

Offering Memorandum



August 31, 2016

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OFFERING MEMORANDUM

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 - "Risk Factors".

August 31, 2016

TRIUMPH REAL ESTATE INVESTMENT FUND

c/o Suite 200, 407 - 8th Avenue SW, Calgary, AB T2P 1E5

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Email Address: info@treif.ca

\$15,662,547 (Maximum Offering)

Triumph Real Estate Investment Fund (the "Trust") is not a reporting issuer in any jurisdiction and **these securities do not and will not trade on any exchange or market.**

THE OFFERING

Refer to "Glossary of Terms" for the meanings of capitalized words and phrases that are used but not defined in this summary.

<i>The Trust:</i>	The Trust is a private open-ended trust established under the laws of Alberta.
<i>Purpose:</i>	The Trust's primary purpose and sole business is to use funds raised by it to acquire Class A LP Units in the Partnership and if Properties are acquired in the United States by the Partnership, to loan a portion of the funds raised under this Offering to the Holding LP, with the objective of generating returns to Unitholders. All or substantially all of the Available Funds of the Offering will be used to acquire Class A LP Units in the Partnership. See Item 1.2 - "Use of Available Funds" and Item 2.2.1 - "Current Business of the Trust".
<i>Securities Offered:</i>	Units of the Trust ("Units").
<i>Price per Security:</i>	\$1.00 per Unit
<i>Minimum Offering:</i>	The Offering is not subject to any minimum offering amount and as such you may be the only purchaser.
<i>Maximum Offering:</i>	\$15,662,547 (15,662,547 Units)
<i>Available Funds:</i>	Funds available from this Offering may not be sufficient to accomplish the Trust's proposed objectives.
<i>Minimum Subscription Amount:</i>	The minimum subscription for Units is \$10,000 (10,000 Units). AdminCo may, in its sole Discretion, reduce the minimum investment amount per Subscriber in limited circumstances. See Item - 5.2 "Subscription Procedure".
<i>Proposed Closing Date(s):</i>	Closings will occur from time to time on such dates as AdminCo determines.
<i>Eligibility of Deferred Plans:</i>	The Units are intended to be able to be held by taxable and tax exempt investors, such as trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts. There are important tax consequences to investors holding Units. See Item 6 - "Income Tax Considerations".
<i>Selling Agent:</i>	The Trust reserves the right to retain agents to, and/or pay persons who, effect sales of the Units, in which case, subject to applicable securities legislation, such agents and persons may receive a fee of up to six percent (6%) of the Gross Proceeds realized from the sale of Units sold directly by such parties together with a trailer fee equal to 0.5% of such proceeds. The Trust may also pay Exempt Market Dealers up to 0.9% of the Gross Proceeds realized from the sale of Units as a dealer administration fee. See Item 7 - "Compensation Paid to Sellers and Finders".

<i>Conflict of Interest Matters:</i>	AdminCo and the Partnership have adopted a Conflict of Interest Policy pursuant to which all matters that involve a Conflict of Interest Matter must be unanimously approved by the Independent Directors in order to proceed. See Item 2.1.1 – “The Trust – Conflict of Interest Matters”.
<i>Term of the Trust:</i>	The Trust is intended to carry on until December 31, 2020. An investment in the Trust should be considered long-term in nature.
<i>Distributions:</i>	The Trust will distribute Trust Income and Trust Capital Gains for each taxation year, so that Trust Income and Trust Capital Gains will be taxable to Unitholders and the Trust will not have any obligation to pay tax under the Tax Act. Payment of distributions is intended to be made in cash, but the Trust may, in certain circumstances, make distributions by distributing additional Units. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Distributions”.
<i>Redemptions:</i>	Unitholders may redeem their Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustee. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust - Redemption of Units.” The Redemption Price: (i) within 12 months from the date of the Unit Certificate (the “Issuance Anniversary”), shall be 90% of the Unit Subscription Price of each Unit to be redeemed; and (ii) at any time after the Issuance Anniversary of a Unit Certificate, shall be 95% of the fair market value of each Unit to be redeemed, as determined by AdminCo as of the day on which a redemption notice required by the Declaration of Trust is delivered, having reference to financial statements and such other information as AdminCo may consider appropriate. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Redemption of Units”.
<i>Redemption Restrictions:</i>	The Redemption Price for Units paid by the Trust may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the Trust. <u>Redemption Notes likely will not be a qualified investment for tax-exempt Subscribers.</u> See Item 6 - “Income Tax Considerations”. Where in the sole Discretion of AdminCo the Trust chooses to pay the Redemption Price in cash, the maximum aggregate redemption proceeds shall not exceed \$75,000 per calendar quarter in cash; provided that, in the Trustee’s sole Discretion, the Trust may pay in excess of \$75,000 of cash in a calendar quarter. See Item 2.5 – “Material Agreements – Summary of the Declaration of Trust – Redemption of Units”.
<i>Trustee:</i>	Computershare Trust Company of Canada
<i>Administrator:</i>	Triumph Real Estate Investment Fund 1 Adminco Ltd.
<i>Resale Restrictions:</i>	You will be restricted from selling your securities for an indefinite period. See Item 10 - “Resale Restrictions and Redemption Rights”.
<i>Purchaser’s Rights:</i>	You have 2 business days to cancel your agreement to purchase these Units. 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 - “Purchasers’ Rights”.
<i>OM Marketing Materials:</i>	All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.

This Offering is being made to, and subscriptions will only be accepted from, persons resident in the Provinces and Territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Yukon and Nunavut. This Offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus Exemptions (“NI 45-106”).

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.

No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

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ELIGIBILITY FOR INVESTMENT

The Units will be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, or a tax-free savings account (each, a “Deferred Plan”) provided that the Trust meets certain requirements as outlined in Item 6 – “Income Tax Considerations”. Notwithstanding the foregoing, if the Units are found to be “prohibited investments”, some holders will be subject to a penalty tax as set out in the Tax Act. If the Trust ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for Deferred Plans which would have adverse tax consequences to Deferred Plans and their annuitants or beneficiaries. See Item 6 – “Income Tax Considerations” and Item 8 – “Risk Factors”.

INVESTMENT NOT LIQUID

The Units offered hereunder will be subject to indefinite resale restrictions and a number of redemption restrictions. Until the indefinite restriction on trading expires, if ever, a Unitholder will not be able to trade the Units, unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Trust has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, Unitholders may not be able to liquidate their Units in a timely manner, if at all, or pledge their Units as collateral for loans. Further, the Declaration of Trust contains certain redemption restrictions. Subject to certain restrictions, a Unitholder may redeem the Units for the Redemption Price. See Item 10 – “Resale Restrictions and Redemption Rights”.

FORWARD-LOOKING STATEMENTS

Certain information regarding the Trust and the Partnership set forth in this Offering Memorandum, including the Trust’s future plans and business, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “plan”, “potential”, “predict”, “project”, “seek” or other similar words, or statements that certain events or conditions “may”, “might”, “could”, “should” or “will” occur are intended to identify forward-looking statements. Such statements represent AdminCo’s internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, business opportunities, future expenditures, plans for and results of business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the expectations reflected in the forward-looking statements are reasonable, future results, levels of activity, performance or achievement cannot be guaranteed since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Trust and the Partnership’s actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Trust and the Partnership.

Forward-looking statements included in this Offering Memorandum include, but are not limited to, statements with respect to: use of proceeds of the Offering; the business to be conducted by the Trust and the Partnership; the ability to make and the timing and payment of distributions; statements with respect to the current state of the North American economy and real estate markets and the expectation that continued improvement in the economy will lead to increases in the demand for and values of real estate properties in the targeted markets; the Trust’s and the Partnership’s business objectives; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; timing of dissolution of the Trust; results of operations, the timing thereof and the methods of funding.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks discussed under Item 8 - “Risk Factors” and other factors, many of which are beyond the control of the Trust and AdminCo. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements contained in this Offering Memorandum are based on a number of assumptions, including those relating to:

- the Trust and Partnership's business strategy and operations;
- the ability of the Trust and Partnership to achieve or continue to achieve its business objectives;
- the Trust's and Partnership's expected financial performance, condition and ability to generate distributions;
- the Partnership, including its business strategy, operations, financial performance, condition and ability to generate distributions;
- factors and outcomes associated with the real estate sector in Target Markets, including competition and competitive conditions;
- concentration of investments of the Trust in a single business (being the Class A LP Units of the Partnership) operating in a single industry (being the real estate business in the Target Markets) which result in the Trust's investments being less diversified than other investment funds;
- possibility of substantial redemptions of Units;
- taxation of the Trust and the Partnership;
- the impact on the Trust and the Partnership of future changes in applicable legislation;
- application of legislation and regulations applicable to the Trust and the Partnership; and
- availability of and dependence upon certain key employees of the General Partner.

Although the forward-looking statements contained in this Offering Memorandum are based upon assumptions believed to be reasonable, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements.

The Trust has included the above summary of risks related to forward-looking information provided in this Offering Memorandum in order to provide Unitholders with a more complete perspective on the Trust and the Partnership's current and future operations and such information may not be appropriate for other purposes. The Trust's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Trust will derive therefrom. These forward-looking statements are made as of the date of this Offering Memorandum and the Trust disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Investors are cautioned against placing undue reliance on forward-looking statements.

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GLOSSARY OF TERMS

The following terms and abbreviations used throughout this Offering Memorandum have the following meanings:

“**ABCA**” means the *Business Corporations Act* (Alberta), as amended from time to time;

“**Acquisition Fee**” means the fee that may be payable to the General Partner by the Partnership equal to one percent (1%) of the purchase price paid by the Partnership with respect to the acquisition of a Property;

“**Acquisition GP’s**” means the general partners of limited partnerships formed by the Partnership to acquire Properties and “**Acquisition GP**” means any one such general partner;

“**Acquisition LP’s**” means the limited partnerships formed by the Partnership to acquire Properties and “**Acquisition LP**” means any one such limited partnership;

“**AdminCo**” means Triumph Real Estate Investment Fund 1 AdminCo Ltd., as administrator of the Trust under the Administration Agreement, or such other person properly appointed as administrator of the Trust pursuant to the Declaration of Trust;

“**Administration Agreement**” means the agreement, dated January 10, 2014, between AdminCo, the Trustee and the Trust, as amended, supplemented or amended and restated from time to time;

“**Administration Fee**” means the sum of \$500 a year to be paid by the Trust to AdminCo during the term of the Administration Agreement;

“**Affiliate**” shall have the meaning ascribed thereto in the Securities Act;

“**Alternative Vehicle**” shall have the meaning specified in Item 2.2.3 – “Current Business of The Partnership”;

“**Applicable Laws**” means all applicable provisions of law, domestic or foreign, including the Securities Act;

“**Approvals**” means any directive, order, consent, exemption, waiver, consent order or consent decree of or from, or notice to, action by or filing with, any Governmental Authority;

“**associate**” shall have the meaning ascribed thereto in the Securities Act;

“**Auditors**” means such firm of chartered accountants as may be appointed as auditor or auditors of the Trust;

“**Barclay Parties**” means Barclay Street, any affiliates and subcontractors of Barclay Street, and any directors, officers, employees and individual shareholders of the foregoing, and the officers and directors of the General Partner and “**Barclay Party**” means any one of them;

“**Barclay Street**” means Barclay Street Real Estate Ltd., a private Alberta corporation which is controlled by David Wallach;

“**Bell West Property**” means the Property acquired by the Trust in August of 2016 as more particularly described in Item 2.2.3 - “Business of the Partnership - Properties Acquired by the Trust” herein;

“**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in the City of Calgary, in the Province of Alberta;

“**Capital Contribution**”, with respect to any Limited Partner, means the amount of capital contributed by such Limited Partner to the Partnership in accordance with the Partnership Agreement;

“**Cash Flow of the Trust**” shall have the meaning provided for in Item 2.5 – “Material Agreements - Summary of the Declaration of Trust - Cash Flow of the Trust”;

“**Class A LP Units**” means the Class A limited partnership units in the Partnership issued from time to time in accordance with the Partnership Agreement and having the rights, privileges, restrictions and conditions set out in the Partnership Agreement;

“**Class B LP Units**” means the Class B limited partnership units in the Partnership issued from time to time in accordance with the Partnership Agreement and having the rights, privileges, restrictions and conditions set out in the Partnership Agreement;

“Class A Proportionate Share” of any amount at any time, means a fraction equal to the number of Class A LP Units of which a Limited Partner is the registered holder at that time divided by the total number of issued and outstanding Class A LP Units at that time;

“Class B Proportionate Share” of any amount at any time, means a fraction equal to the number of Class B LP Units of which a Limited Partner is the registered holder at that time divided by the total number of issued and outstanding Class B LP Units at that time;

“commercial real estate” and **“commercial real estate properties”** means collectively office, retail and industrial real estate properties;

“Conflict of Interest Matter” means a situation where a reasonable person would consider any principal holder, officer and/or director of AdminCo the General Partner or any other general partner of any limited partnership forming part of this investment structure including Mr. Craig Bentham or Mr. David Wallach, or an entity related to either of these two individuals including, without limitation Barclay Street, to have an interest that may conflict with their ability to act in good faith and in the best interests of the Trust or the Partnership and shall include without limitation any “related party transaction” involving Mr. Bentham or Mr. Wallach, as that term is defined Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions;

“Conflict of Interest Policy” means the Conflict of Interest Policy adopted by the General Partner and AdminCo as summarized in Item 2.1.1 – “The Trust – Conflict of Interest Policy” herein;

“Counsel” means a law firm (who may be counsel to AdminCo) acceptable to the Trustee;

“CRA” means the Canada Revenue Agency;

“Cumulative Preferred Return” means, with respect to a Limited Partner holding Class A LP Units, and at any time of determination, the sum of the Preferred Return earned by such Limited Partner under the terms of the Partnership Agreement prior to the date of such determination;

“Cumulative Preferred Return Deficiency” means, with respect to a Limited Partner holding Class A LP Units, and at any time of determination, an amount which equals the excess, if any, of (i) the Cumulative Preferred Return earned by such Limited Partner as of such date over (ii) the cumulative amount of cash distributed to such Limited Partners by the Partnership in respect of the payment of the Cumulative Preferred Return to a Limited Partner;

“Declaration of Trust” means the Declaration of Trust dated January 10, 2014 by and between Computershare Trust Company of Canada, as Trustee, Triumph Real Estate Investment Fund 1 AdminCo Ltd. as Administrator, and George Larson as the Initial Unitholder, governing the business and affairs of the Trust as may be amended, supplemented and restated from time to time;

“Deferred Plan” means a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan or tax-free savings account;

“Discretion” means sole, absolute and unfettered discretion;

“Distributable Cash” means with respect to a particular period, the amount by which the Partnership’s cash on hand or to be received in respect of that period (excluding any proceeds from any Financing) exceeds:

- (i) unpaid administration expenses of the Partnership;
- (ii) any amounts due and owing to the General Partner with respect to the General Partner Fees;
- (iii) amounts required for the business and operations of the Partnership, including operating expenses and capital expenditures;
- (iv) amounts required in order to meet all debts, liabilities and obligations in respect of any Financing, including reserves to ensure compliance with agreements to which the Partnership is subject; and
- (v) any amounts which the General Partner in its Discretion determines is necessary to satisfy the Partnership’s current and anticipated debts, liabilities and obligations and to comply with applicable laws;

“Distribution Payment Date” means the date on which AdminCo makes a distribution of Cash Flow of the Trust to the Unitholders;

“Distribution Period” means each quarterly period ending on March 31, June 30, September 30 and December 31, or such other periods as may be hereafter determined from time to time by AdminCo from and including the first day thereof and to and including the last day thereof;

“Distribution Record Date” means on or about the last Business Day of each Distribution Period, or, if that day is not a Business Day, the next following Business Day, or such other date determined from time to time by the AdminCo;

“Exchangeable Security” or **“Exchangeable Securities”** means a unit or units, a share or shares or other security or securities which are convertible into or exchangeable for Unit(s) (directly or indirectly) without the payment by the holder of additional consideration therefor, whether or not issued by the Trust;

“Extraordinary Resolution” means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of the Declaration of Trust and passed by more than 66⅔% of the votes cast on such resolution by Unitholders represented in person or by proxy at the meeting;

“Financing” means any credit facility granted or extended to or for the benefit of, or investment by way of debt in, the Partnership whereby or pursuant to which money, credit or other financial accommodation has been or may be provided, made available or extended to the Partnership by way of borrowed money, the purchase of debt instruments or securities, bankers acceptances, letters of credit, overdraft or other forms of credit and financial accommodation, and includes any and all trust deeds, indentures, mortgages, bonds or debentures (whether issued and delivered as security or sold to a purchaser), security agreements and other deeds, instruments or documents in respect thereof;

“Financing Fee” means the Fee that may be paid by the Partnership to the General Partner equal to one percent (1%) of the amount of any Financing obtained by the Partnership with respect to the acquisition of a Property;

“Fiscal Year” means a fiscal year of the Trust (or portion thereof), which ends on December 31 in each calendar year, except in the case of a deemed year end on the dissolution of the Trust;

“Funding Agreement” means the agreement entered into between the Trust and the Partnership which provides that the Partnership will pay all costs, fees, Selling Commissions, Investment Administration Expense and expenses incurred by the Trust in connection with this Offering;

“General Partner” means Triumph Real Estate Investment Fund 1 GP Ltd., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

“General Partner Fees” means collectively the Acquisition Fee, the Financing Fee and the Management Fee and individually means any one of the above Fees as the context requires;

“Governmental Authority” means: (i) any nation, province, territory, state, county, city or other jurisdiction; (ii) any federal, provincial, territorial, state, local, municipal, foreign or other government; (iii) any governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental power); (iv) anybody exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power; or (v) any official of the foregoing;

“Gross Proceeds” means, at any time, the aggregate gross proceeds of this Offering;

“GST” means any applicable Canadian federal or provincial goods and services tax or harmonized sales tax;

“Holding GP” means TREIF US Holding GP LLC, a Delaware limited liability company established on August 10, 2016 as further described in Item 2.2 herein. The Holding GP will be the general partner of the Holding LP. The Holding GP is controlled by the General Partner;

“Holding LP” means TREIF US Holding LP, a Delaware limited partnership established on August 10, 2016 which is controlled by the Partnership as further described in Item 2.2 herein. The Holding LP will hold all of the interests of the Partnership in any Acquisition LP registered in the United States;

“include”, “including” and **“includes”** mean “include, without limitation”, “including, without limitation” and “includes without limitation”, respectively;

“Income of the Trust” means for any taxation year of the Trust the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by AdminCo in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Unitholders and such other amounts as may be determined in the Discretion of AdminCo; provided, however, that capital gains and capital losses shall be excluded from the computation of net income;

“Independent” has the definition ascribed to such term as defined by National Instrument 81-107;

“Independent Directors” means a director of the General Partner who is Independent;

“Investment Administration Expense” means the fees paid by the Partnership on behalf of the Trust to parties who provide wholesaling services to the Trust with respect to the sale of Units under this Offering, in an amount of up to one percent (1%) of the Gross Proceeds of this Offering;

“King Street Property” means the Property acquired by the Trust in August of 2016 as more particularly described in Item 2.2.3 - “Business of the Partnership - Properties Acquired by the Trust” herein;

“Limited Partner” means any person who is admitted to the Partnership as a limited partner for as long as they are registered holder(s) of at least one LP Unit;

“LP Units” means collectively the Class A LP Units and Class B LP Units;

“Management” means collectively the officers and directors of the General Partner;

“Management Fee” means the management fee payable by the Partnership to the General Partner which fee shall be equal to two percent (2%) of the funds raised by the Partnership through the sale of Class A LP Units to the Trust;

“Market Value” means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion;

“Maximum Offering” means the maximum offering hereunder of gross proceeds of \$15,662,547 (15,662,547 Units);

“Net Realized Capital Gains” of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:

- (i) the aggregate of the capital losses of the Trust for the year;
- (ii) any capital gains which are realized by the Trust as a result of a redemption of Units pursuant to the Declaration of Trust; and
- (iii) the amount determined by AdminCo in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year;

“NI 81-107” means National Instrument 81-107 Independent Review Committee for Investment Funds;

“Non-Resident” means a Person who is not a resident of Canada and a partnership that is not a Canadian partnership, for purposes of the Tax Act;

“Offering” means the private placement of the Units by the Trust under this Offering Memorandum;

“Offering Memorandum” means this private placement offering memorandum of the Trust as the same may be amended, supplemented or replaced from time to time;

“OM Marketing Materials” means a written communication, other than an OM standard term sheet (as that term is defined in NI 45-106 *Prospectus Exemptions*), intended for prospective purchasers regarding the distribution of Units under this Offering Memorandum that contains material facts relating to the Trust, the Units or this Offering;

“Partnership” means Triumph Real Estate Investment Fund 1 LP, a limited partnership established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

“Partnership Act” means the *Partnership Act* (Alberta) as amended and in force from time to time;

“Partnership Agreement” means the limited partnership agreement dated October 9, 2013 respecting the Partnership, between Triumph Real Estate Investment Fund 1 GP Ltd. as general partner and David Wallach as the initial limited partner;

“Permitted Investments” means all property, assets and rights which may be held from time to time by a “mutual fund trust” under the provisions of subsection 132(6) of the Tax Act, including without limitation:

- (i) the initial contribution made to the Trust by the initial unitholder;
- (ii) all funds realized from the sale of Units;
- (iii) securities in the capital of corporations and interests in limited partnerships or trusts, including without limitation the Partnership;
- (iv) debt or debt instruments issued by any issuer;
- (v) rights in and to any real property, provided it is capital property;
- (vi) any proceeds of disposition of any of the foregoing property; and
- (vii) all income, interest, profit, gains and accretions and additional rights arising from or accruing to such foregoing property or such proceeds of disposition;

“Person” means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability company, association, bank, pension fund, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization;

“Portfolio” means, collectively, the Properties acquired by the Partnership;

“Preferred Return” shall mean with respect to a Limited Partner holding Class A LP Units and with respect to those periods during the term of the Partnership that the Limited Partner’s Capital Contribution is outstanding, an amount equal to seven percent (7%) per annum, of such Limited Partner’s Capital Contribution, calculated from the first day of the month immediately following the month in which such Capital Contribution is made until the date such Limited Partner’s Capital Contribution has been returned through distributions of Distributable Cash made by the Partnership to the Limited Partner. The Preferred Return shall be calculated on the basis of a year of 365 days and the actual number of days (including the first day, but excluding the last day) occurring in the period for which the Preferred Return is being calculated;

“Previous Offerings” means the offering of Units by the Trust pursuant to offering memorandums dated April 2, 2014, February 9, 2015, April 17, 2015, January 20, 2016 and May 30, 2016;

“Properties” means real estate assets comprised of multi-tenant office, industrial or retail properties located in the Provinces of Alberta, Saskatchewan and Ontario and in the States of Arizona, California, Colorado and Texas;

“Proportionate Share” means with respect to LP Units either the Class A Proportionate Share or the Class B Proportionate Share as applicable in the circumstances;

“pro rata share” means, of any particular amount in respect of a Unitholder at any time shall be the product obtained by multiplying the number of Units that are outstanding and owned by that Unitholder at such time by the amount obtained when the particular amount is divided by the total number of all Units that are issued and outstanding at that time;

“Redemption Notes” means, in the case where a cash redemption is not applicable to Units tendered for redemption, the promissory notes of the Trust that may be distributed by the Trust to satisfy the Redemption Price, with such notes having an interest rate that is equal to five percent (5%) simple interest per annum, calculated from the day the Note is issued and such other commercially reasonable terms as AdminCo may prescribe, subject to a maximum term of three (3) years from the date of issue, as determined in the sole Discretion of AdminCo, provided that the applicable interest shall be paid on the anniversary date of the issue of the Note while a Note is outstanding;

“Redemption Price” means the price per Unit that the Trust shall pay to a redeeming Unitholder, which shall be determined as follows: (i) within 12 months from the date of the Unit Certificate (the “Issuance Anniversary”) representing Units to be redeemed shall be 90% of the Unit Subscription Price with respect to each Unit being redeemed; and (ii) at any time after the Issuance Anniversary of a Unit Certificate, the Redemption Price shall be 95% of the fair market value of each Unit to be redeemed, as determined by AdminCo as of the day on which a redemption notice required by the Declaration of Trust is delivered, having reference to financial statements and such other information as AdminCo may consider appropriate;

“Roland Plaza Property” means the Property acquired by the Trust in September of 2015 as more particularly described in Item 2.2.3 - “Business of the Partnership - Properties Acquired by the Trust” herein;

“Securities” means bonds, debentures, notes or other evidence or instruments of indebtedness, shares, stocks, options, warrants, special warrants, installment receipts, subscription receipts, rights, subscriptions, partnership interests, units or other evidence of title to or interest in the capital, assets, property, profits, earnings or royalties, of any Person;

“Securities Act” means the *Securities Act* (Alberta), as amended from time to time, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder;

“Selling Agents” means parties, including Exempt Market Dealers and their dealing representatives, who sell the Units under this Offering upon behalf of the Trust and who are entitled to receive commissions from the Trust for such sales under applicable securities laws;

“Selling Commissions” means the commissions of up to 6.9% of the Gross Proceeds from the sale of the Units pursuant to this Offering together with a trailer fee equal to 0.5% of such proceeds payable to parties who sell the Units and who are entitled to receive such commissions under applicable securities laws. See Item 7 - “Compensation Paid to Sellers and Finders”;

“South Airways Property” means the Property acquired by the Trust in December of 2014 as more particularly described in Item 2.2.3 - “Business of the Partnership - Properties Acquired by the Trust” herein;

“Subscribers” means Persons who subscribe for Units pursuant to this Offering and **“Subscriber”** means any one such Person;

“Subscription Agreement” means the Subscription Agreement entered into between a Subscriber and the Trust with respect the purchase of Units by a Subscriber under this Offering;

“subsidiary” shall have the meaning ascribed thereto in the Securities Act;

“Target Markets” means collectively the Provinces of Alberta, Saskatchewan and Ontario and the States of Arizona, California, Colorado and Texas and **“Target Market”** means any one of the above provinces or states;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“Trust” means Triumph Real Estate Investment Fund, a trust constituted by the Declaration of Trust, as the same may be amended, supplemented or restated from time to time;

“Trust Assets”, at any time, shall mean the Permitted Investments that are at such time held by the Trustee for the benefit of the Unitholders and for the purposes of the Trust under the Declaration of Trust;

“Trustee” means any such Person who is a trustee of the Trust, being Computershare Trust Company of Canada as at the date hereof;

“Unit” or **“Trust Unit”** means a trust unit of the Trust which represents an interest in the Trust as provided for in the Declaration of Trust and has the rights, privileges, restrictions and conditions set forth in the Declaration of Trust and shall not include fractional Units;

“Unit Certificate” means a certificate, in the form approved by AdminCo, evidencing one or more Units, issued and certified in accordance with the provisions of the Declaration of Trust;

“Unit Subscription Price” means the subscription price for a Unit paid for by a Subscriber to this Offering. See Item 5.2 - “Subscription Procedure”;

“Unitholders” means at any time the Persons who are the holders of record at that time of one or more Units, as shown on the registers of such holders maintained by or on behalf of the Trust;

“USD” means United States Dollars; and

“Wallach” means David Wallach, an individual residing in the City of Calgary, in the Province of Alberta.

In this Offering Memorandum, references to “dollars” and \$ are to the currency of Canada, unless otherwise indicated.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 FUNDS

The following table discloses the estimated available funds (the “Available Funds”) of the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	Nil	\$15,662,547
B	Selling Commissions	Nil	(1)
C	Estimated Offering costs	Nil	(1)
D	Available Funds: $D = A - (B + C)$	Nil	\$15,662,547
E	Additional sources of funding required	Nil	Nil
F	Working Capital Deficiency	Nil	Nil
G	Total: $G = D + E - F$	Nil	\$15,662,547

(1) All expenses, fees and commissions related to the Offering will be borne by the Partnership rather than the Trust pursuant to the terms of the Funding Agreement. See Item 2.5 – “Material Agreements – Summary of the Funding Agreement”.

1.2 USE OF AVAILABLE FUNDS

The proceeds from the issue of the Units will be paid to the Trust, deposited in its bank account and administered on behalf of the Trust by AdminCo.

All of the Gross Proceeds from this Offering will be used to acquire Class A LP Units in the Partnership and to loan funds to the Holding LP in the event that the Trust chooses to acquire additional Properties in the United States. The Trust will acquire Class A LP Units for the subscription price of one dollar (\$1) per Class A LP Unit. The number of Class A LP Units to be acquired by the Trust and the amount of funds loaned to the Holding LP (if any) will be contingent on the amount of funds raised pursuant to this Offering. See Item 2.2 - “Our Business”.

The Trust

The following table sets out the proposed use of Available Funds by the Trust:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Acquire Class A LP Units from the Partnership and loan funds to the Holding LP	Nil	\$15,662,547
All other costs and expenses relating to the Trust’s activities and business	Nil ⁽¹⁾	Nil ⁽¹⁾
Total	Nil	\$15,662,547

(1) Pursuant to the Funding Agreement, all fees, costs and expenses relating to the Trust’s activities and business will be borne by the Partnership rather than the Trust, including fees payable to the Trustee and AdminCo. See Item 2.5 – “Material Agreements – Summary of the Funding Agreement”.

