in both income properties and development properties as opportunities arise. Regular and special distributions to Unitholders may be paid subject to available funds and other considerations and will be influenced by the performance of the property portfolio, the existing investment opportunities and the availability of financing to the Fund. The timing and amount of distributions paid to Unitholders will be determined and approved by the Trustees in accordance with the terms and conditions of the Declaration of Trust.

2.3 Development of the Business

The Fund has been in operation since April 30, 2012. The Fund intends to meet its objectives by: (1) managing the properties outlined under ITEM 2.7: OUR PROPERTIES; (2) acquiring additional interests in real property from time to time subject to financing constraints and available investment opportunities; and (3) by continuing to improve and develop systems, resources and expertise instrumental in the effective management of the Fund and its assets. In the short term, it is expected that financing and other constraints will limit the ability of the Fund to diversify the Fund's properties portfolio, but that over time additional scale will facilitate diversification and improved operational efficiency.

2.4 Our Investment Strategy

Subject to the approval of the Trustees and to investment policy constraints imposed by the Declaration of Trust, the Manager will develop and periodically update an investment strategy to be executed by the Fund. The current investment strategy is described by the following guidelines and limitations.

Nature of Investments

The Fund has invested and will continue to invest, through Sincerus Opportunities LP or entities owned or held directly by Sincerus Opportunities LP to be established, in ownership interests in real property. The current properties are located in Western Canada and this remains the current geographic focus of the Fund, although this is subject to future change at the discretion of the Trustees. Property types that may be acquired may include commercial, residential or development property and may include a full or partial ownership interest.

Apart from the Fund's interest in Sincerus Opportunities LP or entities owned or held directly by Sincerus Opportunities LP, it is the current intention that the Fund will not invest in the securities of other trusts, business corporations or funds. The exception to this would be a controlling interest in an entity, where such entity's sole or primary direct or indirect asset is real property. The Fund may hold for investment the entire or any participating interest in any mortgages. The Trustees of the Trust are empowered by the Declaration of Trust to consider a variety of investments in their sole discretion. See ITEM 2.8(a): DECLARATION OF TRUST.

Investment Focus

The Fund, through Sincerus Opportunities LP, has focused and will continue to focus on the following:

- Rental properties that produce high levels of yield or that have the potential to produce high levels of yield through improved management, further development or some form of use conversion. Rental properties may include industrial, retail, office or residential properties.
- Properties that are offered for sale below their current intrinsic value or below their potential realizable value due to liquidity constraints or other circumstances facing the current owner.
- Undeveloped properties that have the potential for significant appreciation based on producing development plans, advancing entitlements, subdivision of the property and the completion of physical development work.
- Properties may be located in or near communities with strong potential growth or good prospects for stable demand. This may include properties located in or near smaller cities, which may not attract investment by large institutional investors or public real estate investment trusts.
- Properties that will require an investment, inclusive of development costs, that is generally between \$500,000 to \$10,000,000 (however, see ITEM 2.7: OUR PROPERTIES for a description of Property 3 which was acquired at a cost in excess of \$10,000,000).

Other Portfolio Management Considerations

Debt financing on any specific property will generally be limited to a maximum of 75% of the appraised property value, with the actual debt financing amount and terms determined based on property characteristics, risk consideration and the property specific investment strategy being pursued. This general limitation on debt financing is exclusive of short-term acquisition financing.

The Property portfolio of Sincerus Opportunities LP will not initially be diversified. Over time, and subject to investment opportunities and available funds, it is intended to diversify the portfolio geographically within the current targeted investment region of Western Canada or within other regions, as may be determined in the future by the Trustees. Currently a significant proportion of the assets held by the Fund is in undeveloped land.

In addition to debt financing, properties may be purchased by the Fund through Sincerus Opportunities LP by the issuance of Units of the Fund as authorized by and in accordance with the Declaration of Trust.

2.5 Long Term Objectives

Our long term objective is to provide ongoing competitive investment returns to Unitholders while endeavouring to mitigate risks associated with investments in real estate.

By investing the proceeds from this Offering in Sincerus Opportunities LP, the Fund will be indirectly acquiring, improving, managing, holding and disposing of real property assets that we believe will achieve this objective. Growth of the Fund, subject to the existence of attractive investment opportunities for Sincerus Opportunities LP, will help support the achievement of this objective, as it will facilitate diversification and increased operational efficiency.

In order for the Fund to accomplish its long-term objectives, the following must occur: (1) the Fund must complete its short term objectives described under ITEM 2.6: SHORT TERM OBJECTIVES; and (2) the

Manager must prudently manage the affairs of the Fund and successfully select and manage property assets of Sincerus Opportunities LP on an ongoing basis.

2.6 Short Term Objectives and How We Intend to Achieve Them

The Fund's short term objective over the next 12 months is to complete this Offering and raise sufficient funds to proceed with development of the undeveloped land and to continue to expand and further diversify the property portfolio. There can be no assurance that the Fund or Sincerus Opportunities LP will be able to identify suitable properties to acquire. Should Sincerus Opportunities LP seek to acquire other properties, it will do so in accordance with its investment objectives and guidelines, and in a manner consistent with the Fund's stated objectives.

2.7 Our Properties

Properties currently owned and properties that may be acquired from time to time in the future, in accordance with the Fund's investment policy and strategies, represent the current and future underlying assets of the Fund. The properties have been, and will be, selected by the Manager based on a belief that the properties present an attractive investment opportunity based on projected rental revenue, development potential and/or potential appreciation. The properties will all be held within Sincerus Opportunities LP or by other entities owned or held directly by Sincerus Opportunities LP. In order to achieve the Fund's long term objectives, from time to time the Fund may consider divesting itself of one or more properties.

The following is a summary of the properties which the Fund, through Sincerus Opportunities LP, has acquired and currently owns. Title to Property 1, Property 2 and Property 3 are held by 1791314 Alberta Ltd., 1670560 Alberta Ltd. and 1670560 Alberta Ltd. respectively (the "**Bare Trustee(s)**"), which are bare trustee corporations controlled by Sincerus Opportunities LP. Should Sincerus Opportunities LP seek to acquire other properties, it will do so in accordance with its investment objectives and guidelines, and in a manner consistent with the Fund's stated objectives.

Property 1

Location: County of Grande Prairie No. 1, Alberta

Property Type: 10 residential duplex rental buildings

Total Cost (including land): \$3,802,728

Land Purchase Price: \$772,766 (See "Related Party Transaction" below)

Date of Land Acquisition: December 2013

Ownership Interest: 100%, held indirectly by the Fund and Sincerus Opportunities LP through a Bare Trustee

Building Size (approx.): Approximately 1,100 square feet per upper and lower unit per lot

Buildings Constructed/Completed: August 2014

Zoning: RR-4 (Rural Residential Mixed District)

Most Recent Appraisal: An appraisal for Property 1 on an as-completed basis was completed in December 2013 by an accredited member of the Appraisal Institute of Canada. The appraised value of the property, effective December 18th, 2013, was estimated to be \$3,900,000. The stated value for this property is an estimate only. The

amount that a selling party might actually receive if the property were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

Related Party Transaction: The purchase of the foregoing land in the amount of \$772,766 was a related party transaction of the Fund as the Vendor, Sincerus Capital, is controlled directly or indirectly by Albert Rempel who controls, directly or indirectly, Sincerus Capital, Sincerus EMD, and Sincerus Asset Management Ltd. and who is a trustee of the Fund and is also a director and officer of Sincerus Capital, Sincerus EMD, Sincerus Asset Management Ltd., and Sincerus Opportunities GP Ltd. Sincerus Capital took back a promissory note for the full amount of the purchase price, payable on demand with an interest rate of 6% per annum. The promissory note has been paid in full. The transaction to purchase Property 1 was approved by the sole independent trustee of the Fund, Daryl Friesen, after due consideration and Albert Rempel and Jack Murray abstained from voting on approval thereof.

Financing: Property 1 is partially financed under a third party mortgage with a Canadian financial institution. The mortgage, payable on demand, carries a variable interest rate (Prime plus 1.3%) and has a principal balance of \$2,288,395 as at February 15, 2016. A portion of the proceeds of this Offering may be used to pay down the balance of the third party financing associated with this property.

The foregoing property referred to herein as “**Property 1**”.

Property 2

Location: County of Grande Prairie No. 1, Alberta

Property Type: Undeveloped land

Total Cost (including Option and closing costs): \$3,111,595

Purchase Price of Property 2 Option: \$500,000 (See “Related Party Transaction” below)

Purchase price of Property 2 pursuant to the Option Agreement: \$2,484,813

Date of acquisition: July 2015

Ownership Interest: 100%, held indirectly by the Fund and Sincerus Opportunities LP through a Bare Trustee

Property Size (approx.): +/- 159.00 acres

Buildings: None

Zoning: AG (Agricultural District). The Clairmont Heights Area Structure Plan (the “**CHASP**”) approved by the County of Grand Prairie No. 1 contemplates rezoning the property; however, the timing of such rezoning is dependent on agreeing to a development agreement with the County of Grand Prairie No.1.

Other: Property 2 is included in a 1,238 acre CHASP which proposes low, medium and high density residential and commercial land use for Property 2.

Most Recent Appraisal: In a report dated October 26th, 2015 by an accredited member of the Appraisal Institute of Canada, the appraised value of Property 2, effective October 5th, 2015, was estimated to be \$4,300,000. The stated value for Property 2 was an estimate only. The amount that a selling party might actually receive if the property were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

Related Party Transaction: The assignment of the Option Agreement pursuant to the Option Agreement Assignment was a related party transaction of the Fund. The assignor of the Option Agreement, Sincerus Northfield GP Limited (in its own capacity and in its capacity as general partner of Sincerus Northfield Limited Partnership) is controlled directly or indirectly by Albert Rempel and Jack Murray who are directors and officers of such assignor and trustees of the Fund and Albert Rempel is a director and officer of Sincerus Opportunities GP Ltd. No finder's fee or commission was paid or payable to a related party in connection with the Option Agreement Assignment. The transaction to have the Option Agreement assigned to the Sincerus Opportunities LP and the entering into of the Option Agreement Assignment was approved by the sole independent trustee of the Fund, Daryl Friesen, after due consideration. Albert Rempel and Jack Murray abstained from voting on approval thereof.

The foregoing property referred to herein as “**Property 2**”.

Property 3

The Fund and Sincerus Opportunities LP completed a series of transactions with Sincerus (Clairmont) Limited Partnership (the “**Sincerus (Clairmont) LP**”) whereby Sincerus Opportunities LP acquired Property 3 (as defined below) from Sincerus (Clairmont) LP in exchange for newly issued Class B Units of the Fund (the “**Property 3 Transaction**”). Sincerus Opportunities LP entered into a purchase agreement with Sincerus (Clairmont) LP (the “**Property 3 Purchase Agreement**”) whereby it acquired Property 3 in exchange for a limited partnership interest in Sincerus Opportunities LP. The Fund then entered into an exchange agreement with Sincerus (Clairmont) LP (the “**Exchange Agreement**”) whereby it exchanged Class B Units of the Fund for the limited partnership interest in Sincerus Opportunities LP held by Sincerus (Clairmont) LP. The Class B Units are identical to the Class A Units, except the Class B Units are required to participate in the DRIP.

The total cost of Property 3 was greater than the Fund's general investment range of \$500,000 to \$10,000,000. As a result of the purchase of Property 3, undeveloped land represents approximately 79% of the total property portfolio held by the Fund.

Location: County of Grande Prairie No. 1, Alberta

Property Type: Undeveloped land

Total Cost: \$10,533,230

Date of acquisition: The acquisition closed in late December, 2015.

Ownership Interest: 100%, held indirectly by the Fund and Sincerus Opportunities LP through a Bare Trustee

Property Size (approx.): +/- 256.49 acres

Buildings: None

Zoning: AG (Agricultural District). The CHASP approved by the County of Grand Prairie No. 1 contemplates rezoning the property; however, the timing of such rezoning is dependent on agreeing to a development agreement with the County of Grand Prairie No.1.

Other: Property 3 is included in a 1,238 acre CHASP which proposes low, medium and high density residential and commercial land use for Property 3.

Most Recent Appraisal: Two independent appraisals were obtained for Property 3. In a report dated October 13th, 2015 by an accredited member of the Appraisal Institute of Canada, the appraised value of Property 3, effective October 5th, 2015, was estimated to be \$10,718,000. In a report dated October 26th, 2015 by an accredited member of the Appraisal Institute of Canada, the appraised value of Property 3, effective October 5th, 2015, was estimated to be \$11,000,000. The stated values for Property 3 were estimates only. The amount that a selling party might actually receive if the property were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

Related Party Transaction: The acquisition of Property 3 constituted a related party transaction of the Fund. Sincerus (Clairmont) GP Ltd. (in its own capacity and in its capacity as the general partner of Sincerus (Clairmont) Limited Partnership), is controlled directly or indirectly by Albert Rempel, who is a director and officer of Sincerus (Clairmont) GP Ltd., trustee of the Fund and a director and officer of Sincerus Opportunities GP Ltd. No finder's fee or commission was paid or payable to a related party in connection with the acquisition of Property 3. The 10% acquisition fee which the Manager is entitled to under the Fund Management Agreement was waived by the Manager with respect to the acquisition of Property 3. The transaction and the entering into of the Exchange Agreement was approved by the independent trustee of the Fund, Daryl Friesen, after due consideration. Albert Rempel and Jack Murray abstained from voting on approval thereof.

The foregoing property referred to herein as “**Property 3**”.

Other Properties

The Fund currently owns no other real properties and has no real properties under contract. The Fund will, however, seek to acquire additional real properties in accordance with its investment objectives and guidelines, subject to both available financing and the existence of investment opportunities that are deemed attractive by the Manager. Such additional acquisitions, should they occur, may materially change the nature of the underlying real property portfolio.

2.8 Material Agreements

The Fund has entered into (or is impacted by) the following material agreements in connection with the formation of the Fund and since its formation, other than any contracts or agreements entered into in the ordinary course of the business of the Fund:

- a) Declaration of Trust;
- b) Limited Partnership Agreement;
- c) Distribution Reinvestment Plan Agreement;
- d) Fund Management Agreement;
- e) Support Services Agreement;
- f) Property 1 Land Acquisition Agreement entered into by 1791314 Alberta Ltd. as bare trustee or Sincerus Opportunities GP on behalf of Sincerus Opportunities LP;
- g) Option Agreement Assignment;
- h) Option Agreement; and

i) Property 3 Purchase Agreement.

Except for the Property 1 Land Acquisition Agreement, the Option Agreement Assignment, the Option Agreement and the Property 3 Purchase Agreement referred to above, copies of the other material agreements may be inspected upon reasonable prior notice at the Fund's registered office during regular business hours. For a summary of the basic business terms of the aforementioned Property 1 Land Acquisition Agreement, Option Agreement Assignment, Option Agreement and Property 3 Purchase Agreement, please see ITEM 2.7: OUR PROPERTIES.

(a) Declaration of Trust

The following is a summary of the Declaration of Trust. The summary is qualified in its entirety by the Declaration of Trust and does not purport to be a complete summary of its terms. A copy of the Declaration of Trust may be inspected at the head office of the Fund upon reasonable notice, and during regular business hours.

At a special meeting held on December 4, 2015 (the "**Special Meeting**") the Unitholders of the Fund passed a Special Resolution to amend the Declaration of Trust (the "**Amendments**"). The Amendments are summarized below.

Amendments

Pursuant to the Amendments, the Declaration of Trust was amended to provide that Units of the Fund shall be transferable with the prior written consent of the Trustees of the Fund in their sole discretion. Previously, the Declaration of Trust had contained an outright prohibition on the transfer of Units.

The Declaration of Trust has been further amended to mandate that, at the discretion of the Trustees, classes of Units other than the Class A Units may be required to participate in the DRIP, and the holders of such classes of Units will be required to receive distributions by way of Units and not by way of cash. The Class A Units were not be affected by this amendment. The Class B Units were subsequently created and issued in connection with the Property 3 Transaction, and pursuant to the terms of the Class B Units they are required to participate in the DRIP.

The Declaration of Trust was also amended to make clear that Unit Certificates evidencing ownership of Units of the Fund are not required to be issued, and that Units may be issued in book entry form only at the discretion of the Trustees.

Appointment of Trustees

Pursuant to the Declaration of Trust, the property, assets and business operations of the Fund are subject to the control and authority of a minimum of three (3) and a maximum of five (5) Trustees, which number may only be changed in accordance with the Declaration of Trust. Currently, pursuant to the Declaration of Trust, there are three Trustees, one of whom is an independent Trustee. Under the terms of the Declaration of Trust, for so long as the Fund Management Agreement is in effect, the Manager will hold one Special Voting Unit which will entitle it to nominate and have appointed at least one and up to three individuals as Trustees. Until the next meeting of the Fund or any resignation(s), Albert Rempel, Jack Murray and Daryl Friesen will serve as Trustees of the Fund. Subject to the rights of the holder of the Special Voting Unit described above, the Trustees shall be appointed by vote of a majority of the Unitholders.

Powers and Duties of Trustees

Subject to the terms and conditions of the Declaration of Trust, each Trustee is required to exercise the powers and duties of his or her office honestly, in good faith with a view to the best interests of the Fund and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trustees may from time to time make

investments, sell such investments or reinvest proceeds or distributions from such investments or exchange any of its investments provided that such actions are always in accordance with the Declaration of Trust, the investment guidelines of the Fund and the terms of the Fund Management Agreement. The Trustees may determine in their sole discretion to use Units as consideration for the purchase of real property. The Declaration of Trust permits the Trustees to delegate some or all of their powers to third parties including without limitation, the Manager. Under the Fund Management Agreement, the Manager has been delegated many of the Trustees powers. This arrangement may create conflicts of interest (see: ITEM 8: RISK FACTORS)

Resignation or Removal of a Trustee

A Trustee may resign at any time upon notice in accordance with the Declaration of Trust. A Trustee shall be removed if he or she no longer satisfies the qualification requirements under the Declaration of Trust, and in addition, but subject to the rights of the holder of the Special Voting Unit, any Trustee may be removed by a majority vote of the Unitholders. A quorum of Trustees may fill any vacancy among the Trustees caused by the resignation, removal or death of a Trustee. The Trustees may also fill any vacancy created by an increase in the number of Trustees which must be filled by the vote of Unitholders, subject to the right of the Special Voting Unitholder described in the paragraph entitled *Appointment of Trustees* above. Trustees of the Fund cannot be a Non-Resident. A Trustee who becomes a Non-Resident shall be deemed to have resigned immediately prior to becoming a non-resident of Canada in accordance with the Declaration of Trust.

Indemnification of Trustees

The Trustees shall be entitled to indemnification out of the assets of the Fund and any entitlement to indemnification shall take priority over distributions to Unitholders.

Compensation payable to Trustees

The Fund will not pay any remuneration to a Trustee who is employed by the Fund or any Affiliate or Associate of the Fund or the Manager, including Sincerus Capital. The Fund may pay fees to Trustees who are independent from the Fund and the LP. Currently, there is one trustee that is independent, which is Mr. Daryl Friesen. The current compensation payable to Mr. Daryl Friesen will be a minimum of \$15,000 per year and a maximum of \$20,000 per year. It will be comprised of base compensation of \$10,000 per year, with 50% of the base compensation paid in Units of the Fund, plus additional amounts based on the level of activity associated with meeting participation and the review of potential transactions. The Trustees shall be reimbursed for authorized out-of-pocket expenses incurred by the Trustees in performing their duties under the Declaration of Trust. The Fund may also establish a unit incentive plan in future as compensation for the Trustees and senior management of the Fund, participation in such a plan will not be permitted by any Trustee or employee of the Fund that is also an employee of the Manager or an Affiliate or Associate of the Manager.

Conflicts of Interest

Conflicts of Interest may arise where a trustee or officer of the Fund, or a person associated or affiliated therewith, proposes to enter into a material agreement or transaction with the Fund or an affiliate thereof. In addition, a conflict of interest may arise where a trustee or officer of the Fund is also a trustee, director, or officer of, or has a material interest in, any person who proposes to enter into a material transaction or agreement with the Fund. In such instances, such trustee or officer must disclose such individual's interest and must not vote on the proposed material agreement or material transaction. Daryl Friesen has been appointed an independent trustee of the Fund to ensure that at least one member of the Board of Trustees is able to vote on all matters put before the Board of Trustees. Notwithstanding the foregoing, a Trustee is entitled to vote on any resolution to approve a contract or transaction that is:

- (i) An arrangement by way of security for money lent to or obligations undertaken by the Trustee for the benefit of the Fund or an Affiliate;
- (ii) One relating primarily to such Trustee's remuneration as a Trustee, officer, employee or agent of the Fund;
- (iii) One for indemnity of such Trustee under Section 16.1 hereof or the purchase of liability insurance; or

(iv) One with an Affiliate and/or Associate (as such terms are defined in the Declaration of Trust).

Unit Attributes

The beneficial interest in the Fund is divided into interests referred to as Units, which may be issuable in series. Each Unit of the same class or series of a class of Units is of equal value and will be issued only as fully paid and nonassessable. There is no limit to the number of Units that may be issued, subject to any determination to the contrary made by the Fund. A Unitholder will be entitled to one vote for every Unit held. The Special Voting Unit is a voting unit but does not participate in any cash distributions or other consideration from the Fund. Currently there are Class A Units, Class B Units and a Special Voting Unit issued and outstanding. Under the Declaration of Trust, the Trustees may at their discretion issue additional classes of Units, or in series within the same class of Units, which, if and when created, might have certain rights and privileges related to retraction that differ from those of other classes or series of Units. Each class or series of Units will, however, have the same right of participation in allocations and distributions of income and realization of capital gains or losses proportionately with all other Units. See ITEM 8: RISK FACTORS.

Price of Units

The Trustees shall from time to time determine the price of the Units in their sole discretion.

Ownership of Fund Property

All property of the Fund of every description and the right to conduct the activities of the Fund are vested exclusively in the Trustees. Unitholders have no direct interest in the operation of the Fund or ownership of its assets, other than each Unitholder's beneficial interest in the Fund under the Declaration of Trust.

Status of Non-Residents – Unitholders

Non-Residents are prohibited from owning Units of the Fund and a subscription for Class A Units from a Non-Resident will not be accepted. In respect of subscriptions for Class A Units, the Trustees may require a declaration in form and content satisfactory to the Trustees, that the person is not a Non-Resident. If the Trustees become aware, or have a reasonable basis to believe, in their sole discretion, that a Unitholder is a Non-Resident, the Fund may redeem the Units of such Unitholder, and such Units will be subject to Retraction Fees applicable to such Units as if the Units had been retracted by the Unitholder.

Investments by the Fund

It is intended that the Fund invest any proceeds it receives from this Offering by subscribing for LP Units of Sincerus Opportunities LP or by making capital contributions to Sincerus Opportunities LP. The Trustees, on behalf of the Fund, are authorized under the Declaration of Trust, to invest directly or indirectly in LP Units. Additionally, the Fund may invest in promissory notes, bonds, debentures, debt securities or similar evidence of indebtedness of Sincerus Opportunities LP or in any shares or debt instruments of any affiliate of Sincerus Opportunities LP. Any amounts received by the Fund from time to time in respect of such investments in securities or debt instruments may be similarly invested. The Trustees shall not, however, make any investment in Sincerus Opportunities LP or any of its affiliates unless the Trustees are satisfied that Sincerus Opportunities LP is substantially in compliance with the investment authority described in the Limited Partnership Agreement and consistent with the Fund's published investment guidelines and the Declaration of Trust.

Distribution Policy

The Fund will make such distributions to Unitholders from time to time as the Trustees, in their discretion, may determine, in accordance with the applicable provisions of the Declaration of Trust. All or a portion of any distributions may be payable by the issuance of Units as well as cash consideration (except for the Class B Units, which require the holders of Class B Units only receive distributions in accordance with the DRIP, subject to the discretion of the Trustees to pay cash in lieu of Units). Amounts available for distribution to Unitholders will be determined, in large part, by the amounts distributed to the Fund by Sincerus Opportunities LP. These amounts are subject to the discretion of Sincerus Opportunities GP, pursuant to the Limited Partnership Agreement.

Retraction of Units

Unitholders will be entitled to request the retraction of all or a portion of their Units at any time by giving a Retraction Notice to the Fund 30 days prior to the proposed Retraction Date. Requests shall stipulate the number of Units to be retracted and shall be subject to a discount depending on the date of retraction. Upon receipt by the Fund of the Retraction Notice, the Unitholder shall be entitled to receive a Retraction Price per Unit equal to the applicable Unit Price less a retraction fee. The retraction fee applicable to each series of Units may vary based on the time and manner in which the Units were purchased and as the Trustees determine in their sole discretion (as it relates to the Class A Units, see ITEM 5.2: TERMS OF THE CLASS A UNITS). If the total amount payable by the Fund in respect of Units tendered for retraction in the same calendar month exceeds a monthly limit, initially set at \$50,000, or such greater amount as may be determined from time to time by the Trustees in their sole discretion, the Trustees may, in their sole discretion, waive such limit or temporarily increase the limit in respect of Units tendered for retraction in any calendar month, however, in the absence of such a waiver, Units retracted will be paid in order of priority of receipt of the Retraction Notice.

Redemption of Units

The Fund shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, upon payment of the then current Unit Price in respect of such Units. The Trustees shall have no obligation to redeem Units on a pro rata basis and may determine which Units shall be redeemed in their sole discretion.

Amendments

Amendments to the Declaration of Trust require approval by an Extraordinary Resolution of Unitholders; provided however, that the Trustees may amend the Declaration of Trust without prior approval of the Unitholders where such amendment is in respect of certain non-material amendments.

Expenses of the Fund

All expenses of the Fund will be paid by Sincerus Opportunities LP or the Manager pursuant to the Fund Manager Agreement.

Finder's Fees and Commissions

The Trustees may engage and pay commissions to one or more selling agents, provided that any such engagement shall be approved in advance by a majority of the Trustees.

Unitholder Meetings

The Trustees may, in their discretion (and subject to all applicable laws), requisition a meeting of Unitholders from time to time, in order to elect Trustees, appoint an auditor for the next fiscal year or to transact such other business as may require Unitholder approval in accordance with the Declaration of Trust. In certain circumstances, Unitholders who own a sufficient number of Units of the Fund may also requisition a meeting. In certain circumstances, the Trustees may be required to requisition a meeting of Unitholders, including for the purpose of ratifying the appointment of new auditors for the Fund.

Potential Limited Liability of Unitholders

Unitholders are holders of Units in the Fund. Sincerus Opportunities LP, the wholly owned subsidiary of the Fund, is the entity that will be carrying on the active business of real estate investments. The terms of the Declaration of Trust direct the Trustees to cause the operations of the Fund to be conducted in such a way and in such jurisdictions as to avoid, as far as reasonably possible, any material risk of personal liability on the Unitholders, Special Voting Unitholder or annuitant for claims against the Fund. Accordingly, Unitholders should not be liable or subject to any personal liability for any obligation or claim arising out of or in connection with any contract or obligation of the Fund, its Trustees, Sincerus Opportunities LP or the Manager. See ITEM 8: RISK FACTORS.

Termination

Unless the Declaration of Trust is terminated by a Special Resolution approved by the Voting Unitholders, the Fund shall continue in duration indefinitely subject to applicable laws.

(b) *The Limited Partnership Agreement*

The Partnership

Sincerus Opportunities LP was formed under an initial limited partnership agreement dated as of April 9, 2012, and was registered as a limited partnership on April 11, 2012. Following creation of the Fund, an amended and restated limited partnership agreement was enacted by the initial limited partner (the "**Limited Partnership Agreement**"). As the Fund invests all of its funds in LP Units or capital contributions to Sincerus Opportunities LP, we are providing the following summary of certain provisions of the Limited Partnership Agreement. Unitholders will not become a Limited Partner or have any direct ownership interest in any LP Unit. The summary is qualified in its entirety by the Limited Partnership Agreement. Pursuant to the Limited Partnership Agreement, the Trustees, on behalf of the Fund, will own all of the issued and outstanding LP Units, comprising 99.999% of the equity of Sincerus Opportunities LP, with Sincerus Opportunities GP holding the remaining 0.001% of the equity. Proceeds from this Offering will be used to subscribe for LP Units or to make further capital contributions to Sincerus Opportunities LP.

Business of the Partnership

Sincerus Opportunities LP was formed to make investments in and undertake the business, ownership, operation and lease of assets and property in connection with the acquisition, management and disposition of commercial, residential and development real estate property and other real estate related businesses, either directly or through affiliated entities (including other limited partnerships) with a view to making a profit. Sincerus Opportunities GP, in its capacity as the general partner of Sincerus Opportunities LP, is authorized to hold title, directly or indirectly, to all properties and assets of Sincerus Opportunities LP and shall have the power to do anything necessary, proper, convenient or incidental to the accomplishment of its business and purposes. Specifically, Sincerus Opportunities GP will contract with the Manager for the provision of services aimed at accomplishing these purposes pursuant to the Fund Management Agreement.

Additional LP Units

Sincerus Opportunities GP, may, in its discretion, issue additional LP Units on any terms and conditions of offering and sale of LP Units as Sincerus Opportunities GP, in its discretion, may determine, from time to time hereafter, including accepting payment of consideration thereof in the form of cash, promissory notes, property and/or past services, and may do all things in that regard, including offering documents and entering into agreements providing for the payment of a commission or fee.

Non-Resident Restriction

The Limited Partnership Agreement provides that LP Units must be owned legally and beneficially by residents of Canada. Sincerus Opportunities GP, upon becoming aware of, or determining that, a limited partner has become a non-resident of Canada or if the limited partner fails to provide evidence satisfactory to Sincerus Opportunities GP with respect to the residency or partnership status, then Sincerus Opportunities GP has the authority to cause such partner to dispose of all its LP Units, failing which the General Partner, subject to compliance with applicable securities laws, will be entitled to sell the LP Units or to acquire the LP Units on behalf of Sincerus Opportunities LP.

Investment Authority of Sincerus Opportunities GP

Sincerus Opportunities GP has the authority to determine how the assets of Sincerus Opportunities LP are to be invested, subject to certain restrictions set out in the Limited Partnership Agreement. For this purpose, Sincerus Opportunities GP will establish investment policies and guidelines which are consistent with the investment

policies of the Fund as set out in the Declaration of Trust. In particular, Sincerus Opportunities GP shall ensure that no investment shall be made by Sincerus Opportunities LP that would have the effect of:

- the Units being disqualified for investment by Deferred Plans;
- the Fund being liable under the Tax Act to pay a tax imposed under Part XI of the Tax Act;
- the Fund ceasing to qualify as a “mutual fund trust” or a “registered investment” for purposes of the Tax Act; or
- the Partnership becoming a "financial institution" or "tax shelter investment" within the meaning of the Tax Act.

Operation of the Partnership by the General Partner

Pursuant to the Limited Partnership Agreement, Sincerus Opportunities GP shall conduct the business of Sincerus Opportunities LP, and carry out its duties and obligations under the Limited Partnership Agreement. Title to each real property or other assets may be held by and registered in the name of Sincerus Opportunities GP for the benefit of the Partnership.

Sincerus Opportunities GP may ensure these operating duties are met by contracting with the Manager for the performance of some or all of the services required for such purposes. For so long as the Fund Management Agreement is in effect, Sincerus Opportunities LP shall assume and pay all of the costs and expenses incurred by the Fund from time to time. (see ITEM 2.8(d): FUND MANAGEMENT AGREEMENT and ITEM 2.8: (e) SUPPORT SERVICES AGREEMENT).

Distributions

Sincerus Opportunities GP will distribute the Partnership's distributable cash after retaining reserves, in such amounts and at such times as it may determine appropriate in its sole discretion. In making such determinations, Sincerus Opportunities GP will consider: (i) amounts required for the business and operations of the Partnership, including operating expenses and capital expenditures; and (ii) amounts necessary to satisfy the Partnership's debts, liabilities and obligations and to comply with applicable laws. (see ITEM 2: BUSINESS OF THE FUND).

Sincerus Opportunities LP distributes as follows: (i) firstly, to Sincerus Opportunities GP, 0.001% of the aggregate amount to be distributed, to a maximum of \$100 per Fiscal Year; (ii) secondly, the balance to the Limited Partners holding LP Units, pro rata in accordance with the number of LP Units held at the time of the distribution. Upon completion of this Offering, the Fund will be the only Limited Partner holding LP Units and unless and until varied in accordance with the Limited Partnership Agreement, it is currently intended that the Fund will hold all of the issued LP Units.

Sources of cash available for distribution by Sincerus Opportunities LP may be received from any source including the following:

- funds from the net cash flow associated with the operation of revenue producing properties
- funds received from the financing or refinancing of any property net of amounts paid to discharge or pay down other encumbrances on a refinanced Property, the payment of all costs and expenses associated with the refinancing, and any other amounts required to be paid out of the receipts;
- funds received on the sale of one or more of the Properties including any principal and interest payments received by Sincerus Opportunities LP on any vendor financing taken back on the sale, less the costs and expenses of the sale and any applicable Manager fee in respect of the sale;
- funds received in payment of fees, interest and/or return of principal on any loans; and
- any loan proceeds or other financing.

Amendment

The Limited Partnership Agreement may generally be amended by a vote of at least 66⅔% of the Unitholders, however, the unanimous approval of all holders of LP Units is required in certain circumstances where such change directly affects the rights of a Limited Partner or which adversely affect the rights and obligations of any particular Limited Partner without similarly affecting the rights and obligations of all others.

The Limited Partnership Agreement may be amended by Sincerus Opportunities GP in its sole discretion if such amendment or addition is, in the opinion of counsel to Sincerus Opportunities LP, necessary or desirable for the protection or benefit of all the Limited Partners or the Partnership or necessary or desirable to cure an ambiguity in, or to correct or supplement, any provision contained herein which is defective or inconsistent with any other provision contained herein, provided that such cure, correction or supplemental provision does not and will not affect materially adversely the interests of any Limited Partner.

(c) Distribution Reinvestment Plan

The Fund has established a distribution reinvestment plan entitling holders of Units to reinvest cash distributions made by the Fund in additional units of the Fund (the "**DRIP**"). Holders of Class A Units may elect to reinvest cash distributions in additional Class A Units and holders of Class B Units are required to reinvest cash distributions in additional Class B Units, subject to the discretion of the Trustees to pay cash in lieu of Class B Units, ("**DRIP Units**"). The price at which Units may be acquired for DRIP participants will be the applicable Unit Price established by the Trustees at the time that such distribution payment is actually payable to the Unitholders. The Retraction Fee and Retraction Price applicable to any class or series of DRIP Units will be the same as the original class or series of Units from which they are derived. In addition, the Trustees of the Fund shall administer the DRIP such that for the purposes of calculating the Retraction Fee and the Retraction Price payable on DRIP Units that are retracted, the DRIP Units will be deemed to have been purchased on the same date as the Units from which the DRIP Units are derived. No brokerage commissions will be payable in connection with the purchase of Units under the DRIP and all administrative costs will be borne by the Fund, subject to the ability of the Fund to levy an administration fee in respect of administrative costs incurred when a Participant terminates their participation in the DRIP or requests subsequent participation in the DRIP.

Participation in the DRIP is not open to holders of Units who are resident or present in the United States. If a participant in the DRIP becomes a non-resident of Canada, then their participation in the DRIP will be terminated and all Units owned by such non-resident shall be repurchased by the Fund (see ITEM 5.2: TERMS OF CLASS A UNITS) and may be subject to applicable withholding tax.

The Trustees of the Fund retain the right to declare a special cash distribution that is not eligible for reinvestment under the DRIP; in which case, the cash distribution would be distributed to Participants in cash and not in DRIP Units.

(d) Fund Management Agreement

Manager's Duties

Under the terms of the Fund Management Agreement among the Manager, the Fund and Sincerus Opportunities LP, the Fund has engaged the Manager as its exclusive agent to provide overall management, financial and business planning, advice and assistance in sourcing, acquiring, managing and disposing of investment properties as well as general property management and operational services relating to the Fund, Sincerus Opportunities LP and the other supported entities. The Manager shall be generally responsible for all of the day-to-day affairs relating to the operation and management of the Fund and the Partnership. The duties of the Manager include, but are not limited to, the identification, analysis and selection of investment opportunities, property related due diligence, negotiation, acquisition and disposition of properties, ongoing management and administration of portfolio assets, financing activities and investor services. Property management functions (which may include

leasing services for the portfolio properties) may be performed by the Manager, the General Partner or may be contracted out to licensed property management companies under the supervision of the Manager. The Manager may, at some point in the future, establish the necessary organization and obtain the requisite licensing to fulfill the property management role, in which case it may assume this responsibility for some or all of the portfolio properties and shall be entitled to compensation commensurate with industry standards. The Manager will also be responsible for all reporting and communication with Unitholders, overseeing and administering all Unit distributions and attending to the banking and accounting of the Fund and Sincerus Opportunities LP. In addition, the Manager shall be responsible for the administration of this Offering including, without limitation, (i) the payment of any fees and expenses payable to any Registrar or Transfer Agent, (ii) expenses related to audit, accounting, administration (including advertising and promotional expenses), record keeping, legal fees and expenses, custody and safekeeping charges, and (iii) all costs and expenses associated with the qualification for sale of Units.

Term

The term of the Fund Management Agreement is until 2032 unless terminated earlier in accordance with its terms for the failure of the Manager to perform its obligations thereunder, default by the Manager or by mutual agreement of the parties.

Compensation

Under the Fund Management Agreement, in consideration for its services the Manager will be entitled to receive the following fees:

- **Performance Incentive Fee:** The Manager shall be entitled to certain fees under the Fund Management Agreement, payable periodically on the happening of any of the following events and calculated as follows:
 - (a) 25% of the net operating income of a Property held by Sincerus Opportunities LP, so long as such Property's net operating income exceeds 8% of the Property's net capital cost. Net operating income includes total gross revenue generated by the Property less all direct operating costs including, but not limited to, taxes, insurance, interest and tenant improvement allowance amortization. For greater clarity, depreciation and amortization of costs capitalized for accounting purposes shall not be included in the calculation of net operating income. Net capital cost of a Property is the total of all costs capitalized for accounting purposes, except for the cost of replacing part of an existing investment Property, less mortgage and other debt outstanding on the property, and the term 'Property' would extend to loan assets or mortgage loans.
 - (b) On any disposition of a Property an amount equal to 50% of the net gain on disposal of the Property (determined by taking the net sale proceeds and subtracting the capital cost of the Property including all costs capitalized for accounting purposes).
- **Acquisition Fee:** A fee in respect of each Property acquired by or on behalf of the Partnership and each project managed on behalf of the Partnership, as follows:
 - (a) for a Property that is fully developed, 2.5% of the Property purchase price;
 - (b) for a Property that is partially developed, 5.0% of the Property purchase price;
 - (c) for a Property that consists of undeveloped real property, 10.0% of the Property purchase price; and
 - (d) for each project, an amount equal to 5.0% of the cost of construction, renovation, repair or upgrade, inclusive of the project related design and professional services costs.

Expenses

Under the Fund Management Agreement, Sincerus Opportunities LP is responsible for the payment of all reasonable expenses without markup incurred by the Manager in relation to the management of the business and operations of the Fund, Sincerus Opportunities LP and Sincerus Opportunities GP, including without limitation, all legal, accounting, travel costs, and certain eligible employee expenses incurred by the Manager. This includes all third party costs and expenses and eligible employee expenses of the Manager, which are reasonably incurred by the Manager on behalf of the Fund or the Partnership. The Manager will, however, not be entitled to reimbursement of employment expenses associated with any employee who is a Director or Officer of the Manager or who is a Trustee of the Fund. Any and all eligible employment expenses billed for reimbursement must be accompanied by a detailed breakdown of the services performed and must be at a rate that would be at least as favorable as an independent third party would charge for a similar service.

(e) Support Services Agreement

Under the terms of the Support Services Agreement between the Manager and Sincerus Capital, the Manager has engaged Sincerus Capital to provide certain support services to the Manager. Sincerus Capital has agreed to provide the certain support services as requested by the Manager from time to time (collectively the "**Support Services**"), including without limitation, the following:

- support services with respect to the sales, marketing and distributions of Units of the Fund;
- communications with Unitholders of the Fund and other persons, including investment dealers, lenders and professional advisors;
- administration of the payment of distributions, the processing of subscriptions and retractions and the maintenance of Unitholder records; and
- human resources, office space and equipment for the administration of the day-to-day activities of the Fund and the Partnership; and
- further duties as may be reasonably requested by the Manager.