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The Partnership

The Partnership will use the proceeds of this Offering and the Previous Offerings received from the Trust in exchange for the purchase of Class A LP Units over the ensuing 12 months from the date of this Offering Memorandum to:

Description of intended use of available funds listed in order of priority	Assuming minimum offering	Assuming Maximum Offering
(i) Pay the estimated legal, accounting and corporate finance costs associated with this Offering ⁽¹⁾	Nil	\$20,000
(ii) Pay for Selling Commissions and Exempt Market Dealer administration fees associated with this Offering ⁽²⁾	Nil	\$1,080,716
(iii) Pay the Investment Administration Expense ⁽³⁾	Nil	\$156,625
(iv) Working Capital for the acquisition of Properties ⁽⁴⁾⁽⁵⁾	Nil	\$14,155,581
(v) Pay the operating and administration expense of the Trust and the Partnership ⁽⁶⁾	Nil	\$80,000
(vi) Pay the Management Fee to the General Partner ⁽⁷⁾	Nil	\$156,625
(vii) Pay the Administration Fee to AdminCo ⁽⁸⁾	Nil	\$500
(viii) Pay the Annual Trustee Fee to Computershare Trust Company of Canada ⁽⁹⁾	Nil	\$12,500
Total	Nil	\$15,662,547

- (1) Craig Bentham, an officer and director of the General Partner, has acted as counsel to the Trust and the Partnership with respect to this Offering. His fees in this respect, estimated to be \$5,000, will be paid from the proceeds of this Offering.
- (2) Assuming the Trust pays an aggregate of 6.9% in Selling Commissions of the Gross Proceeds realized from the Units. The Partnership will pay all Selling Commissions and Exempt Market Dealer administration fees on behalf of the Trust pursuant to the Funding Agreement. See Item 2.5 – “Material Agreements – Summary of the Funding Agreement” and Item 7 – “Compensation Paid to Sellers and Finders”.
- (3) The Trust will pay up to one percent (1%) of the Gross Proceeds of this Offering to parties who provide wholesaling services to the Trust with respect to the sale of Units under this Offering.
- (4) See Item 2.2 - “Our Business” and Item 2.3.1 - “Short and Long Term Objectives”.
- (5) The Partnership will not pay any Acquisition Fees or Financing Fees to the General Partner from the proceeds of this Offering. The Partnership will pay such fees from the operating income of Properties acquired by the Partnership or from the proceeds resulting from the sale of Properties acquired by the Partnership. See Item 2.2.1 - “The Partnership - The General Partner - Fees Payable to the General Partner”.
- (6) In the conduct of its business the Partnership estimates that it will incur expenses relating to investors relations, marketing, director’s compensation, accounting, audit, Exempt Market Dealer due diligence and administration fees, office rental, insurance, legal and travel expenses (collectively “operating and administration expenses”), all of which will be paid from funds raised from this Offering until such time as these costs can be paid from the operating income of Properties acquired by the Partnership. A portion of these expenses may be paid to Barclay Street in return of services it provides to the Trust and the Partnership. A portion of these expenses may also be paid to Craig Bentham, an officer and director of the General Partner for providing legal services to the Partnership and the Trust. The Partnership estimates that if the Maximum Offering is raised and the Partnership fully deploys the maximum amount of working capital in the acquisition of Properties, that these expenses will total approximately \$80,000 in the ensuing 12 months from the date of this Offering Memorandum. The total amount of administration and operating costs that will be incurred by the Partnership and the Trust are dependent upon: (i) the funds raised under this Offering; (ii) the number and nature of Properties acquired by the Trust; and (iii) external factors which cannot be anticipated or controlled by the Partnership or the Trust.
- (7) Pursuant to the terms of the Partnership Agreement, the Partnership shall pay the General Partner a fee equal to two percent (2%) of funds raised by the Partnership from the distribution of Class A LP Units to the Trust. The Partnership will pay the General Partner one percent (1%) of the funds raised from the sale of Class A Units to the Trust from the proceeds of this Offering and will pay the remaining balance of funds owing with respect to the Management Fee from operating income from the Properties acquired by the Trust or revenue resulting from the sale of Properties acquired by the Trust.
- (8) Pursuant to the terms of the Administration Agreement, the Trust shall pay AdminCo an annual fee of \$500 during the term of the Administration Agreement.
- (9) The Trust shall pay Computershare Trust Company of Canada an annual fee of \$12,500 for acting as Trustee of the Trust. Pursuant to the terms of the Declaration of Trust Computershare Trust Company of Canada will also act as registrar and transfer agent of the Trust and will administrate the preparation and distribution of Unit Certificates to Unitholders. It will be paid a fee for providing such services by the Trust equal to \$15 per Unit Certificate prepared together with all such other fees and expenses associated with Computershare Trust Company of Canada acting in this capacity.

1.3 REALLOCATION

(a) THE TRUST

The Trust intends to spend the Available Funds as stated above.

(b) THE PARTNERSHIP

The Partnership intends to spend the Available Funds as stated above.

1.4 WORKING CAPITAL DEFICIENCY

THE PARTNERSHIP

As at the date of this Offering Memorandum, the Partnership does not have a working capital deficiency.

ITEM 2 - OUR BUSINESS

2.1 STRUCTURE

2.1.1 THE TRUST

The Trust is an unincorporated, open-ended, limited purpose mutual fund trust formed under the laws of the Province of Alberta on January 10, 2014 pursuant to the Declaration of Trust. The principal place of business of the Trust is Suite 200, 407 - 8 Avenue SW, Calgary, Alberta, Canada.

The rights and obligations of the Unitholders and Trustee are governed by the Declaration of Trust and the laws of the Province of Alberta and Canada applicable thereto.

A Subscriber will become a Unitholder of the Trust upon the acceptance by AdminCo of such Subscriber's Subscription Agreement.

The Trustee

Computershare Trust Company of Canada is the Trustee of the Trust. The principal place of business of the Trustee in Alberta is located at 600, 530 – 8 Avenue SW, Calgary, Alberta. See www.computershare.com for information regarding Computershare Trust Company of Canada.

The Trustee is responsible for the management and control of business and affairs of the Trust on a day-to-day basis in accordance with the terms of the Declaration of Trust. Pursuant to the terms of the Declaration of Trust and the Administration Agreement, the Trustee has assigned the management and control of the business and affairs of the Trust to AdminCo.

AdminCo

AdminCo is a corporation established under the laws of the Province of Alberta on July 31, 2013. AdminCo is controlled by David Wallach. The officers and directors of AdminCo are David Wallach and Craig Bentham.

The Administration Agreement

Pursuant to the Declaration of Trust and the Administration Agreement, the Trustee has granted to AdminCo authority to effect the actual administration of the duties of the Trustee under the Declaration of Trust. The Trustee has granted AdminCo the authority to provide general administrative services and support to the Trust and the Trustee, to act as agent for the Trust, to execute documents on behalf of the Trust and to administer decisions of the Trustee which conform to general policies and general principles set forth in the Declaration of Trust and/or the Administration Agreement or established by the Trustee. AdminCo shall have the powers and duties expressly provided for in the Declaration of Trust and in the Administration Agreement, including the power to further delegate administration of the Trust, provided that no further delegation shall be effective until AdminCo has notified the Trustee of the name of the person or persons to whom such further delegation is made and the terms and conditions thereof.

In the event that AdminCo is unable or unwilling to perform its obligations under the Administration Agreement, the Trustee shall either perform all obligations of AdminCo thereunder or shall be entitled to engage another Person that is duly qualified to perform such obligations.

Conflict of Interest Matters

AdminCo and the Partnership have adopted a Conflict of Interest Policy pursuant to which all matters that involve a Conflict of Interest Matter must be unanimously approved by the Independent Directors in order to proceed. As of the date of this Offering Memorandum, Neil Bane and Richard Boyer, directors of the General Partner since 2013, are considered to be Independent Directors, though subscribers should note that Mr. Bane and Mr. Boyer both have options to each acquire five percent (5%) of the issued and outstanding Class B LP Units in the Partnership for so long as they remain directors of the General Partner.

The Independent Directors must review and provide its decision to AdminCo or the directors of the General Partner (as applicable) on any Conflict of Interest Matter referred to the Independent Directors for review. The Independent Directors may provide standing instructions (being written approvals or recommendations) to AdminCo or to the directors of the General Partner that permit the Trust, the Partnership or the General Partner to proceed with a proposed action relating to a Conflict of Interest on an ongoing basis.

The Independent Directors may seek the advice of legal counsel, accountants, financial advisors, investment bankers or other advisors and is entitled to rely on such advice for the purposes of providing their decision to AdminCo or to the directors of the General Partner. The Independent Directors have no power, authority or responsibility for the operation of the Trust or its affiliates except with respect to providing their decision to AdminCo.

Any Conflict of Interest Matter that is not approved by the Independent Directors, as applicable, is not authorized to proceed.

If there are no Independent Directors, then the Trust, Partnership or General Partner will not proceed on a matter that has a Conflict of Interest.

Annually, the Partnership and the Trust will provide to Unitholders, along with its audited annual financial statements, a report of the Independent Directors regarding their review and approval of any Conflict of Interest Matters during the year.

2.1.2 THE PARTNERSHIP

The Partnership is a limited partnership established under the laws of the Province of Alberta on October 9, 2013.

The Partnership's head office is located at Suite 200, 407 - 8 Avenue SW, Calgary, Alberta. The Partnership was established to carry on real estate investments in the Target Markets, as described in more detail under Item 2.2 – "Our Business - The Partnership".

The General Partner

The General Partner of the Partnership is Triumph Real Estate Investment Fund 1 GP Ltd., a corporation established under the laws of the Province of Alberta on July 31, 2013. The General Partner is controlled by the officers and directors of the General Partner. See Item 3.1.2 - "The General Partner".

The terms of the Partnership Agreement provide that the General Partner has, to the exclusion of the Limited Partners, the sole power and exclusive authority to manage the business and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Limited Partners and the Partnership and shall, in discharging its duties, exercise the degree of care, the diligence and the skill that a reasonably prudent manager of a partnership would exercise in similar circumstances. Certain restrictions are imposed on the General Partner and certain actions may not be taken by it without the approval of the Limited Partners by special resolution. The General Partner cannot dissolve the Partnership or wind up its affairs except in accordance with the provisions of the Partnership Agreement.

The General Partner has:

- i. unlimited liability for the debts, liabilities and obligations of the Partnership;
- ii. subject to the terms of the Partnership Agreement, and to any applicable limitations set forth in the Partnership Act and applicable similar legislation, the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership; and

- iii. the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership.

Notwithstanding any other agreement the Partnership or the General Partner may enter into, all material transactions or agreements entered into by the Partnership must be approved by the board of directors of the General Partner.

Fees Payable by the Partnership to the General Partner

The Partnership Agreement provides that the Partnership may pay the following fees to the General Partner:

The Partnership:

- (i) shall pay the General Partner a fee (the “**Management Fee**”) equal to two percent (2%) of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership. The Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units;
- (ii) may pay the General Partner a fee (the “**Acquisition Fee**”) equal to one percent (1%) of the purchase price of a Property paid by the Partnership; and
- (iii) may pay the General Partner a fee (the “**Financing Fee**”) equal to one percent (1%) of the amount of any Financing obtained by the Partnership with respect to the acquisition of a Property.

The General Partner will not be entitled to the Acquisition Fee where Barclay Street receives a real estate commission for acting as the purchasing real estate agent on behalf of the Partnership with respect to a Property acquired by the Partnership. See Item 2.2 – “Our Business – The Partnership – Real Estate Brokerage Fees”.

The following is a summary of the current status of the above Fees as of the date of this Offering Memorandum:

Management Fee - \$186,749 which has been earned of which \$93,374.50 has been paid by the Partnership to the General Partner, and \$93,374.50 is to be paid by the Partnership to the General Partner from operating income of Properties acquired by the Trust and/or from sale proceeds of Properties sold by the Trust.

Financing Fee - (i) \$45,000 with respect to the acquisition by the Trust of the South Airways Property; (ii) \$22,200 with respect to the acquisition by the Trust of the Roland Plaza Property; (iii) \$40,000 with respect to the acquisition by the Trust of the King Street Property; and (iv) \$25,902 USD with respect to the acquisition by the Trust of the Bell West Property (see Item 2.2.3 - “Business of the Partnership - Properties Acquired by the Trust” herein) may be paid by the Partnership to the General Partner upon the passing of an authorizing resolution of the directors of the General Partner from operating income of Properties acquired by the Trust and/or from sale proceeds of Properties sold by the Trust.

Acquisition Fee - Payment of Acquisition Fees by the Partnership to the General Partner will be made from operating income of Properties acquired by the Trust and/or from sale proceeds of Properties sold by the Trust. No Acquisition Fee will be paid to the General Partner with respect to the acquisition of the South Airways Property, the Roland Plaza Property, and the King Street Property by the Partnership as Barclay Street received a real estate commission for acting as the purchasing real estate agent on behalf of the Partnership with respect to this Property. See Item 2.2.3 - “Business of the Partnership - Real Estate Brokerage Fees”.

Barclay Street did not act in any capacity on behalf of the Partnership with respect to the acquisition of the Bell West Property. The Partnership will pay an Acquisition Fee of \$39,850 USD to the General Partner from operating income of Properties acquired by the Trust and/or from sale proceeds of Properties sold by the Trust.

Acquisition of Class A LP Units by the Trust

The Trust has acquired 9,337,453 Class A LP Units in the Partnership with funds raised from the Previous Offerings. The Trust will continue to acquire Class A LP Units in the Partnership for a purchase price of one dollar (\$1) per Class A LP Unit with all proceeds from future closings under this Offering.

Distributable Cash of the Partnership

The ability of the Trust to make distributions of cash and to make cash redemptions of Units will be wholly dependent upon distributions of Distributable Cash the Trust receives from the Partnership pursuant to the terms of the Partnership Agreement.

The following are the terms of the Partnership Agreement relating to the distributions of Distributable Cash:

- (a) The General Partner may in its Discretion make distributions of Distributable Cash as follows:
 - (i) firstly, 0.01% to the General Partner;
 - (ii) secondly to the Limited Partners holding Class A LP Units to the extent of their unreturned Capital Contributions, whereupon distributions shall thereafter be made;
 - (iii) thirdly, to the Limited Partners holding Class A LP Units, in accordance with their Proportionate Shares, until there has been distributed to the Limited Partners holding Class A LP Units an amount of cash equal to such Limited Partners' then Cumulative Preferred Return Deficiency, if any whereupon distributions shall thereafter be made;
 - (iv) fourthly, (a) 70% to the Limited Partners holding Class A Units, and (b) 30% to the Limited Partners holding Class B Units in accordance with their Proportionate Shares until such time as the Limited Partners holding Class A Units have received distributions equal to a 12% annualized return on their Contributed Capital whereupon distributions shall thereafter be made;
 - (v) fifthly, (a) 50% to the Limited Partners holding Class A Units, and (b) 50% to the Limited Partners holding Class B Units in accordance with their Proportionate Shares.
- (b) If the General Partner determines to make a distribution of Distributable Cash, the General Partner will distribute Distributable Cash to the Limited Partners whose names appear on the register on the date on which such distribution is being made. Distributions made will be net of any tax required by law to be withheld by the General Partner on behalf of the Partnership.

The General Partner may, in its Discretion at any time, may return to the Limited Partners their Capital Contribution (less the amount of cash or the agreed value of property which has been previously paid or distributed in respect of such Unit on account of capital) in such amounts as the General Partner may determine, pro rata in proportion to the number of Units held by each Limited Partner; provided that the General Partner may not make any such advance or distribution if and to the extent:

- (a) any Partner's share thereof would exceed the Capital Contribution of such Partner (less the amount of cash or the agreed value of property which has been previously paid or distributed in respect of such Unit on account of capital); or
- (b) such distribution would be contrary to any provision of any agreement to which the Partnership is a party or by which the Partnership is bound (including any financing) or to any applicable law.

Subject to advice to the contrary received from its tax advisors, any distributions of Distributable Cash made by the Partnership to the Trust with respect to Class A LP Units acquired by the Trust, after the Partnership has paid to the Trust any amounts with respect to any Preferred Return due and owing in respect of such LP Units, shall be paid as a return of Contributed Capital by the Partnership.

Subject to advice to the contrary received from its accounting advisors, distributions of Distributable Cash made by the Partnership to the Trust with respect to Class B LP Units acquired by the Trust shall be paid firstly as a return of Contributed Capital by the Partnership until the Trust has received return of all its Contributed Capital in respect of such LP Units acquired by it.

The Trust will be the only holder of Class A LP Units in the Partnership.

The majority of the Class B LP Units in the Partnership are held by the officers and directors of the General Partner. See Item 3.1.2 – "The General Partner". Class B LP Units not held by the officers and directors of the General Partner are held by two parties unrelated to the officers and directors of General Partner.

Other Advances or Distributions

Subject to and in the same priority as set forth above, the General Partner may, in addition to the advances or distributions described above, advance or distribute Distributable Cash at any other time and establish a record date for making of such advance or distribution. Notwithstanding the foregoing, the General Partner will not make any such advance or distribution if and to the extent such advance or distribution would be contrary to any provision of any other agreement to which the Partnership is a party, or by which the Partnership is bound (including any loan agreement) or to any applicable law.

2.2 OUR BUSINESS

2.2.1 Current Business of the Trust

The Trust was established for the primary purpose of acquiring, indirectly through the Partnership, real estate assets that are located in the Provinces in Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas.

Throughout this Offering Memorandum reference will be made to the Trust acquiring Properties. Notwithstanding that reference, investors should note that Properties will not be acquired directly by the Trust. Legal title to a Property will be held by the Acquisition LP or the Acquisition GP created by the Partnership with respect to each Property acquired.

The Trust intends to make quarterly distributions of operating income from a Property to Unitholders, commencing at the end of the first full fiscal quarter occurring after the acquisition of a Property by the Trust, with the goal of ultimately disposing of Properties acquired by it through the Partnership to generate significant gains. The Trust has made distributions of operating income to Unitholders in April 2015, July 2015, October 2015, January 2016, April 2016 and July 2016. The aggregate sum of the distributions referred to above is \$415,713 (rounded).

All of the Gross Proceeds of the Offering will be used to acquire Class A LP Units in the Partnership and if additional Properties are acquired in the United States, loan funds to the Holding LP. The number of Class A LP Units acquired by the Trust will be contingent on the amount of funds raised pursuant to this Offering. See Item 1.2 - "Use of Available Funds".

2.2.2 Previous Business of the Trust

As of the date of this Offering Memorandum, the Trust issued 9,337,453 Trust Units to investors under the Previous Offerings and has acquired 9,337,453 Class A LP Units in the Partnership with the proceeds of those Offerings.

The Trust will continue to acquire Class A LP Units in the Partnership for a purchase price of one dollar (\$1) per Class A LP Unit with all proceeds from future closings under this Offering.

2.2.3 Business of the Partnership

- (a) The Partnership was formed to:
 - (i) acquire a portfolio of real estate assets comprised of multi-tenant office, industrial or retail properties (the "**Properties**") located in the Provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas;
 - (ii) acquire securities in entities that own or operate Properties;
 - (iii) acquire, own, hold (whether, individually, jointly with others or via an Alternative Vehicle), maintain, manage, market, sell, transfer or otherwise dispose of Properties;
 - (iv) loan funds to any Alternative Vehicle on terms to be determined by the General Partner in its sole Discretion; and
 - (v) conduct any other business or activity incidental, ancillary or related thereto.
- (b) In carrying on its business, the Partnership may enter into joint ventures or partnerships with unrelated partnerships or parties in the acquisition of a Property;

- (c) If the General Partner determines in good faith that for legal, tax, regulatory or other reasons it is in the best interests of the Partnership for the Partnership to own or hold Property in a separate structure, the General Partner is authorized to cause the Partnership to form the same (“**Alternative Vehicle**”) and to contribute and/or make available, funds necessary for such Alternative Vehicle to acquire, own, maintain, improve, operate or dispose of such Property. See the heading “*Acquisition of Properties*” below for a detailed discussion of the relationship between the Partnership and any Alternate Vehicles established by it to acquire Properties;
- (d) The Partnership shall have the power to do any and every act and thing necessary, proper, convenient or incidental to the accomplishment of its business and purposes;
- (e) The purposes of the Partnership are to be construed as both purposes and powers of the Partnership.

Acquisition of Properties

Each Property acquired by the Trust will be held in a separate Alternative Vehicle each of which will be a registered limited partnership (each an “**Acquisition LP**”) that will be controlled by the Partnership.

Where a Property acquired by the Trust is located in the United States, the Acquisition LP relating to that Property will be a United States registered limited partnership. The Partnership’s interest in each United States registered Acquisition LP will be held by the Holding LP.

Where a Property acquired by the Trust is located in Canada, the Acquisition LP relating to that Property will be a Canadian registered limited partnership. The Partnership’s interest in each Canadian registered Acquisition LP will be held by the Partnership directly. See the heading below “*Description of Activities of the Trust*”.

Each Acquisition LP will have a general partner (each an “**Acquisition GP**”) that will be private corporation incorporated in the Target Market in which the Property to be held by an Acquisition LP is located. Each Acquisition GP will be controlled by certain of the officers and directors of the General Partner. The officers and directors each Acquisition GP will be comprised of officers and directors of the General Partner.

The Trust may acquire Properties in conjunction with unrelated third parties through joint ventures or partnerships with such parties. With respect to acquisitions that occur on this basis, the Trust will hold a minimum 51% interest the Property acquired and will control the Acquisition GP relating to any such Property.

Investment Objectives of the Trust

The Trust’s investment objectives are to: (a) indirectly acquire, own and lease a portfolio of diversified revenue-producing real estate properties located in the Provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas; (b) make distributions of Cash Flow of the Trust to Unitholders resulting indirectly from the revenue produced by the Properties acquired by the Partnership; and (c) enhance the potential for long-term growth of capital through value-added enhancements to the Properties indirectly owned by the Trust and organic growth in rental rates, combined with an overall reduction in capitalization rates.

To a great degree the Trust will rely on Wallach and his control of Barclay Street to achieve the investment objectives of the Trust.

Barclay Street

David Wallach is the sole officer and director and is the majority shareholder of Barclay Street Real Estate Ltd. (“**Barclay Street**”).

Barclay Street is an established Western Canadian-based real estate company specializing in providing a wide range of commercial real estate services with offices in Calgary and Edmonton employing 43 full time staff.

Barclay Street is considered one of the largest privately owned commercial real estate brokerage firms in Alberta. The senior management staff of its property management division brings to their clients over 70 years of combined experience in the management of all types of commercial properties. Areas of specialization include office and industrial leasing and sales, investment sales, retail leasing and development, and strategic planning.

Barclay Street is a member of the TCN Worldwide (“**TCN**”) network, which is a consortium of independent commercial real estate firms comprising 1,200 commercial real estate professionals servicing more than 200 markets that generate approximately \$21.6 billion in annual transactions. Visit www.tcnworldwide.com for more information with respect to TCN.

Property Management Services

As of the date of this Offering Memorandum, Barclay Street has 15 full time staff dedicated to this business unit and manages approximately 2.75 million square feet of commercial property in Calgary and Edmonton.

David Wallach

In 2000, David began his career in Canadian commercial real estate and was later invited to join a group of senior negotiators who bought an established real estate brokerage firm in 2001. David's extensive experience in real estate and his diverse knowledge in the business and financial sector, made transitioning his position within the firm a natural leap forward. In 2003, David assumed the leadership role of President with a strong team of almost 30 employees. With a rigorous business growth plan in mind, in 2004 the brokerage firm was rebranded under the name "Barclay Street Real Estate".

In a few short years, David has made strides in growing Barclay Street locally and internationally. In 2007, David added Property Management to Barclay Street's portfolio of services and the division has grown dramatically in the last few years with properties throughout Alberta.

In 2012, David brought his commercial real estate knowledge to the international stage as a board member in an advisory role on the TCN Board and as the Regional Vice President of the Canadian Region.

In April of 2016, David was appointed to Co-Chairing the Calgary Economic Development and the Commercial Real Estate Advisory Committee.

David earned the prestigious designation of Certified Commercial Investment Member ("CCIM") Delegate in 2013. With his strong knowledge of the real estate industry and his desire for Barclay Street to continue to grow, he earned the delegation successfully. The CCIM designation is earned after successfully completing a designation process that ensures CCIMs are proficient not only in theory, but also in practice.

David's extensive knowledge and forward thinking ideas have taken Barclay Street to new peaks in the commercial real estate industry. David was responsible for and supervised over \$500,000,000 in transactions and pushed Barclay Street's team to successfully close leasing and sales transactions valued over \$2 billion in the past five (5) years.

Investment Strategy:

Acquire Real Estate Properties in the Target Markets at Attractive Valuations

The Trust intends to identify undervalued Properties by leveraging the relationships of Wallach and Barclay Street with a network of real estate brokers, property owners, property managers and financial institutions located in the Target Markets to identify Properties for potential acquisition by the Trust. Many of these opportunities may be "off-market" and not widely marketed for sale.

The following are the tactics which the Trusts will employ in identifying Properties for acquisition:

- Target diversified real estate assets:
 - (i) Located in secondary markets demonstrating sustainable population and employment statistics; and
 - (ii) Located in well-developed sub-markets with limited risk of new development.
- Negotiate with sellers to place Properties under contract and conduct a thorough due diligence process including review and analysis of leases, cash flow models, market studies, environmental reports, and structural reports (typically over a 30 to 60 day period).
- Source debt financing terms from various lenders, finalize diligence and debt financing with the selected lenders (if applicable), and acquire the Property.

Target Markets

The sources for the portions of the disclosure provided below are from publications prepared by the following parties as well as information prepared by Barclay Street:

- ❖ *Avison Young Commercial Real Estate (Canada) Inc.*
- ❖ *Barclay Street Real Estate Ltd.*
- ❖ *CBRE Limited*
- ❖ *Colliers International (Canada) Inc.*
- ❖ *JLL*
- ❖ *RealNet an Altus Group Company*
- ❖ *Statistics Canada*

Canadian Overview

Due to Canada's deep exposure to the oil and commodities markets, changes in the global energy markets have not been favourable; key markets such as Calgary and Edmonton have been negatively impacted. Compounding the issue in these markets is aggressive construction undertaken during 2013 and 2014. The national economy is forecast to see generally slowed overall growth over the next 12-24 months as layoffs and merger and acquisition activity work through the system.

The generally slowed economy has kept the value of the Canadian Dollar low, however the current exchange rate has attracted interest from foreign investors who are looking to enter the market while there is a cost advantage. The United States, China and Europe have been the main sources of international investment activity, with the exchange rate being a significant advantage to investors from these countries. Primary targets during the latter part of 2015 and through the first half of 2016 have been Toronto and Vancouver. It is anticipated that strong demand from both local and international buyers will boost competition for premium assets through the duration of 2016 and into 2017.

Specific Canadian City Target Market Commentary

Calgary

Overall investor sentiment toward commercial real estate in Calgary remained cautious during the first half of 2016. Nine sales were completed to June 30th, continuing a slowing trend from mid-year 2015 when 11 commercial office transactions occurred. This was down from 15 at the mid-point of 2014 year.

Buyer and seller expectations remain out of alignment, with potential buyers looking for substantial discounts that reflect the increased risk inherent in an oversupplied market. Property owners, on the other hand, display a general contentment to ride out the commodity cycle and have not been open to the idea of materially discounting values to reflect the currently achievable leasing rates.

Industrial capitalization rates have experienced marginal upward pressure, as many industrial tenants have exposure to oil and gas companies and demand for industrial space to house these service providers has decreased. It should be noted, however, that inventory of well-located industrial properties remains tight, which has tempered the change in capitalization rates.

Edmonton

Edmonton's commercial real estate market is undergoing a significant revitalization project with several facets; the development of Rogers Place, construction of multiple residential towers and the introduction of three new office towers. As a result, an inventory distinction is emerging, seen in leasing activity differences between higher-quality and lower-quality buildings. By comparing net absorption among higher-quality buildings (15 years old and under) to lower-quality ones (more than 15 years old), a clear shift away from lower-quality buildings towards higher-quality ones can be seen.

The City of Edmonton has also created a program aimed at commercial storefronts located within Business Revitalization Zones. The Façade and Storefront Improvement Program incentivizes commercial building owners to invest in façade renovations and storefront upgrades with matching grants that would cover a portion of renovation costs.

Ottawa

The Ottawa commercial real estate market continues to witness low transaction activity. As an example, 2015 saw the fewest number of commercial real estate transactions in the last 11 years and little change has been seen to mid-year 2016. Ottawa has yet to see a surge in commercial real estate activity as a result of the new Liberal government and its fiscal policy.

Ottawa office vacancy rates remain high and net effective rents remain low. Even good-quality, well-located buildings are being forced to offer aggressive incentive packages to attract potential tenants. Suburban office buildings in average locations are being hit the hardest. Many of these facilities were initially constructed to accommodate a single federal government tenant; though once that tenant vacates, it becomes very difficult to re-lease the space. There are presently a number of suburban office buildings that have been vacated by the Federal Government and have remained vacant with limited interest from new tenants.

The Federal Government continues to consolidate various departments, extending the negative impact on local vacancy and rental rates. It is generally expected, however, that the state of the office market is such that transaction activity will pick up as landlords move to sell underperforming assets to parties willing to attempt to reposition them.

Toronto

Early signs of foreign investment are being seen as a result of the weakened Canadian dollar. As an alternate asset class to bonds and equities, Toronto's real state sector continues to gain popularity among foreign investors, driven partially by persistently low interest rates, institutional asset managers, pension funds and sovereign wealth funds who view high-quality real estate as a conservative way to earn income and preserve capital. This should continue to put downward pressure on capitalization rates for quality, investment-grade product.

In the GTA's suburban office market, development is happening at a fair clip; over the past 10 years, more new supply has been introduced in the suburban office market than within the downtown core. The strength of these new suburban offices is that they cater to those living in suburbia who require proximity to the airport, major arterial routes and highways, and want to forego the daily commute to the downtown core. By contrast, the downtown offices cater to millennials, who live close to and rely on public transit.

United States Overview

The moderate U.S. economic expansion since mid- 2009 has been strong and steady the last two years at more than 2% annually. The 2015 expansion was driven by increases in consumer spending, and both non-residential and residential fixed investment. Also contributing to positive economic activity are an improving housing market and healthy job growth. That said, market volatility was seen early in Q1 2016 due to ongoing low oil prices and if this persists it may challenge the pace of economic growth this year.

Real estate investment activity reached near-record levels, however, despite recent economic and geopolitical headwinds. Total direct real estate investment volumes in 2015 reached \$704 billion USD, only 7% below the all-time high in 2007 (\$758 billion USD), with the strength of the U.S. dollar in 2015 understating the true level of market activity; at fixed exchange rates, full-year 2015 volumes would have been a record \$765 billion USD. While global volatility contributed to a more cautious start to 2016, relative stability is expected for the duration of the year with institutional investors allocating significant capital to real estate.

Specific United States City Target Market Commentary

Dallas

Dallas' construction pipeline is not at record highs, though it is above the long term average and has been increasing over the few preceding quarters. More than half of coming inventory consists of very large built-to-suits, most of which will be delivered in 2017 and early 2018. In the first half of 2016, almost 2.2 million square feet of new construction was completed leaving approximately 3.3 million square feet scheduled for completion over the third and fourth quarters. Of that pipeline, 1.8 million square feet is not built-to-suit or preleased.

Rate pressure remains in place remains in effect for all submarkets. Year-over-year, direct asking rates increased for Class A and B space by more than seven percent (7%). Some tenants experience sticker shock at current renewal rates, which, in many cases are well-above their expiring leases. That said, it is generally expected that new Class A construction will serve to limit upward pressure on rates as it is delivered.

Denver

Denver's commercial real estate outlook remains positive, due to strong market fundamentals which include broad economic growth and healthy investor demand. Disciplined new real estate development is responding to office and industrial demand while pre-leasing and absorption activity is healthy for both property markets. A tight industrial market should drive lease rates higher and office real estate is also expected to see asking lease rates edge up. New office deliveries will increase the vacancy rate, however, as tenants move into their new spaces. Retail fundamentals are expected to remain stable 2016, despite moderate new supply.

Capital is expected to remain abundant in the second half of 2016, despite moderate interest rate increases. Sales volume will only be limited by available product for sale, while pricing is expected to be similar to 2015.

Houston

Ongoing oil over-supply concerns are likely to keep the price of oil depressed into the near future and as a result, energy companies - particularly over-leveraged ones - are targets for either bankruptcy or merger and acquisition activity. These companies made cuts in both jobs and budgets in 2015, which is expected to continue into 2016. With an additional 2.7 million square feet of new deliveries yet to be leased, it is anticipated that vacancy rates will near 20% by year end.

Building sales activity reflects the combination of oil price concerns and job losses, as investors have shifted their focus from A Class and 'trophy' assets towards smaller B Class properties which generally have more secure tenant bases. Three building transaction occurred during Q1 2016, all of which were B Class assets.

The lack of Class A asset transactions is reflective of a market in flux, with buildings owners largely taking a cautious approach to putting Class A or Trophy assets on the market. As these buildings, for the most part, have solid tenant bases and limited roll, building owners are content to sit on the sidelines and wait out the market uncertainty as opposed to putting an asset on the market and not finding the demand and transaction terms to their liking.