The foregoing is a general summary of the Support Services that Sincerus Capital is entitled to payment of all reasonable expenses without markup incurred in providing the foregoing services to the Manager. If the Manager, the Fund or Sincerus Opportunities LP engages Sincerus Capital to provide additional support services not otherwise described in the Support Services Agreement, Sincerus Capital shall be entitled to bill for such services at a rate that would be at least as favorable to the Manager, the Fund or Sincerus Opportunities LP as an independent third party manager would charge for a similar service. In the event that Sincerus Capital is requested to provide third party financing, loan guarantees or other forms of financial support to the Fund, Sincerus Opportunities LP or any subsidiary(ies), Sincerus Capital shall be entitled to receive compensation for such financing and/or support (including without limitation, interest and/or guarantee fees) as an independent third party would charge for a similar service.

Sincerus Capital will not be entitled to reimbursement of employment expenses associated with any employee who is a Director or Officer of the Manager or who is a Trustee of the Fund. Furthermore, Sincerus Capital will not be entitled to reimbursement of employment expenses associated with marketing and sales support services provided by Sincerus Capital account managers or Sincerus Capital's Vice President of Sales.

In addition to the reimbursement of expenses of Sincerus Capital, as compensation for the Support Services provided by Sincerus Capital to the Manager, Sincerus Capital shall receive cash compensation equal to 3% of the aggregate value of Class A Units sold as a result of the Support Services provided by Sincerus Capital to the Manager.

ITEM 3: MANAGEMENT

3.1 Management Experience

The senior management of the Manager has a broad background of investment, real estate, development and management experience. The nature and extent of this experience and the principal occupations of the Trustees and directors and senior officers of the Manager and Sincerus Opportunities GP for the past five years are disclosed as follows:

Albert Rempel, CFP

2009-Present	CEO, President & Director of Sincerus Capital Ltd.
1997-Present	President & Director of A.I. Rempel & Associates Inc. operated as Winvest Financial
2012- Present	CEO, President and Director of Sincerus Exempt Market Dealer Ltd.
2008-2013	President of O.M. Equity Partners Ltd.
2006-2010	Director of Northwood Mills LLLP N.D.
2009-Present	CEO & Director of Sincerus (Hawk Springs) GP Ltd.
2009-Present	CEO & Director of Sincerus (Hawk Springs) Investments Ltd.
2009-Present	CEO & Director of Sincerus (Hawk Springs) Finance Ltd.
2010-Present	CEO & Director of Sincerus (Park Hill) GP Ltd.
2010-Present	CEO & Director of Sincerus (Park Hill) Investments Ltd.
2011-Present	CEO & Director of Sincerus (Clairmont) GP Ltd.
2011-Present	CEO & Director of Sincerus (Clairmont) Investments Ltd.
2012-Present	CEO & Director of Sincerus Northfield GP Ltd.
2012-Present	CEO & Director of Sincerus Northfield Management Ltd.
2012-Present	CEO & Director of Sincerus Northfield Investments Ltd.
2012-Present	CEO & Director of Sincerus Asset Management Ltd.
2012-Present	Trustee of Sincerus Opportunities Fund.
2012-Present	CEO & Director of Sincerus Opportunities GP Ltd.
2013-2014	Vice President & Director of Westshield Developments Ltd.
2014-Present	President and Director of Westshield Developments Ltd.

Albert (Al) is the founder, President and CEO of Sincerus Capital and serves in a leadership role for each of the Sincerus Capital related companies. These companies are actively involved in the development of real estate assets located in Alberta and Manitoba. Prior to founding Sincerus in 2009, Al was involved in a variety of successful real estate investment ventures both in Manitoba and Florida, beginning in 2001 and involving over \$20 million worth of properties. Al also has over 20 years' experience in the financial services industry advising high net worth individuals from Ontario to B.C. on investment, tax and risk management strategies.

Jack Murray, B.Comm. (Hons.), CPA, CA

2003-2011	Corporate Secretary and Director of MGI Financial Inc. (formerly Rice Financial Group Inc.)
2003-2012	CFO of MGI Financial Inc. (formerly Rice Financial Group Inc.)
2012-Present	CFO of Sincerus Capital Ltd.
2012-Present	CFO & Director of Sincerus Northfield GP Ltd.
2012-Present	CFO & Director of Sincerus Northfield Management Ltd.
2012-Present	CFO & Director of Sincerus Northfield Investments Ltd.
2012-Present	CFO of Sincerus Asset Management Ltd.
2012-Present	Trustee of Sincerus Opportunities Fund
2013-Present	Vice President & Secretary of Westshield Developments Ltd.

As Chief Financial Officer for Sincerus Capital, Jack is directly responsible for the accounting and finance functions, which includes strategic planning and sourcing project financing, for the Sincerus group of companies. Prior to joining Sincerus Capital, Jack was the Chief Financial Officer of MGI Financial Inc., a financial services company with a network of branch and associate offices in six provinces serving approximately 80,000 clients and administering assets of nearly \$4.0 billion. In addition to providing leadership on financial, accounting, compliance and administrative issues, Jack was involved in the financial analysis and due diligence associated with several business acquisitions. Prior to assuming his role as CFO of MGI Financial Inc., Jack spent over twenty years in a variety of accounting and finance positions with organizations in the financial, educational and real estate sectors. Jack has a commerce degree from the University of Manitoba and is a Chartered Professional Accountant.

Daryl Friesen

1984-Present	Partner, A.L. Group of Companies
1986-2014	President, 2481597 Manitoba Inc. operated as Economy Foods
2006-Present	Realtor, RE/MAX Professionals
2013-Present	Trustee of Sincerus Opportunities Fund

Daryl has been a licensed realtor in Winnipeg since 2005. He has also been involved in the ownership and/or management of a variety of residential income properties and commercial properties in various communities in southern Manitoba. Prior to becoming involved in the real estate business, Daryl was involved in the management of various businesses and until 2014 served as President of Economy Foods, a real estate holding company. As a trustee of the Fund, Daryl is, in conjunction with the other trustees, responsible for Fund oversight. Furthermore, as Daryl is not an employee or insider of the Manager or any of the Sincerus related companies, he acts as an independent trustee of the Fund reviewing matters that may create a conflict of interest for the other trustees. Daryl has a diploma in commerce, industry sales and marketing from Red River College.

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3.2 Compensation and Securities Held

The following table sets out information about each of the Trustees, directors and officers of the Manager and Sincerus Opportunities GP and each Person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Fund, Sincerus Opportunities LP or the Manager (each a “**principal holder**”). Except as disclosed in the following table, none of the Trustees, directors of the Manager or other senior management of the Trust, Sincerus Opportunities LP or Sincerus GP owns, directly or indirectly any Units of the Fund. The Fund may establish a unit incentive option plan for the benefit of Trustees and senior management; however as of the date of this Offering Memorandum, the Fund does not have any incentive plans established.

Name and municipality of principal residence	Positions held (e.g. director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by the Fund in the most recently completed financial year (or if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year	Number and percentage of securities of the Issuer held before completion of this Offering	Number and percentage of securities of the Issuer held after completion of the maximum Offering
Albert Rempel, Winnipeg, MB	Trustee of the Fund, Director and CEO of the GP and the Manager	\$25,000 / \$25,000 ⁽¹⁾	Class A Units 468.729 (1.25%) ⁽²⁾ Class B Units 6,600.676 (9.26%) ⁽²⁾	Class A Units 468.729 (0.23%) ⁽²⁾⁽³⁾ Class B Units 6,600.676 (9.26%) ⁽²⁾⁽³⁾
Jack Murray, Winnipeg, MB	Trustee of the Fund, CFO of the Manager	\$25,000 / \$25,000 ⁽¹⁾	Class A Units 117.256 (0.31%) ⁽²⁾	Class A Units 117.256 (0.06%) ⁽²⁾⁽³⁾
Daryl Friesen, Winnipeg, MB	Trustee of the Fund	\$18,000 / \$20,000 ⁽¹⁾⁽⁴⁾	Class A Units 114.285(0.30%) ⁽¹⁾⁽⁴⁾	Class A Units 114.285(0.06%) ⁽³⁾⁽⁴⁾
Sincerus (Clairmont) Investments Ltd.			Class B Units 49,880.433 (70.00%) ⁽⁵⁾	Class B Units 49,880.443 (70.00%) ⁽³⁾⁽⁵⁾

Note 1: No compensation is currently paid by the Fund, the LP or the GP to their respective trustees, officers or directors, with the exception of amounts paid to Mr. Daryl Friesen. Sincerus Capital is responsible for compensation payable to the above individuals, with the exception of Mr. Daryl Friesen. Compensation amounts shown above include indirect compensation to Mr. Albert Rempel and Mr. Jack Murray for acting in the various capacities for the Fund, LP and/or GP that are noted above, with such indirect compensation being paid by Sincerus Capital. Fees payable to the Manager and Sincerus Capital are pursuant to the terms of the Fund Management Agreement and Support Services Agreement.

Note 2: Albert Rempel controls, directly or indirectly, Sincerus Capital and the Manager. The Manager is the holder of the only authorized, issued and outstanding Special Voting Unit. The Class A Units shown as owned by Albert Rempel and Jack Murray include Units which are indirectly owned by these individuals or are owned by the spouses of these individuals. The Class B Units shown as owned by Albert Rempel include Albert Rempel's proportionate share of Class B Units owned by corporations in which he has, directly or indirectly, an ownership interest.

Note 3: Assumes maximum offering is achieved but excludes Units that may be sold pursuant to the DRIP and Units that may be issued to Daryl Friesen as trustee compensation. The percentage of Class A Units held, directly or indirectly, by Albert Rempel, Jack Murray and Daryl Friesen will depend on the number of Class A Units sold pursuant to the Offering.

Note 4: As compensation for acting as a trustee of the Fund, Mr. Friesen will be entitled to an amount up to \$20,000 per annum, of which \$5,000 will be paid in Class A Units of the Fund.

Note 5: Target Capital Inc. directly or indirectly, beneficially owns or controls 60% of the voting rights of Sincerus (Clairmont) Investments Ltd.

3.3 Penalties, Sanctions and Bankruptcy

There has been (a) no penalty or sanction that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years, against a Trustee of the Fund, or a director, executive officer or control person of the Manager or the GP, or an issuer of which a Trustee, director, executive officer or control person of the Manager or the GP was a director, executive officer or control person at the time; and (b) no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any Trustee of the Fund, or a director, executive officer or control person of the Manager, the GP or an issuer of which a director, executive officer or control person of the Manager or the GP was a director, executive officer or control person at that time.

3.4 Related Party Matters

Albert Rempel, who is a trustee of the Fund and an officer and director of Sincerus Opportunities GP Ltd, controls, directly or indirectly, Sincerus Capital, Sincerus EMD and the Manager. He also acts as an officer and director of both of these entities. Jack Murray, who is a trustee of the Fund, acts as an officer of both Sincerus Capital and the Manager.

The Fund and Sincerus Opportunities LP may be a connected issuer and related issuer of Sincerus EMD under National Instrument 33-105 - *Underwriting Conflicts* published by the Canadian Securities Administrators. Sincerus EMD is registered as an exempt market dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Sincerus Capital was the initial limited partner of Sincerus Opportunities LP and the initial Unitholder of the Fund. Albert Rempel controls, directly or indirectly, Sincerus Capital, Sincerus EMD, and Sincerus Asset Management Ltd. He is a trustee of the Fund and is also a director and officer of Sincerus Capital, Sincerus EMD, Sincerus Asset Management Ltd., and Sincerus Opportunities GP Ltd. The decision to distribute the Class A Units and the determination of the terms of this Offering were made by the Issuer in its sole discretion and not through negotiations with Sincerus EMD. To the extent that Sincerus EMD facilitated a trade between the Issuer and a prospective investor, Sincerus EMD will be entitled to compensation as outlined herein.

The Fund, through Sincerus Opportunities LP, completed a related party transaction whereby the Fund purchased Property 1 from Sincerus Capital. Please see ITEM 2.7: OUR PROPERTIES for a more detailed description of the transaction.

The Fund, through Sincerus Opportunities LP, completed a related party transaction whereby Sincerus Opportunities LP had assigned to it the Option Agreement in connection with Property 2 Option pursuant to the Option Agreement Assignment. Please see ITEM 2.7: OUR PROPERTIES for a more detailed description of the transaction.

The Fund, through Sincerus Opportunities LP, completed a related party transaction whereby Sincerus Opportunities LP purchased Property 3 from a related party to the Fund. Please see ITEM 2.7: OUR PROPERTIES for a more detailed description of the Property 3 Transaction.

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

Securities of the Fund consist of Units, which are analogous to common shares of a corporation. The Fund is authorized to issue an unlimited number of Units. The only classes of issued and outstanding participating voting

Units are Class A Units and Class B Units. In addition, one Special Voting Unit, which is a non-participating unit of the Fund, has been issued to the Manager, as contemplated by the Declaration of Trust.

The following table sets forth the issued and outstanding securities of the Fund as at the date of this Offering Memorandum and as at completion of the Offering.

Description of Security	Number authorized to be issued	Number outstanding as at the date of this Offering Memorandum	Number outstanding assuming completion of maximum Offering
Class A Units	unlimited	37,636.472	206,555.391
Class B Units	unlimited	71,259.446	71,259.446
Special Voting Unit	1	1	1 ⁽¹⁾

Note:

(1) The Fund is authorized to issue one Special Voting Unit, which has been issued to the Manager. The Special Voting Unit is described more particularly in ITEM 2.8(a): DECLARATION OF TRUST.

4.2 Long Term Debt

The Fund has no long term debt for its own account. The Fund has, however, guaranteed the mortgage financing associated with the current properties of the Fund, which are held by the LP. Details on the outstanding loan obligations of the LP are set out under ITEM 2.7: OUR PROPERTIES.

In addition to the existing debt obligations, the LP may have temporary financing (vendor take-back financing and/or Sincerus Capital financing) and/or third party mortgage financing associated with properties to be acquired in the future. Such additional financing may also be guaranteed by the Fund, at the discretion of the Trustees. Furthermore, the debt obligations of the LP may be reduced or increased at any time, based on operational or financing considerations, and this may involve obtaining second mortgage financing, unsecured financing or increasing the loan balance associated with existing mortgage financing. When acquiring or holding a property, the debt value/gross book value of assets ratio (not including shorter-term acquisition financing) for the property will generally not exceed 75%.

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4.3 Prior Sales

The following table sets forth the prior sales of securities of the Fund in the 12 months preceding the date of this Offering Memorandum.⁽¹⁾

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
April 1, 2015	Class A Units	286.621	\$140.00	Nil ⁽¹⁾
April 17, 2015	Class A Units	1,402.142	\$140.00	\$196,300
April 17, 2015	Class A Units	17.857	\$140.00	Nil ⁽²⁾
June 30, 2015	Class A Units	232.143	\$140.00	Nil ⁽³⁾
July 2, 2015	Class A Units	4,562.900	\$140.00	\$638,806
July 2, 2015	Class A Units	305.840	\$140.00	Nil ⁽¹⁾
August 4, 2015	Class A Units	482.142	\$140.00	\$67,500
September 1, 2015	Class A Units	92.836	\$140.00	\$12,997
October 1, 2015	Class A Units	356.030	\$140.00	Nil ⁽¹⁾
December 23, 2015	Class B Units	71,170.000	\$148.00	Nil ⁽⁴⁾
January 4, 2016	Class A Units	513.560	\$148.00	\$76,007
January 4, 2016	Class A Units	343.431	\$148.00	Nil ⁽¹⁾
January 4, 2016	Class A Units	16.892	\$148.00	Nil ⁽²⁾
January 4, 2016	Class B Units	89.443	\$148.00	Nil ⁽¹⁾

Note:

- (1) Issued pursuant to the Distribution Re-Investment Plan.
- (2) Units issued as a portion of Trustee Compensation.
- (3) 17.857 Units issued as a portion of Trustee Compensation, 214.286 Units issued for services rendered.
- (4) Issued in connection with the Property 3 Transaction. See SECTION 2.7 OUR PROPERTIES – Property 3.

4.4 Redemption/Retraction History

The following table sets forth the redemption of securities of the Fund in the 12 months preceding the date of this Offering Memorandum.

Date of Redemption	Type of Security Redeemed	Number of Securities Redeemed	Price per Security	Total Funds Returned
July 10, 2015	Class A Units	135.414	\$140.00	\$18,957.96

The Fund has had no retractions of Units in the 12 months preceding the date of this Offering Memorandum.

ITEM 5: SECURITIES OF THE FUND

The Fund is authorized to issue various classes of units. Each class of Units (other than the Special Voting Unit, which is non-participating) will have similar rights and restrictions, as described in the Declaration of Trust (see ITEM 2.8: MATERIAL AGREEMENTS) and as outlined below.

The Class A Units will be issued to Subscribers subscribing for Class A Units under this Offering. The Class A Units may be subscribed for by Canadian residents only. A Canadian resident Unitholder who subsequently becomes a non-Canadian resident may, at the discretion of the Trustees of the Fund, have their Units redeemed. Such redemption will be subject to the same retraction fee that would apply to a retraction of Units. Different classes of Units or different series of Units within a class may be subject to different retraction fees or purchase premiums (or discounts) and may be associated with different sales commissions and trailer fees, all in accordance with the terms of the Declaration of Trust and the discretion of the Trustees. The terms and conditions associated with specific Units will be disclosed as part of any related offering memorandum, distribution reinvestment plan documents or other transaction documentation, as the case may be.

The Class A and Class B Units will also be issued in respect of unit purchases made under the Fund's Distribution Reinvestment Plan (DRIP) (see ITEM 2.8: MATERIAL AGREEMENTS) and may be issued in other limited circumstances outside of this Offering or in future offerings, subject to certain restrictions and exemptions.

5.1 Terms of the Special Voting Unit

The Trust is authorized to issue one Special Voting Unit. The Special Voting Unit has been issued to the Manager in accordance with the Declaration of Trust and pursuant to the terms of the Fund Management Agreement. So long as the Fund Management Agreement is in force, the Manager shall hold the Special Voting Unit. Upon termination of the Fund Management Agreement, the Fund has the right to repurchase the Special Voting Unit from the Manager for the sum of \$1.00.

Pursuant to the terms of the Declaration of Trust, the Special Voting Unit is non-participating, in that it is not entitled to receive any distributions of cash or other consideration from the Fund. The Special Voting Unit carries the right to nominate and appoint up to three of the trustees of the Fund.

5.2 Terms of Class A Units

Each Class A Unit will be of equal value, with each Class A Unit entitling the holder thereof to one vote. The Trust is authorized to issue an unlimited number of Class A Units. No Class A Unit or fraction thereof shall have any rights, preferences or priorities over any other Class A Unit or fraction thereof.

Price of Class A Units

The Offering Price will be the Unit Price determined by the Trustees of the Fund from time to time and will be set forth in the subscription agreement(s) entered into between the subscriber(s) and the Trust. The Unit Price, as at the date of this Offering Memorandum, has been set at \$148 per Class A Unit. The Trustees may adjust the Unit Price at any time, and from time to time, to align the Unit Price with the fair market value of the Class A Units, using reasonable methods of determination at the Trustees' sole discretion.

Retraction Rights for Unitholders

Any Unitholder may require the Fund to retract their Class A Units and in consideration therefor to pay the Retraction Price for all or any of his or her Class A Units, subject to certain conditions and restrictions as described below.

For the Class A Units offered under this Offering, the Trust will pay for each retracted Class A Unit a price equal to the applicable Unit Price less the Retraction Fee (“**Retraction Price**”). The applicable Unit Price will be the then current Unit Price as at the Retraction Date. The Retraction Fee is calculated as a percentage of the Unit Price, based on the length of time the Unitholder has held the Unit being redeemed, in accordance with the following schedule:

If Retracted in 1st Year – 9.0%
If Retracted in 2nd Year – 7.2%
If Retracted in 3rd Year – 5.4%
If Retracted in 4th Year – 3.6%
If Retracted in 5th Year – 1.8%
After 5 or More Years – 0.0%

With respect to the above, the holding time is measured from the closing date of the Class A Unit purchase to the actual Retraction Date. Where Unitholders have purchased Class A Units on multiple dates or have purchased different series of Units, a different Retraction Fee may apply to the different Units owned by that Unitholder.