Orange County

Orange County continued to see increased competition for a tightening supply of office space that has resulted in rising prices. The county is a thriving hub for financial services, information technology, logistics and health care and continues to attract a talented workforce. The region's ideal geography and bustling tourism trade contribute to a high quality of life. Orange County boasts one of the lowest unemployment rates in California.

The Orange County industrial market remains one of the tightest in the United States as demand for limited product keeps vacancy extremely low, while rental rates remain consistently high, construction, aerospace and distribution firms continue to drive demand, especially for buildings exceeding 100,000 square feet. Industries are benefiting from the talented labor pool in the county as the unemployment rate reached an impressive 4% at the end of 2015; one of the lowest rates in California. Almost a million square feet of proposed development is currently on the market awaiting ground break.

Orange County is experiencing a robust economic recovery, and the low unemployment rate is translating to increased population while perpetuating the need for retail. Ideal geography and tourism also lend to a high quality of life, and the appeal for a corporate presence. Orange County is the sixth most populous county in the United States, and the largest county of the 100 wealthiest counties in the United States. Retailers are highly motivated to maintain a presence here and are driving positive absorption while increasing rental rates that have remained at recessionary levels for years. As consumer demand evolves and shifts toward service-oriented retail, an increasing presence is expected from medical and health related vendors located closer to the suburbs and in shopping centers. Diverse consumer demands may be creating movement of vendors, but not slowing demand for retail space.

Acquisition Strategy

Apply Hands-On Asset Management Philosophy to Increase the Value of Properties

With respect to each Property acquired, the Trust will:

- Prepare a business plan for each Property addressing the Property's needs and areas of improvement and apply an entrepreneurial philosophy of maintaining distributions and increasing value over the medium to long term.
- Assess each Property to determine how to optimally refurbish, reposition and re-tenant if required. In a number of situations, it is the existing owner who is distressed and not the asset. This creates an opportunity to reposition the Property through modest and targeted capital projects and/or operational improvements. Wallach will work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time.
- Focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases. The health of these relationships is not only core to generating cash flow stability but also creates incremental origination opportunities for other Properties owned indirectly by the Trust where these tenants are leasing.

Management of the Properties

Barclay Street may manage Properties acquired by the Trust which are located in the Provinces of Alberta and Saskatchewan. In consideration for the services to be provided by Barclay Street with respect to the management of the Properties acquired by the Trust in this respect, Barclay Street will be entitled to a management fee, payable monthly, equal to 3-5% of the monthly gross collected rent with respect to a Property calculated and paid on the last Business Day of each month with respect to the prior monthly period. This fee is expected to be recoverable from the tenants of a Property under the lease terms. Barclay Street will also be entitled to recover its reasonable costs and expenses, including legal and audit costs relating to the Properties but excluding personnel costs of Barclay Street. Barclay Street may pay the General Partner an advisory services fee (the "Advisory Services Fee") of up to two percent (2%) annually, from any property management fee charged by Barclay Street to the Partnership and paid by the tenants of a Property acquired by the Trust. The Partnership has been and will continue to be paid such a fee with respect to the South Airways Property, the Roland Plaza Property and the King Street Property (see the heading below "*Properties Acquired by the Trust*"). As of the date of this Offering Memorandum the General Partner has been paid an Advisory Services Fee of \$22,882 by Barclay Street.

Where Properties acquired by the Trust are located outside of the Provinces of Alberta and Saskatchewan, or where it is in the best interest of the Trust that Properties be managed by a party other than Barclay Street, the Trust, through the Partnership, will engage unrelated professional property managers who will be compensated on terms similar to those described above.

Realize Value Through Sales of Properties

The Trust will continually monitor the commercial real estate investment and capital markets with a view towards maximizing disposition proceeds.

Once an individual Property has been stabilized through the application of the Trust's asset management strategy, it will be evaluated for sale to realize on value creation. Gains are created by an increase in net operating income and capitalization rate compression.

The Trust will base its approach to asset selection on the following criteria:

Transaction Size – The Trust believes that an opportunity exists to acquire high-quality assets priced between \$3 million and \$15 million (including the impact of leverage). Each such transaction would be expected to require approximately \$1.2 million to \$6 million of equity investment. The Trust has opted to focus on transactions of this size since assets in this price range are generally too small to attract large institutional investors yet too large for private investors. The Trust believes that this will result in fewer competitive bidders, thereby increasing the ability of the Trust to acquire real estate assets at attractive prices.

Asset Quality – Demand remains strong for 'A' quality trophy commercial real estate and bidding in this class remains extremely competitive.

The Trust believes an opportunity exists in the ‘A-’ and ‘B’ quality markets where the pool of buyers is smaller and not as well capitalized. The Trust believes that this investment strategy will yield the greatest opportunity to acquire quality, revenue-producing Properties at attractive valuations.

Investment Rationale

The Trust believes there is currently an opportunity to acquire well-located, good quality commercial properties at significant discounts to their stabilized value and replacement cost with the Target Markets.

In the Trust’s judgment, amidst volatile global capital market conditions and a chronically low-yield environment, an investment providing a return driven by revenue-producing commercial real estate properties with a medium to long-term investment horizon compares favorably to other publicly traded asset classes.

With respect to Properties located in the United States, the tightening of credit markets in the United States, coupled with a broad-based worldwide economic slowdown, has caused commercial real estate prices across the United States to decline and remain depressed which has created attractive investment opportunities for revenue-producing commercial real estate properties.

In addition to providing stable cash flows, the Trust believes that quality commercial real estate offers an opportunity for significant capital appreciation due to the low interest rate environment that is expected to continue for the medium to long-term and the continued capitalization rate compression on commercial real estate that traditionally follows this cycle.

Wallach’s extensive relationships with real estate brokers, property owners, property managers and financial institutions is expected to allow the Trust to acquire a significant number of its Properties on an “off-market” basis. It is preferred to acquire assets in this fashion as “off-market” opportunities are typically bought at a discount to the current market pricing due to the lack of a competitive bidding process.

In the Trust’s judgment, over the last 12 to 30 months, real estate investment trusts (“REITs”) and institutional investors have primarily focused their investments on large cities and trophy assets in an effort to reduce perceived risk. Trophy assets in prime cities are often associated with higher liquidity and improved lending characteristics. These factors have caused the pricing on this asset class to increase significantly. In future periods, the Trust believes increased pricing coupled with a low interest rate environment will force buyers to expand their investment criteria to include secondary markets with stable cash flows in search of new investment opportunities; a pattern observed in previous real estate cycles.

Investment Highlights:

Opportune Investment Timing

General comments relating to commercial real estate properties:

- *Defensive Nature of Commercial Real Estate Property* – The Trust believes that well-located, commercial real estate properties represent a defensive asset class with limited downside in volatile markets. The ability to provide consumer staples and services such as grocery stores, drugstores, banks, fast food restaurants, medical and office space provide investors with a diverse tenant base.
- *Limited Debt Availability* – The combination of tightening lending standards and reduction in overall lending capacity among banks and other institutional lenders has created difficult conditions for obtaining acquisition financing. For similar reasons, conduit financing has significantly reduced since its peak. The limited access to credit financing has reduced the number of competing buyers thereby creating more opportunity for well-capitalized investors.

Specific comments with respect to Properties located in the United States:

Foreign appetite for United States based real estate properties remains strong and focused. At mid-year 2016, cross-border acquisitions increased 13.5% to \$3.6 billion USD. Canadian capital was the primary driver, accounting for \$2.3 billion - two-thirds of which was via portfolios. Selective investment has been seen in high barriers-to-entry retail assets, such as global gateway properties and Class ‘A’ mall product. Industrial assets have been in-demand as well, with emphasis placed on regional and national portfolios possessing high exposure to primary and high-growth secondary markets.

Most sectors witnessed improvements as the economy continued to expand. The United States remained a bright spot in the global economy, with many emerging markets struggling and Europe contending with the unknown consequences of the Brexit vote. There is, however, growing concern over the future path of the United States economy and the impact on the property markets. For example, office leasing activity to mid-year was more restrained than in 2015. The Industrial sector - boosted by ravenous demand for logistics space among e-commerce and traditional retailers - remained very strong and posted 25 quarters of positive net absorption. Retail continued to lag however, with no notable changes there and performance among sub-sectors remained uneven. It is generally anticipated that, based on the economic cycle, property markets will witness further improvements, albeit moderate.

Alignment of Interests

The Trust believes that individual investors should have the same opportunities as institutions, pension funds and high net worth individuals with respect to real estate investing. With this in mind, an investment in Units has been structured to align the interests of Management with those of the Unitholders. Management, as holders of the majority of the Class B LP Units, will only be entitled to distributions from the Partnership after 100% of the equity invested in the Partnership by the Trust has been returned to the Trust and the Trust has received full payment of the Preferred Return.

Leverage

The current commercial real estate debt financing market offers debt financing at attractive interest rates which the Trust intends to fully utilize in order to increase return on equity. The Trust expects that Properties will be available for acquisition at prices which provide a capitalization rate of approximately 7% to 9%, with favorable long-term financing, providing positive financial leverage upon acquisition. As well, the Trust will target an overall loan-to-value ratio of any mortgage financing at 60% to 70% of the value of the Properties being the purchase price of the Properties as a whole, plus the amount of any property improvement reserve account approved by the lenders.

Distributions:

Distribution of Income from Properties

Subject to the terms disclosed in the heading “Factors Affecting Distributions” below, the Trust intends to make quarterly distributions of operating income from a Property to Unitholders, commencing at the end of the first full fiscal quarter occurring after the acquisition of a Property by the Trust. The Trust has made distributions of operating income with respect to the South Airways Property to Unitholders in April 2015, July 2015, October 2015 and combined operating income with respect to the South Airways Property and the Roland Plaza Property in January 2016, April 2016 and July 2016. The aggregate sum of the distributions referred to above is \$415,712.98.

The Partnership Agreement provides that the Trust, as a holder of Class A LP Units in the Partnership, is entitled to:

- (i) return of its Capital Contributions with respect to Class A LP Units acquired by the Trust;
- (ii) a seven percent (7%) Preferred Return on Capital Contributions made by the Partnership;
- (iii) thereafter a 70% share of any further distributions made by the Partnership until the Trust has received distributions equal to a 12% annualized return on its original Contributed Capital amount; and
- (iv) after which it will then be entitled to a 50% share of any further distributions made by the Partnership.

It is the intention of the Trust to distribute all cash distributions it receives from the Partnership to Unitholders and as such Unitholders are effectively entitled to distributions from the Trust on the same basis as described above.

The holders of the Class B LP Units in the Partnership, which include the officers and directors of the General Partner, are entitled to the remaining 30% distributions made by the Partnership in sub-paragraph (iii) above and the remaining 50% distributions made by the Partnership in sub-paragraph (iv) above.

Distributions from the Sale of Properties or Wind-Up or Dissolution of the Partnership

Cash Flow of the Trust resulting from the sale of Properties by the Partnership or upon wind-up or dissolution of the Partnership will be distributed in the same manner as described above.

Factors Affecting Distributions

The Preferred Return of seven percent (7%) per annum payable by the Partnership to the Trust, which will ultimately form part of the distributions available from the Trust to the Unitholders, is a preferred return, but is not guaranteed and may not be paid on a current basis in each year or at all. The return on an investment in the Units is not comparable to the return on an investment in a fixed income security. Cash distributions, including a return of a Unitholder's original investment, are not guaranteed and the anticipated return on investment is based upon many performance assumptions.

Although the Trust intends to distribute its available cash to the Unitholders, such cash distributions may be reduced or suspended in the sole Discretion of AdminCo. The ability of the Trust to make cash distributions and the actual amount distributed will depend on the ability of the Trust to acquire the Properties and the ongoing operations of the Properties, and will be subject to various factors including those referenced in Item 8 - "Risk Factors" section of this Offering Memorandum. It is important for Subscribers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the distributions to Unitholders. See Item 8 - "Risk Factors" for a more complete discussion of these risks and their potential consequences.

Redemption of Units by the Trust

Unitholders may redeem Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustee. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units". The Redemption Price shall be determined as follows: (i) if a Redemption Notice is received within 12 months from the date of the Unit Certificate (the "**Issuance Anniversary**") representing Units to be redeemed shall be 90% of the Unit Subscription Price paid by a Subscriber to this Offering with respect to each Unit to be redeemed; and (ii) if a Redemption Notice is received at any time after the Issuance Anniversary of a Unit Certificate the Redemption Price shall be 95% of the fair market value of each Unit to be redeemed, as determined by AdminCo as of the day on which a Redemption Notice required by the Declaration of Trust is delivered, having reference to financial statements and such other information as AdminCo may consider appropriate.

The Redemption Price for Units paid by the Trust may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the Trust. **Subscribers should note that Redemption Notes likely will not be a qualified investment for tax-exempt subscribers.** See Item 6 - "Income Tax Considerations" and Item 8 - "Risk Factors - Payment of Redemption Price in Kind and through issuance of Redemption Notes". Where in the sole Discretion of AdminCo the Trust chooses to pay the Redemption Price in cash, the maximum aggregate redemption proceeds shall not exceed \$75,000 per calendar quarter in cash; provided that, in AdminCo's sole Discretion the Trust may pay in excess of \$75,000 of cash in a calendar quarter. See Item 2.5 - "Material Agreements - Summary of the Declaration of Trust - Redemption of Units".

The above redemption right is not intended to be the primary mechanism for Unitholders to liquidate their investment.

As of the date of this Offering Memorandum, there have been no redemptions requested by Unitholders of the Trust.

Investment Restrictions and Operating Policies

Investment Restrictions

The assets of the Trust will be invested only in accordance with the following restrictions:

- (a) the Trust may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in commercial real estate properties located in the Provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas;
- (b) the Trust shall not make any investment, take any action or omit to take any action that would result in the Trust not qualifying, at all times, as a "mutual fund trust" within the meaning of the Tax Act;

- (c) the purchase price for any one Property shall not exceed \$15 million unless approved by the independent directors of the General Partner;
- (d) except for temporary investments held in cash, the Trust shall only invest in deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or money market instruments maturing prior to one year from the date of issue;
- (e) the Trust shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (f) the Trust shall not invest, directly or indirectly, in Properties whose primary business is that of a hotel, retirement home, senior care facility or self-storage facility;
- (g) the Trust shall not invest in raw land for development, except for the purpose of the renovation or expansion of existing Properties; and
- (h) the Trust shall not take any action, or acquire, retain or hold any investment in any entity or other property that would result in the Trust being a “SIFT trust” as defined in the Tax Act.

The restrictions provided for in sub-paragraphs (a), (c)-(g) shall apply in all respects with respect to the assets of the Partnership.

Operating Policies

The operations and affairs of the Trust and the Partnership will be conducted in accordance with the following policies:

- (a) the Trust shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” has the meaning ascribed thereto by National Instrument 81-102 - *Investment Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b) the Partnership may engage in construction or development of real property to maintain its Properties in good repair or to improve the income producing potential of Properties in which the Partnership has an interest;
- (c) title to each Property shall be held by and registered in the name of the Acquisition GP of the Acquisition LP to which the Property relates with respect to Properties located in Canada. With respect to Properties located in the United States title will be held and registered in the name of the Acquisition LP to which the Property relates;
- (d) the Partnership shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the Partnership would be more than 70% of the Maximum Offering amount provided that, if approved by the board of directors of the General Partner, the aggregate of the appraised value of the Properties may be used instead of the Maximum Offering amount for the purposes of this paragraph (d);
- (e) the Partnership shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts, with such insurers, and on such terms as the board of directors of the General Partner considers appropriate, taking into account all relevant factors including the practice of owners of comparable properties; and
- (f) the Partnership shall obtain a Phase I environmental site assessment of each Property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the Trust shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessments shall be satisfactory to the General Partner.

For the purpose of the foregoing investment restrictions and operating policies, the assets, liabilities and transactions of an Acquisition LP or other entity wholly or partially-owned by the Trust or the Partnership will be deemed to be those of the Trust and the Partnership. In addition, any references in the foregoing investment restrictions and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Restrictions and Operating Policies

All of the investment restrictions set out under the heading “*Investment Restrictions*” and the operating policy contained in paragraph (d) set out under the heading “*Operating Policies*” may be amended only with the approval of 66⅔% of the votes cast by Unitholders of the Trust at a meeting of Unitholders called for such purpose. The remaining operating policies and investment restrictions may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Notwithstanding the foregoing paragraph, if at any time a Government Authority having jurisdiction over the Trust and Partnership or any property of the Trust and the Partnership shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the Trust and the Partnership then in force (other than subparagraph (b) of the “*Investment Restrictions*”), such investment guideline or operating policy in conflict shall, if AdminCo or the General Partner, as the case may be, on the advice of legal counsel to AdminCo or the General Partner so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of AdminCo or the General Partner shall not require the prior approval of Unitholders.

Financing

The Partnership intends to obtain mortgage financing for any Properties acquired on terms that are acceptable to the General Partner. See Item 4.3 – “Long Term Debt”.

Properties Acquired by the Trust

The South Airways Property

The Trust, through the Partnership, acquired an 11 bay industrial building (the “South Airways Property”) located at 1715 - 27 Avenue NE Calgary, in December of 2014 from an unrelated party for the purchase price of \$6,475,000 (the “South Airways Purchase Price”). The South Airways Purchase Price was paid by way of \$2,075,000 in cash and \$4,500,000 in mortgage financing. See Item 4.3 - “Long Term Debt - The Partnership”.

The Partnership created an Acquisition LP, Triumph South Airways Acquisition LP, to acquire the South Airways Property. Title to the South Airways Property is held in the name of Triumph South Airways Acquisition GP Ltd., the Acquisition GP associated with the above Acquisition LP.

The South Airways Property is situated in an industrial district in Northeast Calgary known as South Airways Industrial district. The South Airways Industrial district is located approximately 5 kilometers northeast of Calgary’s central business district. The South Airways Industrial district is competitively located in the northeast district of the city, and is situated in close proximity to major arterial roadways and thoroughfares. The district has been primarily developed with light intensity industrial flex space, and other commercial development. The land use classification within South Airways Industrial includes I-G, Industrial General, I-C, Industrial Commercial, I-B, Industrial Business classifications as well as other light commercial uses.

The South Airways Property is zoned “I-C” (Industrial - Commercial) and comprises a total area of 1.73 acres, more or less and has frontage of approximately 556 feet, more or less, onto 27 Avenue NE & 16 Street NE.

The South Airways Property was constructed in 1981 is a two story a multi-tenant office-warehouse office building with gross leasable area of 44,014 square feet.

The following are a summary of the material structural details of the South Airways Property:

Foundation - The South Airways Property was constructed with a slab-on-grade foundation. There are no basement facilities.

Superstructure - The superstructure of the South Airways Property includes structural steel columns and concrete block load bearing exterior wall with open web steel roof trusses. Exterior Walls - The majority of the exterior of the South Airways Property is clad with brick veneer masonry. The average vacancy rate in the South Airways Property during 2015 and 2016 was 3.4%. The average net rental rate per square foot for 2015 and 2016 was \$11.09. In a report dated July 11, 2016 (the “South Airways Appraisal”), by Rachel Rothery, B.Comm, AACI, P App. of Colliers International the South Airways Property was appraised as having a Market Value of \$6,800,000. Subscribers should note that the stated Market Value for the South Airways Property is an estimate only.

The amount that the Trust might actually receive if the South Airways 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. The South Airways Appraisal is available to Subscribers upon request to the Trust.

The Roland Plaza Property

The Trust, through the Partnership, acquired a commercial building and parking lot (the “Roland Plaza Property”) located at 5004 – 48 Street, Red Deer, Alberta, in September of 2015 from an unrelated party for the purchase price of \$3,174,000 (the “Roland Plaza Purchase Price”). The Roland Plaza Purchase Price was paid by way of \$954,000 in cash and \$2,220,000 in mortgage financing. See Item 4.3 - “Long Term Debt - The Partnership”.

The Partnership created an Acquisition LP, Triumph Roland Plaza LP to acquire the Roland Plaza Property. Title to the Roland Plaza Property is held in the name of Triumph Roland Plaza GP Ltd., the Acquisition GP associated with the above Acquisition LP.

The Roland Plaza Property is situated in the downtown area of the City of Red Deer, Alberta. The Roland Plaza Property is located approximately 2 blocks south of Red Deer’s central business district (“CBD”). The land use classification within the CBD is C1 Commercial City (“City Centre”) District which includes commercial recreation and services, hotel, motel, restaurant, merchandise and office space.

The Roland Plaza Property comprises a total area of 23,214 square feet and has 20 parking lot spaces. The Roland Plaza Property was constructed in 1956 is a one (1) story a multi-tenant office building with gross leasable area of 14,063 square feet. Currently the Roland Plaza Property has seven (7) tenants comprised of various retailers and a restaurant.

The following are a summary of the material structural details of the Roland Plaza Property:

Foundation - The Roland Plaza Property was constructed with a poured concrete foundation with a partial basement.

Exterior Walls - Masonry with stucco finish.

The average vacancy rate in the Roland Plaza Property during 2015 and 2016 was 0%. The average net rental rate per square foot for 2015 was \$18.90 and in 2016 was \$19.30.

In a report dated July 11, 2016 (the “Roland Plaza Appraisal”), by Rachel Rothery, B. Comm, AACI. P App. of Colliers International the Roland Plaza Property was appraised as having a Market Value of \$3,400,000. Subscribers should note that the stated Market Value for the Roland Plaza Property is an estimate only. The amount that the Trust might actually receive if the Roland Plaza 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.

The Roland Plaza Appraisal is available to Subscribers upon request to the Trust.

The King Street Property

The Trust, through the Partnership, acquired a commercial building (the “King Street Property”) located at 420 King Street, Spruce Grove, Alberta on July 29, 2016 from an unrelated party (the “King Street Vendor”), for the purchase price of \$6,200,000 (the “King Street Purchase Price”). The King Street Purchase Price was paid by way of \$1,700,000 in cash and \$4,500,000 by way of the assumption of the King Street Vendor mortgage financing. See Item 4.3 - “Long Term Debt - The Partnership”.

The Partnership created an Acquisition LP, Triumph King Street Acquisition LP to acquire the King Street Property. Title to the King Street Property is held in the name of Triumph King Street Acquisition GP Ltd., the Acquisition GP associated with the above Acquisition LP.

The King Street Property is a plaza situated in the City of Spruce Grove within the mixed use neighbourhood of Broxton Park in south central Spruce Grove, which is located 11 kilometers west of Edmonton, Alberta.

The land use classification of the King Street Property is currently classified DC (Direct Control District).

The King Street Property was constructed in 1974 with extensive renovations occurring in 2009. The improvements have an effective age of approximately 25 years and a remaining effective life of approximately 30 years. The property is a bareland condominium unit (the “Condominium”) and is a neighbourhood shopping centre consisting of a multi-tenant, strata titled component which has been demised into ten (10) tenant spaces containing a total of approximately 25,690 square feet of gross leaseable area. The west and north portions of the site have been paved for customer and staff parking. Subscribers should note that a portion of the Parking Area is included as part of the Condominium comprising the King Street Property. In the event that the portion of the Parking Area in question is subdivided in the future from the remainder of the King Street Property, the King Street Vendor has the option to acquire that portion of the Parking Area from the Partnership for the sum of \$10.

As of the date of this Offering Memorandum, the King Street Property has one vacant space of 1,468 square feet.

The average vacancy rate in the King Street Property during 2016 is currently 5.8%. The average net rental rate per square foot of the King Street Property for 2016 is currently \$17.60.

The City of Spruce Grove owns the other two (2) units in the Condominium.

The following are a summary of the material structural details of the King Street Property:

Construction – The foundation of the King Street Property consists of a poured in place concrete grade beam and pile/footing foundation with slab on grade flooring. The superstructure consists of pre-cast perimeter reinforced concrete wall cladding, reinforced concrete columns and reinforced concrete beams and roof beams. The roof consists of reinforced precast concrete T-beams supporting profiled metal roof decking and east of the central area appears to consist of shiplapped tongue-in-grove timber planks.

Exterior Walls – The exterior of the King Street Property has been finished primarily with painted acrylic siding and brick/stone veneer. The exterior also contains minor sections of storefront glazing and there is electric fascia signage provided to most tenants.

In a report dated June 17, 2016 effective date of valuation May 27, 2016 (the “King Street Appraisal”), by Ryan Miller, AACI, MRICS of Colliers International the King Street Property was appraised as having a Market Value of \$6,430,000. Subscribers should note that the stated Market Value for the King Street Property is an estimate only. The amount that the Trust might actually receive if the King Street 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.

The King Street Appraisal is available to Subscribers upon request to the Trust.

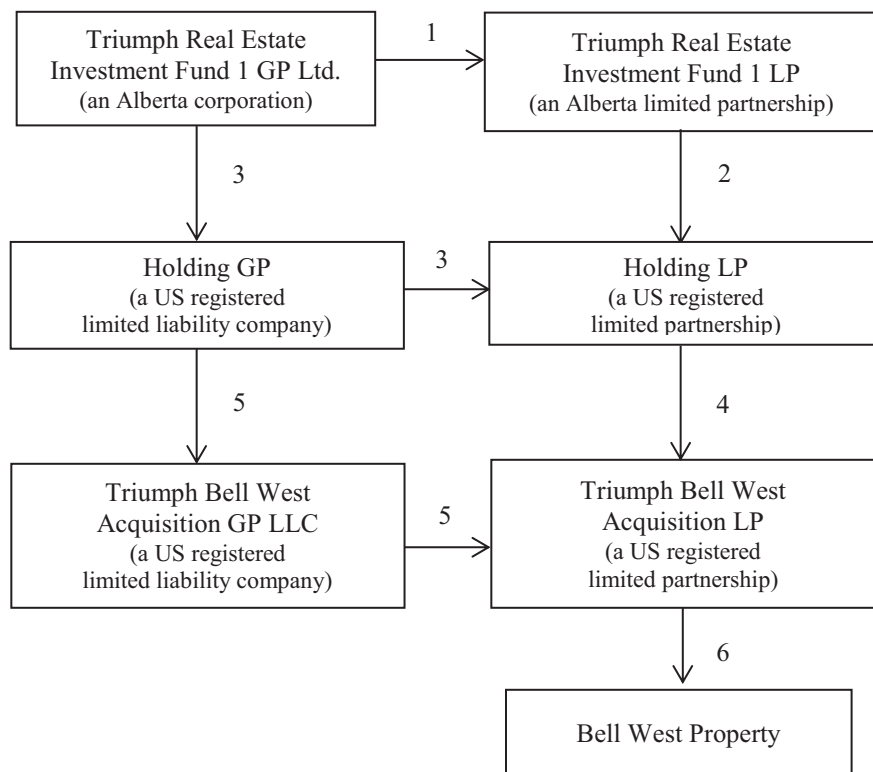
The Bell West Property

The Trust, through the Partnership, acquired a commercial building (the “Bell West Property”) located at 16846 W. Bell Road, Surprise, Arizona, 85374, USA on August 15, 2016 from an unrelated party (the “Bell West Vendor”), for the purchase price of \$3,985,000 USD (the “Bell West Purchase Price”). The Bell West Purchase Price will be paid by way of: (i) \$1,394,750 USD in cash; and (ii) the remainder (\$2,590,250) by way of a Promissory Note dated August 15, 2016. See Item 4.3 - “Long Term Debt - The Partnership”.

The Partnership has created an Acquisition LP, Triumph Bell West Acquisition LP, to acquire the Bell West Property. Title to the Bell West Property will be held in the name of Triumph Bell West Acquisition LP which is an Arizona limited partnership. Its general partner is Triumph Bell West Acquisition GP LLC, an Arizona limited liability company.

As a result of the acquisition of the Bell West Property, the Holding LP was formed in the State of Delaware and the Holding GP was incorporated in the State of Delaware. The Partnership is the sole limited partner of the Holding LP. The Holding LP is the sole limited partner of Triumph Bell West Acquisition LP. The General Partner is the sole member of the Holding GP and the Holding GP is the sole member of Triumph Bell West Acquisition GP LLC.

Description of the Bell West Acquisition LP and GP



1. Triumph Real Estate Investment Fund 1 GP Ltd. (the “General Partner”) is the general partner of Triumph Real Estate Investment Fund 1 LP (the “Partnership”). The General Partner is controlled by David Wallach (70%) and Craig Bentham (30%).
2. The Partnership will be the only limited partner of the Holding LP by owning 100% of the LP Units issued in the Holding LP.
3. The Holding GP is the general partner of the Holding LP. The Holding GP is controlled by the General Partner. The officers and directors of the General Partner will be the officers and directors of the Holding GP.
4. The Holding LP will be the only limited partner of the Triumph Bell West Acquisition LP by owning 100% of the LP Units issued in the Triumph Bell West Acquisition LP.
5. Triumph Bell West Acquisition GP LLC is the general partner of the Triumph Bell West Acquisition LP. Triumph Bell West Acquisition GP LLC is controlled by the Holding GP. The officers and directors of the Holding GP will be the officers and directors of Triumph Bell West Acquisition GP LLC.
6. Title to the Bell West Property is held in the name of the Triumph Bell West Acquisition LP.

The Bell West Property is a plaza situated in the City of Surprise, Arizona, USA which is located approximately 45 kilometers west of Phoenix, Arizona, USA. The Bell West Property is located in the heart of the Sun City Grand and Sun City West Master-Planned Communities and the area of Greater Phoenix, which is the 12th most populous metropolitan area in the United States.

The land use classification of the Bell West Property is currently classified C, Community Commercial.

The Bell West Property was constructed in 2004 as a multi-tenant strip-retail building, “shadow” anchored by an Albertson’s grocery store and is located across the street from a new WinCo Foods. The property is comprised of 136 parking stalls and has a gross rentable area of 20,225 square feet.