To exercise a Unitholder's right of retraction on a particular Retraction Date, such Unitholder shall send to the Fund at least 30 days prior to such Retraction Date, a Retraction Notice addressed to the Fund at its head office consisting of each of:

- (i) a duly completed and properly executed notice, in a form approved by the Trustees requiring the Fund to retract Class A Units;
- (ii) if a Unit Certificate has been issued to evidence the specific Class A Units being retracted, such Unit Certificate; and
- (iii) any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees. If a Retraction Notice and all other evidence reasonably required by the Trustees is not received by the Fund 30 days prior to a particular Retraction Date, the Trustees will not be required to consider retracting the Class A Unit(s) until the next subsequent Retraction Date. Retraction Notices shall be paid in order of receipt of such Retraction Notices with the intent that Retraction Prices shall be paid out in order of receipt of Retraction Notices. Cash payments shall be made to a maximum of the Monthly Limit on any Retraction Date.

As of the Retraction Date when the Class A Units are retracted, the Unitholder shall cease to have any rights with respect to such Class A Units, other than to receive the retraction payment therefor and any distributions thereon which were declared payable to the Unitholders of record prior to the Retraction Date on which the Class A Units are retracted. Class A Units shall be considered to be tendered for retraction on the date that the Fund has, to the satisfaction of the Trustees, received the Retraction Notice. Class A Units so tendered shall be processed by the Fund on the Retraction Date.

Subject to the Monthly Limit, payment shall be made within 30 days after the particular Retraction Date on which the Class A Unit(s) are retracted. The Retraction Price payable in respect of the Class A Units tendered for retraction shall be paid by electronic fund transfer or by cheque, drawn on a Canadian financial institution in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of retraction. Payments made by the Fund of the Retraction Price are conclusively deemed to have been made upon the execution of the fund transfer or the mailing of a cheque in a postage prepaid envelope addressed to the former

Unitholder unless such cheque is dishonored upon presentment. Upon such payment, the Fund shall be discharged from all liability to the former Unitholder in respect of the Class A Units so retracted.

The Fund will not pay the Retraction Price in cash as set out above if the total cash payable with respect to retractions on such Retraction Date by the Fund exceeds \$50,000 or such greater amount as may be determined from time to time by the Trustees in their sole discretion (the “**Monthly Limit**”). Cash payments being paid pursuant to properly received Notices of Retraction shall be paid in order of receipt of such Notices of Retraction with the intent that Retraction Prices shall be paid out in order of receipt of Notices of Retraction. Cash payments shall be made to a maximum of the Monthly Limit. Those Class A Units for which Notices of Retraction have been received but not paid out within 30 days after the particular Retraction Date on which the Class A Unit(s) are retracted shall maintain their order of priority until the Retraction Price for such Class A Unit(s) has been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Retraction Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders in the Fund. The Trustees in their sole discretion may waive the Monthly Limit for any given Retraction Date.

Unit Redemptions by the Fund

The Fund may, at the initiation and discretion of the Trustees, repurchase Units by paying the Unit Price. The Fund is under no obligation to carry out such a repurchase of Units on a pro rata basis and the Trustees may select, at their absolute discretion, any specific class of Units or any specific Units to repurchase. Each Unit to be repurchased by the Fund is called a “Repurchased Unit” and the date the Unit is to be repurchased is called the “Unit Redemption Date”. From and after the Unit Redemption Date, the Unitholder will cease to have any rights with respect to the Repurchased Unit (other than to receive the payment of the Unit Price therefor) including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the Redemption Date unless payment of the Unit Price for the Repurchased Unit is not made upon presentation of the Unit Certificate in accordance with the foregoing provisions, in which case the rights of the Unitholder(s) shall remain unaffected.

Distribution Guidelines of the Fund

The Trustees of the Fund have adopted a guideline concerning the frequency of distributions to Unitholders. It is the intention of the Fund to establish a schedule of regular distributions to holders of Class A Units from cash available to the Fund. The guidelines adopted by the Trustees state that the Trustees will endeavor to declare monthly cash distributions to holders of Class A Units, payable on a quarterly basis. The Fund declared its first monthly cash distribution on August 31, 2012 and has declared cash distributions in each subsequent month up to the date of this Offering. The current intended cash distribution rate as at the date of this Offering is \$0.525 per Class A Unit per month. Annualized, this represents a 4.26% nominal return based on the current Unit Price and assuming that this rate of distribution can be maintained. The ability to make such distributions will be dependent on the availability of cash to the Fund either through the proceeds of the Offering or distributions received from Sincerus Opportunities LP. There can be no guarantee that such funds will be available to the Fund for such distributions (See ITEM 8: RISK FACTORS). The Trustees will, from time to time, review the distribution guideline and may increase, decrease or eliminate the monthly cash distribution.

Distributions on the Units - Generally

The Fund may make cash distributions to Unitholders on a distribution date in such amounts as the Trustees determine in their discretion. Notwithstanding the foregoing, the Fund shall (unless the Trustees resolve otherwise) make cash or Unit distributions in each fiscal year (hereinafter, a “**Taxation Year**”) in an amount for such Taxation Year as is necessary to ensure that the Fund will not be subject to tax on its Net Income and net capital gains under Part I of the Tax Act in accordance with the next succeeding paragraph hereof. In addition, the Fund shall endeavor to (unless the Trustees resolve otherwise) make such distributions and allocations to Unitholders who have exercised their right of retraction or for whom the Fund has exercised its right of repurchase.

On the last day of each Taxation Year, an amount equal to the Net Income of the Fund for such Taxation Year, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof and excluding Net Realized Capital Gains, not previously made payable to Unitholders in the Taxation Year, less the amount of any non-capital losses as defined in the Tax Act of the Fund carried forward, shall be payable to Unitholders of record at the close of business on such day (whether or not such day is a business day).

On the last day of each Taxation Year, an additional distribution equal to the Net Realized Capital Gains of the Fund for such Taxation Year not previously made payable to Unitholders in the Taxation Year shall be payable to Unitholders of record at the close of business on such day (whether or not such day is a business day) except to the extent that:

- (a) the distributions previously made payable to Unitholders in the Taxation Year exceed the aggregate of (A) the Net Income of the Fund for such Taxation Year, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof and excluding Net Realized Capital Gains, and (B) any Net Realized Capital Gains previously made payable to Unitholders in the Taxation Year (such excess is hereinafter referred to as an **"Excess Distribution"**);
- (b) Net Realized Capital Gains retained by the Fund would not be subject to tax in the Fund by reason of the deduction of the Net Loss of the Fund for the Taxation Year determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof or the carry forward of "net capital losses" as defined in the Tax Act, provided that the Trustees exercise their discretion to apply such losses against such Net Realized Capital Gains before the end of the Taxation Year;
- (c) Net Realized Capital Gains retained by the Fund would not be subject to tax in the Fund by reason of the carry forward of "non-capital losses" as defined in the Tax Act, provided that the Trustees exercise their discretion to so apply such loss carry forwards against such Net Realized Capital Gains before the end of the Taxation Year; and
- (d) Net Realized Capital Gains retained by the Fund are Net Realized Capital Gains in respect of which the Fund is entitled to a capital gains refund under the Tax Act for such Taxation Year as determined by the Trustees in their sole discretion.

Subject to receipt of distributions from Sincerus Opportunities LP and the availability of funds from other sources, the Fund will endeavour to make cash distributions on a distribution date to the Unitholders of record. Cash distributions shall be in such amounts and on such frequencies as the Trustees determine appropriate, in their sole discretion, in consultation with the Manager and shall be paid to Unitholders of record, pro rata in accordance with the number of Units then held (before giving effect to any issuances, retractions or repurchases of Units implemented on that date). Each year the Fund shall deduct such amounts as are paid or payable to Unitholders for the year as is necessary to ensure that the Fund is not liable for income tax under Part I of the Tax Act in the related Taxation Year.

The amount that Sincerus Opportunities LP has available for distribution on Sincerus Opportunities LP Units will depend upon the operational needs of Sincerus Opportunities LP after Sincerus Opportunities GP takes into account the current and forecasted needs of Sincerus Opportunities LP. The Manager and Sincerus Opportunities GP are continuously reviewing the matters that will determine the appropriate distribution rate, if any, for Sincerus Opportunities LP Units and decide on the amount to be distributed to Unitholders from time to time. Accordingly, if and whenever Sincerus Opportunities GP anticipates a cash shortfall or determines that it would be in the best interests of Sincerus Opportunities LP to alter the amount of the distributions paid on Sincerus Opportunities LP Units, then Sincerus Opportunities GP may reduce for any period the amount to be distributed

to the Limited Partners, including the Fund, which, in turn, would reduce the income available for distribution by the Fund to the Unitholders. As a result, the amount to be distributed to the Fund and by the Fund to the Unitholders of the Fund would be affected by changes in the distributions from Sincerus Opportunities LP and could fluctuate from month to month and year to year.

In addition to other distributions which are made payable to Unitholders, the Trustees may declare to be payable and make distributions, out of Net Income, Net Realized Capital Gains, the capital of the Fund or otherwise, from time to time in any year, in such amount or amounts and on such dates as the Trustees may determine to persons who are Unitholders at the record date for such distribution.

Distributions on Units - Retention of Taxable Income

In certain circumstances and subject to the provisions of the Declaration of Trust, the Trustees may resolve to do either or both of the following:

- (a) distribute an amount that is less than the amount necessary to ensure that the Fund will not be subject to tax on its Net Income and Net Realized Capital Gains under Part I of the Tax Act in such Taxation Year; and,
- (b) in respect of any Taxation Year to deduct in computing the income of the Fund under Part I of the Tax Act for such Taxation Year an amount less than the amount that was paid or payable to the Unitholders for such Taxation Year (the amount which is not deducted is herein referred to as “**Retained Income**”) in which case the Trustees shall make such designations as may be available under the Tax Act to deem the Retained Income not to have been paid or payable in such Taxation Year to the Unitholders.

Payment of Distributions

Distributions of cash shall be made by cheque payable to or to the order of the Unitholder or by electronic fund transfer or by such other manner of payment approved by the Trustees from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or to his agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at his address as it appears on the Register unless the cheque is not paid on presentation. The Trustees may issue a replacement cheque if they are satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that they may in their discretion consider necessary.

The Trustees shall deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distribution and the Fund shall remit such taxes to the appropriate governmental authority within the times prescribed by law. Unitholders who are Non-Residents will be required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether such distributions are in the form of cash or additional Units. In the event of a distribution in the form of additional Units, the Trustees may sell Units of such Unitholder to pay the withholding taxes and to pay all of the Trustees’ reasonable expenses with regard thereto and the Trustees shall have the power of attorney of such Unitholder to do so and upon such sale, the affected Unitholder shall cease to be the holder of such Units.

At the sole discretion of the Trustees, any distribution, other than a distribution in respect of a retraction or redemption of Units, may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of the cash portion of that distribution. Immediately after a pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. Each Unit Certificate representing a number of Units prior to

the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

5.3 Terms of Class B Units

Except as outlined below, the terms of the Class B Units are identical to the terms of the Class A Units.

Each Class B Unit will be of equal value, with each Class B Unit entitling the holder thereof to one vote. The Trust is authorized to issue an unlimited number of Class B Units. No Class B Unit or fraction thereof shall have any rights, preferences or priorities over any other Class B Unit or fraction thereof.

DRIP

Holders of Class B Units are required to participate in the DRIP, unless the Trustees determine, in their sole discretion, to make a distribution to the holders of Class B Units in cash.

5.4 Subscriptions for Class A Units

Closings will occur at such times and dates as are established by the Trustees of the Fund. The Fund will deliver this Offering Memorandum to Subscribers. Class A Units may only be issued to Subscribers who purchase the Class A Units as principal and provide the requisite deliveries indicated below.

In order to subscribe for Class A Units a Subscriber must complete, execute and deliver to the Fund the following documents:

- (a) the Subscription Agreement, together with all appendices;
- (b) a Form 45-106F4 risk acknowledgement form (offering memorandum), as applicable, in compliance with NI 45-106;
- (c) as applicable, an Eligible Investor Representation Letter or Accredited Investor Representation Letter;
- (d) a Form 45-106F9 risk acknowledgement form (accredited investor), as applicable, in compliance with NI 45-106;
- (e) evidence satisfactory to the Fund that the Subscriber is a resident Canadian for the purposes of the Tax Act;
- (f) evidence satisfactory to the Fund that the Subscriber, if relying on the offering memorandum exemption, meets the definition of “eligible investor” in NI 45-106, as applicable
- (g) evidence satisfactory to the Fund that the Subscriber, if relying on the accredited investor exemption, meets the definition of “accredited investor” in NI 45-106 or the *Securities Act* (Ontario), as applicable; and
- (h) a cheque, trust cheque or bank draft payable to Sincerus Opportunities Fund, or such other party as the Fund shall advise, in the amount of the aggregate Subscription Price for the Class A Units subscribed for.

All subscription proceeds will be held in trust and not released until the expiry of the two business day period during which Subscribers may cancel their agreement to purchase Class A Units. Thereafter, the subscription proceeds will be held in escrow by the Fund pending Closing of the sale of Class A Units to the Subscribers. Interest will not be payable on a Subscriber’s subscription funds held by the Fund in escrow pending Closing.

Acceptance of Subscriptions

Subscriptions for Class A Units will be received subject to rejection or allotment in whole or in part by the Fund and the Fund reserves the right to close the subscription books at any time without notice. The Fund will have the right, in its sole and absolute discretion, to reject any subscription for Class A Units, in whole or in part, for any reason. If a subscription is rejected, the subscription funds related to the subscription will be returned to the Investor within 30 days after making the decision to reject the subscription. Subject to applicable securities laws

and the two day right of withdrawal discussed in this Offering Memorandum, a subscription received by the Fund may not be withdrawn, cancelled, terminated or revoked by the Subscriber. If a subscription has not been accepted by the Fund within 60 days of its receipt, any funds received by the Fund in connection therewith will be returned to the Subscriber without interest.

A Subscriber will become a Unitholder after the Fund accepts the subscription, the Fund has received the subscription price and the Subscriber has been entered into the records as a holder of Class A Unit(s).

Issuance of Certificates

The Fund plans to use a book-based system to evidence ownership of Class A Units of the Fund. As such, Class A Unit certificates will not be issued, except where Class A Units are held within a Deferred Plan account and the plan trustee requires that a certificate be issued. Unitholders will however receive a confirmation of Class A Unit purchases and can determine their balances either from periodic statements that they will receive or through an online account information service that may be made available to Unitholders.

Distribution

The Offering is being conducted:

- (i) in the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106; and
- (ii) in the Province of Ontario pursuant to the "accredited investor" exemption from the prospectus requirements afforded by Section 73.3(2) of the *Securities Act* (Ontario), as amended; and
- (iii) in such other Provinces or jurisdictions pursuant to exemptions afforded by applicable securities laws from applicable prospectus requirements as may be available to the Fund and a particular subscriber, at the sole discretion of the Fund.

The exemption pursuant to Section 2.9 of NI 45-106 is only available for distributions to investors in British Columbia, Alberta, Saskatchewan and Manitoba purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form.

In addition, Alberta, Saskatchewan and Manitoba Subscribers relying on the exemption set out in Section 2.9 of NI 45-106 and subscribing for more than \$10,000 in Class A Units must be "eligible investors" as defined in NI 45-106 must also sign the Eligible Investor Representation Letter.

The exemption pursuant to Section 73.3(2) of the *Securities Act* (Ontario) is available for distributions to investors in the Province of Ontario purchasing as principals and who are "accredited investors" as defined in the *Securities Act* (Ontario) and that sign the Accredited Investor Representation Letter. The Fund also requires Ontario residents to execute a risk acknowledgment form.

The foregoing exemptions relieve the Fund from the provisions of the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario which otherwise would require the Fund to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Class A Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Trading and Resale Restrictions

The Class A Units being offered under this Offering shall be transferable only in accordance with the Declaration of Trust. In addition, this Offering of Class A Units is made only to Investors who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. **THERE IS NO MARKET FOR THE CLASS A UNITS. THE TRANSFERABILITY OF THE CLASS A UNITS WILL ALSO BE SUBJECT TO RESALE RESTRICTIONS UNDER APPLICABLE SECURITIES LAWS.**

THE FUND IS NOT A REPORTING ISSUER IN ANY OF THE PROVINCES OR TERRITORIES OF CANADA. THE CLASS A UNITS MAY BE SUBJECT TO AN INDEFINITE HOLD PERIOD. THE CLASS A UNITS OF THE FUND ARE NOT TRANSFERRABLE, EXCEPT IN ACCORDANCE WITH THE DECLARATION OF TRUST. NOTWITHSTANDING THAT THE DECLARATION OF TRUST PERMITS TRANSFERS OF UNITS (WITH THE APPROVAL OF THE TRUSTEES, IN THEIR SOLE DISCRETION), UNITS MAY REMAIN SUBJECT TO AN INDEFINITE HOLD PERIOD PURSUANT TO APPLICABLE SECURITIES LAWS.

Notwithstanding the Declaration of Trust permits transfers of Units with approval of the Trustees, in their sole discretion, the holders of Units may be permitted to trade Units only in compliance with another exemption from the prospectus and registration requirements of the applicable securities laws or under an order permitting the trade made by the applicable securities regulatory authorities. The Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

Costs of Offering

Sincerus Opportunities LP will bear the costs of this Offering, other than commissions and trailer fees including legal and accounting fees, regulatory filing fees, printing, postage and delivery costs and all other customary out-of-pocket costs, expenses and disbursements.

Securities Regulatory Aspects of this Offering

The Class A Units may only be acquired by and transferred in accordance with the applicable securities laws and the provisions of the Declaration of Trust.

ITEM 6: INCOME TAX CONSEQUENCES

You should consult with your own professional advisors to obtain advice on the tax consequences that may apply to you.

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the Fund and to purchasers of Class A Units of the Fund who are individuals (other than trusts) resident in Canada at all relevant times, who deal at arm's length with, and are not affiliated with, the Fund, and who hold their Class A Units as capital property. This summary was prepared by Fillmore Riley LLP, counsel to the Fund. Generally, Class A Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Class A Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Class A Units as capital property may, in certain circumstances, be entitled to have their Class A Units and every other "Canadian security", as that term is defined in the Tax Act, owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Class A Units.

This summary is based on the facts set out in this Offering Memorandum, the provisions of the Tax Act and the regulations thereunder as of the date hereof, all specific proposals to amend the Tax Act and the regulation thereunder publicly announced by the Department of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and the Fund's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**") that have been made publicly available prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form publicly announced. Other than the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by

legislative, governmental or judicial action, or any changes in the administrative practices and assessing policies of the CRA.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Class A Units. It does not take into account the tax laws of any province or territory or jurisdiction outside Canada. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Prospective investors are urged to consult with their own tax advisor for advice with respect to the income tax consequences of an investment in the Class A Units with respect to their particular circumstances.

Status of the Fund

This summary is based on the assumption that the Fund will qualify at all relevant times as a "mutual fund trust" as defined in the Tax Act, and will not be maintained primarily for the benefit of non-residents. The Declaration of Trust restricts the ability of a Non-Resident to own Class A Units. If the draft amendments to the Tax Act released by the Minister of Finance (Canada) on September 16, 2004 are enacted as proposed, the Fund may cease to qualify as a mutual fund trust for the purposes of the Tax Act if at any time after 2004, the fair market value of all Units held by non-residents of Canada or partnerships which are not "Canadian partnerships" for the purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Units. A partnership will only qualify as a Canadian partnership at a particular time if all of its members at that time are resident in Canada and the Limited Partnership Agreement prohibits Non-Residents from owning LP Units (See ITEM 2.8: DECLARATION OF TRUST).

In order to qualify as a "mutual fund trust", the Fund must remain a "unit trust" for the purposes of the Tax Act, and, among other things, restrict its undertaking to any combination of: (i) investing of funds in property (other than real property or an interest in real property); and (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property, or interest in real property, that is capital property of the Fund. The Fund must also comply on a continuous basis with certain minimum distribution requirements relating to the Units. If the Fund were not to qualify as a mutual fund trust at all times, the Canadian income tax considerations described below would, in some aspects, be materially and adversely different.

SIFT Rules

The Tax Act contains specific rules relating to the federal income taxation of publicly-listed or traded trusts (such as income trusts and real estate investment trusts) and partnerships (the "SIFT Rules"). The SIFT Rules apply to a specified investment flow-through entity ("SIFT trust") and its investors. Generally, a SIFT trust is resident in Canada, investments in which are listed or traded on a stock exchange or "other public market" and holds "non-portfolio properties" as those terms are defined in the Tax Act. A public market is defined to include any trading system or other organized facility on which securities that are qualified for public distribution are listed or traded. Excluded from the definition of public market is any facility that operates solely to carry out the issuance of a security or its retraction, acquisition or cancellation by its issuer.