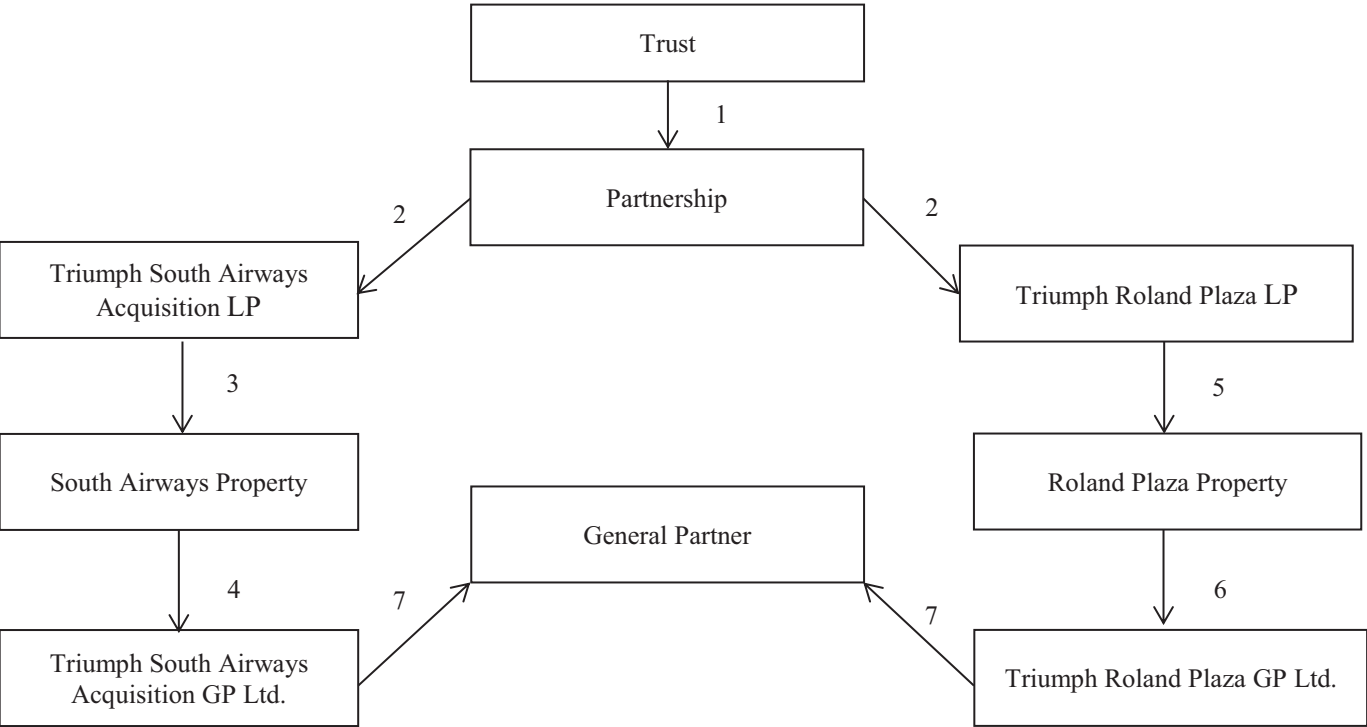
As of the date of this Offering Memorandum, the Bell West Property has 1,380 square feet of available space.

The average net rental rate per square foot of the Bell West Property for 2015 was \$11.60 and for 2016 it is currently \$12.44 which will increase to \$16.33 once another tenant starts paying rent in fall 2016. The vacancy rate for the Property for 2015 was 29.6%. The vacancy rate is presently 6.8%.

No appraisal has been obtained with respect to the Bell West Property to date as the practice in the United States is to obtain appraisals in conjunction with obtaining mortgage financing from a real estate lender. The Trust chose to obtain short term vendor financing with respect to the Bell West Property in order to allow the Trust sufficient time to consider all offers of financing from institutional lenders that is has obtained with respect to this Property. The Trust expects that it will obtain conventional long term financing in accordance with its stated borrowing parameters prior to the end of the year and will obtain an appraisal with respect to the Bell West Property at that time.

Description of the South Airways Acquisition and Roland Plaza LP's and GP's

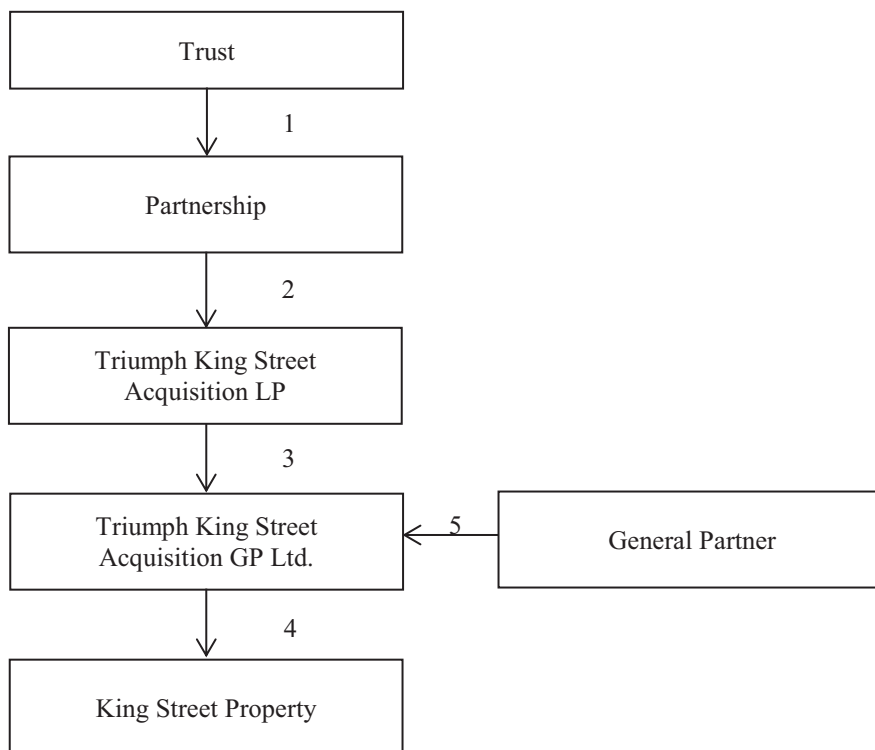
The following is an illustration of the relationship between the Trust, the Partnership and the Triumph South Airways Acquisition and Triumph Roland Plaza LP's and GP's.



1. The Trust holds all the issued and outstanding Class A LP Units in the Partnership.
2. The Partnership owns all of the issued and outstanding Limited Partnership Units in each of Triumph South Airways Acquisition LP and Triumph Roland Plaza LP.
3. Triumph South Airways Acquisition LP is the beneficial owner of the South Airways Property.
4. Legal title to the South Airways Property is held by Triumph South Airways GP.
5. Triumph Roland Plaza LP is the beneficial owner of the Roland Plaza Property.
6. Legal title to the Roland Plaza Property is held by Triumph Roland Plaza GP.
7. The General Partner owns all of the issued and outstanding shares in Triumph South Airways Acquisition GP and Triumph Roland Plaza GP.

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Description of the King Street Acquisition LP and GP



1. The Trust holds all the issued and outstanding Class A LP Units in the Partnership.
2. The Partnership owns all of the issued and outstanding limited partnership units in Triumph King Street Acquisition LP.
3. Triumph King Street Acquisition LP is the beneficial owner of the King Street Property.
4. Legal title to the King Street Property is held by the Triumph King Street Acquisition GP.
5. The General Partner owns all of the issued and outstanding shares in the Triumph King Street Acquisition GP.

Operating Expenses of the Trust and Partnership

The Partnership will pay for all ordinary expenses incurred in connection with the operation and administration of the Trust. It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications; any reasonable out-of-pocket expenses incurred by any of the Barclay Street Parties or their agents and paid to third parties in connection with their on-going obligations to the Trust; fees payable to the auditors and legal advisors of the Trust; regulatory filing fees, administrative expenses and costs incurred in connection with the continuous filing requirements of the Trust and investor relations, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses the Trust may incur and any expenditures incurred upon the termination of the Trust.

The Partnership will be responsible for the payment of ordinary course operating expenses relating to the acquisition and management of a commercial real estate portfolio. Certain operating expenses will be payable to Barclay Street in connection with its work on behalf of the Partnership and the Trust.

The aggregate amount of the fees and expenses referred to above is estimated to be approximately \$80,000 over the 12 months ensuing from the date of this Offering Memorandum if the Maximum Offering is raised and the Partnership fully deploys the maximum amount of working capital available to it in the acquisition of Properties.

The total amount of administration and operating expenses that will be incurred by the Partnership and the Trust are dependent upon: (i) the funds raised under this Offering; (ii) the number and nature of Properties acquired by the Trust; and (iii) external factors which cannot be anticipated or controlled by the Partnership or the Trust. As a result the Partnership and the Trust are unable to accurately estimate these costs at this time other than as stated above.

Re-allocation of Partnership Assets

The Partnership may reallocate the Partnership's cash assets to the acquisition of new Properties or allocate cash flows from the Partnership's assets to alternative near-cash short-term investment vehicles until new Properties for acquisition are identified.

Real Estate Brokerage Fees

In connection with its sale of Properties, the Partnership may pay real estate brokerage fees to any licensed real estate broker an amount not in excess of 3-5% of the aggregate sales price of the Properties sold. All or any portion of such real estate brokerage fees may be paid to Barclay Street where Barclay Street has acted as the selling agent for the Partnership. Barclay Street may also receive a portion of real estate brokerage fees paid by the sellers of Properties in connection with the Partnership's acquisition of Properties.

To insure that the Partnership continues to attract certain type of deal flow, the Partnership may pay real estate brokerage fees to any licensed real estate broker in connection with the purchase of a Property where the seller of such Property does not pay a real estate brokerage fee. These types of real estate brokerage fees will be paid at the closing of the acquisition of a Property by the Partnership or within 30 days thereafter. The Partnership may pay a real estate brokerage fee up to, but not in excess of, three percent (3%) of the purchase price of these types of transactions.

Barclay Street received gross real estate commission from the vendor of the South Airways Property of \$80,937 of which \$50,880 was paid by Barclay Street to the Barclay Street real estate broker, a party unrelated to the Trust and the Partnership, responsible for presenting the South Airways Property to the Trust.

Barclay Street received gross real estate commission from the vendor of the Roland Plaza Property of \$57,610 of which \$34,566 was paid by Barclay Street to the Barclay Street real estate broker, a party unrelated to the Trust and the Partnership, responsible for presenting the Roland Plaza Property to the Trust.

Barclay Street received a gross real estate commission from the vendor of the King Street Property of \$113,000 of which \$63,000 will be paid by Barclay Street to the Barclay Street real estate broker, a party unrelated to the Trust and the Partnership, responsible for presenting the King Street Property to the Trust.

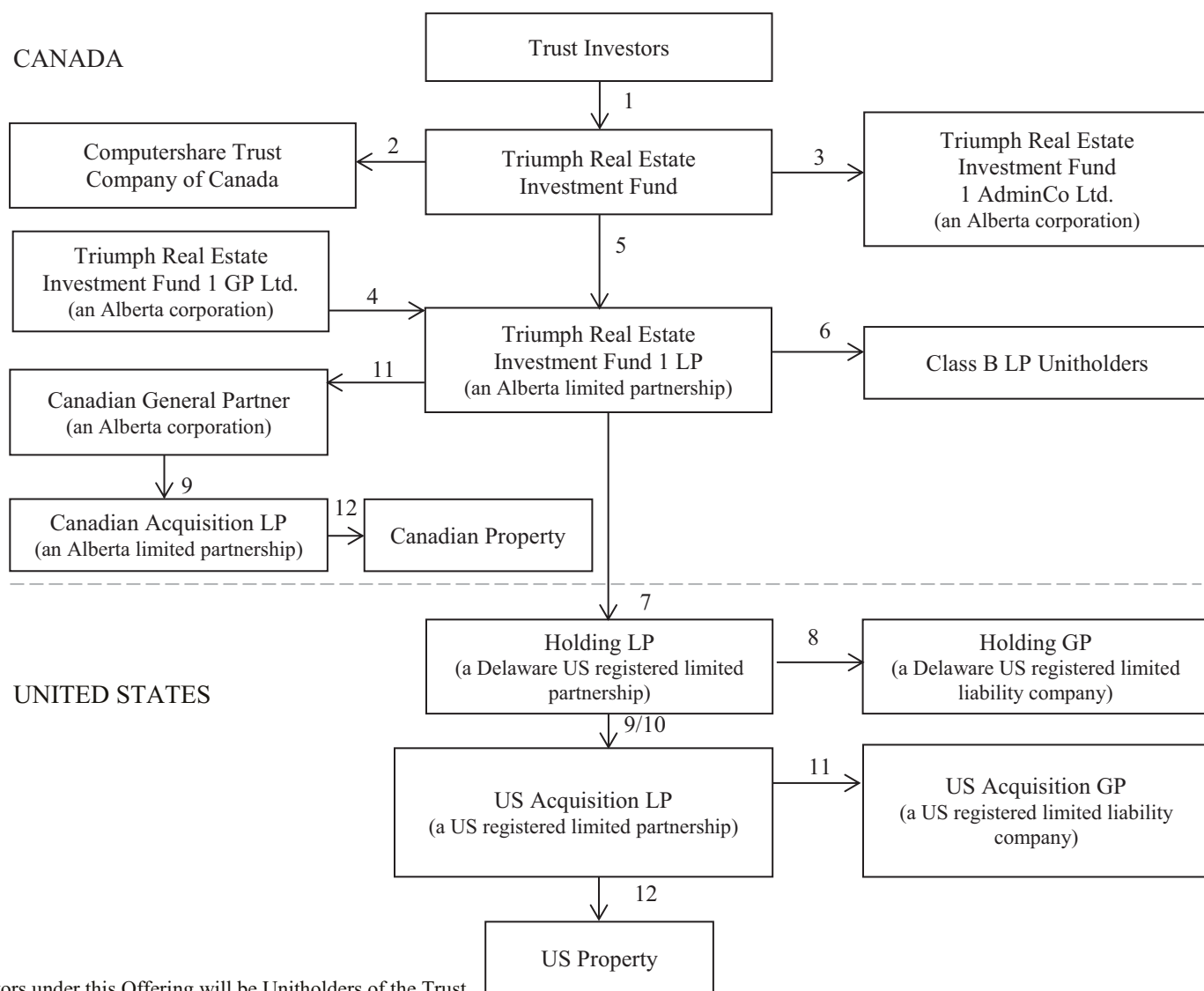
As a result of Barclay Street being paid the above real estate commission, no Acquisition Fee was paid by the Partnership to the General Partner with respect to the acquisition of the South Airways Property, the Roland Plaza Property or the King Street Property.

Barclay Street did not act in any capacity on behalf of the Partnership with respect to the acquisition of the Bell West Property. The Partnership will pay an Acquisition Fee of \$39,850 USD to the General Partner from operating income of Properties acquired by the Trust and/or from sale proceeds of Properties sold by the Trust.

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DESCRIPTION OF THE ACTIVITIES OF THE TRUST

The following is an illustration of the relationship between the Trust, the Partnership and the various parties related to the Partnership and the Trust.



1. Investors under this Offering will be Unitholders of the Trust.
2. Is the Trustee of the Trust.
3. AdminCo is the Administrator of the Trust.
4. Is the General Partner of the Partnership.
5. The Trust will be the only Limited Partner holding Class A LP Units of the Partnership.
6. The Class B LP Unitholders of the Partnership include the officers and directors of the General Partner.
7. The Partnership will be the only limited partner of the Holding LP.
8. The officers and directors of the General Partner will be the officers and directors of the Holding GP.
9. The Partnership will create a new Acquisition LP for every Property to be acquired by the Partnership. In this respect Triumph South Airways Acquisition LP was created to acquire the South Airways Property, Triumph Roland Plaza LP was created to acquire the Roland Plaza Property, the Triumph King Street Acquisition LP was created to acquire the King Street Property.
10. The Holding LP will be the only limited partner of any Acquisition LP created in the United States such as in the case of Triumph Bell West Acquisition LP.
11. A new general partner will be created for each Acquisition LP that is formed. Triumph South Airways Acquisition GP Ltd. was created to act as general partner of the Triumph South Airways Acquisition LP, Triumph Roland Plaza GP Ltd. was created to act as general partner of the Triumph Roland Plaza LP, Triumph King Street Acquisition GP Ltd. was created to act as general partner of the Triumph King Street Acquisition LP and Triumph Bell West Acquisition GP LLC was created to act as the general partner of Triumph Bell West Acquisition LP. The officers and directors of these entities will be two (2) or more of the officers and directors of the General Partner.
12. Each Property acquired by the Partnership will be held by a separate Acquisition LP.

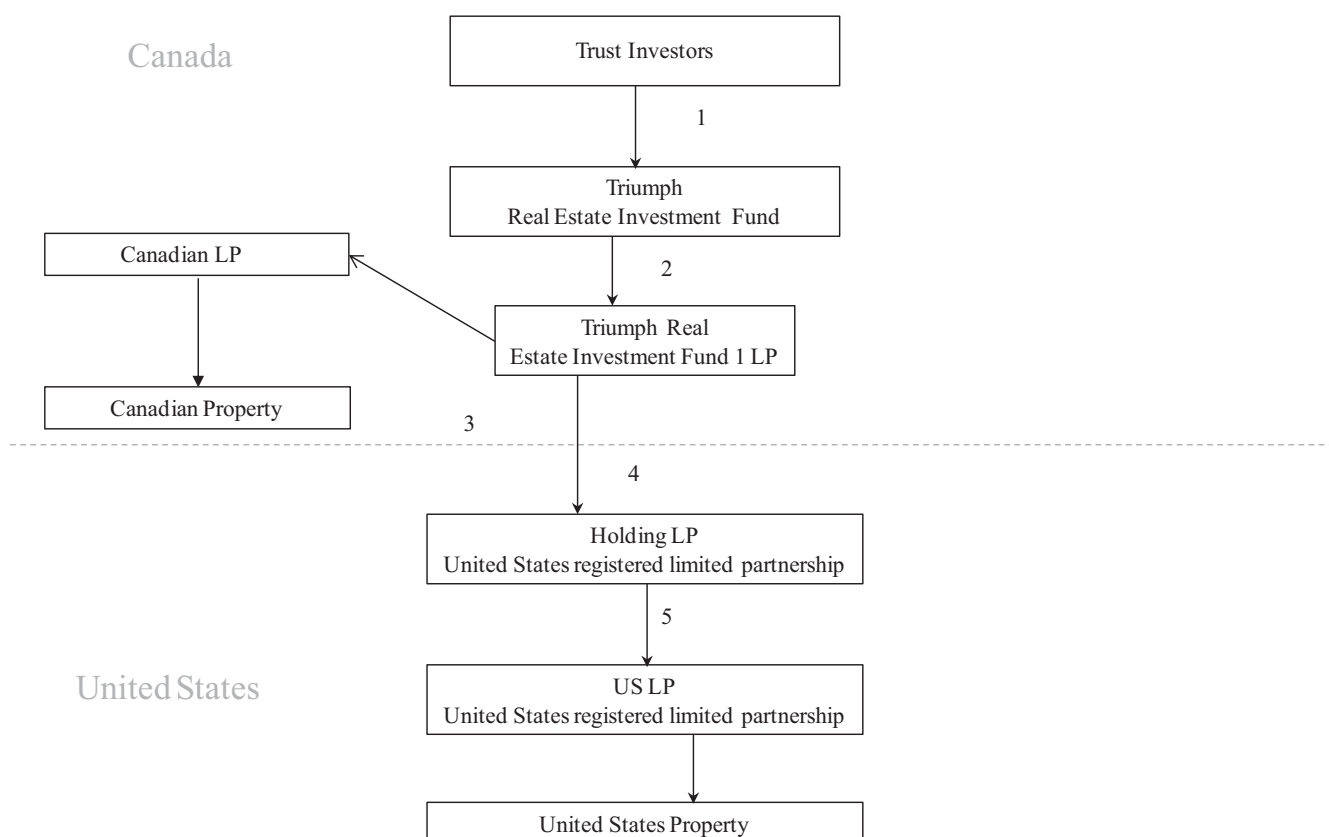
The Partnership owns 99.9% of the limited partnership interest in the Holding LP and in each of the Canadian registered Acquisition LP's. The remaining one percent (0.1%) interest in the above partnerships will be held by each partnership's respective Acquisition GP.

The Holding LP holds a 99% interest in each US Acquisition LP. The remaining one percent (1%) interest in a United States registered Acquisition LP will be held by its Acquisition GP.

The Partnership will advance funds required for the acquisition of Properties to Canadian registered Acquisition LP's thorough partnership contributions. The Partnership and the Trust will advance funds required for the acquisition of Properties in the United States through a combination of loans and partnership contributions to the Holding LP, which will then further advance funds provided to it by the Partnership and the Trust to each United States registered Acquisition LP created to acquire a Property. The above will be the only loan transactions that the Partnership and Trust are involved in where they are the lender.

DISTRIBUTION OF FUNDS BY THE TRUST IN THE ACQUISITION OF PROPERTIES

The following illustrates how funds raised under this Offering will be used in the acquisition of Properties by the Trust.



1. Trust investors advance subscription proceeds to the Trust.
2. The Trust acquires Class A LP Units from the Partnership with a portion of the funds received under point 1 above.
3. The Partnership will advance funds received from the Trust in point 2 above to the Canadian registered Acquisition LP's by way of capital contribution in order to allow a Canadian registered Acquisition LP to acquire a property located in Canada.
4. Where the Trust acquires properties located in the United States, the Partnership and the Trust will advance funds to the Holding LP by way of a combination of loan and capital contribution.
5. The Holding LP will advance funds received in point 4 above to a United States Acquisition LP to allow a United States Acquisition US LP to purchase a Property located in the United States.

As a result, an investment in Units will be an indirect investment in the acquisition, ownership and leasing of the Properties. The distributions and other returns on and of capital payable to Partnership by the Acquisition LP's will ultimately form part of the distribution made by the Trust to Unitholders.

Trust Activity in the United States

If the Trust acquires Properties located in the United States, the Partnership will elect to be classified as a corporation for U.S. federal income tax purposes. Accordingly, the Partnership will be subject to applicable U.S. income and withholding taxes, as further described herein. The Partnership will satisfy its U.S. tax liability, or make sufficient reserves for its applicable U.S. taxes, prior to making distributions indirectly to the Trust. The Trust will distribute the after tax proceeds received from Partnership to the Unitholders. A taxable Canadian resident Unitholder generally will be entitled to a credit in computing its Canadian taxable income in respect of the U.S. taxes paid by the Partnership to the extent permitted by the detailed rules in the Tax Act.

Where the Trust chooses to acquire Properties in the United States, the Trust will convert the subscription amounts received from the issuance of Units into USD. The revenues and expenses of the Properties will be denominated in USD and distributions will be made to the Trust in USD. The Trust will convert such distribution amounts received into Canadian dollars prior to distribution to Unitholders. As a consequence, distributions of the Trust may be affected by fluctuations in the Canadian/USD exchange rate.

The Trust may not enter into any hedging arrangements to limit the impact of changes in the Canadian/USD exchange rate for holders of Units and therefore holders of Units may have full exposure to changes in the exchange rate between the Canadian and USD where the Trust acquires Properties in the United States. See Item 8 - "Risk Factors."

Sale of Properties

(i) Located in the United States

Upon the sale of a Property located in the United States, the net funds from that sale, if such funds are not being reinvested by the Trust in the acquisition of new Properties, after repayment of mortgage financing, real estate commissions, closing costs and United States income tax payable by the Holding LP, would be distributed as follows:

- i. In payment of all unpaid principal and interest due and owing to the Partnership and the Trust with respect to any loan made by the Partnership and the Trust to the Holding LP;
- ii. Return of the Contributed Capital made by the Partnership to the Holding LP;
- iii. A distribution to the general partner of the Holding LP of one percent (1%) of the funds remaining after the above payments and distributions; and
- iv. The remainder to the Partnership.

The Partnership, if such funds are not being reinvested by the Trust in the acquisition of new Properties, will distribute the above funds to the Trust as the holder of Class A LP Units and to Management as the holder of Class B LP Units in accordance with the terms of the Partnership Agreement. See Item 2.1.2 - "The Partnership - Distributable Cash of the Partnership".

(ii) Located in Canada

Net funds from the sale of a Property in Canada, if such funds are not being reinvested by the Trust in the acquisition of new Properties, will be distributed to the Trust as the holder of Class A LP Units and to Management as the holder of Class B LP Units in accordance with the terms of the Partnership Agreement. See Item 2.1.2 - "The Partnership - Distributable Cash of the Partnership".

2.3 DEVELOPMENT OF THE BUSINESS

The following are the major events that have occurred with respect to the business of the Partnership and the Trust to the date of this Offering Memorandum:

- (i) The Trust and the Partnership have both been established;
- (ii) The Trust and the Partnership have entered into the Funding Agreement (see Item 2.5 – “Material Agreements - Summary of the Funding Agreement”);
- (iii) The Trust has entered into the Administration Agreement with AdminCo (see Item 2.5 – “Material Agreements - Summary of the Administration Agreement”);
- (iv) The Trust has raised \$9,337,453 from the issue of 9,337,453 Units under the Previous Offerings and acquired 9,337,453 Class A LP Units from the Partnership with those proceeds;
- (v) The Partnership has acquired the South Airways Property;
- (vi) The Partnership has acquired the Roland Plaza Property;
- (vii) The Partnership has extended the term of the Partnership from December 31, 2018 to December 31, 2020;
- (viii) The Trust filed an election pursuant to Section 132(6.1) of the Tax Act with CRA on March 31, 2015 to treated as mutual fund trust under the Tax Act effective as of January, 2014;
The Trust has made distributions of Cash Flow of the Trust in April, July and October of 2015 arising from operating income of the South Airways Property and in January, April and July of 2016 arising from operating income of the South Airways Property and the Roland Plaza Property;
- (ix) The Partnership has acquired the King Street Property;
- (x) The Partnership has acquired the Bell West Property;
- (xi) The Holding LP has been established; and
- (xii) The Holding GP has been established.

The Trust expects that it will enter into a number of distribution agreements with Exempt Market Dealers to affect the distribution of Units under this Offering.

There have been no unfavorable developments affecting the Trust or the Partnership’s business since inception.

2.3.1 SHORT AND LONG TERM OBJECTIVES

The Trust

The Trust’s primary purpose and sole business, and thus its short term and long term objective, is to raise \$25,000,000 in the aggregate under this Offering and the Previous Offerings, acquire Class A LP Units from the Partnership and to loan funds to the Holding LP where the Trust acquires Properties in the United States, all with the objective of generating returns to Unitholders. All of the Gross Proceeds of the Offering will be used to acquire Class A LP Units from the Partnership and to loan funds to the Holding LP if Properties are acquired in the United States, which funds will be used to acquire real estate assets. The number of Class A LP Units acquired by the Trust and the aggregate of loans made by the Trust to the Holding LP will be contingent on the amount of funds raised pursuant to this Offering and whether the Trust acquires any Properties in the United States. Investments in the Trust should be considered long-term in nature.

The legal and accounting costs and expenses associated with this Offering, assuming the Maximum Offering, are estimated to be \$20,000. All expenses of the Offering will be borne by the Partnership rather than the Trust pursuant to the terms of the Funding Agreement. See Item 1.2 - “Use of Available Funds”.

The Partnership

The Partnership plans to acquire a number of Properties in the Target Markets.

The following are the estimated costs that the Partnership expects to incur in pursuing its business objectives over the ensuing 12 months from the date of this Offering Memorandum:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our costs to complete
Raise \$15,662,547 under this Offering	September 1, 2017	\$1,506,966 ⁽¹⁾
Deploy the available funds of this Offering in the acquisition of Properties ⁽²⁾	September 1, 2017	The line items below represent the estimated costs of the Partnership in achieving this objective.
Appraisals	By September 1, 2017	\$60,000
Environmental Studies	By September 1, 2017	\$60,000
Legal Fees – Properties	By September 1, 2017	\$60,000
Other Consulting and Due Diligence	By September 1, 2017	\$40,000
Financing commitment fees paid to lenders who provide acquisition financing to the Partnership	By September 1, 2017	\$40,000
Total		\$1,766,966

(1) Inclusive of all costs referenced in items (i)-(iii) and (v)-(viii) of the table set forth in Item 1.2 - “Available Funds – The Partnership”.

(2) The above costs relate only to estimated expenses relating to identifying and acquiring Properties.

2.4 INSUFFICIENT FUNDS

The Trust

The Trust intends that all or substantially all of the Gross Proceeds of the Offering will be used to acquire Class A LP Units in the Partnership and to loan funds to the Holding LP. The Trust does not intend to hold any significant cash reserves. The proceeds of this Offering may not be sufficient to accomplish all of the Trust’s proposed objectives and there is no assurance that alternative financing will be available.

The Partnership

The Partnership intends that all or substantially all of the Gross Proceeds of the Offering, after payment of all costs, expenses and Selling Commissions, the Investment Administration Expense associated with this Offering and payment of 50% of the Management Fee to the General Partner, will be used in the business of acquiring real estate assets in the Target Markets and to pay for the operating and administration expenses of the Trust and the Partnership. The Partnership does not intend to hold any significant cash reserves. The proceeds of this Offering may not be sufficient to accomplish all of the Partnership’s proposed objectives and there is no assurance that alternative financing will be available.

2.5 MATERIAL AGREEMENTS

The Trust

The only material agreements which have been entered into by the Trust since its formation are:

- the Declaration of Trust;
- the Administration Agreement; and
- the Funding Agreement.

The Partnership

Other than the purchase agreements with respect to the South Airways Property, the Roland Plaza Property, the King Street Property and the Bell West Property, the only material agreements which have been entered into by the Partnership since its formation are:

- the Partnership Agreement;
- the Funding Agreement;
- an Indemnity Agreement (the “Indemnity Agreement”) dated January 10, 2014 between the Partnership, the General Partner, AdminCo and the Trustee;
- the mortgage relating to the acquisition of the South Airways Property (the “South Airways Mortgage”);
- the mortgage relating to the acquisition of the Roland Plaza Property (the “Roland Plaza Mortgage”);
- the mortgage relating to the acquisition of the King Street Property (the “King Street Mortgage”).

The Holding LP

The only material agreements which have been entered into by the Holding LP since its formation are:

- The Limited Partnership Agreement with respect to the Holding LP; and
- The Deed of Trust and Assignment of Rents and the Promissory Note with respect to the Bell West Vendor financing.

SUMMARY OF THE DECLARATION OF TRUST

The following is a summary of the Declaration of Trust dated January 10, 2014. This is a summary only and is subject to the complete terms and conditions of the Declaration of Trust.

General

A Subscriber for Units will become a Unitholder of the Trust upon the acceptance by the Trustee of a subscription in the form approved from time to time by the Trustee.

Nature of Units

- (a) The beneficial interests in the Trust shall be divided into interests of one class, described and designated as “Units”, which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, and the interest of each Unitholder shall be determined by the number of Units registered in the name of the Unitholder; and
- (b) subject to the terms of the Declaration of Trust, each Unit represents an equal undivided beneficial interest in any distribution from the Trust (whether of Income of the Trust, Net Realized Capital Gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof. Each Unit shall entitle the holder of record thereof to one vote at all meetings of Unitholders or in respect of any written resolution of Unitholders.

Authorized Number of Units

The aggregate number of Trust Units which is authorized and may be issued is unlimited.

Issue of Units

- (a) Units shall be issued pursuant to and in accordance with the Declaration of Trust;
- (b) AdminCo is authorized to review and accept subscriptions for Units received by the Trust and to issue Units pursuant thereto;

- (c) in addition, Units may be issued by the Trust at the times, to the persons, for the consideration and on the terms and conditions that AdminCo determines, and, without limiting the generality of the foregoing, AdminCo or may authorize the Trust to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase Units from the Trust or from any other person or procuring or agreeing to procure purchasers for Units; and
- (d) Units shall only be issued as and when fully paid in money, property, including indebtedness, or past services, and are not to be subject to future calls or assessments, except that Units to be issued under an offering may be issued for a consideration payable in instalments and the Trust may take a security interest over such Units for unpaid instalments.

Units Non-Assessable

No Units shall be issued other than as fully paid and non-assessable. No person shall be entitled, as a matter of right, to subscribe for or purchase any Unit, except in accordance with the provisions of the Declaration of Trust.

Legal Ownership of Assets of the Trust

The legal ownership of the assets of the Trust and the right to manage the investments of the Trust are vested exclusively in the Trustee and AdminCo, and the Unitholders shall have no interest therein other than the beneficial interest in the Trust Assets conferred by their Units issued hereunder and they shall have no right to compel any partition, division, dividend or distribution of the Trust Assets or any of the assets of the Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Declaration of Trust. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust, including without limitation the Trust Assets.