Certain distributions attributable to a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's income and the SIFT trust is subject to tax on such amounts at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. The amount of a distribution by the SIFT trust on which the SIFT tax is payable by the SIFT trust will also be taxed in the hands of the Unitholder substantially as though it were a taxable dividend from a taxable Canadian corporation.

Provided that the Units, Sincerus Opportunities LP Units and any other security issued by these entities, or other additional entities owned or held directly by Sincerus Opportunities LP that are partnerships or trusts, or any right that may reasonably be considered to replicate a return on or the value of such a security, are not listed or traded

on a stock exchange or other public market, the Fund, Sincerus Opportunities LP and entities which it controls that are partnerships or trusts should not be subject to tax under the SIFT Rules. The Fund does not have any plans to list the Units, Sincerus Opportunities LP Units or any other security issued by Sincerus Opportunities LP, or other additional entities owned or held directly by Sincerus Opportunities LP that are partnerships or trusts, on any stock exchange or other public market.

This summary assumes that the Units, Sincerus Opportunities LP Units, or any other security issued by Sincerus Opportunities LP and the entities which it controls that are partnerships or trusts, or any right that may reasonably be considered to replicate a return on or the value of such a security, will not be listed or traded on a stock exchange or other public market. If this were not the case, the income tax considerations will be materially different from those described in this summary.

Taxation of the Fund

In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on the amount of its income for the year (including net realized taxable capital gains), less the portion thereof that it claims in respect of amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a year if it is paid in the year or the Unitholder is entitled to enforce payment of the amount in the year. The Fund has advised that the Fund generally intends to pay or make payable and deduct a sufficient amount of its income (including net realized taxable capital gains) each year so that the Fund will not be liable in any year for income tax under Part I of the Tax Act after taking into account any applicable losses and any capital gains refunds to which the Fund is entitled.

Losses incurred by the Fund cannot be allocated to Unitholders but may be deducted by the Fund in future years in accordance with the Act. In computing its income for the purposes of the Tax Act, the Fund may deduct reasonable administrative costs, interest, and other expenses incurred by it for the purposes of earning income. The Fund may also deduct from its income for the year a portion of any reasonable expenses incurred by the Fund to issue the Units. The portion of such issue expenses that may be deducted by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Taxation of Unitholders - Distributions

Subject to any application of the SIFT Rules, a Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder the portion of the Net Income, including the taxable portion of Net Realized Capital Gains, of the Fund paid or payable to the Unitholder in that particular taxation year, whether the amount is received in cash, additional Units, or otherwise. To the extent applicable, the Fund intends to make designations to ensure that such portion of: (i) the taxable capital gains of the Fund (net applicable losses), (ii) income of the Fund from foreign sources, and (iii) dividends payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for the purposes of the Tax Act.

A taxable Unitholder will generally be entitled to foreign tax credits in respect of foreign taxes under and subject to the general foreign tax credit rules in the Tax Act and depending upon other foreign source income or loss of and foreign taxes paid by the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply, including the enhanced dividend gross-up and tax credit for dividends designated as "eligible dividends" for the purposes of the Tax Act.

The non-taxable portion of any Net Realized Capital Gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholders income for the year. Any amount in excess of the Fund's Net Income and the non-taxable portion of capital gains paid or payable to the Unitholder in a taxation

year will generally not be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Class A Units. To the extent that the adjusted cost base of a Class A Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Class A Unit and the Unitholder's adjusted cost base of such Class A Unit will be increased by the amount of such deemed capital gain.

Taxation of Unitholders - Dispositions

On any disposition or deemed disposition (including a retraction or redemption) of a Class A Unit, a Unitholder will generally realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Class A Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income.

The adjusted cost base of a Class A Unit to a Unitholder will include all amounts paid by the Unitholder for the Class A Unit subject to certain adjustments. The cost to a Unitholder of additional Class A Units received in lieu of cash distributions of income will be the amount of income distributed by the issue of those Class A Units. For the purpose of determining the adjusted cost base to a Unitholder of a Class A Unit, the cost of any newly-acquired Class A Units will be averaged with the adjusted cost base of all Class A Units owned by a Unitholder as capital property immediately before the acquisition.

A retraction of Class A Units in consideration for cash or other assets of the Fund, as the case may be, will be a disposition of such Class A Units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the Fund in connection with the retraction of those Class A Units. Unitholders exercising the right of retraction will consequently realize a capital gain, or sustain a capital loss, depending upon whether the proceeds of disposition received exceed, or are exceeded by, the adjusted cost base of the Class A Units redeemed. Where income or capital gain realized by the Fund in connection with the distributions of property *in specie* on the retraction of Class A Units has been designated by the Fund to a retracting Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the Fund to a Unitholder upon retraction of Class A Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

One-half of any capital gains ("**taxable capital gains**") realized by a Unitholder will be included in the Unitholder's income and one-half of any capital loss ("**allowable capital losses**") realized may generally be deducted only from the taxable capital gains in accordance with the provisions of the Tax Act. Any excess allowable capital losses over taxable capital gains may be carried back three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years subject to the detailed provisions of the Tax Act.

Generally, Net Income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as Net Realized Capital Gains and capital gains realized on the disposition of Class A Units may increase the Unitholders liability for alternative minimum tax.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

The Fund may enter into nonexclusive agency agreements with registered dealers to sell Class A Units of the Fund to Subscribers. In the event that the Fund enters into an agreement with a registered dealer to sell Class A Units of the Fund, the Fund will be responsible for paying certain fees and commissions directly to such third party dealers. Subscribers purchasing Class A Units through a registered dealer may be subject to a commission

or sales charge in addition to those charges noted above. Such additional charges, if applicable, are negotiated between the registered dealer and their clients and are not paid by the Fund.

The Fund will pay compensation of up to 6% of the gross proceeds realized on the sale of Class A Units under this Offering, plus certain trailer fees, to any one of, or a combination of, the following parties: unrelated investment dealers, related (including Sincerus EMD) and/or unrelated Exempt Market Dealers, their dealing representatives and/or persons exempt from the registration requirements of applicable securities laws. Trailer fees will be payable to such parties during the period of time that the particular Subscriber(s) introduced to the Fund retains their investment in the Fund and will be calculated based on the Class A Units held that were purchased under this Offering and the current Unit Price of these Class A Units. The Fund has agreed to pay up to a maximum of 1.0% as a trailer fee. The level of trailer fee to be paid is variable and may be based on: (1) whether the Unitholder is a current participant in the DRIP; and (2) how long the Class A Units have been held by the Unitholder. It is intended that a higher trailer fee will be associated with DRIP participation and with Class A Units held for five or more years. No commissions or brokerage fees are payable by the Fund in connection with a Unitholder's purchase of Class A Units under the DRIP and no trailer fee is paid on DRIP Units.

The majority, if not all, of the Class A Units issued under this Offering may be sold by Sincerus EMD to prospective investors and the Fund will pay Sincerus EMD selling commissions for effecting such sales in accordance with the terms disclosed above.

Under the Fund Management Agreement and Support Services Agreement, the Manager and Sincerus Capital are assisting in this Offering and the distributions of the Class A Units on behalf of the Fund. Partial consideration for services provided to the Fund is based on the aggregate amount of capital contributions received by the Fund from the sale of its securities. See ITEM 2.8: MATERIAL AGREEMENTS.

ITEM 8: RISK FACTORS

Investing in Class A Units of the Fund exposes the investor to a wide variety of risks and such an investment is only suitable for investors who understand these risks and are capable of bearing such risks. Real estate investments are inherently risky and Subscribers should read the entire Offering Memorandum for full details about the Fund and the Offering prior to investing in the Fund and are urged to consult with their own professional advisors to assess the suitability of an investment in the Fund. Risks may result in the Fund's investment strategy being unsuccessful, which may lead to losses for Unitholders. In addition to the risk factors set forth elsewhere in this Offering Memorandum, prospective Subscribers should consider the following risks, which do not purport to be a complete list of the potential risks involved in an investment in the Fund.

A) Risks Associated with Unit Investments

Investment Eligibility

If the Fund is terminated or ceases to qualify as a mutual fund trust, then the Class A Units may cease to be qualified investments for trusts governed by Deferred Plans under the *Income Tax Act*. There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. No established market currently exists for the Class A Units and no market may ever develop.

Legal Rights Associated with Unit Ownership

Unitholders do not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against the Fund. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation. Furthermore, neither the Fund nor any of the Trustees is a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Nature of Units

A return on an investment in Class A Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment in Class A Units is at risk, and the return on an investment in Class A Units is based on many performance assumptions. Although the Fund intends to make distributions from its available cash to holders of Class A Units, these cash distributions are not guaranteed and may be suspended or reduced at any time. The actual amount of cash distributed in respect of Class A Units will depend on numerous factors including the financial performance of the Fund's portfolio, its debt covenants and obligations, working capital requirements, principal and interest payments on its indebtedness, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of the Fund. In addition, the value of the Class A Units may decline if the Fund is unable to make cash distribution and provide a satisfactory return to Unitholders, and that decline may be significant. The after-tax return from an investment in Class A Units can be made up of both a return on and a return of capital. That composition may change over time, thus affecting a Unitholder's after-tax return.

Dilution

The number of Units that the Fund is authorized to issue is unlimited. The Trustees of the Fund have the discretion to issue additional Units which may have a dilutive effect on Unitholders.

Availability of Cash Flow

The Fund intends to make cash distributions to holders of Class A Units in such amounts, and on such frequencies, as determined by the Trustees. It is possible that the cash available to the Fund will be greater than, or less than, the amount of cash distributions paid, or intended to be paid, to Unitholders. Distributions may be reduced or suspended at any time.

Performance and Marketability of Underlying Assets

The value of the Fund varies in accordance with the value of the assets acquired by Sincerus Opportunities LP. There is no assurance that the assets acquired by Sincerus Opportunities LP can be sold for the values used to calculate the Unit Price of the Fund. Not all the real estate properties and other investments to be ultimately acquired with the proceeds of this Offering have been identified. As a result, Investors will not necessarily be provided with any information with respect thereto before their investing in the Class A Units.

Unit Price Fluctuation

The Unit Price can be changed at the sole discretion of the Trustees and will fluctuate with changes in the market value of our Properties and other investments. Changes in market value may occur as a result of various factors, including an ongoing reconsideration of value including the factors discussed above.

Potential Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk (which is considered to be remote in the circumstances) that a Unitholder or annuitant could be held personally liable for obligations of the Fund (to the extent that claims are not satisfied by the Fund) in respect of contracts entered into and for certain liabilities arising other than out of contract, including claims in tort, claims for taxes and possibly certain other statutory liabilities. There is legislation under the laws of Manitoba (discussed below) and other provinces which are intended to provide protection for beneficial owners of trusts for liabilities of the trust. On June 16, 2005, *The Investment Trust Unitholders' Protection Act* (Manitoba) came into force. This legislation creates a statutory limitation on the liability of beneficiaries of Manitoba income trusts such as the Fund. The legislation provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation, or liability of an investment trust. Certain other Canadian jurisdictions have enacted similar legislation. There is uncertainty as to the application of *The Investment Trust Unitholders' Protection Act* (Manitoba) (and similar legislation enacted in certain other Canadian jurisdictions) to persons who are not resident in the particular jurisdiction. In addition, under the Declaration of Trust, recourse for any liability of the Fund is intended to be limited to the assets of the Fund. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts

as trustee or carrier (an "**annuitant**") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund or of the Trustees. The operations of the Fund and its Subsidiaries are intended to be conducted in such a way as to minimize such risk, including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the Fund contain an express disavowal of liability against the Unitholders. However, in conducting its affairs, the Fund acquires real property investments, subject to existing contractual obligations, including obligations under mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations under existing mortgages and material contracts, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, the Fund may not be able to obtain such modifications in all cases. To the extent that claims are not satisfied by the Fund, there is a risk that a Unitholder or an annuitant will be held personally liable for obligations of the Fund where the liability is not disavowed as described above and the legislation does not serve to protect the particular Unitholder.

Statutory Remedies

The Fund is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* and in some cases, the *Winding Up and Restructuring Act*. As a result, if a restructuring of the Fund were necessary, the Fund would not be able to access the remedies available under these statutes.

Conflicts of Interest

The Fund and Sincerus Opportunities LP may be subject to various conflicts of interest due to the fact that the Manager or its principals or affiliates is or may become engaged in a wide variety of other management, advisory or business activities. The Manager, its officers, directors, employees, or shareholders and those of its affiliates and associates are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund or Sincerus Opportunities LP, or both. In addition, all of the Trustees of the Fund, and the Directors and Officers of Sincerus Opportunities GP and the Manager, are employees, a director or senior management of Sincerus Capital. Sincerus Capital is the sole shareholder of the Manager. The compensation payable to these individuals is paid by Sincerus Capital. Accordingly, there is the potential for conflicts of interest between these individuals in their respective positions with the Fund, the GP and/or the Manager, and their employment relationship and/or ownership with Sincerus Capital.

Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Manager, its and officers, directors and employees, may have one or more conflicts of interest in carrying out its obligations to the Fund and Sincerus Opportunities LP as a result of their respective involvement in competing activities.

In addition to the foregoing, please see Section 3.4 - *Related Party Matters* for disclosure in connection with related party matters, including as it relates to Sincerus EMD.

Competition for Services

The Fund will not have independent management and will rely upon the Manager to manage the business of the Fund and Sincerus Opportunities LP and to provide managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time between the business of the Manager and the Fund and Sincerus Opportunities LP, and other businesses or projects in which they may become involved. The directors and officers of the Manager have, however, agreed to devote as much time to the Fund and Sincerus Opportunities LP as is required for the effective management of the Fund and Sincerus Opportunities LP.

Limited Resources of Manager

The Manager has no obligation to fund any operating deficits resulting from the business of the Fund or Sincerus Opportunities LP, or to advance funds to continue the business operations of the Fund or Sincerus Opportunities LP, or both.

An Investment in Units is Subject to Certain Tax Risks

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts and SIFTs will not be changed, or that administrative and assessing practices of CRA will not develop, in a manner which adversely affects the Unitholders.

The Fund has determined that it does qualify as a "mutual fund trust" for income tax purposes; however, this is a question of fact which is subject to review and determination by CRA. Accordingly, there can be no assurance that the Fund will qualify and continue to qualify as a "mutual fund trust". In order to achieve and maintain the status of a mutual fund trust, the Fund is required to comply with specific restrictions regarding its activities and the investments held by it. If the Fund was to cease to qualify as a mutual fund trust, the consequences could be adverse. If the Fund was to cease to qualify as a "mutual fund trust" and was also to cease to be a "registered investment" under the *Income Tax Act*, the Class A Units would then cease to be qualified investments for trusts governed by Plans effective at the beginning of the second calendar year following the year in which the Fund ceases to be a registered investment. The *Income Tax Act* imposes penalties for the acquisition or holding by Plans of non-qualified investments. The Fund will endeavour to ensure that the Class A Units will be qualified investments for Plans; however, there can be no assurance that this will be so.

Other consequences of the Fund ceasing to be a mutual fund trust include:

- (a) Units held by non-resident Unitholders would immediately become taxable Canadian property. Non-resident Unitholders would be subject to Canadian income tax and reporting requirements on any gains realized on a disposition of Units held by them.
- (b) the Fund will be taxed on certain types of income distributed to Unitholders. Payment of this tax may have adverse consequences for some Unitholders, particularly Unitholders that are not residents of Canada and residents of Canada that are otherwise exempt from Canadian income tax;
- (c) the Fund would cease to be eligible for the capital gains refund available under Canadian tax laws to mutual fund trusts; and
- (d) the Fund would no longer be exempt from the application of the alternative minimum tax provisions of the *Income Tax Act*.

The exposure of the Fund, Sincerus Opportunities LP and any entities which it controls that are trusts or partnerships to the tax on SIFTs imposed by the SIFT Rules will depend on whether or not the Units, Sincerus Opportunities LP Units and any other security issued by Sincerus Opportunities LP and any entities which it controls that are partnerships or trusts will be listed or traded on a stock exchange or other public market. Where the Units, Sincerus Opportunities LP Units and any other security issued by Sincerus Opportunities LP and any entities which it controls that are partnerships or trusts are listed or traded on a public market, adverse consequences could arise including that the non-deductible distributions amount or taxable non-portfolio earnings, as previously described, could be taxable to the Fund or Sincerus Opportunities LP (with the result that the amount of cash available for distribution by the Fund would be reduced) and such amount would also, depending on the circumstances, be included in the income of Unitholders for purposes of the *Income Tax Act* as taxable dividends.

The after-tax return from an investment in Class A Units to Unitholders who are subject to Canadian income tax can be made up of both a return on and a return of capital, and will depend in part on the composition for purposes of the *Income Tax Act* of distributions paid by the Fund. Subject to the SIFT Tax Rules, income of the Fund distributed to a Unitholder is generally taxed in the hands of the Unitholder as ordinary income, capital gains or dividends. Amounts in excess of the income of the Fund that are paid or payable by the Fund to a Unitholder are generally non-taxable to a Unitholder (but reduce the Unitholder's adjusted cost base in the Class A Unit for purposes of the *Income Tax Act*). Unitholders are advised to consult their own tax advisers with respect to the implications of the foregoing in their own circumstances.

Although we are of the view that:

- (a) all expenses to be claimed by the Fund and Sincerus Opportunities LP will be reasonable and deductible;
- (b) the cost amount and capital cost allowance claims of entities indirectly owned by the Fund will have been correctly determined; and
- (c) the allocation of Sincerus Opportunities LP's income for purposes of the *Income Tax Act* among its partners is reasonable,

there can be no assurance that the *Income Tax Act* or the judicial interpretation of the *Income Tax Act* will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of any expenses or the allocation of that income, then Sincerus Opportunities LP's allocation of income to the Fund and the Unitholders may be adversely affected.

Whenever Sincerus Opportunities LP acquires a Property on a tax-deferred basis, the tax cost of the Property may be less than its fair market value. As a result, if the Property is disposed of, then the gain recognized by the applicable may be in excess of that which it would have realized had it acquired the Property at its fair market value.

Investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Class A Units offered herein.

Reliance on the Manager

The success of the Fund will be heavily dependent upon the efforts of the Manager. There is no certainty that the persons who are currently officers and directors of the Manager will continue to be officers and directors of the Manager. Investors will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager. Investors do not have the right to direct the business or affairs of the Manager.

Dependence on Sincerus Opportunities LP

The Fund is entirely dependent on the business of Sincerus Opportunities LP through its ownership of Sincerus Opportunities LP Units. The cash distributions to holders of Class A Units are dependent on the ability of Sincerus Opportunities LP to pay distributions to the Limited Partners. The LP's capacity to pay distributions or make other payments or advances to the Fund and the other Limited Partners must take into account the needs of Sincerus Opportunities LP to accumulate and to use its financial resources in accordance with its ongoing business needs and may be subject to contractual restrictions contained in any instruments governing the indebtedness of Sincerus Opportunities LP. The ability of Sincerus Opportunities LP to pay distributions or make other payments or advances may also be dependent on the ability of Sincerus Opportunities LP's subsidiaries to pay distributions or make other payments or advances to Sincerus Opportunities LP.

B) Risks Associated with Real Estate Investments

Economic Conditions

Canadian real estate investment trusts are subject to risks generally incidental to the Canadian real estate, credit, capital and financial markets. Furthermore, global recessionary economic conditions and the global financial liquidity conditions, such as those that existed in 2008 and 2009, can result in interruptions in the credit and capital markets, devaluations of assets directly or indirectly linked to the Canadian real estate finance markets and the concurrent reduction of long and short-term liquidity from the capital markets. If weak economic conditions exist, there can be adverse effects on the Fund, as well as the assets the Fund may invest in. Liquidity problems could limit the Fund's ability to vary its portfolio in response to changes in the global, national and/or local economic conditions and may ultimately prevent the Fund from implementing its strategies. Increased vacancy rates commonly associated with recessionary economic conditions may occur and may adversely affect the income received from the Fund's assets.

General Risks Associated with Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, changes in real estate values and the taxes payable on such value, changes in governmental laws, regulations, rules and fiscal policies, changing zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses), supply and demand for properties or leased properties (as applicable), competition from other available premises and various other factors that are beyond the control of the Fund. Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income.

Liquidity

Real 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 Fund's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Fund were to liquidate a real property investment, the proceeds to the Fund might be significantly less than the aggregate carrying value of such property.

General Uninsured Losses

The Fund or Sincerus Opportunities LP will carry, or cause to be carried, certain liability and property insurance. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Fund could lose its investment in, and anticipated profits and cash flows from, its properties, and the Fund would continue to be obliged to repay any recourse mortgage indebtedness on such properties. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the Fund not covered by, or in excess of, the insurance coverage could have a material adverse effect on the Fund's business, financial condition, results of operations and cash available for distribution. Certain factors, including inflation, changes in building codes and ordinances and environmental considerations may make it infeasible to use insurance proceeds to replace a property after such property has been damaged or destroyed. Under such circumstances, the insurance proceeds received by the Fund might not be adequate to restore its economic position with respect to such property.

Diversification Risk

While the Fund's investment strategy is to acquire properties indirectly through its investment in Sincerus Opportunities LP in order to obtain its investment objective, the portfolio of Sincerus Opportunities LP is currently comprised of ten residential duplex buildings and undeveloped land which will require to be developed before it can produce income for the Fund. Until such time as the Fund acquires additional properties, the value of the Class A Units, and the ability of the Fund to make distributions, will be dependent on the ability of Sincerus Opportunities LP to derive income from the aforementioned properties.

In addition to the foregoing approximately 79% of the Fund's portfolio is comprised of undeveloped land. Development of such land:

- a) will require additional capital either through debt financing or additional offerings of Units of the Fund;
- b) may require zoning or rezoning; and
- c) is subject to a variety of risks, not all within the control of the Fund including variability in development costs and unforeseeable delays.

The foregoing may result in returns on undeveloped land held by the Fund not being realized until sometime in the future.

Investment Concentration

The properties currently under contract in Sincerus Opportunities LP's portfolio are concentrated in Alberta, and the current investment objectives will focus on Western Canada. As a result, the business, financial condition and operating results of Sincerus Opportunities LP and its ability to pay distributions will be significantly dependent on economic and market conditions in those regions. As a result, significant adverse changes in the operations of any properties in Sincerus Opportunities LP's portfolio could have a material adverse effect on the financial performance of Sincerus Opportunities LP and the Fund. There can be no assurance that Sincerus Opportunities LP can or will diversify its portfolio by acquiring additional properties, or by acquiring properties in other regions.

Lack of Available Growth Opportunities

Sincerus Opportunities LP's business plan includes growth through acquisition of additional properties. There can be no assurance that additional properties will be available to Sincerus Opportunities LP at prices that will contribute to positive Fund performance or at all. If the Fund is unable to manage its growth effectively, its business, financial condition, operating results and cash available for distribution could be adversely affected.

Acquisition Risk

Acquisitions may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the financial condition and operating results of Sincerus Opportunities LP, and indirectly, the Fund. Representations and warranties given by the vendors of properties to Sincerus Opportunities LP may not adequately protect Sincerus Opportunities LP against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. In addition, properties acquired from time to time may not meet operational or financial performance expectations due to the unexpected costs associated with an acquired property, as well as general investment risks inherent in any investment in real estate.

Failure to Obtain Additional Financing

Sincerus Opportunities LP may require additional financing in order to acquire additional properties or to fund capital expenditures. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned directly or indirectly by Sincerus Opportunities LP, refinancing may not be available in amounts required or may be available only on terms less favourable to the Fund than existing financing. Future financing may take many forms, including debt or equity financing which could alter the debt-to-equity ratio or

which could be dilutive to Unitholders. Access to capital for additional Unit and/or convertible debenture financings, and the availability of additional mortgage financing, will depend on prevailing market conditions and the acceptability of the terms offered. There can be no assurance that the Fund will be able to complete additional financings on terms acceptable to it, or at all. If the Fund were unable to secure additional funding for acquisitions or required improvements, it would be required to curtail these activities, which could have a material adverse effect on its financial condition, results of operations and cash available for distribution.

Debt Financing Risk

Sincerus Opportunities LP may incur indebtedness in connection with acquisitions, including by way of mortgage loans, vendor take-back financing, the issuance of debentures and line of credit. A portion of the cash flow generated by properties owned by Sincerus Opportunities LP would therefore be devoted to servicing such debt and there can be no assurance that the Fund's properties will generate sufficient cash flow from operations to meet the required interest and principal payments on such debt.

Interest Rate Fluctuations and Financing Risk

Financing by the Fund and/or Sincerus Opportunities LP may include indebtedness with interest rates based on variable interest rates that result in fluctuations in the cost of borrowing. The Fund and/or Sincerus Opportunities LP will be required to refinance its debt from time to time and, if new debt has less favourable terms than existing indebtedness, or if such refinancing cannot be obtained, there is a potential negative impact on the Fund. Derivative financial instruments may be utilized by the Fund in the management of its interest rate exposure. The Fund's policy is not to utilize derivative financial instruments for trading or speculative purposes. In addition, the Declaration of Trust restricts total indebtedness permitted on its portfolio.

Competition Risk

Each segment of the real estate industry is competitive. We compete with other owners in seeking tenants in our market areas – some of them may own newer or better located real estate properties or be better capitalized. The existence of alternative real estate properties could have a material adverse effect on Sincerus Opportunities LP's ability to lease space in its Properties and on the rents charged or concessions granted, and could adversely affect Sincerus Opportunities LP's revenues and its ability to meet its obligations.

Credit Risk

Credit risk is the risk of loss from a contracted tenant that fails to fulfill the obligation of making the required payments. The key credit risk to Sincerus Opportunities LP is the possibility that its tenants will be unable or unwilling to fulfill their lease term commitments.

Illiquidity of Real Estate and Reinvestment Risk

While investors are not subscribing for LP Units, the Fund will be using the net proceeds of this offering to invest in Sincerus Opportunities LP. Real estate investments are relatively illiquid and, therefore, tend to limit our ability to adjust Our Portfolio in response to changes in economic or other conditions. To affect our current operating strategy we will seek to raise additional funds, both through outside financing and through the orderly disposition of assets that no longer meet our investment criteria. Depending upon interest rates, current development and acquisition opportunities and other factors, our program is to reinvest some or all of the proceeds in additional real estate by the acquisition of ownership interests, although the funds may be employed in other uses. In the markets we have targeted for future acquisition of real estate, there is considerable buying competition from other real estate companies, some of which may have greater resources, experience or expertise than do we. This competition for acquiring real estate properties can result in an increase in property prices and a decrease in real estate property yields.

Changes in Laws may Affect Potential Liability Relating to Properties and Operations

Increases in real estate taxes and income, service and transfer taxes cannot always be passed through to tenants or other users in the form of higher rents, and may adversely affect Sincerus Opportunities LP's cash available for

distribution and capacity to make distributions to the Limited Partners including the Fund and the Fund's capacity to make distributions to its Unitholders and Sincerus Opportunities LP's capacity to pay amounts due on its debt. Similarly, changes or interpretations of existing laws increasing the potential liability for environmental conditions existing on our Properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which could have a material adverse effect on us and our ability to make distributions to our shareholders and to pay amounts due on our debt.

Environmental Matters

As an owner of real property, Sincerus Opportunities LP is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that Sincerus Opportunities LP could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Sincerus Opportunities LP's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against Sincerus Opportunities LP. Management is not aware of any material non-compliance with environmental laws with respect to any of the properties in its portfolio. The Fund is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties in its portfolio. In addition, environmental laws and regulations may change in the future and Sincerus Opportunities LP may become subject to more stringent environmental laws and regulations. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Fund's business, financial condition, results of operations and cash available for distribution to holders of Class A Units.

Acquisition Performance Risk

Our growth strategy depends, in part, on the ability of Sincerus Opportunities LP to acquire real estate properties. The acquisitions of these Properties are based on our financial, operational and financing strategies that, if fully implemented, will result in an acceptable return for Sincerus Opportunities LP as a whole. It is possible, however, that the actual performance of these acquisitions may be materially different from the assumptions made when undertaking the purchase, resulting in a negative outcome for Sincerus Opportunities LP as a whole and, in turn, a negative outcome for the Fund.

For all of these reasons and others set out in this Offering Memorandum, the Class A Units involve a high degree of risk. Anyone considering the purchase of Class A Units should be aware of these risks and should consult with his or her legal, tax and financial advisors before making an investment in the Class A Units. The Class A Units should only be purchased by Persons who can afford to lose all of their total investment.

ITEM 9: REPORTING OBLIGATIONS

9.1 Documents Provided to Unitholders Annually or on an Ongoing Basis

We are not a reporting issuer in any jurisdiction in Canada. **We are not required to send you any documents on an annual or ongoing basis.** In furtherance of the Declaration of Trust, the Manager has organized its operations and staffed with the intention of providing audited financial statements with fiscal year-end reports within 120 days after the fiscal year-end.

9.2 Information About the Issuer

You may obtain certain information about the formation of the Fund and amendments to the Declaration of Trust from the records office of the Fund at 200-584 Pembina Highway, Winnipeg, Manitoba R3M 3X7; Ph. (204) 956-4345; Fax. (204) 956-7877; info@sinceruscapital.ca. You may obtain certain information about the incorporation of the Manager, amendments to their constating documents, their directors and officers, annual

filings and other similar information from the head office of the Manager at 200 – 584 Pembina Highway, Winnipeg, Manitoba R3M 3X7; Ph. (204) 956-4345; Fax. (204) 956-7877; info@sinceruscapital.ca. Information about the Issuer's status and filing under the Securities Act can be obtained from The Manitoba Securities Commission.

ITEM 10: RESALE RESTRICTIONS

10.1 General

The Class A Units will be subject to a number of resale restrictions, including a restriction on transfer. In accordance with applicable securities laws, you will not be able to trade the Class A Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. In accordance with the Declaration of Trust, may only be transferred with the prior written consent of the Trustees, in their sole discretion, subject to the right of retraction by Unitholders and redemption by the Fund.

10.2 Reporting Issuer Status

The Fund is not a "reporting issuer" under applicable securities laws. Unless permitted under securities legislation, you cannot trade the securities before the date that is four (4) months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions – For trades in Manitoba

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to your Class A Units and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11: INVESTORS RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

11.2 Statutory Rights of Action in the Event of a Misrepresentation

Investors in Manitoba

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Manitoba:

- the Fund to cancel your agreement to buy these Class A Units; or

- for damages, against the Issuer and for damages against the Fund, the Trustees (who were trustees as at the date hereof), and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Class A Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Class A Units were offered. There are various defences available to the persons or companies that you have a right to sue. In particular they have a defence if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- (a) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations. In Manitoba, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation; or (ii) two years after the transaction.

Investors in Alberta and British Columbia.

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Alberta or British Columbia:

- the Fund to cancel your agreement to buy these Class A Units; or
- for damages, against the Issuer and for damages against the Fund, the Trustees, and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Class A Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Class A Units were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- (a) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a

statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (b) the Issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information, However, in Alberta this defence does not relieve a person of liability respecting forward-looking information in a financial statement.

In Alberta and British Columbia, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation; or (ii) three years after the transaction.

Investors in Saskatchewan

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum together with any amendments to this Offering Memorandum, you have a statutory right to sue in Saskatchewan:

- the Fund to cancel your agreement to buy these Class A Units; or
- for damages against the Fund, the Trustees (or any other "promoter" of the Fund), any person who signed this Offering Memorandum, any person or company that sold Class A Units to you under this Offering Memorandum on behalf of the Fund or any selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Class A Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Class A Units were offered.

If there is a misrepresentation in any "advertising" or "sales literature" (as defined in *The Securities Act*, 1988 (Saskatchewan)) that is disseminated in connection with your purchase of securities and it was a misrepresentation at the time you purchased your Class A Units, you will be deemed to have relied on that misrepresentation and you will have a right to sue the Fund, the Trustees (or any other "promoter" of the Issuer), and any person who, at the time the advertisement or sales literature was disseminated, was selling securities on behalf of the Fund, or, if you still own your Class A Units, and you purchased your Class A Units directly from the Fund, you can elect to cancel your agreement instead of suing for damages.

If there is a misrepresentation in an oral statement made to you about Class A Units of the Issuer either before or at the time that you purchased your Class A Units and it was a misrepresentation at the time you purchased your Class A Units, you will be deemed to have relied on the misrepresentation and you will have a right to sue the person who made the statement to you for damages.

There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Class A Units.

If you reside in Saskatchewan and you do not receive a copy of this Offering Memorandum before you signed your subscription agreement, you have a right to sue for damages, or if you still own your Class A Units, you can choose to cancel your agreement instead of suing for damages.

If you reside in Saskatchewan and the person or company who sells you your Class A Units is selling in contravention of securities laws of Saskatchewan or in contravention of an order of the Saskatchewan Financial Services Commission, you may choose to void your contract or to recover all the money paid by you for your Class A Units.

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Saskatchewan, you must commence an action to cancel your agreement not more than 180 days after the transaction or commence your action for damages within the earlier of: (i) one year from the date that you had knowledge of the facts giving rise to the cause of action; and (ii) six years after the transaction.

Investors in Ontario

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Ontario:

- the Fund to cancel your agreement to buy these Class A Units; or
- for damages against the Fund and a selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Class A Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Class A Units were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the Class A Units.

In Ontario, the defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Ontario, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement.

In Ontario, you must commence your action to cancel the agreement to purchase Class A Units within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation; or (ii) three years after the transaction.

ITEM 12 FINANCIAL STATEMENTS

Included in this Offering Memorandum are audited consolidated Financial Statements and Auditors Report for the Fund for the year ended December 31, 2014 with notes dated as of April 30, 2015 and unaudited Condensed Consolidated Financial Statements for the Fund for the period ended September 30, 2015 with notes.

FINANCIAL STATEMENTS

Sincerus Opportunities Fund
Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2015

Sincerus Opportunities Fund
Condensed Consolidated Statement of Financial Position
(Unaudited)

	September 30, 2015 \$	December 31, 2014 \$
Assets		
Non-current assets		
Investment properties (Note 3)	8,200,000	3,900,000
Total non-current assets	8,200,000	3,900,000
Current assets		
Cash and cash equivalents	49,514	722,787
Accounts receivable	2,915	24,973
Sale proceeds receivable	-	2,846,150
Government remittances refundable	250	85,522
Prepaid expenses	16,016	7,801
Restricted cash (Note 4)	20,200	41,300
Total current assets	88,895	3,728,533
Total Assets	8,288,895	7,628,533
Liabilities		
Current liabilities		
Mortgage loans payable (Note 5)	2,308,442	2,112,534
Trade and other payables (Note 6)	91,038	1,583,989
Deposits from tenants (Note 4)	20,200	41,300
Total current liabilities	2,419,680	3,737,823
Total liabilities	2,419,680	3,737,823
Equity	5,869,215	3,890,710
Total Liabilities and Equity	8,288,895	7,628,533

Approved on behalf of the Trustees:

Signed by "Albert I. Rempel"
Trustee

Signed by "Jack Murray"
Trustee

Sincerus Opportunities Fund
Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

	9 months ended September 30, 2015 \$	9 months ended September 30, 2014 \$
Rentals from investment properties (Note 7)	257,642	576,059
Property operating costs	114,047	194,277
Fund expenses	80,176	59,226
Operating expenses	194,223	253,503
Net operating income	63,419	322,556
Finance costs (Note 8)	75,575	151,929
Net income (loss) income before the following:	(12,156)	170,627
Fair value gains (Notes 3 and 10)	1,188,404	547,272
Interest revenue	16,204	-
Net income and comprehensive income	1,192,452	717,899

Sincerus Opportunities Fund
Condensed Consolidated Statement of Changes in Equity
(Unaudited)

	9 months ended September 30, 2015 \$	9 months ended September 30, 2014 \$
Issued capital (Note 9)		
Balance, beginning of period	3,737,291	2,135,156
Unit offering	915,603	341,550
Unit issuance costs	(116,692)	(47,813)
Issuance of units under distribution reinvestment plan	122,629	110,198
Issuance of units for services	35,000	2,500
Redemption of units, at cost	(17,832)	(3,155)
Balance, end of period	4,675,999	2,538,436
Cumulative earnings		
Balance, beginning of period	1,660,152	1,001,281
Net income and comprehensive income	1,192,452	717,899
Redemption of units, in excess of cost	(1,126)	(361)
Balance, end of period	2,844,678	1,718,819
Cumulative distributions to unitholders		
Balance, beginning of period	(1,506,733)	(174,794)
Quarterly distributions declared	(151,529)	(127,949)
Balance, end of period	(1,658,262)	(302,743)
Total equity	5,869,215	3,954,512

Sincerus Opportunities Fund
Condensed Consolidated Statement of Cash Flows
(Unaudited)

	9 months ended September 30, 2015 \$	9 months ended September 30, 2014 \$
Operating Activities		
Income and comprehensive income	1,192,452	717,899
Adjustments for non-cash items:		
Fair value gains	(1,188,404)	(547,272)
Amortization of deferred financing costs	378	5,773
Unit based compensation	5,000	2,500
	9,426	178,900
Change in non-cash operating working capital:		
Accounts receivable	22,058	(16,142)
Government remittances refundable	85,272	1,852
Prepaid expenses	(8,215)	(22,744)
Restricted cash	21,100	-
Trade and other payables	(127,192)	(98,748)
Deposits from tenants	(21,100)	42,280
Cash from (used in) operating activities	(18,651)	85,398
Financing Activities		
Proceeds of long-term debt	227,466	1,833,830
Repayment of long-term debt	(31,432)	(97,329)
Deferred financing costs paid	(504)	(12,000)
Issuance of units	915,603	341,550
Redemption of units	(18,958)	(3,517)
Distributions to unitholders	(17,390)	(17,751)
Unit issuance costs	(116,692)	(47,812)
Advances of loan payable	-	205,506
Cash from financing activities	958,093	2,202,477
Investing Activities		
Collection of sale proceeds receivable net of closing costs	2,696,590	-
Payment of performance incentive fees on disposition	(1,197,709)	-
Purchase of investment properties	(3,111,596)	(2,236,599)
Cash used in investing activities	(1,612,715)	(2,236,599)
Increase (decrease) in Cash and cash equivalents	(673,273)	51,276
Cash and cash equivalents, beginning of period	722,787	99,188
Cash and cash equivalents, end of period	49,514	150,464
Non-cash financing activity:		
Excluded from financing activities for the period ended September 30, 2015 is an increase to Issuance of units in the amount of \$30,000 as settlement for services performed in the prior year.		
Supplemental cash flow information:		
Interest paid	92,542	183,336

Sincerus Opportunities Fund

Notes to the Condensed Consolidated Financial Statements

September 30, 2015
(Unaudited)

1. Incorporation and operations

Sincerus Opportunities Fund (the "Fund") is an unincorporated open-ended private real estate investment trust that was formed under the laws of Manitoba by the Declaration of Trust on April 30, 2012 and amended on February 25, 2013 and December 4, 2015, and commenced operations June 12, 2012. The Fund qualifies as a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Fund and its subsidiaries earn income from real estate investments in Canada.

The registered office of the Fund is 1700-360 Main Street, Winnipeg, Manitoba R3C 3Z3.

2. Basis of presentation and continuing operations

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements were authorized for issue by the Board of Trustees on February 24, 2016.

The condensed consolidated financial statements of the Fund reflect the operations of the Fund and its wholly owned subsidiaries, Sincerus Opportunities Limited Partnership and Sincerus Opportunities GP Ltd.

The condensed consolidated financial statements of the Fund have been prepared in accordance with International Accounting Standards ("IAS") 34 using the same presentation and accounting policies under IFRS as disclosed in the December 31, 2014 audited financial statements. The condensed consolidated financial statements are based on IFRS standards issued and effective as at September 30, 2015.

Basis of measurement

The condensed consolidated financial statements have been prepared on a going concern basis and have been presented on a historical cost basis except for investment properties that are measured at fair value.

Functional and presentation currency

The condensed consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency.

Use of estimates and judgments

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the condensed consolidated financial statements are as follows:

Valuation of investment properties

The fair value of investment properties represents an estimate of the price that would be agreed upon between knowledgeable, willing parties in an arm's length transaction. The critical estimates and assumptions underlying the valuation of investment properties are described in Note 3.

Sincerus Opportunities Fund

Notes to the Condensed Consolidated Financial Statements

September 30, 2015
(Unaudited)

3. Investment properties

The Fund values investment properties at fair value using recognized valuation techniques and, on a periodic basis, external property valuations.