No Fractional Units

Fractions of Units shall not be issued, except pursuant to distributions of additional Units to all Unitholders. Fractions of Units will not be entitled to vote at meetings of Unitholders.

Consolidation of Units

Immediately after any pro-rata distribution of additional Units to all holders of Units, the number of the outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the distribution of additional Units and each Unit certificate representing a number of Units prior to the distribution of additional Units is deemed to represent the same number of Units after the distribution of additional Units and the consolidation. Such consolidation shall not constitute a redemption or cancellation of Units so consolidated and a Unitholder whose Units are consolidated shall not receive, and shall not be entitled to receive, any proceeds of disposition in respect thereof.

Notwithstanding the foregoing, where tax is required to be withheld in respect of a Unitholder's share of the distribution, the Trust shall withhold from the cash portion of such distribution, if any, or the Unitholder shall make a cash payment to the Trust, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by the Trust, or, if such withholding cannot be made by the Trust or such payment is not made by the Unitholder:

- (a) the consolidation of the Units held by such Unitholder will result in such Unitholder holding that number of Units equal to the number of Units held by such Unitholder prior to the distribution minus the number of Units withheld by the Trust on account of withholding taxes payable by the Unitholder in respect of the distribution; and
- (b) the consolidation shall not apply to any Units so withheld.

Any Units so withheld shall either be delivered to the appropriate taxation authority or sold, in which case the net proceeds shall be remitted to the appropriate taxation authority. Such Unitholder will be required to surrender the Unit Certificates, if any, representing such Unitholder's original Units, in exchange for a Unit Certificate representing such Unitholder's post-consolidation Units other than the withheld Units.

Re-Purchase of Initial Unit by Trust

Immediately after the issuance of one or more additional Units, the Trust shall purchase the Initial Unit from the Settlor, and the Settlor shall sell the Initial Unit to the Trust, for a purchase price of ten dollars (\$10.00) and, upon the completion of such purchase and sale, the Initial Unit shall be cancelled and shall no longer be outstanding.

No Conversion, Retraction, Redemption or Pre-Emptive Rights

Except as otherwise set forth herein, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Units.

Power of Attorney

Each Unitholder hereby grants to the Trustee, AdminCo and their respective successors and assigns, a power of attorney constituting the Trustee or AdminCo, as the case may be, with full power of substitution, as such Unitholder's true and lawful attorney to act on the Unitholder's behalf, with full power and authority in the Unitholder's name, place and stead, and to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required:

- (a) the Declaration of Trust, any amendment, supplement or restatement of the Declaration of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Declaration of Trust including all conveyances, transfers and other documents required in connection with any disposition of Units;
- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the Declaration of Trust;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust;
- (e) any amendment to the Declaration of Trust which is authorized from time to time; and

The Power of Attorney granted herein is, to the extent permitted by applicable law, irrevocable and will survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder.

Powers of the Trustees

- (a) Subject to the terms and conditions of the Declaration of Trust, the Trustee may exercise from time to time in respect of the Trust Assets and the investments and affairs of the Trust any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof;
- (b) subject to the specific limitations contained in the Declaration of Trust, the Trustee shall have, without further or other action or consent, and free from any power of control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Assets and over, and management of, the affairs of the Trust to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Assets in its own right, to do all such acts and things as in its sole judgment and Discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder. In construing the provisions of the Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustee. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustee. To the maximum extent permitted by law the Trustee shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees;

- (c) except as expressly prohibited by law, the Trustee may grant or delegate to any person (including AdminCo) the authority and the powers of the Trustee under the Declaration of Trust as the Trustee may in its Discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under the Declaration of Trust, without regard to whether the authority is normally granted or delegated by trustees; and
- (d) the Trustee is hereby authorized to execute and deliver the Administration Agreement and to appoint AdminCo to act for and on behalf of the Trust in accordance with those powers and authorities granted to the Administrator under the terms of such agreement, and the Trustee may delegate to such person (and in addition to those matters, if any, specifically granted or delegated to AdminCo in the Declaration of Trust) and of those duties of the Trustee under the Declaration of Trust that the Trustee deems appropriate. Without limiting the generality of the foregoing, the Trustee may grant broad Discretion to the Administrator to administer and manage the day-to-day operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust, and to make decisions on behalf of the Trust. AdminCo shall have the powers and duties as may be expressly provided for in the Declaration of Trust and in the Administration Agreement and may be given, without limitation, the power to further delegate management and administration of the Trust, as well as the power to retain and instruct such appropriate experts or advisors to perform those duties and obligations which it is not best suited to perform.

Specific Powers and Authorities

Subject to any other express limitations contained in the Declaration of Trust and in addition to any other powers and authorities conferred by the Declaration of Trust or which the Trustee may have by virtue of any present or future statute or rule of law, but subject to the delegation to AdminCo, the Trustee without any action or consent by the Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by the Trustee in such manner and upon such terms and conditions as it may from time to time determine proper, provided that the exercise of such powers and authorities does not adversely affect the status of the Trust as a “mutual fund trust” for purposes of the Tax Act or cause the Trust to become a “SIFT trust” for purposes of the Tax Act, or fail to comply with the provisions of 132(7) of the Tax Act:

- (a) to supervise the activities and manage the investments and affairs of the Trust;
- (b) to maintain records and provide reports to Unitholders;
- (c) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;
- (d) without limit as to amount, issue any type of debt securities or convertible debt securities and borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Trust or for other expenses incurred in connection with the Trust and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, hypothecate, pledge, assign or grant a security interest in any money owing to the Trust or in Trust Assets or engage in any other means of financing the Trust;
- (e) to obtain security, including encumbrances on assets, to secure the full payment of monies owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- (f) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- (g) to establish places of business of the Trust;
- (h) to manage the Trust Assets and to, sell, transfer and assign the Trust Assets; however, the Trustee shall not sell all or substantially all of the Trust Assets without the consent of the Unitholders by Extraordinary Resolution;
- (i) to enter into the Administration Agreement;

- (j) to invest, hold shares, trust units, beneficial interests, partnership interests (other than general partnership interests), joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- (k) to cause title to any of the Trust assets to be drawn up in the name of such person on behalf of the Trust or, to the extent permitted by applicable law, in the name of the Trust, as the Trustee shall determine;
- (l) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;
- (m) to enter into any agreement or instrument to create or provide for the issue of Units or (including any firm or best efforts underwriting agreement), to cause such Units to be issued for such consideration as the Trustee, in its sole Discretion, may deem appropriate and to do such things and prepare and sign such documents, including the prospectus and any registration rights agreement, to qualify such Units for sale in whatever jurisdictions they may be sold or offered for sale;
- (n) to enter into any agreement in connection with, or to facilitate, the issuance of Exchangeable Securities (as that term is defined in the Declaration of Trust);
- (o) to determine conclusively the value of any or all of the Trust Assets from time to time and, in determining such value, to consider such information and advice as the Trustee in its sole judgment, may deem material and reliable;
- (p) to collect, sue for and receive all sums of money or other property or items that are believed due to the Trust;
- (q) to effect payment of distributions to the holders of Units as provided in Article 5 of the Declaration of Trust;
- (r) to invest funds of the Trust as provided in Article 4 of the Declaration of Trust;
- (s) if the Trustee become aware by written notice that the beneficial owners of 49% of the Trust Units or securities exchangeable into Units then outstanding are, or may be, Non-Residents or that such situation is imminent, the Trustee shall obtain such advice as they deem appropriate in order to ascertain the tax and other implications that such level of Non-Resident ownership may have for the Trust and Unitholders and if and to the extent that they determine that such level of Non-Resident ownership would have material adverse tax or other consequences to the Trust or Unitholders, shall ensure that appropriate limitations on Non-Resident ownership as provided in Section 13.5 of the Declaration of Trust are met;
- (t) to possess and exercise all the rights, powers and privileges pertaining to the ownership of the securities of the Partnership and other securities of the Trust to the same extent that any person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;
- (u) where reasonably required, to engage, employ or contract with or retain on behalf of the Trust any persons as agents, representatives, employees or independent contractors (including, without limitation, investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents or otherwise) in one or more capacities;
- (v) except as prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Trustee may from time to time reasonably require, so long as any such delegation is not inconsistent with any of the provisions of the Declaration of Trust and the Administration Agreement and subject at all times to the general control and supervision of the Trustee as provided for herein;
- (w) to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;

- (x) to arrange for insurance contracts and policies insuring the Trust, its assets, any affiliate of the Trust and/or any or all of the Trustee or the Unitholders, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustee or Unitholders;
- (y) to cause legal title to any of the assets of the Trust to be held by and/or in the name of a Trustee, or except as prohibited by law, by and/or in the name of the Trust or any other custodian or person, on such terms, in such manner, with such powers in such person as the Trustee may determine and with or without disclosure that the Trust or the Trustee is interested therein; provided, however, that should legal title to any of the Trust assets be held by and/or in the name of any person or persons other than the Trustee, the Administrator or the Trust, the Trustee shall require such person or persons to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Trust;
- (z) to redeem Units (or rights, warrants, convertible securities, options or other securities) for such consideration as the Trustee may deem appropriate in its sole Discretion, such redemption to be subject to the terms and conditions of the Declaration of Trust;
- (aa) to use its reasonable commercial efforts to ensure that the Trust qualifies at all times as a “mutual fund trust” pursuant to Section 132(6) of the Tax Act and not take any action that would result in the Trust, or any entity in which the Trust has invested being considered a “SIFT trust” or a “SIFT partnership” as defined in the Tax Act;
- (bb) in addition to the mandatory indemnification provided for in Section 9.8 of the Declaration of Trust to the extent permitted by law to indemnify, or enter into agreements with respect to the indemnification of, any person with whom the Trust has dealings including, without limitation, the Trustee, AdminCo, the Transfer Agent, to such extent as the Trustee shall determine and to the extent permitted by law;
- (cc) without the approval or confirmation of Unitholders, enact and from time to time amend or repeal by-laws not inconsistent with the Declaration of Trust containing provisions relating to the Trust, the Trust assets and the conduct of the affairs of the Trust, but not in conflict with any provision of the Declaration of Trust;
- (dd) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustee in connection with the Trust assets, undertaking or Income of the Trust, or imposed upon or against the Trust assets, undertaking or Income of the Trust or Net Realized Capital Gains, or any part thereof and to settle or compromise disputed tax liabilities and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections, allocations and determinations in respect of the Income of the Trust or Net Realized Capital Gains distributed to holders of Units in the year and any other matter as shall be permitted under the Tax Act and analogous provisions of any provincial income tax legislation (provided that to the extent necessary the Trustee will seek the advice of Counsel or the Auditors), and do all such other acts and things as may be deemed by the Trustee in its sole Discretion to be necessary, desirable or convenient;
- (ee) to guarantee the obligations of any subsidiary of the Trust including the Partnership, and granting security interests in the Trust assets as security for such guarantee;
- (ff) to subdivide or consolidate from time to time the issued and outstanding Units;
- (gg) to provide indemnities for the directors and officers of any affiliate of the Trust;
- (hh) to form any subsidiary of the Trust for the purpose of making any Permitted Investment (as that term is defined in the Declaration of Trust) and entering into or amending any agreement on such terms as may be approved by the Trustee;
- (ii) to purchase Units for cancellation in accordance with applicable regulatory requirements; and
- (jj) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the purpose and activities of the Trust, to promote or advance any of the purposes for which the Trust is formed and to carry out the provisions of the Declaration of Trust whether or not specifically mentioned herein.

The Trustee shall, except as may be prohibited by applicable law, have the right to delegate authority for the above-referenced matters to a manager or administrator (including AdminCo under the Administration Agreement) if the Trustee determine in its sole Discretion that such delegation is desirable to effect the administration of the duties of the Trustee under the Declaration of Trust.

Fees and Expenses

The Trustee shall be entitled to reimbursement from the Trust of any of its expenses incurred in acting as Trustee. The Trustee on behalf of the Trust may pay or cause to be paid reasonable expenses incurred in connection with the administration and management of the Trust, including without limitation fees and expenses of AdminCo pursuant to the Administration Agreement, auditors, lawyers, appraisers and other agents, consultants and professional advisers employed by or on behalf of the Trust and the cost of reporting or giving notices to Unitholders. The Trustee on behalf of the Trust may pay or cause to be paid brokerage commissions at prevailing rates in receipt of the acquisition and disposition of any securities acquired or disposed of by the Trust to brokers.

The Trustee shall be paid for its services as Trustee:

- (a) such reasonable compensation as shall be negotiated between AdminCo on behalf of the Trust and the Trustee;
- (b) reimbursement of the Trustee's reasonable out-of-pocket expenses incurred in acting as the Trustee, either directly or indirectly, including the expenses referred to above; and
- (c) fair and reasonable remuneration for services rendered to the Trust in any other capacity, which services may include, without limitation, services as the Transfer Agent.

The Trustee shall, in respect of amounts payable or reimbursable to the Trustee under the Declaration of Trust, have a priority over distributions to Unitholders in respect of amounts payable or reimbursable to the Trustee under this Section. Further, in the event the Trustee's fees and expenses are not paid within the time set out in the Trustee's invoice, the Trustee shall be entitled to pay the amounts out of the Trust Assets (or direct AdminCo to pay the amounts out of the Trust Assets).

Computation of Cash Flow of the Trust

The "**Cash Flow of the Trust**", for, or in respect of, any Distribution Period, shall be equal to the sum of:

- (a) all amounts which are received by the Trust for, or in respect of, the Distribution Period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness, or any other payment;
 - (b) the proceeds of any issuance of Units or any other securities of the Trust, net of the expenses of distribution, and, if applicable, the use of proceeds of any such issuance for investments; and
 - (c) all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed;
- less the sum of:
- (d) all amounts used for Permitted Investments during the Distribution Period or set aside by the Administrator for investments;
 - (e) all costs and expenses of the Trust which, in the opinion of AdminCo, may reasonably be considered to have accrued and become owing in respect of, or which relate to, the Distribution Period, or a prior period if not accrued or deducted, in determining the Cash Flow of the Trust in such prior period;
 - (f) all debt repayments and interest costs and expenses, if any, incurred by the Trust in the Distribution Period;
 - (g) all costs and expenses of the Trust relating to capital expenditures which, in the opinion of AdminCo, may reasonably be considered to have accrued and become owing during the Distribution Period, or a prior period if not accrued or deducted in such prior period;
 - (h) all amounts contributed or loaned, or which AdminCo reasonably expect to contribute or loan, to an associate or affiliate of the Trust; and
 - (i) any other amounts (including taxes) required by law or hereunder to be deducted, withheld or paid by or in respect of the Trust in the Distribution Period.

Computation of Income and Net Realized Capital Gains

- (a) The “**Income of the Trust**” for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by AdminCo in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Unitholders and such other amounts as may be determined in the Discretion of AdminCo; provided, however, that capital gains and capital losses shall be excluded from the computation of net income; and
- (b) the “**Net Realized Capital Gains**” of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:
 - (i) the aggregate of the capital losses of the Trust for the year;
 - (ii) any capital gains which are realized by the Trust as a result of a redemption of Units pursuant to Article 6 of the Declaration of Trust; and
 - (iii) the amount determined by AdminCo in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year.

Distribution of Cash Flow of the Trust

The Trustee, with the assistance of AdminCo, may on or before each Distribution Record Date, declare payable to the holders of Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date. The proportionate share for each Unit of the amount of such Cash Flow of the Trust (or portion thereof declared payable) shall be determined by dividing such amount by the number of issued and outstanding Units on such Distribution Record Date. The share of such Cash Flow of the Trust (or portion thereof declared payable) attributable to each holder of Units shall be an amount equal to the proportionate share for each Unit of the amount of such Cash Flow of the Trust (or portion thereof declared payable) multiplied by the number of Units owned of record by each such holder of Trust Units on such Distribution Record Date. Subject to Sections 5.7 and 5.8 of the Declaration of Trust, Cash Flow of the Trust which has been declared to be payable to holders of Units in respect of a Distribution Period shall be paid in cash on the Distribution Payment Date.

Other Distributions

- (a) In addition to the distributions which are made payable to Unitholders pursuant to Section 5.3 of the Declaration of Trust, the Trustee may declare to be payable and make distributions to Unitholders of record, from time to time, out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such record dates as the Trustee may determine with the assistance of AdminCo;
- (b) Having regard to the present intention to allocate, distribute and make payable to Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall be due and payable to Unitholders of record on December 31 in each such year:
 - (i) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined by AdminCo, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Income of the Trust for such year; and
 - (ii) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined by AdminCo, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Net Realized Capital Gains for such year;

- (c) The proportionate share of each Unit of the amount of any distribution made pursuant to either or both of Subsections 5.4(a) and 5.4(b) of the Declaration of Trust shall be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust and on December 31 in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust. Each Unitholder's share of the amount of any such distribution shall be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.7 and Section 5.8 of the Declaration of Trust, amounts which are payable to Unitholders pursuant to either Subsection 5.4(a) or 5.4(b) of the Declaration of Trust shall be paid in cash on the Distribution Payment Date which immediately follows the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust or December 31 in the applicable year in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust.

Character of Distributions and Designations

In accordance with and to the extent permitted by the Tax Act, AdminCo in each year shall make designations in respect of the amounts payable to Unitholders for such amounts that AdminCo considers to be reasonable in all of the circumstances, including, without limitation, designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations (or designated in respect of the Trust where the Trust is a beneficiary of another trust), net capital gains realized by the Trust in the year (or designated in respect of the Trust where the Trust is a beneficiary of another trust) and foreign source income of the Trust for the year, as well as elect under Subsections 104(13.1) and/or (13.2) of the Tax Act that income be taxed to the Trust, rather than to such Unitholders. Distributions payable to Unitholders pursuant to Article 5 of the Declaration of Trust shall be deemed to be distributions of Income of the Trust, Net Realized Capital Gains, trust capital or other items in such amounts as AdminCo shall, in its absolute Discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Trust, which are encompassed in such distribution.

Enforceability of Right to Receive Distributions

For greater certainty, it is hereby declared that each Unitholder shall have the legal right to enforce payment of any amount payable to such Unitholder as a result of any distribution, which are payable to such Unitholder pursuant to Article 5 of the Declaration of Trust.

Method of Payment of Distributions

- (a) Where AdminCo determines that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to Article 5 of the Declaration of Trust on the due date for such payment, the payment may, at the option of AdminCo, include the issuance of additional Units, or fractions of Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by AdminCo to be available for the payment of such distribution; and
- (b) the value of each Unit which is issued pursuant to Subsection 5.7(a) of the Declaration of Trust shall be one dollar (\$1.00) per Unit.

Withholding Taxes

The Trustee may deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distribution, whether those distributions are in the form of cash, additional Units or otherwise. In the event of a distribution in the form of additional Units or property other than cash, the Trustee may sell Units or other property of those Unitholders to pay those withholding taxes and to pay all of the Trustee's reasonable expenses with regard thereto and the Trustee shall have the power of attorney of the Unitholder to do so. Any such sale of Units may be made by private sale and upon that sale, the affected Unitholder shall cease to be the holder of those Units. In the event that withholding taxes are exigible on any distribution or redemption amounts distributed under the Declaration of Trust and the Trust was unable to withhold taxes from a particular distribution to a Unitholder or has not otherwise withheld taxes on particular distributions to the Unitholders, the Trust shall be permitted to withhold amounts from other distributions to satisfy the withholding tax obligation. In addition, Non-Resident holders of Units will be required to pay all withholding taxes payable in respect of any distributions in the form of additional Units, or otherwise, under Section 5.7 of the Declaration of Trust.

No Liability for Sales

The Trustee or AdminCo shall have no liability whatsoever to any Unitholders and no resort shall be had to the Trust Assets or the Trustee or AdminCo, as the case may be, for satisfaction of any obligation or claim against the Trustee, AdminCo or the Trust in connection with the Trust's sale of Units under any provision herein to comply with its statutory obligations to withhold and remit an amount otherwise payable to the Unitholders.

REDEMPTION OF UNITS

Right of Redemption

Each holder of Units shall be entitled to require the Trust to redeem at any time or from time to time at the demand of such holder of Units all or any part of the Units registered in the name of such holder of Units at the prices determined and payable in accordance with the terms and conditions of the Declaration of Trust.

1. Exercise of Redemption Right

- (a) To exercise a right to require redemption of Units under Article 6 of the Declaration of Trust, a duly completed and properly executed notice requesting the Trust to redeem Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number of Units to be so redeemed, shall be sent by a holder of Units to the Trust at the office of the Trustee. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on such redemption notice; and
- (b) Upon receipt by the Trustee on behalf of the Trust of the notice to redeem Units, the holder of Units shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for herein) including the right to receive any distributions thereon which are declared payable to the holders of Trust Units of record on a date which is subsequent to the day of receipt by the Trust of such notice. Units shall be considered to be tendered for redemption on the date that the Trustee has, to its satisfaction, received the notice and other required documents or evidence as aforesaid.

2. Cash Redemption

- (a) Subject to Section 6.4 and Section 6.5, upon receipt by the Trustee on behalf of the Trust of the notice to redeem Trust Units in accordance with Section 6.2, the holder of the Trust Units tendered for redemption shall be entitled to receive a price per Trust Unit (hereinafter called the "**Redemption Price**") determined as follows: (i) within 12 months from the date of the Trust Unit Certificate (the "Issuance Anniversary") representing Trust Units to be redeemed the Redemption Price per Trust Unit shall be ninety (90%) percent of the Trust Unit subscription price paid by a Trust Unitholder with respect to each Trust Unit to be redeemed; and (ii) at any time after the Issuance Anniversary of a Trust Unit Certificate the Redemption Price be ninety-five (95%) percent of the fair market value of the each Trust Unit to be redeemed, as determined by the Administrator as of the day on which a redemption notice required by this Declaration of Trust is delivered, having reference to financial statements and such other information as the Administrator may consider appropriate;
- (b) Subject to Section 6.4 and Section 6.5 of the Declaration of Trust, the Redemption Price payable in respect of the Units surrendered for redemption shall be satisfied by way of a cash payment on the last day of the calendar month following the last month of the Fiscal Quarter in which the Units were tendered for redemption.
- (c) Payments made by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Units in respect of the Units so redeemed.

3. No Cash Redemption in Certain Circumstances

Subsection 6.3(b) of the Declaration of Trust shall not be applicable to Units tendered for redemption by a holder of Units if:

- (a) in the sole opinion of AdminCo, the payment of the Redemption Price in cash by the Trust would not be in the best interest of the Trust having regard to the then current cash position of the Trust; or

- (b) if the Trust, in the sole opinion of AdminCo, is able to make a cash payment with respect to the Redemption Price, but the total amount payable by the Trust pursuant to Section 6.3 of the Declaration of Trust in respect of such Units tendered for redemption in the same quarter exceeds \$75,000 (the “Quarterly Limit”); provided that AdminCo may, in its sole Discretion, waive such limitation in respect of all Units tendered for redemption in any Fiscal Quarter. Units tendered for redemption in any Fiscal Quarter in which the total amount payable by the Trust pursuant to Subsection 6.3(b) of the Declaration of Trust exceeds the Quarterly Limit will be redeemed for cash on a pro-rata basis up to the Quarterly Limit pursuant to Subsection 6.3(b) of the Declaration of Trust and, unless any applicable regulatory approvals are required, by a distribution of a Redemption Notes, for the balance; or
- (c) the redemption of Units will result in the Trust losing its status as a “mutual fund trust” for the purposes of the Tax Act.

4. Redemption Price Paid by Redemption Notes

If, pursuant to Section 6.4, Subsection 6.3(b) of the Declaration of Trust is not applicable to Units tendered for redemption by a holder of Units, then the Trustee shall advise the Unitholders in writing that the Redemption Price for the Units tendered for redemption pursuant to Section 6.2 will be paid in whole or in part by Redemption Notes, and such Unitholders have 15 Business Days from the date of the Trustee’s notice hereunder to rescind their redemption. If not rescinded, the Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing promissory notes (“**Redemption Notes**”). Redemption Notes shall be promissory notes issued in series, or otherwise, by the Trust and issued to redeeming Unitholders in principal amounts equal to the Redemption Price per Unit multiplied by the number of Units to be redeemed and having the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at five percent (5%), payable annually in arrears (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
- (b) subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustee AdminCo with holders of senior indebtedness;
- (c) subject to earlier prepayment without penalty, being due and payable on the third anniversary of the date of issuance; and
- (d) subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by AdminCo.

Purchase for Cancellation

The Trust may from time to time purchase for cancellation some or all of the Units (or other securities of the Trust which may be issued and outstanding from time to time) by private agreement or pursuant to tenders received by the Trust upon request for tenders addressed to all holders of record of Units.

APPOINTMENT, RESIGNATION AND REMOVAL OF THE TRUSTEE

Appointment of Trustee

A person who is appointed as Trustee, other than the Initial Trustee whose consent to act is given by its signature upon the Declaration of Trust, must, either before or after such election or appointment, consent in writing to do so. Upon the later of a person being appointed the Trustee under the Declaration of Trust and executing and delivering to the Trust a consent substantially as set forth in Section 8.1 of the Declaration of Trust, such person shall become the Trustee hereunder and shall be deemed to be a party (as the Trustee) to the Declaration of Trust, as amended from time to time.

Ceasing to Hold Office

A Trustee ceases to hold office when:

- (a) it resigns or shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary, to wind up its affairs;
- (b) it is removed by Extraordinary Resolution at a meeting of Unitholders called for that purpose; or

(c) it ceases to be duly qualified to act as the Trustee as provided for in the Declaration of Trust.

A resignation of the Trustee becomes effective 60 days from the date a written resignation is received by the Trust and AdminCo, or on the date specified in the resignation, whichever is later.

Removal of Trustee

The Unitholders may remove any Trustee from office, by Extraordinary Resolution at a meeting of Unitholders called for that purpose. A vacancy created by the removal of a Trustee may be filled by Ordinary Resolution at the meeting of Unitholders at which the Trustee is removed or, if not so filled, shall be filled as set forth below under “Vacancies”.

Vacancies

No vacancy of the office of the Trustee shall operate to annul the Declaration of Trust or affect the continuity of the Trust.

Filling Vacancies

AdminCo may fill a vacancy of the Trustee without the approval of the Unitholders.

Restrictions on Trustee’s Powers

In respect of any obligations that the Trust is required to assume, AdminCo and Trustee will use their commercially reasonable efforts to ensure that these are in writing and contain provisions to exempt the Unitholders from any liability thereunder and to limit any such liability in respect of the Trust Assets.

Audit, Accounting and Reporting

The Trust’s fiscal year will be December 31.

On or before the 90th day subsequent to December 31 in each calendar year, AdminCo will provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their Canadian income tax returns in respect of the prior calendar year.

AdminCo will send (or make available if sending is not required under applicable securities laws) to Unitholders at least 21 days prior to the date of each general meeting of Unitholders, or if no general meeting is to be held in that year within six months of the fiscal year end, the annual financial statements of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon.

Such financial statements shall be prepared in accordance with GAAP; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

Fiduciary Duty

The Trustee shall exercise its powers and carry out its functions hereunder as Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. Unless otherwise required by law, the Trustee shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustee, in its capacity as Trustee, shall not be required to devote its entire time to the business and affairs of the Trust.

Conflicts of Interest

Subscribers should note that the following is subject to the approval of the Independent Directors of any such Conflict of Interest Matter as set out under Item 2.1.1 – The Trust - Conflict of Interest Matters.

Without affecting or limiting the duties and responsibilities or the limitations and indemnities provided in the Declaration of Trust or in the Administration Agreement, the Trustee and AdminCo are hereby expressly permitted to:

- (a) be, or be an associate or an affiliate of, a person from or to whom assets of the Trust have been or are to be purchased or sold;

- (b) be, or be an associate or an affiliate of, a person with whom the Trust or AdminCo contracts or deals or which supplies services or extends credit to the Trust or AdminCo or to which the Trust extends credit;
- (c) acquire, hold and dispose of, either for its own account or the accounts of its customers, any assets not constituting part of the Trust Assets, even if such assets are of a character which could be held by the Trust, and exercise all rights of an owner of such assets as if it were not a trustee or AdminCo;
- (d) in the case of the Trustee, carry on its business as a trust company in the usual course while it is the Trustee, including the rendering of trustee or other services to the Trust or to other trusts and other persons for gain; and
- (e) derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with the Trust or the relationships, matters, contracts, transactions, affiliations or other interests stated in this section without being liable to the Trust or any Unitholder for any such direct or indirect benefit, profit or advantage.

In addition to the above provisions, it is acknowledged that the investments of the Trust will include loans to AdminCo, on terms which contemplate AdminCo investing such funds on its own behalf and retaining a portion of the profit made from such investment. AdminCo shall not be liable to account to the Trust, the Trustee or any Trust Unitholder for such profit. Subject to applicable laws, none of the relationships, matters, contracts, transactions, affiliations or other interests permitted above shall be, or shall be deemed to be or to create, a material conflict of interest with the Trustee's or AdminCo's duties.

Limitations on Liability of Trustee and Officers

The Trustee, its directors, officers, employees, shareholders and agents shall not be liable to any Unitholder or any other person, in tort, contract or otherwise, in connection with any matter pertaining to the Trust or the Trust Assets, arising from the exercise by the Trustee of any powers, authorities or discretion conferred under the Declaration of Trust, including, without limitation, any action taken or not taken, in good faith in reliance on any documents that are, prima facie, properly executed, any depreciation of, or loss to, the Trust Assets incurred by reason of the sale of any asset, any inaccuracy in any evaluation provided by any other appropriately qualified person, any reliance on any such evaluation, or any action or failure to act (including failure to compel in any way any former Trustee to redress any breach of trust or any failure by AdminCo to perform its duties under the Declaration of Trust or the Administration Agreement), unless such liabilities arise out of the gross negligence, wilful default or fraud of the Trustee or any of its directors, officers, employees or shareholders. If the Trustee has retained an appropriate expert, advisor, Counsel or the Auditors with respect to any matter connected with its duties under the Declaration of Trust or any other contract, the Trustee may act or refuse to act based on the advice of such expert, advisor, Counsel or the Auditors, and the Trustee shall not be liable for and shall be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of any such expert, advisor, Counsel or the Auditors.

Subject to the standard of care set out in the Declaration of Trust, neither of the Trustee nor any officer, director, employee or agent thereof shall be subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust Assets or the affairs of the Trust, including, without limitation, in respect of any loss or diminution in value of any Trust Assets, to the Trust or to the Unitholders or to any other person for anything done or permitted to be done by the Trustee unless such liabilities arise out of the gross negligence, wilful misconduct or fraud of the Trustee. The Trustee shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustee for or in respect to the affairs of the Trust. No property or assets of the Trustee, owned in its personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustee in its personal capacity. The Trust shall be solely liable therefor and resort shall be had solely to the Trust Assets for payment or performance thereof; and

Any liability of the Trustee for, or in respect of, or that arise out of, or result from the Trustee's breach of this Declaration of Trust shall be limited, in the aggregate, to the amount of remuneration paid by the Trust to the Trustee under the Declaration of Trust in the twelve months immediately before the Trustee first receiving written notice of such liability; provided that the foregoing limitation shall not apply to any liability of the Trustee that arises out of the Trustee's gross negligence, wilful misconduct or fraud.

Subject to the provisions of Section 5 of the *Trustee Act* (Alberta), the Trustee shall have no liability or responsibility for any matters delegated to AdminCo or under the Administration Agreement, and the Trustee, in relying upon AdminCo and in entering into the Administration Agreement, shall be deemed to have complied with its obligations under Article 9 of the Declaration of Trust and shall be entitled to the benefit of the indemnity provided in Article 9 of the Declaration of Trust.

Indemnification of Trustee

The Trustee shall be fully indemnified and saved harmless out of the Trust Assets in respect of:

- (a) any liability and all costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustee for or in respect of any act, omission or error in respect of the Trust and the Trustees execution of all duties and responsibilities and exercise of all powers and authorities pertaining thereto;
- (b) any liability and all losses, damages, costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustee or against such directors, officers, employees, shareholders or agents, as the case may be, for or in respect of AdminCo providing or omitting to provide services to the Trust or otherwise performing obligations under the Administration Agreement or as delegated or otherwise contemplated under the Declaration of Trust;
- (c) all other costs, charges, taxes, penalties and interest in respect of unpaid taxes; and
- (d) all other expenses and liabilities sustained or incurred by the Trustee in respect of the administration or termination of the Trust;

unless any of the foregoing arise out of the gross negligence, wilful default or fraud of the Trustee. This indemnification shall survive the termination of the Trust and the resignation or removal of the Trustee.

Transfer of Units

- (a) The right to transfer Units is restricted such that no Unitholder shall be entitled to transfer Units to any person unless the transfer has been approved by AdminCo and AdminCo shall have the power to restrict the transfer of the Units on the books of the Trust without liability to Unitholders or others who are thereby restricted from making a transfer;
- (b) Units shall be transferable on the register or one of the branch transfer registers only by the Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents or attorneys duly authorized in writing, and only upon delivery to the Trust or to the Transfer Agent of the certificate therefor, properly endorsed or accompanied by a duly executed instrument of transfer or power of attorney and accompanied by all necessary transfer or other taxes imposed by law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Transfer Agent, and no transfer of Units shall be effective or shall be in any way binding upon the Trust until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Transfer Agent. Upon such delivery the transfer shall be recorded on the register or branch transfer registers and a new certificate for the Units shall be issued to the transferee and a new certificate for the balance of Units not transferred shall be issued to the transferor;
- (c) any person becoming entitled to any Units as a consequence of the death, bankruptcy or mental incompetence of any Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Units (and shall receive a new certificate therefor upon submission of the existing certificate for cancellation) only upon production of satisfactory evidence, but until such record is made the Unitholder of record shall continue to be and be deemed to be the holder of such Units for all purposes whether or not notice of such death or other event has been given; and
- (d) Unit Certificates representing any number or class of Units may be exchanged without charge for Unit Certificates representing an equivalent number and class of Units in the aggregate. Any exchange of Unit Certificates may be made at the offices of the Trust or the Transfer Agent where registers are maintained for Unit Certificates pursuant to the provisions of this Article. Any Unit Certificates tendered for exchange shall be surrendered to the Trustee or appropriate Transfer Agent and then shall be cancelled.

Limitation on Non-Resident Ownership

It is in the best interest of Unitholders that the Trust always qualify as a “mutual fund trust” under the Tax Act and in order to ensure the maintenance of such status:

- (a) if determined necessary or desirable by the Trustee or AdminCo, in their sole Discretion, the Trust may from time to time, among other things, take all necessary steps to monitor the activities of the Trust and ownership of the Units. If at any time the Trust or AdminCo become aware that the activities of the Trust and/or ownership of the Units by Non-Residents may threaten the status of the Trust under the Tax Act as a “mutual fund trust”, the Trust, by or through AdminCo on the Trust’s behalf, is authorized to take such action as may be necessary in the opinion of AdminCo to maintain the status of the Trust as a “mutual fund trust” including, without limitation, the imposition of restrictions on the issuance by the Trust of Units or the transfer by any Unitholder of Units to a Non-Resident and/or require the sale of Units by Non-Residents on a basis determined by AdminCo and/or suspend distribution and/or other rights in respect of Units held by Non-Residents transferred contrary to the foregoing provisions or not sold in accordance with the requirements thereof;
- (b) in addition to the foregoing provisions, the Transfer Agent may, if determined appropriate by AdminCo, establish operating procedures for, and maintain, a reservation system which may limit the number of Units that Non-Residents may hold, limit the transfer of the legal or beneficial interest in any Units to Non-Residents unless selected through a process determined appropriate by AdminCo, which may either be a random selection process or a selection process based on the first to register, or such other basis as determined by AdminCo. The operating procedures relating to such reservation system shall be determined by AdminCo. Such operating procedures may, among other things, provide that any transfer of a legal or beneficial interest in any Units contrary to the provisions of such reservation system may not be recognized by the Trust;
- (c) unless and until AdminCo has been required to do so under the terms hereof, AdminCo shall not be bound to do or take any proceeding or action with respect to this Section by virtue of the powers conferred on it hereby. AdminCo shall not be required to actively monitor the foreign holdings of the Trust. AdminCo shall not be liable for any violation of the non-resident ownership restriction, which may occur during the term of the Trust; and
- (d) AdminCo shall have the sole right and authority to make any determination required or contemplated under this Section. AdminCo shall make all determinations necessary for the administration of the provisions of this Section and, without limiting the generality of the foregoing, if AdminCo considers that there are reasonable grounds for believing that a contravention of the non-resident ownership restriction has occurred or will occur, AdminCo shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by AdminCo.

Termination of the Trust

Subject to the other provisions of the Declaration of Trust, the Trust shall continue for a term ending on the earlier December 31, 2020 and the date which is one day prior to the date, if any, the Trust would otherwise be void by virtue of any applicable rule against perpetuities then in force in Alberta. For the purpose of terminating the Trust by such date, the Trustee shall commence to wind-up the affairs of the Trust on such date as may be determined by the Trustee, being not more than two years prior to the end of the term of the Trust.

The Unitholders may vote by Extraordinary Resolution to terminate the Trust at any meeting of Unitholders duly called for such purpose, following which the Trustee shall commence to wind-up the affairs of the Trust (and shall thereafter be restricted to only such activities). Such Extraordinary Resolution may contain such directions to the Trustee as the Unitholders determine.

Forthwith upon being required to commence to wind-up the affairs of the Trust, the Trustee shall give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the registers of Units of the Trust shall be closed.

After the date on which the Trustee is required to commence to wind-up the affairs of the Trust, the Trustee shall undertake no activities except for the purpose of winding-up the affairs of the Trust as hereinafter provided and, for this purpose, the Trustee shall continue to be vested with and may exercise all or any of the powers conferred upon the Trustee under the Declaration of Trust.

General and Special Meetings of Unitholders

- (a) general meetings of the Unitholders shall be called, at a time and at a place in Canada set by the Administrator. A general meeting of the Unitholders shall be called within 36 months of October 8, 2013, and thereafter within 36 months of the previous general meeting. The business transacted at such meetings shall include the presentation of the financial statements of the Trust for the preceding fiscal years, the appointment of Auditors for the ensuing years, and the transaction of such other business as Unitholders may be entitled to vote upon as hereinafter provided in this Article or as the Administrator may determine or as may be properly brought before the meeting;
- (b) special meetings of the Unitholders may be called by either AdminCo or the Trustee at any time and for any purpose;
- (c) Unitholders holding in the aggregate not less than five percent (5%) of all votes entitled to be voted at a meeting of Unitholders may requisition the Trustee to call a special meeting of Unitholders for the purposes stated in the requisition. The requisition shall:
 - (i) be in writing;
 - (ii) set forth the name and address of, and number of Units and Exchangeable Securities (and votes attached thereto which, in the aggregate, must not be less than five percent (5%) of all votes entitled to be voted at a meeting of Unitholders) held by each person who is supporting the requisition; and
 - (iii) shall state in reasonable detail the business to be transacted at the meeting and shall be sent to the Trustee. Upon receiving a requisition complying with the foregoing, the Trustee shall call a meeting of Unitholders to transact the business referred to in the requisition, unless:
 - (A) a record date for a meeting of Unitholders has been fixed;
 - (B) AdminCo or the Trustee has called a meeting of Unitholders and has given notice thereof pursuant to the terms of the Declaration of Trust; or
 - (C) in connection with the business as stated in the requisition:
 - (1) it clearly appears that a matter covered by the requisition is submitted by the Unitholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustee, AdminCo or the Unitholders, or primarily for the purpose of promoting general economic, political, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the business or affairs of the Trust;
 - (2) the Trust, at the Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a meeting of Unitholders held within 36 months preceding the receipt of such requisition and the Unitholder failed to present the matter, in person or by proxy, at the meeting;
 - (3) substantially the same matter covered by the requisition was submitted to Unitholders in an information circular relating to a meeting of Unitholders held within 36 months preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
 - (4) the rights conferred by this Section are being abused to secure publicity;
- (d) if the Trustee does not, within 90 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in subsection (C) above), any Unitholder who signed the requisition may call the meeting in accordance with the provisions of this section, *mutatis mutandis*;

- (e) meetings of Unitholders shall be held in Calgary, Alberta, or at such other place in Canada as AdminCo shall designate;
- (f) the chair of any general or special meeting shall be a person designated by AdminCo for the purpose of such meeting;
- (g) the Trustee, AdminCo, the Auditors and any other person approved by AdminCo or the chair of the meeting may attend meetings of the Unitholders;
- (h) any person entitled to attend a meeting of Unitholders may participate in the meeting, subject to and in accordance with applicable securities laws, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Trust makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Declaration of Trust to be present at the meeting; and
- (i) if AdminCo, the Trustee or the Unitholders call a meeting of Unitholders pursuant to the Declaration of Trust, AdminCo, the Trustee or Unitholders, as the case may be, may determine that the meeting shall be held, subject to and in accordance with applicable securities laws, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

Resolutions Binding the Trustee

In addition to any other provisions set forth in the Declaration of Trust requiring the approval of Unitholders in respect to certain matters, or as a condition precedent to taking certain actions set forth below, it is agreed that:

- (a) the Trustee shall not, without the approval of the Unitholders by Extraordinary Resolution sell, lease, exchange or transfer all or substantially all of the Trust Assets other than:
 - (i) pursuant to in specie redemptions permitted under the Declaration of Trust; or
 - (ii) in order to acquire in connection with pursuing the purpose of the Trust securities of the Partnership;
- (b) the following matters must be approved by a majority of the directors of AdminCo:
 - (i) a change to the Administration Agreement or any extension thereof; and
 - (ii) the terms of any agreement entered into by the Trust, or any of its affiliates, with AdminCo or any affiliate thereof;
- (c) Unitholders shall also be entitled to pass resolutions that will bind the Trust only with respect to the following matters:
 - (i) the removal of the Trustee;
 - (ii) the removal of the Administrator;
 - (iii) the approval or removal of Auditors;
 - (iv) the termination of the Trust; and
 - (v) the ratification of any Unitholder rights plan, distribution reinvestment plan, Unit purchase plan, Unit option plan, incentive option plan or other compensation plan requiring Unitholder approval.

Except with respect to the above matters set out above, no action taken by the Unitholders or any resolution of the Unitholders at any meeting shall in any way bind the Trustee. Any action taken or resolution passed in respect of any matter on which Unitholder approval is required under the Declaration of Trust shall be by Extraordinary Resolution, unless the contrary is otherwise expressly provided under any specific provision of the Declaration of Trust.

Voting Rights of Unitholders

Only Unitholders of record shall be entitled to vote and each Unit shall entitle the holder or holders of that Unit on a poll vote at any meeting of Unitholders to the voting rights set out in the Declaration of Trust. Every question submitted to a meeting shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every person present and entitled to vote shall be entitled to one vote. At any meeting of Unitholders, any holder of Units entitled to vote thereat may vote by proxy and a proxyholder need not be a Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been received by the Transfer Agent for verification at least 24 hours prior to the commencement of such meeting, or such lesser time as the chairman of the meeting may allow. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote purporting to be executed by or on behalf of a Unitholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

Amendments to the Trust Agreement

The provisions of the Declaration of Trust, except where specifically provided otherwise, may only be amended by Extraordinary Resolution; provided that the provisions of the Declaration of Trust may also be amended by the Trustee with the approval of AdminCo without the consent, approval or ratification of the Unitholders or any other person at any time:

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Trustee or the Trust;
- (b) in a manner which, in the opinion of AdminCo, provides additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to the Unitholders;
- (c) ensuring that the Trust will satisfy the provisions of the Tax Act with respect to retaining its qualification as a “mutual fund trust”, pursuant to subsection 132(6) of the Tax Act, as the Tax Act may be amended from time to time;
- (d) to ensure that the Trust is not considered a “SIFT trust” as defined in the Tax Act;
- (e) in a manner which, in the opinion of the Trustee supported by opinion of Counsel, is necessary or desirable as a result of changes in Canadian taxation laws;
- (f) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of AdminCo, necessary or desirable and not prejudicial to the Unitholders; or
- (g) to change the status of, or the laws governing, the Trust which, in the opinion of AdminCo supported by opinion of Counsel, is desirable in order to provide Unitholders with the benefit of any legislation limiting their liability,

but notwithstanding the foregoing, no such amendment shall modify the voting rights of any Unit or reduce the fractional undivided interest in the Trust assets represented by any Unit without the consent of the holder of such Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of this Section without the consent of the holders of all of the Units then outstanding.

SUMMARY OF THE ADMINISTRATION AGREEMENT

This is a summary only and is subject to the complete terms and conditions of the Administration Agreement dated January 10, 2014.

Pursuant to the terms of the Administration Agreement, AdminCo will provide administrative and support services to, and be responsible for the general administration of the affairs of the Trust, including without limitation the following:

Administrative Expenses and Administration Fees

Pursuant to the terms of the Administration Agreement, AdminCo will provide administrative and support services to, and be responsible for the general administration of the affairs of the Trust, including without limitation the following:

- (a) keep and maintain at its offices in Calgary, Alberta at all times books, records and accounts which shall contain particulars of operations, receipts, disbursements and investments relating to the Trust assets and such books, records and accounts shall be kept pursuant to normal commercial practices that will permit the preparation of financial statements in accordance with Canadian generally accepted accounting principles which, shall also be in accordance with those required to be kept by the Trust under the Tax Act and the Income Tax Regulations applicable with respect thereto, all as amended from time to time;
- (b) undertake any matters required by the terms of the Declaration Trust to be performed by the Trustees, which are not otherwise delegated therein and generally provide all other services as may be necessary or as requested by the Trustees for the management and administration of the Trust;
- (c) provide advice and assistance to the Trustees with respect to the performance of the obligations of the Trust and the enforcement of the rights of the Trust under all agreements entered into by the Trust;
- (d) assist the Trustees in making all determinations necessary for the discharge of the Trustees' obligations under the Declaration of Trust;
- (e) retain and monitor, on behalf of the Trustees, a transfer agent and other persons serving the Trust;
- (f) provide or cause to be provided such audit, accounting, engineering, legal, insurance and other professional services as are reasonably required or desirable for the purposes of the Trust and provide or cause to be provided such legal, engineering, financial and other advice and analysis as the Trustees may require or desire to permit them to make informed decisions in connection with the discharge by them of their responsibilities as Trustees, to the extent such advice and analysis can be reasonably provided or arranged by AdminCo;
- (g) authorize and pay on behalf of the Trust operating expenses incurred on behalf of the Trust and negotiate contracts with third party providers of services (including, but not limited to, transfer agents, legal counsel, auditors and printers);
- (h) provide, for the purposes of performing its services under the Administration Agreement, office space, telephone, office equipment, facilities, supplies and executive, secretarial, bookkeeping, general accounting and clerical services;
- (i) deal with banks and other institutional lenders, including in respect of maintenance of bank records and the negotiation and securing of bank financing or refinancing or one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities in respect of the Trust or any entity in which the Trust holds any direct or indirect interest;
- (j) take all actions reasonably necessary in connection with, or in relation to, directly or indirectly, the borrowing of money from or incurring indebtedness by the Trust to any person and in connection therewith, to cause the Trust to guarantee, indemnify or act as a surety with respect to payment or performance of any indebtedness, liabilities or obligation of any kind of any person, including, without limitation, AdminCo and any subsidiary (as defined in the *Securities Act* (Alberta)) of the Trust; to enter into any other obligations on behalf of the Trust; or enter into any subordination agreement on behalf of the Trust or any other person, and to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, and grant any security interest, mortgage or encumbrance over or with respect to all or any of the Trust Assets or to subordinate the interests of the Trust in the Trust Assets to any other person;
- (k) take all actions reasonably necessary in connection with, or in relation to, the guarantee by the Trust of obligations of any affiliate of the Trust pursuant to any debt for borrowed money or obligations resulting or arising from hedging instruments incurred by the affiliate and pledging securities issued by the affiliate as security for such guarantee provided that such guarantee is incidental to the Trust's direct or indirect investment in the affiliate or the business and affairs (existing or proposed) of the affiliate, and each such guarantee entered into by the Trustee shall be binding upon, and enforceable in accordance with its terms against, the Trust;

- (l) prepare and provide to the Trustees for their review and approval all annual audited financial statements of the Trust, income tax returns and filings in sufficient time prior to the dates upon which they must be delivered to Unitholders and/or filed so that the Trustees have a reasonable opportunity to review and approve them, execute them and return them to AdminCo, and arrange for their delivery to Unitholders and/or filing within the time required by applicable law;
- (m) assist the Trustees in computing distributions to Unitholders pursuant to the Declaration of Trust, including calculating Cash Flow of the Trust (as defined in the Declaration of Trust) and facilitate payment of distributions properly declared payable by the Trust;
- (n) ensure compliance by the Trust with all applicable securities laws, including in relation to the Offering of securities of the Trust;
- (o) prepare on behalf of the Trust any circular or other disclosure document required under applicable securities legislation with respect to an offer to acquire securities of another person or in response to an offer to purchase Units;
- (p) call and hold all annual and/or special meetings of Unitholders pursuant to the Declaration of Trust and prepare for approval by the Trustees and arrange for the distribution of all materials (including notices of meetings, information circulars and instrument of proxy) in respect thereof;
- (q) prepare and provide or cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Declaration of Trust and under Applicable Laws, including, if required, financial statements and tax information relating to the Trust;
- (r) obtain and pay for the costs of liability insurance for the protection of the Trust and its affiliates, and their respective trustees, directors and officer against such risks, to such limits and with such deductibles and such other terms as are approved by the Trustees from time to time;
- (s) attend to all administrative and other matters arising in connection with any redemptions or retractions of Units;
- (t) in the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Declaration of Trust or any other agreement, AdminCo shall withhold the withholding taxes required and shall promptly remit such taxes to the appropriate taxing authority. In the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Declaration of Trust or any other agreement and AdminCo is, or was, unable to withhold taxes from a particular distribution to a Unitholder or has not otherwise withheld taxes on past distributions to a Unitholder, AdminCo shall be permitted to withhold amounts from other distributions to satisfy AdminCo's withholding tax obligations;
- (u) monitor the tax status of the Trust, including without limitation compliance with Subsection 108(2) and 132(6) of the Tax Act, provide information to the Trustees regarding the taxable portions of distributions and provide the Trustees with written notice when the Trust ceases or is at risk of ceasing to be such a mutual fund trust;
- (v) ensure that the Trust elects in the prescribed manner and within the prescribed time under subsection 132(6.1) of the Tax Act to be a "mutual fund trust" within the meaning of that Act since inception, assuming the requirements for such election are met and ensure that the Trust elects under the analogous provisions of any applicable provincial tax legislation;
- (w) take all actions reasonably necessary with respect in connection with, or in relation to, those matters referred to in the Declaration of Trust in connection with, or in relation to all rights, powers, voting and privileges pertaining to any investments in the Trust Assets;
- (x) provide advice with respect to the timing and terms of future offerings of securities of the Trust, if any;
- (y) recommend, monitor, carry out and provide any services reasonably necessary in connection with any acquisitions or divestitures of any portion of the Trust Assets;
- (z) assist in connection with any offerings of Units, including preparing any prospectus or comparable documents of the Trust to qualify the distribution of securities of the Trust from time to time; and

- (aa) approve the form of certificate representing the Units from time to time and certify such certificates from time to time on behalf of the Trust.

AdminCo must exercise the powers and discharge the duties conferred under the Administration Agreement honestly, in good faith and in the best interests of the Trust and the Partnership and exercise the degree of care, diligence and skill that a reasonably prudent trustee in Canada having responsibilities of a similar nature would exercise in comparable circumstances.

Administrative Expenses and Administration Fees

Pursuant to the Administration Agreement, AdminCo will be reimbursed by the Trust, without duplication, for such expenses (including, without limitation, salary, wages and other forms of compensation paid to employees engaged in rendering services under the Administration Agreement, and out-of-pocket expenses (collectively, the “Expenses”)) incurred by AdminCo as are, in the opinion of AdminCo, acting reasonably, reasonably allocable respectively thereto.

AdminCo shall act as the Trust’s agent when incurring the Expenses and shall be reimbursed for all such Expenses, such reimbursement to be made within 15 days of the Trust receiving an invoice therefor from AdminCo. Such invoice shall set out the details of the Expenses and the sales or excise taxes (including GST) incurred by AdminCo in relation thereto.

In addition, AdminCo shall be entitled to the payment of a fee from the Trust for the services provided by AdminCo under the Administration Agreement in the amount of \$500 per year plus applicable GST, commencing in 2014, which fee shall be paid by the Trust on or before December 31 of each year during the term of the Administration Agreement.

Pursuant to the Funding Agreement, the Partnership shall pay AdminCo all fees and expenses payable to AdminCo pursuant to the terms of the Administration Agreement.

Banking

The banking business of the Trust, or any part thereof, shall be transacted with such bank, trust company, Alberta Treasury Branches or other firm or corporation carrying on a banking business as AdminCo may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Trust’s behalf by AdminCo and/or other persons as the Trustee may (upon written notice to the Trust’s bankers) designate, appoint or authorize from time to time including, but without restricting the generality of the foregoing, the operation of the Trust’s accounts; the making, signing, drawing, accepting, endorsing, negotiation, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for and orders relating to any property of the Trust; the execution of any agreement relating to any property of the Trust; the execution of any agreement relating to any property of the Trust; the execution of any agreement relating to any such banking business and defining the rights and powers of the parties hereto; and the authorizing of any officer of such banker to do any act or thing on the Trust’s behalf to facilitate such banking business.

SUMMARY OF THE FUNDING AGREEMENT

This is a summary only and is subject to the complete terms and conditions of the Funding Agreement dated January 10, 2014.

The Partnership has agreed to pay all costs of the Offering and all costs incurred by the Trust in connection thereto and in connection with the transactions described in the Offering Memorandum including without limitation, all costs incurred by the Trust in the administration of investors in the Trust on a post-closing basis.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following is a summary of the Partnership Agreement dated October 9, 2013 and amended September 10, 2015.

This is a summary only and is subject to the complete terms and conditions of the Partnership Agreement. Additional terms of the Partnership Agreement with respect to “The General Partner” and Distributable Cash of the Partnership” are referenced in Item 2.1.2 - “The Partnership” and in Item 2.2.3 - “Business of the Partnership”, subparagraphs (a) – (e).

LP Units

Only the holders of the LP Units will be entitled to one vote for each LP Unit on any resolution to be passed by the holders of LP Units. The holders of LP Units are entitled to receive, and the General Partner shall, subject to applicable law and the terms of the Partnership Agreement, from time to time pay distributions on the LP Units as the General Partner determines. Such distributions will be paid out of money, assets or property of the Partnership, properly applicable to the payment of distributions as applicable.

Issuance of LP Units

The General Partner is authorized to, in its Discretion, cause the Partnership to issue at any time and from time to time up to 25,000,000 Class A LP Units with each Class A LP Unit having a Capital Contribution amount of not less than \$1.00 per Class A Unit, on such terms and conditions of the offering and sale of LP Units as the General Partner, in its Discretion, may determine including accepting payment of consideration therefore in the form of cash, property and/or past services, and may do all things in that regard, including preparing and filing prospectuses, offering memoranda and other documents.

The General Partner is authorized to, in its Discretion, cause the Partnership to issue at any time and from time to time up to 1,000,000 Class B LP Units with each Class B LP Unit having a Capital Contribution amount of not less than \$0.001 per Class B LP Unit, on such terms and conditions of the offering and sale of LP Units as the General Partner, in its Discretion, may determine.

The General Partner may do all things necessary or advisable in connection with the issue of LP Units from time to time including determining the requirements for a satisfactory subscription form, preparing and filing prospectuses, offering memoranda and other documents, paying the expenses of issue and entering into agreements with any Person for a commission or fee.

Upon acceptance by the General Partner of any subscription for LP Units, all Partners are deemed to consent to the admission of the subscriber as a Limited Partner, the General Partner will cause the Register to be amended, and such other documents as may be required by the Partnership Act or under legislation similar to the Partnership Act in other provinces or the territories to be filed or amended, specifying the prescribed information and will cause the foregoing information in respect of the new Limited Partner to be included in Partnership books and records.

Limited Liability

- (a) the General Partner is not personally liable for the return of any Capital Contribution made by a Limited Partner to the Partnership;
- (b) subject to the terms of the Partnership Agreement, the General Partner will not be liable to a Limited Partner for any act, omission or error in judgment taken or made hereunder by the General Partner honestly and in good faith in the conduct of the business of the Partnership;
- (c) the General Partner may rely, and is protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- (d) the General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion (including, without limitation, an opinion of counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence will be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion;
- (e) the General Partner may exercise any of the powers or authority granted to it by the Partnership Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents (as contemplated in the Partnership Agreement), and the General Partner is not responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith; and

- (f) any standard of care or duty imposed under the Partnership Act or any applicable law shall be modified, waived or limited as required to permit the General Partner to act under the Partnership Agreement or any other agreement contemplated by the Partnership Agreement and to make any decision pursuant to the power or authority prescribed in the Partnership Agreement, so long as such action is reasonably believed by the General Partner to be in, or not opposed to, the best interests of the Partnership.

Indemnity

To the fullest extent permitted by law but subject to the limitations expressly provided in the Partnership Agreement, each General Partner, any former General Partner (a “**Departing Partner**”), any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person (collectively, an “**Indemnatee**”) is indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnatee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as: (i) the General Partner, a Departing Partner or any of their Affiliates; (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates; or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, officer, employee, agent or trustee of another Person; provided, that in each case the Indemnatee acted in good faith, in a manner which such Indemnatee believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction does not create a presumption that the Indemnatee acted in a manner contrary to that specified above. Any indemnification is to be made only out of the assets of the Partnership.

To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnatee in defending any claim, demand, action, suit or proceeding are to be, from time to time, advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnatee to repay such amount if it is determined that the Indemnatee is not entitled to be indemnified as authorized in this Section.

The indemnification provided by this Section is in addition to any other rights to which an Indemnatee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnatee’s capacity as: (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof, or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, officer, employee, agent or trustee of another Person, and shall continue as to an Indemnatee who has ceased to serve in such capacity and as to actions in any other capacity.

The Partnership may purchase and maintain insurance (or reimburse the General Partner or its Affiliates for the cost of insurance), on behalf of the General Partner and such other Persons as the General Partner determines, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership’s activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of the Partnership Agreement.

Functions and Powers of the General Partner

- (a) The General Partner has:
 - (i) unlimited liability for the debts, liabilities and obligations of the Partnership;
 - (ii) subject to the terms of the Partnership Agreement, and to any applicable limitations set forth in the Act and applicable similar legislation, the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership; and

- (iii) the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership.

- (b) Notwithstanding any other agreement the Partnership or the General Partner may enter into, all material transactions or agreements entered into by the Partnership must be approved by the board of directors of the General Partner.

Specific Powers and Duties

Without limiting the generality of the foregoing the General Partner has full power and authority for and on behalf of and in the name of the Partnership to:

- (a) negotiate, execute and perform all agreements which require execution by or on behalf of the Partnership involving matters or transactions with respect to the Partnership's business (and such agreements may limit the liability of the Partnership to the assets of the Partnership, with the other party to have no recourse to the assets of the General Partner, even if the same results in the terms of the agreement being less favorable to the Partnership);
- (b) open and manage bank accounts in the name of the Partnership and spend the capital of the Partnership in the exercise of any right or power exercisable by the General Partner hereunder;
- (c) borrow funds in the name of the Partnership from time to time, from financial institutions or other lenders as the General Partner may determine without limitation with regard to amount, cost or conditions of reimbursement of such loan;
- (d) guarantee the debts, liabilities and obligations of a third party;
- (e) mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in all or any property of the Partnership now owned or hereafter acquired, to secure any present and future borrowings and related expenses of the Partnership and to sell all or any of such property pursuant to a foreclosure or other realization upon the foregoing encumbrances;
- (f) see to the sound management of the Partnership, and to manage, control and develop all the activities of the Partnership and take all measures necessary or appropriate for the business of the Partnership or ancillary thereto;
- (g) acquire, maintain, improve, upgrade, expand or dispose of the assets of the Partnership from time to time;
- (h) incur all costs and expenses in connection with the Partnership;
- (i) employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals or other investment participants with the powers and duties upon the terms and for the compensation as in the Discretion of the General Partner may be necessary or advisable in the carrying on of the business of the Partnership;
- (j) engage agents or subcontract administrative functions, to assist the General Partner to carry out its management obligations to the Partnership;
- (k) invest cash assets of the Partnership that are not immediately required for the business of the Partnership in investments which the General Partner considers appropriate;
- (l) act as attorney in fact or agent of the Partnership in disbursing and collecting moneys for the Partnership, paying debts and fulfilling the obligations of the Partnership and handling and settling any claims of the Partnership;
- (m) commence or defend any action or proceeding in connection with the Partnership;
- (n) file returns or other documents required by any governmental or like authority;
- (o) retain legal counsel, experts, advisors or consultants as the General Partner considers appropriate and rely upon the advice of such Persons;

- (p) do anything that is in furtherance of or incidental to the business of the Partnership or that is provided for in the Partnership Agreement;
- (q) execute, acknowledge and deliver the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the business of the Partnership;
- (r) obtain any insurance coverage; and
- (s) generally carry out the objectives, purposes and business of the Partnership.

No Person dealing with the Partnership is required to enquire into the authority of the General Partner to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Partnership.

The General Partner may insert, and may cause agents of the Partnership to insert, the following clause in any contracts or agreements to which the Partnership is a party or by which it is bound:

“Triumph Real Estate Investment Fund 1 LP is a limited partnership formed under the *Partnership Act* (Alberta), a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that it has contributed or agreed to contribute to its capital and its pro rata share of any undistributed income.”

Resignation and Removal of the General Partner

The General Partner may not be removed as general partner of the Partnership, except as follows:

- (a) the occurrence of any of the following events which has not been cured by the General Partner within thirty (30) days of the occurrence thereof:
 - (i) the passing of any resolution of the directors or shareholders of the General Partner requiring or relating to the bankruptcy or the making of any assignment for the benefit of creditors of the General Partner (or the commencement of any act or proceeding in connection with any of the foregoing which is not contested in good faith by the General Partner); or
 - (ii) the appointment of a receiver of all or substantially all of the assets and undertakings of the General Partner; or
 - (iii) the occurrence of any gross negligence, willful misconduct or fraud on the part of the General Partner,
 - (iv) and the passing of a Special Resolution by the Limited Partners for the removal of the General Partner.