The carrying amount of investment properties is summarized as follows:

	September 30, 2015		
	Investment properties	Investment properties under construction	Investment properties under development
Balance, beginning of period, January 1, 2015	3,900,000	-	-
Additions – capital expenditures	-	-	3,111,596
Unrealized fair value gains	-	-	1,188,404
Balance, end of period, September 30, 2015	3,900,000	-	4,300,000

	December 31, 2014		
	Investment properties	Investment properties under construction	Investment properties under development
Balance, beginning of year, January 1, 2014	6,300,000	1,558,829	-
Additions – capital expenditures	-	2,243,899	-
Transfer to Investment properties	3,802,728	(3,802,728)	-
Unrealized fair value gains	97,272	-	-
Dispositions	(6,300,000)	-	-
Balance, end of year, December 31, 2014	3,900,000	-	-

Investment properties with a fair value at September 30, 2015 of \$3,900,000 (December 31, 2014 - \$3,900,000) provide security for mortgage loans with a carrying value of \$2,308,442 (2014 - \$2,112,534).

Management uses its judgment in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Fund's investment property. When appraisals are not performed, the value of investment properties is determined internally by the Fund by updating the assumptions and valuation techniques used by the appraisers for changes in market conditions.

An external appraisal was obtained in December 2013 for the investment property having an aggregate fair value of \$3,900,000. An external appraisal was obtained in October 2015 for the investment property under development having an aggregate fair value of \$4,300,000. The independent appraisers are licensed appraisers in Alberta, where the properties are located, and are certified with the Appraisal Institute of Canada.

The Fund utilizes capitalization rates within the ranges provided by knowledgeable property valuers and other industry sources. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next; or should another rate within the provided ranges be considered by the Fund to be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Under the capitalized net operating income method, capitalization rates are applied to net operating income. The key assumption is the capitalization rates which are based on the external appraisals. The average capitalization rate used to determine stabilized net operating income for the Fund's commercial properties is 6% (December 31, 2014 - 6%). This method was used to determine the fair value for each income producing investment property stated at fair value and would be categorized as a level 3 valuation method.

Sincerus Opportunities Fund

Notes to the Condensed Consolidated Financial Statements

September 30, 2015
(Unaudited)

3. Investment properties (continued)

The cost approach involves an estimate to reproduce or replace the improvements, including all direct costs, indirect costs and entrepreneurial profit.

The direct comparison approach to value is based on comparison of the subject property with similar properties that have recently sold, with similar market features. This approach relies on a premise that an open competitive market would determine a price for the subject property in the same manner that it determines the prices of comparable, competitive properties. This method was used to determine the fair value for the investment property under development and would be classified as a level 2 valuation method.

4. Restricted cash

	September 30, 2015	December 31, 2014
	\$	\$
Tenant security deposits	20,200	41,300
	20,200	41,300

5. Mortgage loans payable

	September 30, 2015	December 31, 2014
	\$	\$
Mortgage loans		
<i>Mortgage payable at the bank's prime lending rate plus 1.30% (September 30, 2015 – 4.15%), due on demand, monthly principal and interest payments of \$12,800</i>	2,308,568	-
<i>Interest only construction mortgage payable at the bank's prime lending rate plus 1.30% (December 31, 2014 – 4.30%), due January 2015</i>	-	2,112,534
Deferred financing costs, net of accumulated amortization of \$378 (2014 - \$nil)	(126)	-
	2,308,442	2,112,534
Less: current portion	2,308,442	2,112,534
	-	-

The loan is subject to covenants, including debt service coverage, and reporting requirements. As at September 30, 2015, the Fund was in compliance with the mortgage covenants. Mortgage loans are secured by a mortgage charge registered against specific income properties and are secured by assignment of rents and by full liability guarantees.

6. Trade and other payables

	September 30, 2015	December 31, 2014
	\$	\$
Accounts payable and accrued liabilities	34,049	131,356
Accrued distributions	56,989	45,479
Payables on sale of investment properties	-	1,407,154
	91,038	1,583,989

Sincerus Opportunities Fund
Notes to the Condensed Consolidated Financial Statements
September 30, 2015
(Unaudited)

7. Rentals from investment property

Rentals from investment properties consist of the following:

	9 months ended September 30, 2015 \$	9 months ended September 30, 2014 \$
Base rent	253,224	492,782
Other	4,418	83,277
	257,642	576,059

All residential property leases are short term in nature.

8. Finance costs

	9 months ended September 30, 2015 \$	9 months ended September 30, 2014 \$
Interest on mortgage loan payable	73,851	137,322
Bank charges	1,346	587
Interest on loan payable	-	8,247
Amortization of deferred financing costs	378	5,773
	75,575	151,929

9. Fund units

	9 months ended September 30, 2015 Units	\$	9 months ended September 30, 2014 Units	\$
Class A units				
Balance, beginning of period	28,876	3,737,291	24,460	2,135,156
Unit offering	6,540	915,603	3,105	341,550
Issuance of units under distribution reinvestment plan	875	122,629	973	110,198
Issuance of units for services	250	35,000	23	2,500
Unit issuance costs	-	(116,692)	-	(47,813)
Redemption of units	(135)	(17,832)	(32)	(3,155)
Balance, end of period	36,406	4,675,999	28,529	2,538,436

The Fund has a distribution reinvestment plan ("DRIP") that allows unitholders to use the distributions earned on their existing units to purchase additional units in their respective class.

10. Fee on disposal of investment properties

Under the terms of the Management Agreement, the Fund is committed to pay a management fee upon disposition of investment properties, based on net realized gains. If the investment properties had been disposed of at their carrying amount on September 30, 2015, the amount of the liability would be \$578,338 (December 31, 2014 - \$48,636). No amounts related to this liability have been recorded in these condensed consolidated financial statements as the existence of the liability will only be confirmed upon final sale of the investment properties.

Sincerus Opportunities Fund

Notes to the Condensed Consolidated Financial Statements

September 30, 2015
(Unaudited)

11. Related party transactions

Related party transactions have occurred in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties. Sincerus Asset Management Ltd., Sincerus Capital Ltd. and Sincerus Exempt Market Dealer Ltd. are all related to the Fund as they are directly or indirectly owned by a Trustee of the Fund. Sincerus Northfield Limited Partnership ("SNLP") is related to the Fund as a Director of the general partner of SNLP is also a Trustee of the Fund.

Fund Management agreement

The Fund has entered into a fund management agreement (the "Management Agreement") with Sincerus Asset Management Ltd. (the "Manager"), the current term of which expires on April 30, 2032. Under the Management Agreement, the Manager will administer the day-to-day operations of the Fund and its portfolio of investment properties. The Manager is entitled to compensation based on various formulas related to the operating income of each property, net realized gains on the sale of properties, the purchase price of properties, the renovation or upgrade of properties and the reimbursement of certain eligible expenses incurred in the performance of its duties.

The Fund incurred management fees related to the operating income of the investment properties, which are included in property operating costs, payable to the Manager of \$20,488 for the period ended September 30, 2015 (2014 - \$76,422).

The Fund incurred property acquisition fees on investment properties which are included in the costs of the investment properties, paid to the manager of \$124,241 for the period ended September 30, 2015 (2014 - \$91,162).

The Fund reimbursed the Manager for professional fees of \$27,468, which are included in unit issuance costs, for the period ended September 30, 2015 (2014 - \$10,247).

Selling commissions and fees

The Fund will pay compensation to securities dealers up to a maximum of 6% of the subscription proceeds on the units. The Fund will also pay trailer fees to securities dealers in respect of units held by the clients. During the period ended September 30, 2015, the Fund paid \$54,936 and \$13,798 (2014 - \$20,493 and \$9,672) in commissions and trailer fees, respectively, to Sincerus Exempt Market Dealer Ltd. Commissions are included in unit issuance costs and trailer fees are included in fund expenses.

Trade and other payables

Included in trade and other payables is an amount owing to the Manager of \$nil (December 31, 2014 - \$1,277,718) and an amount owing to Sincerus Capital Ltd. of \$3,683 (December 31, 2014 - \$3,553).

During the period, the Fund settled an amount payable to the Manager of \$1,197,709 related to performance incentive fees earned in 2014 on the disposition of investment properties.

Investment properties

During the period, an option agreement was purchased from Sincerus Northfield Limited Partnership for \$500,000 (December 31, 2014 - \$nil). The option agreement gave the Fund the right to acquire land held for development in the Hamlet of Clairmont in the County of Grande Prairie No. 1, Alberta for a total of \$2,484,813. The property was purchased for the option price on July 31, 2015.

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. The Fund does not currently pay any compensation directly to its key management personnel. The services are currently provided to the Fund by the Manager pursuant to the Management Agreement.

Sincerus Opportunities Fund

Notes to the Condensed Consolidated Financial Statements

September 30, 2015
(Unaudited)

11. Related party transactions (continued)

The Fund will not pay any remuneration to a Trustee who is employed by the Fund or any Affiliate or Associate of the Fund or the Manager. The Fund may pay fees to Trustees who are independent from the Fund and the LP. Currently, there is one trustee that is independent. The current compensation payable to the independent trustee will be a minimum of \$15,000 per year and a maximum of \$20,000 per year. It will be comprised of base compensation of \$10,000 per year, with 50% of the base compensation paid in Units of the Fund, plus additional amounts based on the level of activity associated with meeting participation and the review of potential transactions.

12. Events after the reporting period

Distributions payable in the amount of \$49,844 outstanding as at September 30, 2015 were reinvested under the distribution reinvestment plan subsequent to September 30, 2015 resulting in the issuance of 356 units. On January 4, 2016 an additional \$50,826 was reinvested under the distribution reinvestment plan resulting in the issuance of 343.431 additional units.

On November 3, 2015, the Fund issued a new offering memorandum (the "Offering Memorandum") authorizing the issuance of up to 168,918.919 units at \$148 per unit, or other such amount as the Fund shall in its discretion determine, for a total offering of up to \$25,000,000. There was no minimum subscription amount. The Fund was committed to paying compensation up to 6% of gross proceeds realized on the sale of units under the Offering Memorandum to any one of, or a combination of, the following parties: unrelated investment dealers, related and/or unrelated exempt market dealers and/or their dealing representatives. Between the date of these financial statements and the date of authorization for issue, the Fund issued an additional 513.56 units for gross proceeds of \$76,007 under the Offering Memorandum. Unit issuance costs related to these issuances were \$6,841.

A special meeting of unitholders was held on December 4, 2015 whereby the Declaration of Trust of the Fund was amended to allow for units of the Fund to be transferable at the discretion of the Trustees. When units are issued in addition to Class A units, the Trustees may, at their sole discretion, require that any given additional class of units participate in the distribution reinvestment plan as is established by the Trustees.

A series of transactions took place on December 21, 2015 whereby the Fund acquired a new Investment property by issuing 71,170 newly issued Class B units to a related party of the Fund by virtue of the vendor company being controlled directly or indirectly by a Trustee of the Fund. Due to the fact that the newly issued Class B Units will substantially increase the number of issued and outstanding units of the Fund, the Trustees have determined that it is in the best interest of the Fund to mandate that Class B units must participate in the DRIP. The Investment property consists of +/- 256.49 acres of undeveloped land for a total cost of \$10,533,230. Two external appraisals were obtained as at October 5, 2015 that support the value of this land for \$11,000,000.

Sincerus Opportunities Fund
Consolidated Financial Statements
December 31, 2014

Independent Auditors' Report

To the Unitholders of Sincerus Opportunities Fund:

We have audited the accompanying consolidated financial statements of Sincerus Opportunities Fund and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sincerus Opportunities Fund and its subsidiaries as at December 31, 2014, and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Winnipeg, Manitoba

April 30, 2015

MNP LLP

Chartered Accountants

Sincerus Opportunities Fund
Consolidated Statement of Financial Position
As at December 31, 2014

	2014 \$	2013 \$
Assets		
Non-current assets		
Investment properties (Notes 5 and 12)	3,900,000	7,858,829
Total non-current assets	3,900,000	7,858,829
Current assets		
Cash and cash equivalents	722,787	99,188
Accounts receivable	24,973	4,560
Sale proceeds receivable (Note 6)	2,846,150	-
Government remittances refundable	85,522	18,487
Prepaid expenses	7,801	5,598
Restricted cash	41,300	-
Total current assets	3,728,533	127,833
Total Assets	7,628,533	7,986,662
Liabilities		
Non-current liabilities		
Long-term debt (Note 7)	-	1,897,759
Total non-current liabilities	-	1,897,759
Current liabilities		
Trade and other payables (Note 8)	1,583,989	424,786
Current portion of long-term debt (Note 7)	2,112,534	1,868,660
Deposits from tenants	41,300	61,048
Loan payable	-	772,766
Total current liabilities	3,737,823	3,127,260
Total liabilities	3,737,823	5,025,019
Equity	3,890,710	2,961,643
Total Liabilities and Equity	7,628,533	7,986,662
Approved on behalf of the Trustees:		
<u>Signed by "Albert I. Rempel"</u> Trustee	<u>Signed by "Jack Murray"</u> Trustee	

Sincerus Opportunities Fund
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2014

	2014 \$	2013 \$
Rentals from investment properties (Note 10)	751,628	680,444
Property operating costs	259,259	195,039
Fund expenses	90,912	95,275
Operating expenses	350,171	290,314
Net operating income	401,457	390,130
Finance costs (Note 11)	231,647	191,157
Net income before the following:	169,810	198,973
Gain on sale of investment properties (Note 5)	392,150	-
Fair value gains (Notes 5 and 12)	97,272	150,000
Net income and comprehensive income	659,232	348,973

Sincerus Opportunities Fund
Consolidated Statement of Changes in Equity
For the year ended December 31, 2014

	2014 \$	2013 \$
Issued capital (Note 9)		
Balance, beginning of year	2,135,156	1,589,682
Unit offering	341,550	507,743
Unit issuance costs	(49,105)	(77,232)
Issuance of units under distribution reinvestment plan	149,335	119,386
Issuance of units under special distribution	1,158,510	-
Issuance of units for compensation	5,000	1,194
Redemption of units, at cost	(3,155)	(5,617)
Balance, end of year	3,737,291	2,135,156
Cumulative earnings		
Balance, beginning of year	1,001,281	653,518
Net income and comprehensive income	659,232	348,973
Redemption of units, in excess of cost	(361)	(1,210)
Balance, end of year	1,660,152	1,001,281
Cumulative distributions to unitholders		
Balance, beginning of year	(174,794)	(29,015)
Quarterly distributions declared	(173,429)	(145,779)
Special distribution declared	(1,158,510)	-
Balance, end of year	(1,506,733)	(174,794)
Total equity	3,890,710	2,961,643

Sincerus Opportunities Fund
Consolidated Statement of Cash Flows
For the year ended December 31, 2014

	2014 \$	2013 \$
Operating Activities		
Income and comprehensive income	659,232	348,973
Adjustments for non-cash items:		
Gain on sale of investment properties	(392,150)	-
Fair value gains	(97,272)	(150,000)
Amortization of deferred financing costs	22,019	14,614
Unit based compensation	5,000	1,194
	196,829	214,781
Change in non-cash operating working capital:		
Accounts receivable	(18,020)	(4,560)
Government remittances refundable	(67,035)	(13,073)
Prepaid expenses	(2,203)	38
Restricted cash	(41,300)	-
Trade and other payables	74,227	305,160
Deposits from tenants	(19,748)	2,751
Cash from operating activities	122,750	505,097
Financing Activities		
Proceeds of long-term debt	2,112,534	-
Repayment of long-term debt	(2,029,889)	(124,877)
Deferred financing costs paid	(12,000)	(1,000)
Issuance of units	341,550	507,743
Redemption of units	(3,517)	(6,827)
Distributions to unitholders	(24,095)	(10,403)
Unit issuance costs	(49,105)	(77,232)
Advances of loan payable	205,506	-
Repayment of loan payable	(978,272)	(100,100)
Cash from (used in) financing activities	(437,288)	187,304
Investing Activities		
Proceeds on disposition of investment properties	3,174,736	-
Purchase of investment properties	(2,236,599)	(786,063)
Cash from (used in) investing activities	938,137	(786,063)
Increase (decrease) in Cash and cash equivalents	623,599	(93,662)
Cash and cash equivalents, beginning of year	99,188	192,850
Cash and cash equivalents, end of year	722,787	99,188
Non-cash financing and investing activities:		
Excluded from financing and investing activities for the year ended December 31, 2013 is an increase of \$772,766 in a loan payable used to acquire investment properties.		
Supplemental cash flow information:		
Interest paid	266,715	175,780

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

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1. Incorporation and operations

Sincerus Opportunities Fund (the "Fund") is an unincorporated open-ended private real estate investment trust that was formed under the laws of Manitoba by the Declaration of Trust on April 30, 2012 and commenced operations June 12, 2012. The Fund qualifies as a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Fund earns income from real estate investments in Canada.

The registered office of the Fund is 1700-360 Main Street, Winnipeg, Manitoba R3C 3Z3.

2. Basis of presentation and continuing operations

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issue by the Board of Trustees on April 30, 2015.

The consolidated financial statements of the Fund reflect the operations of the Fund and its wholly owned subsidiaries, Sincerus Opportunities Limited Partnership and Sincerus Opportunities GP Ltd.

Effective January 1, 2014, the Company adopted IFRIC 21 – Levies ("IFRIC 21"). There has been no impact of adopting IFRIC 21.

Basis of measurement

These consolidated financial statements have been prepared on a going concern basis and have been presented on a historical cost basis except for investment properties that are measured at fair value, as explained in the accounting policies below.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting year. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the consolidated financial statements are as follows:

Valuation of investment properties

The fair value of investment properties represents an estimate of the price that would be agreed upon between knowledgeable, willing parties in an arm's length transaction. The critical estimates and assumptions underlying the valuation of investment properties are described in Note 5.

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

2. Basis of presentation and continuing operations (continued)

Use of estimates and judgments (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the consolidated financial statements are as follows:

Classification of leases

The Fund's accounting policy for revenue recognition is described in Note 3. The Fund makes judgments in determining whether certain leases are operating or finance leases. The Fund determined that all of its leases are operating leases.

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Fund obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Fund, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Investment properties

The Fund has adopted *IAS 40 Investment Properties* and has chosen the fair value method of presenting investment properties in the financial statements. Investment properties comprise completed properties and properties under construction held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services, initial leasing commissions to bring the property to the condition necessary for it to be capable of operating and similar costs. The carrying amount also includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are stated at fair value, estimated by management and supported by valuations performed by third-party appraisers or available market evidence. Gains or losses arising from changes in the fair values are included in income in the year in which they arise. An investment property is derecognized upon sale.

Investment properties are classified as investment properties under construction once development of the property has commenced. Investment properties under construction include initial acquisition costs and other direct costs during the period of development. Borrowing costs associated with direct expenditures on properties under development are capitalized from the commencement of the construction until the date of practical completion. The Fund considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Cash and cash equivalents

The Fund considers cash and cash equivalents to be liquid investments with original maturities of three months or less.

Deposits from tenants

Deposits from tenants are initially recognized at fair value. Where the time value of money is material, deposits from tenants are carried at amortized cost, using the effective interest rate method. Any difference between the initial fair value and the nominal amount is included as a component of rentals from investment properties and recognized on a straight-line basis over the lease term.

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

3. Significant accounting policies (continued)

Mortgage loans

All mortgage loans are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the loans are recognized in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings. Interest payable is recognized on an accrual basis. All mortgage loans with maturities greater than twelve months are classified as non-current liabilities. Notwithstanding the previous statement, mortgage loans with maturities greater than twelve months, but which are in breach of a debt covenant, and the debt becomes payable on demand as a result of said breach at the financial statement date, are classified as current liabilities.

Revenue recognition

Rental revenue

The Fund has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Rents are recognized as revenue over the terms of the related lease agreements. Rental revenue from leases with contractual rent increases is recognized on a straight-line basis over the term of the respective leases. The difference between the rental revenue recognized and the amount contractually due under the lease agreements is recorded to deferred rent receivable. Recoveries from tenants for property operating costs and property taxes are recognized as revenue during the year in which the applicable costs are incurred.

Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Income taxes

The Fund currently qualifies as a mutual fund trust for Canadian income tax purposes. Under current tax legislation, income distributed annually by the Fund to unitholders is a deduction in the calculation of its taxable income. As the Fund has distributed all of its taxable income to its unitholders, the Fund does not record a provision for current Canadian income taxes.

Financial instruments

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

In accordance with *IAS 39 Financial Instruments: Recognition and Measurement* ("IAS 39"), financial instruments and derivatives are initially measured at fair value. The measurement in subsequent years and classification of financial assets and liabilities is dependent on the purpose for which the instruments were acquired or issued, their characteristics and the Fund's designation of such instruments.