Upon the occurrence of any of the preceding events and the passing of a Special Resolution by the Limited Partners for the removal of the General Partner, the General Partner shall be removed as the General Partner of the Partnership effective upon the appointment of a new general partner and acceptance of such appointment. Any such action by the Limited Partners for removal of the General Partner must also provide for the election and succession of a new general partner.

Transfer of LP Units

No Limited Partner may transfer any of the LP Units owned by it except to Persons under the manner expressly permitted in the Partnership Agreement. Any attempted transfer of LP Units made in violation of the Partnership Agreement will be null and void and the General Partner will not approve any transfer of LP Units made in contravention of the Partnership Agreement.

Powers Exercisable by Special Resolution

The following powers are only exercisable by Special Resolution passed by the Limited Partners:

- (a) dissolving the Partnership, except as otherwise provided for under Section 11.2 (b) of the Partnership Agreement;
- (b) removing the General Partner and electing a new general partner as provided in Section 8.12 of the Partnership Agreement;
- (c) the sale of all or substantially all of the assets of the Partnership;

- (d) amending, modifying, altering or repealing any Special Resolution previously passed by the Limited Partners;
- (e) amending the Partnership Agreement pursuant to Section 12.1 of the Partnership Agreement; and
- (f) determining to reconstitute the Partnership under Section 11.4 of the Partnership Agreement.

AMENDMENT AND APPROVAL

Amendment Procedures

Except as provided for below under the heading “*Amendment by General Partner*”, all amendments to the Partnership Agreement are to be made in accordance with the following requirements. To be valid for the purposes hereof, each such proposal must contain the text of the proposed amendment. If an amendment is proposed, the General Partner will seek the approval of the Limited Partners by a Special Resolution.

Amendment Requirements

Notwithstanding the provisions of Article 12 of the Partnership Agreement, no amendment to the Partnership Agreement may: (i) reduce the term of the Partnership; (ii) give any Person the right to dissolve the Partnership, other than the General Partner’s right to dissolve the Partnership with the approval of the Limited Partners by a Special Resolution; or (iii) modify the amendment provisions in Article 12 of the Partnership Agreement, without the express prior written consent of the General Partner, which consent may be unreasonably withheld.

Amendment by General Partner

Each Limited Partner agrees that the General Partner without the approval of any Limited Partner may amend any provision of the Partnership Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

- (b) a change in the name of the Partnership or the location of the principal place of business of the Partnership or the registered office of the Partnership;
- (c) admission, substitution, withdrawal or removal of Limited Partners in accordance with the Partnership Agreement;
- (d) a change that, in the sole Discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability under the applicable laws;
- (e) a change that, in the sole Discretion of the General Partner, is reasonable and necessary or appropriate to enable Partners to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; and
- (f) a change that, in the sole Discretion of the General Partner, does not materially adversely affect the Limited Partners in any respect.

Notice of Amendments

The General Partner will notify the Limited Partners in writing of the full details of any amendment to the Partnership Agreement within 30 days of the effective date of the amendment.

Meetings of Limited Partners

The General Partner may call a general meeting of Limited Partners at such time and place as it deems appropriate in its absolute Discretion for the purpose of considering any matter set forth in the notice of meeting. In addition, where Limited Partners holding not less than 50% of the outstanding LP Units (the “**Requisitioning Partners**”) give notice signed by each of them to the General Partner, requesting a meeting of the Limited Partners and stating the proposed business to be transacted at the meeting in reasonable detail sufficient to give valid notice, the General Partner will, within 45 days of receipt of such notice, convene such meeting, and if it fails to do so, any Requisitioning Partners may convene such meeting by giving notice in accordance with the Partnership Agreement. Every meeting of Limited Partners, however convened, must be conducted in accordance with the Partnership Agreement within.

Term

Subject to the terms and conditions of below, the term for which the Partnership shall exist is until December 31, 2020.

Events of Dissolution

Notwithstanding the above terms, the Partnership will be dissolved upon the occurrence of any of the following events:

- (a) the Partnership is dissolved or wound-up by the express written mutual agreement of the Partners; or
- (b) upon the occurrence of any of the following events:
 - (i) the election of the General Partner to dissolve the Partnership, if approved by a Special Resolution;
 - (ii) the removal or resignation of the General Partner unless the General Partner is replaced as provided in Partnership Agreement; or
 - (iii) except as otherwise provided herein, any event which causes the dissolution of a limited partnership under the laws of the Province of Alberta.

Procedure on Dissolution

Upon an event of dissolution occurring as referenced above, the General Partner or such other Person as may be appointed by Ordinary Resolution of the Limited Partners, will act as receiver and liquidator of the assets of the Partnership and is empowered hereby to:

- (a) sell or otherwise dispose of such part of the Partnership's assets as the receiver considers appropriate;
- (b) pay or provide for the payment of the debts and liabilities of the Partnership and liquidation expenses;
- (c) if there are any assets of the Partners remaining, distribute such remaining assets as follows:
 - (i) firstly, 0.01% to the General Partner;
 - (ii) secondly, to the Limited Partners holding Class A Units LP to the extent of their unreturned Capital Contributions, whereupon distributions shall thereafter be made;
 - (iii) thirdly, to the Limited Partners holding Class A Units LP, in accordance with their Proportionate Shares, until there has been distributed to the Limited Partners holding Class A LP Units an amount of cash equal to such Limited Partners' then Cumulative Preferred Return Deficiency, if any whereupon distributions shall thereafter be made;
 - (iv) fourthly, (a) 70% to the Limited Partners holding Class A LP Units, and (b) 30% to the Limited Partners holding Class B LP Units in accordance with their Proportionate Shares until such time as the Limited Partners holding Class A Units have received distributions equal to a 12% annualized return on their Contributed Capital whereupon distributions shall thereafter be made; and
 - (v) fifthly, (a) 50% to the Limited Partners holding Class A Units, and (b) 50% to the Limited Partners holding Class B Units in accordance with their Proportionate Shares.
- (d) file the notice of dissolution prescribed by the Act and satisfy all applicable formalities in such circumstances as may be prescribed by the laws of other jurisdictions where the Partnership is registered. In addition, the General Partner will give prior notice of the dissolution of the Partnership by mailing to each Limited Partner such notice at least 21 days prior to the filing of the declaration of dissolution prescribed by the Partnership Act (Alberta); and
- (e) file any elections, determinations or designations under the Tax Act or under any similar legislation which may be necessary or desirable.

SUMMARY OF THE INDEMNITY AGREEMENT

Pursuant to the terms of the Indemnity Agreement dated January 10, 2014, each of the Partnership, the General Partner and AdminCo (for the purpose of this paragraph means collectively, the “**Indemnitor**”) have agreed to indemnify Computershare Trust Company of Canada (“**Computershare**”), acting in its capacity as Trustee of the Trust and its directors, officers, employees, agents and shareholders and all of their respective successors and assigns (collectively, the “**Indemnified Parties**”) on the following terms:

For any all cost incurred or sustained by the Trustee:

- (a) in respect of any action, suit or proceeding that is proposed or commenced against an Indemnified Party for or in respect of any act or omission by Computershare acting as Trustee of the Trust or in respect of the Trust and the execution of all duties, responsibilities, powers and authorities of Computershare pertaining thereto;
- (b) in respect of unpaid taxes (other than income taxes of Computershare) and all other expenses and liabilities sustained or incurred by Computershare in respect of the administration or termination of the Trust;
- (c) arising from the administration of the Trust or the exercise by Computershare of any rights or obligations pursuant to the Declaration of Trust which result from or relate, directly or indirectly, to:
 - (i) the presence or release or threatened presence or release of any contaminants, by any means or for any reason, on or in respect of Properties owned or controlled by the Indemnitor or in which the Indemnitor has any interest, whether or not such presence or release or threatened presence or release of the contaminants was under the control, care or management of the Indemnitor, or of the present or a previous owner or operator of such a Property,
 - (ii) any contaminant present on or released from any property adjacent to or in the proximate area of any Properties acquired by the Trust,
 - (iii) the breach or alleged breach of any federal, provincial or municipal environmental law, regulation, by-law, order, rule or permit (including, without limitation, common law, statutes, ordinances, directives, administrative or court orders, guidelines, policies or other instruments having legal effect) by the Trust or the Indemnitor or a present or previous owner or operator of any Properties acquired by the Trust; or
 - (iv) any misrepresentation or omission or a known fact or condition made by the Indemnitor, relating to any Properties acquired by the Trust.

For purpose of paragraph (c) above, “**liabilities**” shall include (i) strict liability and liability of an Indemnified Party for costs and expenses of abatement and remediation of spills or releases of contaminants, (ii) liability of an Indemnified Party to a third party to reimburse the third party (including governmental agencies) for bodily injuries, property damages, damage to or impairment of the environment or any other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party, and (iii) liability of the Indemnified Party for damage to or impairment of the environment;

(d) arising from:

- (i) any document for an offering (herein, an “**Offering Document**”) containing or being alleged to contain a misrepresentation (other than a misrepresentation relating solely to information furnished by Computershare for inclusion in the Offering Document), or being, or being alleged to be untrue, false or misleading;
- (ii) the omission or alleged omission to state in an Offering Document any material fact (other than a material fact relating solely to information furnished by Computershare for inclusion in the Offering Documents) required to be stated therein or necessary to make any statement therein not misleading in the light of the circumstances under which it was made;
- (iii) any order made or inquiry, investigation or proceeding (formal or informal) commenced or threatened by any officer or official of any of the securities commissions or similar agency of any province in Canada or any other regulatory authorities (if any) based upon the circumstances described above which operates to prevent or restrict trading in or distribution to the public of the Trust Units in any provinces of Canada; and

- (iv) the exercise by a Unitholder of any right to withdraw from an agreement to purchase Units or the exercise by a Unitholder of rights of rescission or damages where the Offering Document contains a misrepresentation, as provided under applicable provincial securities law in Canada.

For the purposes hereof, “misrepresentation” and “material fact” have the meaning given thereto under applicable provincial securities law in Canada; or

- (e) arising from the costs, charges and expenses referred to under Sections 7.3 and 9.6 of the Declaration of Trust.

SUMMARY OF THE SOUTH AIRWAYS PROPERTY MORTGAGE

In conjunction with Trust’s acquisition of the South Airways Property, Triumph South Airways Acquisition LP, as mortgagor and borrower, and the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the South Airways Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$4,500,000;
- Interest rate of 3.18% per annum;
- Maturity date in December 2019 (five-year term); monthly payments of principal and interest during the term of the mortgage to be calculated using a 30-year amortization;
- Collateral security provided by a first financial charge on the South Airways Property, together with various assignments of rents and leases in favour of the lender;
- No prepayment of the loan is allowed until three months prior to the Maturity date;
- Customary covenants in favour of the mortgagee/lender, including that the proceeds will be due to the vendor upon the sale of the South Airways Property, restrictions on change of control of the borrower, insurance coverage, receiver rights; and
- Customary events of default (the occurrence of which will allow the mortgagee/lender to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE ROLAND PLAZA PROPERTY MORTGAGE

In conjunction with Trust’s acquisition of the Roland Plaza Property, Triumph Roland Plaza LP, as mortgagor and borrower, and the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the Roland Plaza Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$2,200,000;
- Interest rate of 3.1% per annum;
- Maturity date in October 2020 (five-year term); monthly payments of principal and interest during the term of the mortgage to be calculated using a 30-year amortization;
- Collateral security provided by a first financial charge on the Roland Plaza Property, together with various assignments of rents and leases in favour of the lender;
- No prepayment of the loan is allowed until three months prior to the Maturity date;
- Customary covenants in favour of the mortgagee/lender, including that the proceeds will be due to the vendor upon the sale of the Roland Plaza Property, restrictions on change of control of the borrower, insurance coverage, receiver rights; and
- Customary events of default (the occurrence of which will allow the mortgagee/lender to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE KING STREET PROPERTY MORTGAGE

In conjunction with Trust's acquisition of the King Street Property, Triumph King Street Acquisition LP, as mortgagor and borrower, and the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the King Street Property Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$4,500,000;
- Interest rate of 3.095% per annum, calculated semi-annually;
- Maturity date of June 21, 2021 (five-year term);
- Monthly payments of principal and interest of \$21,095;
- Collateral security provided by a first financial charge on the King Street Property, together with various assignments of rents and leases in favour of the lender;
- Customary covenants in favour of the mortgagee/lender, including that the proceeds will be due to the vendor upon the sale of the King Street Property, restrictions on change of control of the borrower, insurance coverage, receiver rights; and
- Customary events of default (the occurrence of which will allow the mortgagee/lender to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE TREIF US HOLDING LP LIMITED PARTNERSHIP AGREEMENT

The following is a summary of the TREIF US Holding LP limited partnership agreement dated August 10, 2016.

This is a summary only and is subject to the complete terms and conditions of the TREIF US Holding LP limited partnership agreement.

In this section the following terms shall have the indicated meaning:

"Holding GP" means TREIF US Holding GP LLC, a Delaware limited liability company established on August 10, 2016. The Holding GP will be the general partner of the Holding LP;

"Holding LP" means TREIF US Holding LP, a Delaware limited partnership established on August 10, 2016 controlled by the Partnership. The Holding LP will hold all of the interests of the Partnership in any Acquisition LP registered in the United States;

"Limited Partnership Agreement" means the TREIF US Holding LP Limited Partnership Agreement dated August 10, 2016, between TREIF US Holding GP LLC as the general partner and the Partnership as the initial limited partner;

Term

The Holding LP shall continue until December 31, 2066, unless earlier dissolved.

Powers

The powers of the general partner of the Holding LP include all powers, statutory and otherwise, possessed by general partners under the laws of the State of Delaware. The Holding GP may engage third parties (including its affiliates) to assist it in performing its obligations in the Limited Partnership Agreement.

Dissolution

The Holding LP shall dissolve, and its affairs shall be wound up, at such time as:

- (a) the expiration of the term of the Holding LP;
- (b) the bankruptcy, termination of existence or occurrence of any other event of withdrawal of a Holding GP described in the Delaware Revised Uniform Limited Partnership Act, unless
 - (i) there remains at least one general partner that continues the Holding LP's business or

- (ii) within 90 days after the date of the event of withdrawal, the limited partners agree in writing to continue the Holding LP's business and to the appointment, effective as of the date of the withdrawal, of one or more new general partners;
- (c) the election to dissolve the Holding LP by the Holding GP upon the sale, exchange, transfer or other disposition of all or substantially all of the assets of the Holding LP;
- (d) at the time the Holding LP has no Limited Partners, unless the Holding LP is continued in a manner permitted by the Limited Partnership Agreement; or
- (e) the entry of a decree of judicial dissolution under the Delaware Revised Uniform Limited Partnership Act.

Additional Contributions

No partner of the Holding LP is required to make any additional capital contributions to the Holding LP.

Distributions

Distributions shall be made to the partners of the Holding LP at the times and in the aggregate amounts determined by the Holding GP. Such distributions shall be allocated among the partners of the Holding LP in the same proportion as their then capital account balances.

Assignments

- (a) The initial limited partner may assign all or any part of its partnership interest in the Holding LP and may withdraw from the Holding LP only with the consent of the Holding GP.
- (b) The Holding GP may assign all or any part of its partnership interest in the Holding LP and may withdraw from the Holding LP only with the consent of the limited partners of the Holding LP.

Withdrawal

Except as to the extent set forth under the heading "*Assignments*" above, no right is given to any partner of the Holding LP to withdraw from the Holding LP.

Liability of Initial Limited Partner

The initial limited partner shall not have any liability for the obligations or liabilities of the Holding LP except to the extent provided in the Delaware Revised Uniform Limited Partnership Act.

SUMMARY OF THE DEED OF TRUST AND ASSIGNMENT OF RENTS

The following are the edited terms of the Deed of Trust and Assignment of Rents dated August 15, 2016. Capitalized terms herein shall have the same meanings as provided for in the Deed of Trust and Assignment of Rents. Section numbers below correspond to the same Section numbers in the Deed of Trust and Assignment of Rents.

This is a summary only and is subject to the complete terms and conditions of the Deed of Trust and Assignment of Rents (the "**Trust**").

In this section the following terms shall have the indicated meaning:

"Beneficiary" means PWREO Bell & 303, LLC, a domestic Arizona limited liability company.

"Deed of Trust" means the Deed of Trust and Assignment of Rents dated August 15, 2016.

"Parcel No. 1" means Lot 3, Bell West Ranch Shops, LLC, according to Book 699 of Maps, page 2, records of Maricopa County, Arizona.

"Parcel No. 2" means a non-exclusive perpetual easement for pedestrian and vehicular ingress and egress as set forth in that certain Reciprocal Easement and Operation Agreement recorded in instrument No. 04-560579.

“**Parcel No. 3**” means beneficial easements as set forth in that Reciprocal Easement and Maintenance Agreement for Part of Bell West Ranch Shops, recording in Instrument No. 2012-0711881 and in Instrument No. 2012-0744145, records of Maricopa County, Arizona.

“**Property**” means collectively Parcel No. 1, Parcel No. 2 and Parcel No. 3.

“**Trustee**” means Patricia E. Nolan.

“**Trustor**” means Triumph Bell West Acquisition LP, an Arizona limited partnership.

The Deed of Trust is made between the Trustor, Trustee and Beneficiary. The Trustor irrevocably grants and conveys to the Trustee in trust, with power of sale, the Property and all buildings, improvements and fixtures located thereon or hereinafter erected thereon, together with the leases, rents, issues, profits, or income thereof (collectively, the “**Property Income**”); subject, however, to the right, power and authority hereinafter given to and conferred upon the Beneficiary to collect and apply such Property Income; and subject to all covenants, conditions, restrictions, rights-of-way, and easements of record.

This Deed of Trust is made for the purpose of securing: (a) performance of each agreement of the Trustor herein contained; (b) payment of the indebtedness evidenced by a promissory note dated August 15, 2016, and any extension or renewal thereof, requiring the payment by the Trustor to the Beneficiary of the maximum principal amount of \$2,590,250 USD; and (c) payment of additional sums and interest thereon which may hereafter be loaned to the Trustor, or its successors or assigns, when evidenced by a promissory note(s) reciting that they are secured by the Deed of Trust.

To protect the security of the Deed of Trust, the Trustor agrees:

1. To keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; and do all other acts which from the character or use of the Property may be reasonably necessary.

2. To provide, maintain and deliver to the Beneficiary fire, casualty, all-risk and such other insurance policies satisfactory to and with loss payable to the Beneficiary that is sufficient, as determined by the Beneficiary, to cover the full replacement cost of the Property. The amount collected under any fire or other insurance policy may be applied by the Beneficiary upon any indebtedness secured hereby and in such order as the Beneficiary may determine or, at the option of the Beneficiary, the entire amount so collected or any part thereof may be released to the Trustor. Such application or release shall not cure or waive any default or notice of the Trustee’s sale hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee and to pay all costs and expenses of the Beneficiary and the Trustee, including cost of evidence of title and attorneys’ fees in a reasonable sum, in any such action or proceeding in which the Beneficiary or the Trustee may appear or be named and in any suit brought by the Beneficiary to foreclose the Deed of Trust.

4. To pay, before delinquent, all taxes and assessments affecting the Property, and to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; all costs, fees and expenses of this Trust including, without limiting the generality of the foregoing, the fees of the Trustee for issuance of any Deed of Partial Release and Partial Reconveyance or Deed of Release and Full Reconveyance and all lawful charges, costs and expenses in the event of reinstatement of, following default in, the Deed of Trust or the obligations secured hereby.

Should the Trustor fail to make any payment or to do any act as herein provided, then the Beneficiary or the Trustee, without obligation to do so and without notice to or demand upon Trustor and without releasing the Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, the Beneficiary or the Trustee being authorized to enter upon the Property for such purposes: appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay counsel's reasonable fees.

5. To pay immediately and without demand all sums expended by the Beneficiary or the Trustee pursuant to the provisions hereof, together with interest from the date of expenditure at the highest rate as is provided for in any note secured by the Deed of Trust. Any amounts so paid by the Beneficiary or the Trustee shall become part of the debt secured by the Deed of Trust and a lien on the Property or shall become immediately due and payable at option of the Beneficiary or the Trustee.

6. To maintain, during the term of the Deed of Trust, in full force, at their own expense, a policy or policies of comprehensive liability insurance, including property damage, written by one or more insurance companies licensed to do business in the State of Arizona, which shall insure both the Trustor and the Beneficiary against liability for injury to persons or property and for the death of any person occurring in or about the Property.

7. To not grant any mining rights with regard to any portion of the Property and to not establish any wells on the Property without, in each such instance, the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld.

It is mutually agreed:

8. That any award of damages in connection with any condemnation, or any such taking, or for injury to the Property by reason of public use or for damages for private trespass or injury thereto, is assigned and shall be paid to the Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and for the ownership thereof subject to the Deed of Trust) and, upon receipt of such moneys, the Beneficiary may hold the same as such further security or apply or release the same in the same manner and with the same effect as above-provided for disposition of proceeds of fire or other insurance.

9. That time is of the essence of the Deed of Trust and that, by accepting payment of any sum secured hereby after its due date, the Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10. That, at any time or from time to time, and without notice, upon written request of the Beneficiary and presentation of the Deed of Trust and the note secured hereby for endorsement, without liability therefor, without affecting the personal liability of any person for payment of the indebtedness secured hereby, without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of the Property; (b) consent to the making and recording, or either, of any map or plat of the Property or any part thereof; (c) join in granting any easement thereon, and (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance or charge hereof.

11. That, upon written request of the Beneficiary stating that all sums secured hereby have been paid, and upon surrender of the Deed of Trust and the note secured hereby to the Trustee for cancellation, and upon payment of its fees, the Trustee shall release and reconvey, without covenant or warranty, express or implied, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as “the person or persons legally entitled thereto.”

12. That, as additional security, the Trustor hereby gives to and confers upon the Beneficiary the right, power and authority, during the continuance of the Trust, to collect the Property Income, reserving to Trustor the right, prior to any default by the Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such Property Income as it becomes due and payable. Upon any such default (beyond any applicable notice and cure period), the Beneficiary may at any time, without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, sue for or otherwise collect the Property Income in his own name, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys’ fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of the Property Income and the application thereof as aforesaid, shall not cure or waive any default or notice of the Trustee’s sale hereunder or invalidate any act done pursuant to such notice.

13. That, upon default (beyond any applicable notice and cure period) by the Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable by delivery to the Trustee of written notice thereof, setting forth the nature thereof, and of election to cause the Property to be sold under the Deed of Trust. The Beneficiary also shall deposit with the Trustee the Deed of Trust, the note secured hereby and all documents evidencing expenditures secured hereby.

The Trustee shall record and give notice of the Trustee’s sale and shall sell the Property at public auction, all in the manner required by law. Any persons, including the Trustee or the Beneficiary, may purchase at such sale. The Trustee shall deliver to such purchaser its Deed conveying the Property so sold, but without any covenant or warranty, express or implied. The Trustor requests that a copy of any notice of the Trustee’s sale hereunder be mailed to the Trustor at his address.

After deducting all costs, fees and expenses of the Trustee and of the Trust, including cost of evidence of title in connection with sale and reasonable attorneys’ fees, the Trustee shall apply the proceeds of sale in the manner provided by law. To the extent permitted by law, an action may be maintained by the Beneficiary to recover a deficiency judgment for any balance due hereunder.

In lieu of sale, pursuant to the power of sale conferred hereby, the Deed of Trust may be foreclosed in the same manner provided by law for the foreclosure of mortgages on real property. The Beneficiary shall also have all other rights and remedies available to it hereunder and at law or in equity. All rights and remedies shall be cumulative.

17. That the trust relationship created by the Deed of Trust is limited solely to the creation and enforcement of a security interest in real property. All of the Trustee’s duties, whether fiduciary or otherwise, are strictly limited to those duties imposed by this instrument and A.R.S. § 33-801 *et seq.* and no additional duties, burdens or responsibilities are or shall be placed on the Trustee.

SUMMARY OF THE PROMISSORY NOTE

The following is a summary of the Promissory Note from Triumph Bell West Acquisition LP (as “Maker”) to PWREO Bell & 303, LLC (as “Holder”) dated August 15, 2016.

This is a summary only and is subject to the complete terms and conditions of the Promissory Note.

Maximum amount is \$2,590,250 USD

Interest Rate is five (5%) percent per annum from the date advanced to and including the date paid.

The Promissory Note is payable as follows (a) interest only payments on the 15th day of each month beginning on September 15, 2016 and continuing through and including April 15, 2017; and (b) a lump sum payment of all principal advanced and all then accrued but unpaid interest on May 15, 2017.

The loan may be prepaid, in whole or in part, without penalty.

In the event of a default in the payment of any installment due under the Promissory Note or under any document evidencing security for this loan that is not cured within five (5) days after written notice to Maker from Holder, Holder may declare the entire debt hereby evidenced immediately due and payable and all such amounts, including all accrued but unpaid interest, shall thereafter bear interest at the rate of twelve percent (12%) per annum. In the event of any default (beyond any applicable cure period), the Maker promises to pay all trustee’s fees, servicing fees, collection expenses and costs, including reasonable attorneys’ fees incurred with or without suit and on appeal

The Promissory Note is secured by a deed of trust dated August 15, 2016 encumbering the real property described in the Promissory Note.

ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 COMPENSATION AND SECURITIES HELD

3.1.1 THE TRUST

The following table sets out information about the Trustee, AdminCo and each person who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any Units:

Name and municipality of principal residence	Position held and date of obtaining that position ⁽¹⁾	Compensation paid by the Trust since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Trust held after completion of the minimum offering	Number, type and percentage of securities of the Trust held after completion of the Maximum Offering
Computershare Trust Company of Canada Calgary, AB	Trustee since inception	\$16,000 ⁽²⁾ \$12,500 ⁽³⁾	Nil	Nil
Triumph Real Estate Investment Fund 1 Adminco Ltd. Calgary, AB	Administrator since inception	\$500 ⁽⁴⁾	Nil	Nil

(1) Each of Computershare Trust Company of Canada and AdminCo have held these positions since the establishment of the Trust.

(2) Represents funds paid to date to Computershare Trust Company of Canada by the Trust for acting as the Trustee of the Trust.

(3) Computershare Trust Company of Canada will be paid an annual fee of \$12,500 for acting as Trustee of the Trust. Pursuant to the Declaration of Trust, Computershare Trust Company of Canada will act as the transfer agent and registrar of the Trust and will be paid a fee of approximately \$15 for each Unit Certificate issued by the Trust together with all such other fees and expenses associated with Computershare Trust Company of Canada acting in this capacity.

(4) AdminCo receives \$500 per year as the Administration Fee pursuant to the terms of the Administration Agreement.

3.1.2 THE GENERAL PARTNER

The following table sets out information about each of the directors and executive officers of the General Partner and each person or entity who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any voting shares of the General Partner (a “**Principal Holder**”). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder.

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the General Partner since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the General Partner held after completion of the Maximum Offering
David Wallach ⁽¹⁾ Calgary, AB	Director and President (since inception)	\$41,500 ⁽³⁾	Nil
Wallcorp Development Ltd. ⁽¹⁾ Calgary, AB	Shareholder (since inception)	Nil	70 Class A Common Shares (70%)
Craig Bentham ⁽²⁾ Calgary, AB	Vice-President and Director (since October 21, 2013) and Shareholder (since inception)	\$41,500 ⁽³⁾ \$87,000 ⁽⁴⁾	30 Class A Common Shares (30%)
Richard Boyer ⁽⁶⁾ Calgary, AB	Director (since March 31, 2014)	\$20,000 ⁽⁵⁾	Nil
Neil Bane ⁽⁶⁾ New York, NY	Director (since March 31, 2014)	\$20,000 ⁽⁵⁾	Nil

- (1) Mr. Wallach is the majority shareholder of Wallcorp Development Ltd. Through his family trust Mr. Wallach holds 668,400 Class B LP Units in the Partnership.
- (2) Mr. Bentham holds 261,600 Class B LP Units in the Partnership.
- (3) The General Partner may pay a portion or all of the General Partner Fees to Mr. Bentham and Mr. Wallach. As of the date of this Offering Memorandum each of Mr. Bentham and Mr. Wallach have received \$41,500 from the General Partner as distribution of a portion of the Management Fee since inception of the Trust.
- (4) Mr. Bentham has acted a counsel to the Trust and the Partnership with respect to this Offering. As of the date of this Offering Memorandum Mr. Bentham has been paid the sum of \$87,000 with respect to legal services provided to the Partnership, the General Partner, AdminCo and the Trust between October of 2013 and April 30, 2016. Mr. Bentham’s fees with respect to this Offering are expected to be \$5,000 and will be paid from the proceeds of this Offering. Mr. Bentham expects to continue to act as counsel to the Trust and the Partnership and as such his fees in this respect may continue to be paid from the proceeds of this Offering.
- (5) Mr. Boyer and Mr. Bane will each be paid a directors fee of \$10,000 per year by the Partnership for so long as they are directors of the General Partner. Mr. Boyer and Mr. Bane have each earned and been paid \$20,000 in fees to December 31, 2015. The Partnership will pay \$10,000 in directors’ fees to Mr. Boyer and Mr. Bane at its discretion during 2016.
- (6) Mr. Boyer and Mr. Bane each have an option to acquire up to five percent (5%) of the Class B LP Units in the Partnership held by Mr. Bentham and Mr. Wallach.

3.2 MANAGEMENT EXPERIENCE

The names and principal occupations of the directors and officers of the General Partner for the past five (5) years are set forth below. Subscribers should note that Mr. Bentham and Mr. Wallach are also the sole officers and directors of AdminCo.

David Wallach – President and Director

See Item 2.2 - “Our Business – David Wallach”.

Craig Bentham – Vice-President and Director

Mr. Bentham carries on a private practice of law in the City of Calgary. He graduated with a Bachelor of Laws degree from the University of Alberta in 1991 and was admitted to the Alberta Bar in 1992.

Between 1992 and 2003, he practiced with three prominent Alberta law firms as an associate and partner during which time he specialized in corporate, commercial and real estate based transactions.

Mr. Bentham's practice specializes in real estate based, tax driven securities offerings. His expertise in structuring such transactions extends to both Canadian and United States based real estate offerings as well as international offerings.

Mr. Bentham has significant experience in providing counsel to exempt market issuers across Canada. His experience in this respect includes preparation of exempt market offerings, advising on compliance by exempt market issuers with applicable securities laws and acting on behalf of issuers with respect to inquiries and actions by securities regulators against exempt market issuers.

In addition to his practice, Mr. Bentham is also a sophisticated investor and invests in various private and public investment opportunities in the oil and gas, technology, real estate and mining sectors.

Mr. Bentham has been a founder, officer and/or director of eight (8) TSX Venture listed companies since 2002. On behalf of these issuers Mr. Bentham has chaired and/or been a member of multiple audit committees, has chaired special committees with respect to transactional and governance related matters and has been actively involved in all levels of business strategy and financing activities of these companies.

Mr. Bentham is a past director of the National Exempt Market Association.