Financial assets classified as held to maturity, loans and receivables, and other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Transaction costs related to the instruments are included in the value of the instruments and amortized over the expected life of the financial instrument using the effective interest method. The effective interest expense is included in finance costs. Available for sale financial assets are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income until disposition of the financial asset.

The effective interest method is a method of calculating the amortized cost of an instrument and allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial instruments are derecognized when the Fund no longer controls the contractual rights that comprise a financial asset or when the obligation under a financial liability has been discharged, concluded or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Consolidated Statement of Comprehensive Income.

The Fund has designated its financial instruments, as follows:

<u>Financial Statement Item</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Sale proceeds receivable	Loans and receivables	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Deposits from tenants	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost

The Fund assesses impairment of all its financial assets. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in income.

New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements. The Fund continues to monitor these potential changes proposed by the IASB and the potential impact to the Fund's operations. Specifically, the Fund may be impacted, in the future, by the following new standards and amendments as follows:

Amendments to IFRS 9 Financial Instruments ("IFRS 9"):

In November 2009, the IASB issued IFRS 9 which will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for the Fund's fiscal year beginning on January 1, 2018. The Fund is currently assessing the impact of this standard.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"):

In May 2014, the IASB released IFRS 15, which supersedes IAS 11, Construction Contracts, IAS 18, Revenues, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreement for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC-31, Revenue – Barter Transactions Involving Advertising Services. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for the Fund's fiscal year beginning on January 1, 2017, with earlier application permitted. The Fund is currently assessing the impact of the adoption of this standard.

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

4. Determination of fair values

Certain of the Fund's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy.

Fair values of assets and liabilities included in Level 1 are determined in reference to quoted prices in active markets for identical assets and liabilities. There are no assets or liabilities measured at fair value classified as Level 1.

Fair values of assets and liabilities included in Level 2 use inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Long-term debt is disclosed at fair value classified as Level 2 as the inputs are directly or indirectly observable market data.

Fair values of assets and liabilities included in Level 3 are based on inputs that are unobservable and significant to the overall fair value measurement. Investment properties are measured at fair value classified as Level 3.

5. Investment properties

Investment properties are stated at fair value as at the financial statement date. Gains or losses arising from changes in the fair value are included in income in the year in which they arise. The valuations are prepared using recognized valuation techniques to determine the fair value of investment properties. The techniques comprise the capitalized net operating income method, the cost approach and the direct comparison method.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost.

The determination of the fair value of investment properties requires the use of estimates on capitalization rates and net operating income. In certain cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the assets of the Fund. The estimates are based on local market conditions existing at the financial statement date. A change to any one of these inputs could significantly alter the fair value of investment properties. An increase in the net operating income or a decrease in the capitalization rate will result in an increase in the estimated fair value of investment properties. Management uses their market knowledge and professional judgement and has not relied solely on historic transactional comparables or external appraisals obtained.

The carrying amount of investment properties is summarized as follows:

	December 31, 2014		December 31, 2013	
	Investment properties	Investment properties under construction	Investment properties	Investment properties under construction
	\$	\$	\$	\$
Balance, beginning of year	6,300,000	1,558,829	6,150,000	-
Additions - capital expenditures	-	2,243,899	-	1,558,829
Transfer to Investment properties	3,802,728	(3,802,728)	-	-
Unrealized fair value gain	97,272	-	150,000	-
Dispositions	(6,300,000)	-	-	-
Balance, end of year	3,900,000	-	6,300,000	1,558,829

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

5. Investment properties (continued)

On November 17, 2014, the Fund sold an investment property with a carrying value of \$3,100,000 for a gross sale price of \$3,550,000.

On December 29, 2014, the Fund sold an investment property with a carrying value of \$3,200,000 for a gross sale price of \$4,600,000.

Investment properties with a fair value at December 31, 2014 of \$3,900,000 (December 31, 2013 - \$6,300,000) provide security for mortgage loans with a carrying value of \$2,112,534 (2013 - \$3,783,738).

Management uses its judgment in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Fund's investment property. When appraisals are not performed, the value of income producing properties is determined internally by the Fund by updating the assumptions and valuation techniques used by the appraisers for changes in market conditions.

External appraisals were obtained in December 2013. The total value supported by appraisals was \$3,900,000 for the duplex units. The independent appraiser is a licensed appraiser in Alberta, where the properties are located, and is certified with the Appraisal Institute of Canada.

The Fund utilizes capitalization rates within the ranges provided by knowledgeable property valuers and other industry sources. To the extent that the externally provided capitalization rate ranges change from one reporting year to the next; or should another rate within the provided ranges be considered by the Fund to be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Under the capitalized net operating income method, capitalization rates are applied to net operating income. The key assumptions are the capitalization rates and stabilized net operating income. The capitalization rates are based on the location, size and quantity of the properties and take into account market data at the valuation date. The stabilized net income is based on the location, type and quality of the properties and supported by the terms of any existing lease and external evidence such as current market rents for similar properties, adjusted for estimated vacancy rates based on current and expected future market conditions after expiry of any current lease and expected maintenance costs. The average capitalization rate used to determine stabilized net operating income for the Fund's properties is 6% (2013 - 9%). This method was used to determine the fair value for both investment properties stated at fair value and would be categorized as a level 3 valuation method in the fair value hierarchy.

The cost approach involves an estimate to reproduce or replace the improvements, including all direct costs, indirect costs and entrepreneurial profit.

The direct comparison approach to value is based on comparison of the subject property with similar properties that have recently sold, with similar market features. This approach relies on a premise that an open competitive market would determine a price for the subject property in the same manner that it determines the prices of comparable, competitive properties.

6. Sale proceeds receivable

On December 29, 2014, the Fund sold an investment property for a gross sales price of \$4,600,000 with an outstanding mortgage in the amount of \$1,753,850 at the time of sale resulting in sale proceeds receivable of \$2,846,150 on the sale of the investment property.

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

7. Long-term debt

	2014 \$	2013 \$
Mortgage loans		
<i>Interest only construction mortgage payable at the bank's prime lending rate plus 1.30% (December 31, 2014 – 4.30%), due January 2015</i>	2,112,534	-
<i>repayable in blended monthly instalments of \$13,154 including interest at 4.62%, due September 2017</i>	-	1,983,586
<i>interest only mortgage payable at the bank's prime lending rate plus 2% blended monthly instalments of \$11,824 including interest at the bank's prime lending rate plus 1.50%, due January 2015</i>	-	1,800,152
Deferred financing costs, net of accumulated amortization of \$nil (2013- \$27,380)	-	(17,319)
	2,112,534	3,766,419
Less: current portion	2,112,534	1,868,660
	-	1,897,759

The construction mortgage is subject to covenants, including cash flow coverage, and reporting requirements. As at December 31, 2014, the Fund was in compliance with the mortgage covenants. The construction mortgage is secured by a mortgage charge registered against specific income properties and are secured by assignment of rents and by full liability guarantees.

Principal repayment requirements for mortgage loans are as follows:

	\$
2015	2,112,534
	2,112,534

The Fund intends to renew or refinance all mortgage loans at market rates on maturity (Note 18).

8. Trade and other payables

	2014 \$	2013 \$
Accounts payable and accrued liabilities	131,356	386,262
Accrued distributions	45,479	38,524
Payables on sale of investment properties	1,407,154	-
	1,583,989	424,786

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

9. Fund units

The Declaration of Trust provides for the issuance of an unlimited number of units, in more than one class. The Trustees may determine the designation and certain attributes of each class of units, including the price. Each unit represents a proportionate undivided beneficial interest in the Fund and entitles the unitholder to participate pro-rata in any distributions by the Fund, including in the distribution of net assets of the Fund in the event of termination or winding up of the Fund. Each unit entitles the holder thereof to one vote at all meetings of the voting unitholders for each whole unit held.

The issuance of one Special Voting Unit with voting rights is also provided for in the Declaration of Trust. This unit will only be issued to the manager of the Fund. The Special Voting Unit entitles the holder to nominate and appoint no less than one Trustee of the Fund and up to three Trustees of the Fund. The Special Voting Unit does not receive entitlement to participate in any distributions by the Fund.

Different classes of units or different series of units within a class may be subject to different retraction fees. All units are retractable at any time at the option of the holder at the applicable unit price less the retraction fee (the "Retraction Price"). The retraction fee is calculated as a percentage of the unit price based on the length of time the unitholder has held the unit being redeemed. Class A units can be redeemed at the unit price without penalty after 60 months or at a retraction fee of 9.0% if redeemed before 12 months from the original issue date; at 7.2% if redeemed after 12 months but before 24 months from the original issue date; at 5.4% if redeemed after 24 months but before 36 months from the original issue date; at 3.6% if redeemed after 36 months but before 48 months from the original issue date; or at 1.8% if redeemed after 48 months but before 60 months from the original issue date. If the total amount payable by the Fund in respect of units tendered for retraction in the same calendar month exceeds a monthly limit, set at \$50,000, the Trustees may waive or increase the limitation; however, in the absence of such a waiver, units tendered for retraction will be paid in order of priority of receipt of the retraction notice.

The Fund is entitled to redeem the whole or from time to time any part of the outstanding units, upon payment of the then current unit price in respect of such units.

A summary of units outstanding at December 31, 2014 is as follows:

	December 31, 2014		December 31, 2013	
	Units	\$	Units	\$
Class A units				
Balance, beginning of year	24,460	2,135,156	18,481	1,589,682
Unit offering	3,105	341,550	4,883	507,743
Issuance of units as compensation	44	5,000	11	1,194
Issuance of units under distribution reinvestment plan	1,299	149,335	1,147	119,386
Issuance of units under special distribution	8,275	1,158,510	-	-
Consolidation of units	(8,275)	-	-	-
Unit issuance costs	-	(49,105)	-	(77,232)
Redemption of units	(32)	(3,155)	(62)	(5,617)
Balance, end of year	28,876	3,737,291	24,460	2,135,156

The Fund has a distribution reinvestment plan that allows unitholders to use the distributions earned on their existing units to purchase additional units in their respective class.

On December 31, 2014, in accordance with Article XI of the Declaration of Trust, the Fund made a special distribution of Units to Unitholders of record as at December 31, 2014 of \$1,158,510 (\$40.12 per unit). The Fund then consolidated the outstanding Units with the result being that the number of units outstanding following the consolidation was equal to the number of Units outstanding prior to the special distribution.

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

9. Fund units (continued)

Quarterly distributions declared to unitholders are as follows:

	Total (\$)	2014 Per unit per year (\$)	Total (\$)	2013 Per unit per year (\$)
Class A units	173,429	6.30	145,779	6.30

10. Rentals from investment properties

Rentals from investment properties consist of the following:

	2014 \$	2013 \$
Base rent	652,545	590,076
Additional rent	99,083	90,368
Rentals from investment properties	751,628	680,444

All residential property leases are short term in nature.

11. Finance costs

	2014 \$	2013 \$
Interest on long-term debt	193,405	173,972
Interest on loan payable	16,223	2,571
Amortization of deferred financing costs	22,019	14,614
	231,647	191,157

12. Fee on disposal of investment properties

Under the terms of the Management Agreement, the Fund is committed to pay a management fee upon disposition of investment properties, based on net realized gains. If the remaining investment properties had been disposed of at their carrying amount on December 31, 2014, the amount of the liability would be \$24,318 (2013 - \$409,094). No amounts related to this liability have been recorded in these consolidated financial statements as the existence of the liability will only be confirmed upon final sale of the investment properties. Fees payable on sales that occurred during the year are disclosed in Note 13.

13. Related party transactions

Related party transactions have occurred in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties. Sincerus Asset Management Ltd., Sincerus Capital Ltd. and Sincerus Exempt Market Dealer Ltd. are all related to the Fund as they are directly or indirectly owned by a Trustee of the Fund.

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

13. Related party transactions (continued)

Fund Management agreement

The Fund has entered into a fund management agreement (the "Management Agreement") with Sincerus Asset Management Ltd. (the "Manager"), the current term of which expires on April 30, 2032. Under the Management Agreement, the Manager will administer the day-to-day operations of the Fund and its portfolio of investment properties. The Manager is entitled to compensation based on various formulas related to the operating income of each property, net realized gains on the sale of properties, the purchase price of properties, the renovation or upgrade of properties and the reimbursement of certain eligible expenses incurred in the performance of its duties.

The Fund incurred property acquisition fees on investment properties, which are included in the costs of the investment properties, payable to the Manager of \$91,162 for the year ended December 31, 2014 (2013 - \$124,839).

The Fund incurred management fees related to the operating income of the investment properties, which are included in property operating costs, payable to the Manager of \$96,192 for the year ended December 31, 2014 (2013 - \$97,906).

The Fund incurred performance incentive fees related to the disposition of investment properties, which are included in gain on sale of investment properties, payable to the Manager of \$1,197,709 for the year ended December 31, 2014 (2013 - \$nil).

The Fund reimbursed the Manager for professional fees of \$10,247, which are included in unit issuance costs, for the year ended December 31, 2014 (2013 - \$12,633).

Trade and other payables

Included in trade and other payables is an amount owing to the Manager of \$1,277,718 (2013 - \$108,024) and an amount owing to Sincerus Capital Ltd. of \$3,553 (2013 - \$4,537).

Loan payable and investment properties

During the year, the loan payable to Sincerus Capital Ltd. was settled (2013 - \$772,766).

The Fund incurred interest expense related to the loan payable of \$16,223, which is included in finance costs, for the year ended December 31, 2014 (2013 - \$2,571).

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. The Fund does not currently pay any compensation directly to its key management personnel. The services are currently provided to the Fund by the Manager pursuant to the Management Agreement.

The Fund will not pay any remuneration to a Trustee who is employed by the Fund or any Affiliate or Associate of the Fund or the Manager. The Fund may pay fees to Trustees who are independent from the Fund and the LP. Currently, there is one trustee that is independent. The current compensation payable to the independent trustee will be a minimum of \$15,000 per year and a maximum of \$20,000 per year. It will be comprised of base compensation of \$10,000 per year, with 50% of the base compensation paid in Units of the Fund, plus additional amounts based on the level of activity associated with meeting participation and the review of potential transactions.

Selling commissions and fees

The Fund pays compensation to securities dealers up to a maximum of 6% of the subscription proceeds on the units. The Fund will also pay trailer fees to securities dealers in respect of units held by clients. During the year ended December 31, 2014, the Fund paid \$20,493 and \$12,531 (2013 - \$25,140 and \$9,403) in commissions and trailer fees, respectively, to Sincerus Exempt Market Dealer Ltd. Commissions are included in Unit issuance costs and trailer fees are included in Fund expenses.

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

14. Financial instruments

The estimates of fair value of cash and cash equivalents, accounts receivable, sale proceeds receivable, trade and other payables, deposits from tenants and the loan payable approximate their carrying amounts in the statement of financial position due to their short-term nature. The fair value of long-term debt is estimated by discounting future cash flows using rates currently available for debt or similar instruments and remaining maturities. The following table provides the fair value for each classification of financial instrument:

	2014	2013
	\$	\$
Loans and receivables		
Cash and cash equivalents	764,087	99,188
Accounts receivable	24,973	4,560
Sale proceeds receivable	2,846,150	-
Total financial assets	3,635,210	103,748
Other financial liabilities		
Long-term debt	2,112,534	3,766,419
Trade and other payables	1,583,989	424,786
Deposits from tenants	41,300	61,048
Loan payable	-	772,766
Total financial liabilities	3,737,823	5,025,019

The Fund has no financial instruments carried at fair value through profit and loss.

15. Financial risk management

The Fund is exposed to financial risk that arises from its indebtedness, including fluctuations in interest rates, and in the credit quality of its tenants. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Fund, management takes steps to avoid undue concentrations of risk. In the normal course of operation, the Fund is not exposed to significant market risk, foreign currency risk, liquidity risk, interest rate risk or other risks related to its financial instruments, except as otherwise disclosed below.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they are due. The Fund's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Fund's ongoing liquidity will be impacted by various external events and conditions.

The Fund's financial condition and results of operations would be adversely affected if it were unable to obtain refinancing of mortgages as they become due or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The Fund expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operational cash flow, as well as future equity raises and borrowings.

The repayment obligations in regard to the financial liabilities of the Fund are as follows:

Year ending December 31	Normal Principal Instalments	<u>Mortgage loans</u>		Total
		Principal Maturities	Other Liabilities	
	\$	\$	\$	\$
2015	-	2,112,534	1,625,289	3,737,823

Sincerus Opportunities Fund
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

15. Financial risk management (continued)

Interest rate risk

Interest rate risk arises from debt financing including the risk that the Fund will not be able to refinance the mortgage loans with terms as favorable as those of existing mortgage loans.

The Fund has mortgages of \$1,753,850 that is due on closing of the sale of the property. The mortgage loan on the residential properties at prime plus 1.3% matures on January 31, 2015.

Credit risk

Credit risk arises from the possibility that tenants may be unable to fulfill their lease commitments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Financial instruments that potentially subject the Fund to concentrations of credit risk consist primarily of collection of rental income.

Rent is past due when a tenant has failed to make a payment when contractually due. There are no rent payments currently past due.

16. Management of capital

The capital structure of the Fund is comprised of the following:

	2014 \$	2013 \$
Long-term debt	2,112,534	3,783,738
Equity	3,890,710	2,961,643
	6,003,244	6,745,381

The Fund manages capital in order to safeguard its ability to continue as a going concern and to ensure an appropriate balance of risk and return.

The overall capital management strategy addresses the following considerations:

- The equity component of acquired properties is primarily funded from the proceeds of Fund units.
- Total mortgage debt financing is maintained within the overall debt limits as established by the Declaration of Trust. The Declaration of Trust provides for mortgage indebtedness of the Fund up to 75% of the appraised value of the assets of the Fund.

In order to maintain or adjust the capital structure, the Fund may (i) issue units or mortgage debt and other securities; (ii) adjust the amount of distributions (if any) paid to unitholders; (iii) return capital to unitholders; (iv) redeem units; and/or (v) reduce debt.

Market requirements for attracting capital may vary in ways that the Fund may not be able to accurately predict.

The Fund's capital management policy has not changed during the year.

17. Comparative figures

Certain balances of the preceding period have been reclassified to conform to the current year's financial statement presentation.

Sincerus Opportunities Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

18. Events after the reporting year

On January 12, 2015, the Fund collected net proceeds on the sale of an investment property of \$2,846,150.

Distributions in the amount of \$39,683 outstanding as at December 31, 2014, were reinvested under the distribution reinvestment plan subsequent to December 31, 2014 resulting in the issuance of 283 units.

Total distributions declared between the date of these financial statements and the date of authorization for issue was \$40,129 resulting in the issuance of 287 units.

The construction mortgage due January 2015 was replaced by a permanent mortgage with a principal balance of \$2,340,000, repayable on demand with blended monthly instalments of \$12,800 including interest at the bank's prime lending rate plus 1.30%.

On March 7, 2015 the Fund issued a new offering memorandum (the "Offering Memorandum") authorizing the issuance of up to 178,571 units at \$140 per unit, or such other amount as the Fund shall in its discretion determine, for a total offering of up to \$25,000,000. There is no minimum subscription amount. The Fund is committed to paying compensation up to 6% of gross proceeds realized on the sale of units under the Offering Memorandum to any one of, or a combination of, the following parties; unrelated investment dealers, related and/or unrelated exempt market dealers and/or their dealing representatives. Between the date of these financial statements and the date of authorization for issue, the Fund issued an additional 1,402 units for gross proceeds of \$196,300. Unit issuance costs related to the issuance were \$17,667.

ITEM 13: DATE AND CERTIFICATE PAGE

This Offering Memorandum does not contain a misrepresentation.

Dated this 26th day of February, 2016.

BY THE ISSUER

“Albert I. Rempel”
Albert I. Rempel, Trustee
and acting in the capacity of
Chief Executive Officer

“Jack Murray”
Jack Murray, Trustee and
acting in the capacity of Chief
Financial Officer

“Daryl Friesen”
Daryl Friesen, Trustee

BY THE MANAGER

SINCERUS ASSET MANAGEMENT LTD.

Per: “Albert I. Rempel”
Albert I. Rempel,
Chief Executive Officer
and sole Director

Per: “Jack Murray”
Jack Murray,
Chief Financial Officer

BY THE PROMOTER

SINCERUS CAPITAL LTD.

Per: “Albert I. Rempel”
Albert I. Rempel,
Chief Executive Officer
and sole Director

Per: “Jack Murray”
Jack Murray,
Chief Financial Officer