Richard Boyer – Director

Mr. Boyer has more than 25 years of experience in various leadership roles in both public and private enterprises. Since the beginning of 2015, Mr. Boyer is the Executive Vice President and Chief Financial Officer of Crystal Creek Homes which is an award winning residential homebuilder operating in Calgary and Edmonton.

Prior to his position with Crystal Creek Homes, Mr. Boyer was the President of Ply Gem Canada from April 2013 when Ply Gem purchased Gienow Windows & Doors. Through 2013 and 2014, Mr. Boyer led the efforts to integrate both businesses to bring them under common direction and one roof. Prior to that, since 2006, Mr. Boyer was the President of Gienow Windows & Doors, the Calgary-based manufacturer. From 1999 to 2006, Mr. Boyer was the Chief Financial Officer for Gienow. In 2004 he led the Initial Public Offering of the Gienow Income Fund and simultaneous acquisition of Farley Windows Inc. As the Vice President Finance, Richard oversaw all accounting, banking and finance, taxation, and administrative matters for Gienow.

Through his tenure with Gienow, Mr. Boyer helped structure and manage various capital structures and participated in financings for the Gienow.

Prior to Gienow, Mr. Boyer spent 10 years with Quebecor Inc.'s media holdings in Winnipeg finishing as Divisional Vice President and Publisher of the Winnipeg Sun.

Mr. Boyer is a chartered accountant and practiced with KPMG from 1984 – 1990, including a two-year posting in Luxembourg where he gained knowledge of financial markets.

Mr. Boyer has significant experience in mergers and acquisitions, building growth strategies, divestitures and business reorganizations, and leading companies through profit expansion.

Mr. Boyer is a graduate of the University of Manitoba (B. Comm Hons. – 1984). He obtained is Chartered Accountant designation in 1987.

Neil Bane – Director

Mr. Bane is a Real Estate Investment Banker with a expertise in raising debt and equity for owners and developers across North America, Europe and Latin America. Mr. Bane is the founder and President of Bane Realty Capital, a boutique Real Estate Finance firm and a senior advisor and Director of SEB Realty LLC, a US based family-office.

Prior to Bane Realty Capital, Mr. Bane previously held a senior origination and placement role as a Senior Vice-President - Capital Markets with Walker and Dunlop Inc., an NYSE listed company. Mr. Bane was also previously Managing Director and Principal of Johnson Capital – Real Estate Equity, Hospitality and Structured Finance Group. Johnson Capital was acquired by Walker & Dunlop Inc. in 2014. Mr. Bane has over 26 years of combined real estate, structured finance, capital (high net worth and institutional) raising, investment advisory and debt placement experience. Mr. Bane has completed or been active in over \$9.5 billion of debt, equity and investment (acquisition and disposition) advisory transactions for many of the real estate, retail, office, industrial, senior housing, hospitality, condominium and multi-family development industry's leading companies and investors. These transactions have included properties located in the United States, Canada, Caribbean, Western Europe, Central & Eastern Europe, Latin America, Asia and the Middle East.

Mr. Bane spearheaded Johnson Capital's expansion of its Equity and Structured finance Platform. Mr. Bane has also expanded Johnson Capital's hospitality investment banking efforts as a key partner on the Johnson Hospitality team. Mr. Bane has been active in Europe, Latin America and the Caribbean, having initiated and/or completed many notable and complex Caribbean/Latin America and European transactions including Strategic Joint Ventures, debt and equity financings assignments.

Prior to joining Johnson Capital, Mr. Bane held various senior investment banking, investment advisory, underwriting and origination positions while at the Carlton Group, an international investment and merchant banking firm, ARCS Commercial Mortgage, LLC, and PW Funding, Inc. two Fannie Mae and Freddie Mac Mortgage Banking firms, as well as, Citicorp Securities and Lehman Brothers, two conduit lenders.

Mr. Bane has extensive experience in all facets of real estate investment banking, platform capital raising, investment sales and investment property acquisitions, including: business origination, client development, complex debt and equity raising, acquisition valuation, structuring and closing, underwriting, due diligence, investment and property analytics and document and loan negotiations.

Mr. Bane holds an MBA from Cornell University's Johnson Graduate School of Management, a M.S. degree in Real Estate Valuation from New York University (Graduated with Distinction) and a Bachelors of Arts in Philosophy from Yeshiva University. Mr. Bane is a licensed real estate broker in New York and Massachusetts. Mr. Bane is an active member of the Urban Land Institute (ULI), International Council of Shopping Centers (ICSC), and the Cornell Real Estate Council.

3.3 PENALTIES, SANCTIONS AND BANKRUPTCY

There is no penalty or sanction that has been in effect during the last ten (10) years, and no cease trade order that has been in effect for a period of more than 30 consecutive days during the last ten (10) years, against any executive officer, director or control person of the Trustee, the Trust, AdminCo nor the General Partner nor against an issuer of which any of the foregoing was an executive officer, director or control person at the time.

Other than as disclosed below, 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, has been in effect during the last ten (10) years with regard to any executive officer, director or control person of the Trustee, the Trust, Adminco nor the General Partner nor an issuer of which any of the foregoing was an executive officer, director or control person at that time.

Craig Bentham

Mr. Bentham was a director of Poynt Corporation at the time it filed a Notice of Intention pursuant to the Bankruptcy and Insolvency Act on July 5, 2012 in the Province of Alberta. On October 31, 2012, Poynt Corporation became bankrupt, was put into receivership, and Mr. Bentham resigned as a director.

3.4 ADDITIONAL DIRECTOR OF THE GENERAL PARTNER

Upon any individual exempt market dealer raising \$5,000,000 or more in the aggregate under this Offering and the Previous Offerings, that dealer shall have the option to appoint a nominee to the board of directors of the General Partner. As of the date of this Offering Memorandum no nominee has been appointed to the board of directors of the General Partner.

ITEM 4 - CAPITAL STRUCTURE

4.1 TRUST'S CAPITAL

The following table sets out the capitalization of the Trust as at August 31, 2016, both before and after giving effect to this Offering:

Description of Security	Number Authorized to be Issued	Number Outstanding as at the date hereof	Number Outstanding After Maximum Offering
Units	unlimited	9,337,453 ⁽¹⁾	25,000,000 Units representing gross proceeds of \$25,000,000

(1) Represents Units issued under the Previous Offerings.

4.2 PARTNERSHIP'S CAPITAL

The following table sets out the capitalization of the Partnership as at August 31, 2016:

Description of Security	Number Authorized to be Issued	Number Outstanding as at the date hereof	Number Outstanding After Maximum Offering
Class A LP Units	25,000,000	9,337,453	25,000,000 Class A LP Units
Class B LP Units	1,000,000	950,000	950,000 Class B LP Units ⁽¹⁾

4.3 LONG-TERM DEBT

(a) The Trust

As of the date of this Offering Memorandum, the Trust has no debt.

(b) The Partnership

The Partnership has the following long term debt relating to the acquisition of the South Airways Property, the Roland Plaza Property, the King Street Property and the Bell West Property:

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
South Airways Property 1st Mortgage	3.18% per annum	The term of this mortgage matures in December of 2019. Payments of principal and interest are due monthly in the amount of \$21,714.	The balance of this mortgage as at August 15, 2016 is \$4,297,644
Roland Plaza Property 1st Mortgage	3.1% per annum	The term of this mortgage matures in October of 2020. Payments of principal and interest are due monthly in the amount of \$10,646.	The balance of this mortgage as at August 10, 2016 is \$2,170,361
King Street Property Mortgage	3.095% per annum	The term of this mortgage matures in June of 2021. Payments of principal and interest are due monthly in the amount of \$21,095.	The balance of this mortgage as at August 31, 2016 is \$4,480,006

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Bell West Property Promissory Note	5% per annum	The promissory note shall be payable as follows: (a) interest only payments on the 15 th day of each month beginning on September 15, 2016 and continuing through and including April 15, 2017; and (b) a lump sum payment of all principal advanced and all then accrued but unpaid interest on May 15, 2017.	The balance of this promissory note as at August 31, 2016 is \$2,590,250 USD

Future Mortgage Financing by the Partnership

It is anticipated that upon the acquisition of the Properties, the Partnership will incur mortgage loans (the "Loans") of approximately 60% to 70% of the purchase price or appraised value of the Properties. Mortgage lenders for the Loans are expected to be banks, life insurance companies and pension funds unrelated to the Partnership. Such Loans will generally be for terms of one (1) to ten (10) years, with fixed interest rates calculated with reference to the interest rate on a government bond with a similar term, plus an amount determined in accordance with market factors. The Loans will be secured by mortgages registered on the Properties in respect of which the Loans were advanced.

The Trust expects that it will obtain conventional long term financing in accordance with its stated borrowing parameters prior to the end of the year and will obtain an appraisal with respect to the Bell West Property at that time.

4.4 PRIOR SALES

The Trust

In the last 12 months, the following Units of the Trust have been issued:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 14, 2015	Units	105,000	\$1.00	\$105,000
June 12, 2015	Units	397,575	\$1.00	\$397,575
June 19, 2015	Units	347,695	\$1.00	\$347,695
July 22, 2015	Units	421,483	\$1.00	\$421,483
September 2, 2015	Units	299,617	\$1.00	\$299,617
September 28, 2015	Units	50,000	\$1.00	\$50,000
October 26, 2015	Units	1,270,372	\$1.00	\$1,270,372
December 21, 2015	Units	828,451	\$1.00	\$828,451
December 29, 2015	Units	97,108	\$1.00	\$97,108
January 27, 2016	Units	500,000	\$1.00	\$500,000
February 19, 2016	Units	285,064	\$1.00	\$285,064
March 11, 2016	Units	323,157	\$1.00	\$323,157

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 12, 2016	Units	303,987	\$1.00	\$303,987
April 29, 2016	Units	538,790	\$1.00	\$538,790
June 29, 2016	Units	222,408	\$1.00	\$222,408
August 9, 2016	Units	235,000	\$1.00	\$235,000

The Partnership

In the last 12 months, the following Class A LP Units of the Partnership have been issued:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 14, 2015	Class A LP Units	105,000	\$1.00	\$105,000
June 12, 2015	Class A LP Units	397,575	\$1.00	\$397,575
June 19, 2015	Class A LP Units	347,695	\$1.00	\$347,695
July 22, 2015	Class A LP Units	421,483	\$1.00	\$421,483
September 2, 2015	Class A LP Units	299,617	\$1.00	\$299,617
September 28, 2015	Class A LP Units	50,000	\$1.00	\$50,000
October 26, 2015	Class A LP Units	1,270,372	\$1.00	\$1,270,372
December 21, 2015	Class A LP Units	828,451	\$1.00	\$828,451
December 29, 2015	Class A LP Units	97,108	\$1.00	\$97,108
January 27, 2016	Class A LP Units	500,000	\$1.00	\$500,000
February 19, 2016	Class A LP Units	285,064	\$1.00	\$285,064
March 11, 2016	Class A LP Units	323,157	\$1.00	\$323,157
April 12, 2016	Class A LP Units	303,987	\$1.00	\$303,987
April 29, 2016	Class A LP Units	538,790	\$1.00	\$538,790
June 29, 2016	Class A LP Units	222,408	\$1.00	\$222,408
August 9, 2016	Class A LP Units	235,000	\$1.00	\$235,000

The Partnership issued 950,000 Class B LP Units (for \$0.001 per Class B LP Unit) on October 21, 2013.

Other than the above issuances, the Partnership has not issued any LP Units during the last 12 months.

ITEM 5 - SECURITIES OFFERED

5.1 TERMS OF SECURITIES

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit shall entitle the holder thereof to one vote at any meeting of the Unitholders or in respect of any written resolution of Unitholders and represents an equal undivided beneficial interest in any distribution from the Trust (whether of income, net realized capital gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof.

Each Unit is transferable (subject to the terms of the Declaration of Trust and applicable securities laws) and is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the Trust to redeem any or all of the Units held by such holder. See Item 2.5 – “Material Agreements – Summary of Declaration of Trust – Redemption of Units”.

The Units do not represent a traditional investment and should not be viewed by investors as “shares” in the Trust. The Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The price per Unit will not be a function of anticipated distributable income from the Trust and the ability of the Trust to effect long-term growth in the value of the Trust. Instead, the value of the Units will be a function of the Trust’s ability to generate income and effect long-term growth in the value of the Partnership and other entities now or hereinafter owned, directly or indirectly, by the Trust. See Item 8 – “Risk Factors”.

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. Furthermore, the Trust is not 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.

Limited Liability

The Declaration of Trust provides that no Unitholder, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any person, and no resort will be had to, nor will recourse or satisfaction be sought from, the private property of any Unitholder for any liability whatsoever in connection with the Trust’s assets, the obligations or the activities or affairs of the Trust, any actual or alleged act or omission of the Trustee, any transaction entered into by the Trustee or any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust. In the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder’s share of the Trust’s assets represented by its Units.

The Declaration of Trust provides that the Trustee, AdminCo on behalf of the Trust, and the Trust must make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Trust or the Trustee or AdminCo on behalf of the Trust, a contractual provision to the effect that none of the Unitholders, the Trustee or AdminCo shall have any personal liability or obligations in respect thereof. The omission of any such statement shall not render any of such parties liable to any person for such omission.

Notwithstanding the terms of the Declaration of Trust, Unitholders may not be protected from liabilities of the Trust to the same extent a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Trust (to the extent that claims are not satisfied by the Trust) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. See Item 8 – “Risk Factors”.

The activities of the Trust and the Partnership, will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Unitholders for claims against the Trust, including by obtaining appropriate insurance, where available and to the extent commercially feasible, for the operations of the Partnership and having contracts signed by or on behalf of the Trust include a provision that such obligations are not binding upon Unitholders personally.

Distributions

AdminCo shall, on or before each Distribution Record Date, declare payable to the Unitholders on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period.

The Declaration of Trust provides that on December 31 of each year, the Trust’s income that has not otherwise been distributed will be payable for such amount that the Trust will not be liable for ordinary income taxes for such year. The Trustee, on behalf of the Trust, will review the Trust’s distribution policy from time to time. The actual amount of cash, if any, distributed will be dependent on various economic factors and is at the Discretion of the Trustee.

It is currently intended that the Trust will make Distributions to Unitholders in the form of additional Units or cash or a combination of Units and cash, as determined by the Trustee, in its sole Discretion, from time to time. Any Units issued to Unitholders pursuant to a distribution in specie will be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities law. The Trustee may,

in its sole and unfettered Discretion, consolidate the Units outstanding immediately after any such distribution of additional Units.

Rights of Redemption

Each holder of Units shall be entitled to require the Trust, on the demand of such holder of Units, to redeem all or any part of the Units registered in the name of such holder of Units at the Redemption Price. See Item 2.5 – “Material Agreements – Summary of Declaration of Trust – Redemption of Units” for the specific terms of Unitholder’s rights of redemption.

5.2 SUBSCRIPTION PROCEDURE

The Trust will accept subscriptions for Units in amounts of less than \$10,000 from parties that are classified as “friends, family, close business associates” (as those terms are defined by applicable securities legislation) of the officers and directors of AdminCo and from accredited investors that have ongoing relationships with the officers and directors of AdminCo.

An investor who wishes to subscribe for Units must:

1. complete and execute the Subscription Agreement which accompanies this Offering Memorandum, including all applicable schedules, appendices and/or exhibits thereto; and
2. pay the subscription price by certified cheque or bank draft dated the date of the Subscription Agreement in the amount of the applicable Unit Subscription Price for each Unit subscribed for made payable to the Trust or as AdminCo may otherwise direct; and
3. complete and execute any other documents deemed necessary by AdminCo to comply with applicable securities laws; and
4. deliver the foregoing to AdminCo at 200, 407 - 8 Avenue SW, Calgary, Alberta, T2P 1E5 or such other location AdminCo may specify. If the conditions of closing are not satisfied within the required time, all documents and subscription funds will be returned to the subscribers without interest or deduction.

A Subscriber will become a Unitholder of the Trust following the acceptance of a Subscription Agreement by AdminCo. If a subscription is withdrawn or is not accepted by AdminCo, all documents will be returned to the subscriber within thirty (30) days following such withdrawal or rejection without interest or deduction.

The consideration tendered by each Subscriber will be held “in trust” for a period of two days during which period the Subscriber may request a return of the tendered consideration by delivering a notice to the Trust not later than midnight on the second business day after the Subscriber signs the Subscription Agreement.

Neither the Trust, the Trustee, AdminCo nor any other affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and objectives of the potential investor.

5.3 OFFERING JURISDICTIONS

The Offering is being made pursuant to the exemptions from the prospectus requirements contained in the applicable securities laws in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan or Yukon pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106 (the “**Offering Memorandum Exemption**”)

The Offering Memorandum Exemption is available for distributions to Subscribers resident in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan or Yukon purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form.

The foregoing exemptions relieve the Trust from the provisions of the applicable Canadian securities laws of each of the Offering Jurisdictions which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by any securities regulatory authority.

ITEM 6 - INCOME TAX CONSIDERATIONS

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

6.1 GENERAL

The following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Unitholder who acquires the Units pursuant this Offering and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with, and is not affiliated with, the Trust, and where the Unitholder is a trust governed by a registered retirement savings plan, a registered retirement income fund or a tax-free savings account (together the "Restricted Plans"), the controlling individual of the Restricted Plan does not have a "significant interest" in the Trust (as defined in subsection 207.01(4) of the Tax Act) and holds the Units as capital property. Generally, an individual has a significant interest in the Trust if at any time, the individual, together with other individuals, corporations, trusts, and partnerships that do not deal at arm's length with the individual, hold at any time Units that have a fair market value of 10% or more of the fair market value of all the outstanding Units of the Trust. Generally, Units will be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or deal in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to holders who are (i) "financial institutions" which are subject to the mark-to-market provisions of the Tax Act, (ii) "specified financial institutions", (iii) partnerships, (iv) persons an interest in which would be a "tax shelter investment", or (v) persons that have elected to determine their Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules, all within the meaning of the Tax Act. Such holders should consult their own tax advisors. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Units under the Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), existing case law and the understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by it. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed herein. There can be no assurance that the Proposed Amendments will be enacted in the form publicly announced or at all.

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 Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units, based on their particular circumstances.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Trust Units must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

6.2 STATUS OF THE TRUST

This summary assumes that the Trust will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the Trust validly elected under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and dispersal of ownership of Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada.

This summary assumes the “investments”, within the meaning of the Tax Act, in the Trust are not, and will not be, listed or traded on a stock exchange or other public market. If investments in the Trust are listed or traded on a stock exchange or other public market the Trust may be taxable as a “SIFT trust” under the Tax Act.

If the Trust were not to qualify as a mutual fund trust at all times or the Trust were to become a SIFT trust, the income tax considerations described below would, in some respects, be materially and adversely different.

6.3 TAXATION OF THE TRUST

The taxation year of the Trust is the calendar year. The Trust is subject to tax in each taxation year on its income for the year, including net realized taxable capital gains. The Trust is required to include in computing its income its *pro rata* share of the income of the Partnership, as more fully described below. Costs incurred in the issuance of Trust Units generally may be deducted by the Trust on a five year, straight line basis. The Trust also will be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income.

The Tax Act requires the Trust to compute its income or loss for a taxation year as though it were an individual resident in Canada. If the Trust has any taxable income for a taxation year, taking into account, among other things, the inclusions and deductions outlined above, the existing provisions of the Tax Act permit the Trust to deduct all amounts which are paid or become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in the year to enforce payment of the amount. Where the Trust does not have sufficient cash to distribute such amounts in a particular taxation year, the Trust will make one or more in-kind distributions in the form of additional Units. Income of the Trust payable to Unitholders in the form of additional Units generally will be deductible to the Trust in computing its income. It is the current intention of the Trustees to make payable to Unitholders each year sufficient amounts such that the Trust is not liable to pay tax under Part I of the Tax Act; however, no assurances can be made in this regard.

A distribution by the Trust of its property upon a redemption of Units will be treated as a disposition by the Trust of such property for proceeds of disposition equal to the fair market value thereof. The Trust will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In the event the Trust would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it would be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Trust during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the Trust in connection with such redemptions may, at the Discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming holder (as income or taxable capital gains) and will be deductible by the Trust in computing its income.

In computing its income, the Trust is required to include its share of the income of the Partnership ending in the taxation year. The adjusted cost base of the Class A LP Units held by the Trust will be increased at a particular time by the Trust’s share of the amount of income of Partnership for a fiscal year of the Partnership ended before that time, and will be reduced by all distributions of cash or other property made by the Partnership to the Trust before that time. If at the end of any fiscal year of the Partnership, the adjusted cost base of the Class A LP Units held by the Trust would otherwise be less than zero, the Trust will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Class A LP Units will be increased by the amount of such deemed capital gain.

6.4 TAXATION OF UNITHOLDERS

6.4.1 *Trust Unit Distributions*

A Unitholder generally will be required to include in computing its income for a particular taxation year of the Unitholder, as income from property, the portion of the net income of the Trust, including net realized taxable capital gains, that is paid or payable to the Unitholder in that taxation year, whether or not those amounts are received in cash, additional Trust Units or otherwise. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that the appropriate designations are made by the Trust, such portion of its net taxable capital gains and foreign source income, as the case may be, shall be treated as such in the hands of the Unitholder for purposes of the Tax Act. Foreign taxes paid by the Partnership will be allocated pursuant to its limited partnership agreement. Each partner's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

There is now legislation in the Tax Act to address certain foreign tax credit generator transactions (the "**Foreign Tax Credit Generator Rules**"). Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances, including where a partner's share of the partnership's income under the income tax laws of any country (other than Canada) under whose laws the income of the partnership is subject to income taxation, is less than the partner's share of such income for purposes of the Tax Act. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any Unitholder. If the Foreign Tax Credit Generator Rules apply, a Unitholder's foreign tax credits will be limited.

The non-taxable portion of any net realized capital gains of the Trust (currently being one-half thereof) that is paid or payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Unitholder in a year generally should not be included in the Unitholder's income for the year. However, such an amount which becomes payable to a Unitholder will reduce the adjusted cost base of the Trust Units held by such Unitholder, except to the extent that the amount either was included in the income of the Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Trust, the taxable portion of which was designated by the Trust in respect of the Unitholder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount and the holder's adjusted cost base of the Trust Units will be increased by the amount of such deemed capital gain.

6.4.2 *Disposition of Trust Units*

Upon the disposition or deemed disposition of Trust Units by a Unitholder, whether on a redemption or otherwise, the Unitholder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Unitholder's income as described herein) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Trust Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a holder of a Unit for tax purposes acquired pursuant to this Offering generally will include all amounts paid by the holder for the Unit, subject to certain adjustments. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the Trust distributed by the issuance of such additional Units. For purposes of determining the adjusted cost base to a holder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the holder as capital property.

6.4.3 Redemption of Trust Units

A redemption of Units in consideration for cash or other assets of the Trust, as the case may be, will be a disposition of such 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 Trust in connection with the redemption of those Units to the extent that such income or capital gain is designated by the Trust to the redeeming holder. Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Trust Units redeemed. Where income or capital gain realized by the Trust in connection with the distribution of property *in specie* on the redemption of Units has been designated by the Trust to a redeeming holder, the holder 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 Trust to a holder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The holder will thereafter be required to include in its income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

6.4.4 Capital Gains and Losses

One-half of any capital gain realized by a holder from a disposition of Units and the amount of any net taxable capital gains designated by the Trust in respect of the holder will be included in the holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an “allowable capital loss”) realized on the disposition of a Unit will be deducted against any taxable capital gains realized by the holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

6.4.5 Alternative Minimum Tax

A Unitholder may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the Trust, paid or payable, or deemed to be paid or payable, to the holder and that is designated as net taxable capital gains.

6.5 Qualified Investments for Deferred Plans

The Units will be qualified investments for trusts governed by Deferred Plans at a particular time, provided that the Trust qualifies as a “mutual fund trust” for purposes of the Tax Act at such time. If the Trust ceases to qualify as a mutual fund trust, the Units will no longer be qualified investments under the Tax Act for such Deferred Plans. Where a trust governed by a Restricted Plan holds Units or other properties that are not qualified investments, the “controlling individual” of a Restricted Plan will be required to pay a tax equal to 50% of the fair market value of the Units or other properties at the time the Units or other properties were acquired by the Restricted Plan or when the Units or other properties ceased to be qualified investments. This tax is potentially refundable if the Restricted Plan disposes of the property before the end of the calendar year following the calendar year in which the tax was imposed. In addition, where a Restricted Plan holds or acquires Units or other properties that are not qualified investments, the trust will become taxable on the income attributable to the Units or other properties while they are not qualified investments.

Where a trust governed by a registered education savings plan (“RESP”) acquires or holds Units or other properties that are not qualified investments, the RESP becomes revocable and its registration may be revoked by the Canada Revenue Agency (“CRA”). If the RESP is not revoked, the RESP will be subject to taxes on the fair market value of the Units or other properties held.

If a Deferred Plan requests the redemption of Units, property including Redemption Notes received in payment may not be qualified investments, with the result that the Deferred Plan may be taxable in the manner described above. **Deferred Plans that own Units should consult their own tax advisors before deciding to exercise their right to redeem Units.**

There are additional requirements for a Restricted Plan in order for the Units not to be a “prohibited investment” which would be subject to a special tax of 50% of the fair market value of the investment. If any investment is a prohibited investment and is not a qualified investment also, it is only treated as a prohibited investment. The Units will be a “prohibited investment” if the account holder does not deal at “arm’s length” with the Trust or holds, together with persons or partnerships with which the holder does not deal at arm’s length, Units of the Trust with a fair market value of 10% or more of the value of the total Units of the Trust.

There can also be additional special taxes for a Restricted Plan on certain tax “advantages” that unduly exploit the attributes of a Restricted Plan, including “advantages” on “prohibited investments” and on “non-qualified investments”. The rules in the Tax Act that constitute an “advantage” are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in sections 6.1 – 6.5 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations there under and published administrative practices of the CRA. The comments do not take into account or anticipate changes in the law, whether by judicial, regulatory, governmental or legislative action after the date of this document. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules. No assurance can be given that the Tax Act will not be amended in a manner which will fundamentally alter the income tax consequences to a Subscriber for securities.

This summary is of a general nature only and is not intended to be and should not be taken as legal, tax or business advice to any particular Subscriber to these securities. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the securities, based upon their own particular circumstances.

6.6 Certain U.S. Federal Income Tax Considerations

Circular 230

To comply with U.S. Treasury Department Circular 230, prospective investors are advised that:

- (1) any discussion of U.S. federal tax issues in this Offering Memorandum is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties under the U.S. Internal Revenue Code of 1986, as amended;
- (2) such discussion is being used in connection with the promotion or marketing of the transactions or matters addressed herein; and
- (3) prospective investors should seek advice based on their particular circumstances from an independent tax advisor. Prospective investors should consult their own tax advisors regarding the state, local, non-U.S. and other tax consequences to them of the purchase, ownership, and disposition of the Units offered herein.

The following is a summary of certain material U.S. federal income tax considerations applicable to the Trust, the Partnership, and the Holding LP that was prepared by Spiegelman & Company. This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. U.S. alternative minimum tax, and state, local, non-U.S. and U.S. federal non-income tax matters, are not discussed herein. No legal or U.S. tax opinion is being given, nor will any rulings be sought from the Internal Revenue Service (“IRS”), with respect to any U.S. federal income tax issue. As a result, there can be no assurance that the IRS will not assert positions contrary to the U.S. federal income tax treatment described herein. U.S. federal income tax consequences that are different from those described in this summary, as a result of a successful challenge by the IRS, could negatively impact the cash available for distribution to the Unitholders and the value of the Units.

This summary does not address all possible U.S. federal income tax considerations applicable to the Trust, the Partnership, or the Holding LP. Further, this summary does not address any U.S. federal tax considerations applicable to Unitholders. This summary is based on the U.S. Internal Revenue Code of 1968, as amended (“Code”), and the Treasury Regulations promulgated thereunder, IRS rulings and official pronouncements, judicial decisions, and the Convention between the United States of America and Canada with Respect to Taxes on Income and Capital, signed September 26, 1980, as amended (“U.S.-Canada Tax Treaty”), all as in effect on the date of this Offering Memorandum and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the analysis set forth below.

United States Federal Income Taxation of Foreign Corporations

The Trust will have a default classification as a corporation for U.S. federal tax purposes.

The Partnership will make an election under the applicable Treasury Regulations to be classified as a corporation for U.S. federal tax purposes. Consequently, the Partnership will be considered a “foreign corporation” (i.e. a non-U.S. corporation) for U.S. federal income tax purposes.

A foreign corporation engaged in a U.S. trade or business generally is subject to U.S. federal income tax on income that is “effectively connected” with such U.S. trade or business (“**ECI**”) and, under the U.S.-Canada Tax Treaty, is attributable to a permanent establishment maintained by the foreign corporation in the United States. A foreign corporation that is a partner in a partnership engaged in a U.S. trade or business will itself be deemed to be engaged in a U.S. trade or business through a permanent establishment if the partnership itself has a place of business in the U.S. Income earned from rental operations of U.S. real property by a partnership engaged in such business generally will be ECI with respect to a foreign corporation, as will the income and gain on disposition of such real property.

A foreign corporation will be subject to U.S. federal income tax on its taxable ECI at the regular U.S. federal graduated rates of tax (with the highest corporate tax rate presently at 35%). A foreign corporation’s taxable ECI is computed by claiming allowable deductions that are attributable to its effectively connected gross income on a timely filed U.S. federal income tax return. A foreign corporation that derives ECI from a partnership engaged in a U.S. trade or business generally is subject to U.S. federal income tax withholding at the highest applicable rate of tax (presently 35%) under Section 1446 of the Code on the income and gains allocable to such foreign corporation as a partner in the partnership, and the foreign corporation is required to file a U.S. federal income tax return to report its allocable share of the partnership income, gains, deductions, losses, and credits. Withheld tax is allowed as a credit in computing the foreign corporation’s U.S. tax liability on such return. Furthermore, a foreign corporation with ECI may also be subject to U.S. federal branch profits taxes, as discussed below under “The Branch Profits Tax.”

A foreign corporation that owns “United States Real Property Interests” (“**USRPI**”), including an interest in a partnership that owns U.S. real property as its primary assets, is subject to U.S. federal income tax on gains arising on the sale of such real property or on the sale of such partnership interest, at the graduated rates applicable to corporations under the Foreign Investment in Real Property Tax Act of 1980, encoded at Section 897 of the Code (“**FIRPTA**”). Presently, there is no preferential U.S. federal capital gains tax rate for a foreign corporation on the gain derived on disposition of a USRPI (such as an interest in a partnership owning U.S. real property), or the gain allocated to such foreign corporation on the disposition of U.S. real property by the partnership. Pursuant to FIRPTA, withholding on gains from the disposition of a USRPI is required under Section 1445 of the Code; although if withholding is made under the Section 1446 rules applicable to income allocable to non-U.S. partners of a partnership engaged in a U.S. trade or business, the FIRPTA withholding rules generally will also be satisfied.

A foreign corporation is also subject to a 30% U.S. withholding tax on certain types of U.S. source income which are not ECI, unless the foreign corporation otherwise establishes an exemption from, or a reduced rate of, withholding under an applicable income tax treaty. These types of income generally include passive income such as dividends, rents (that are not otherwise ECI), interest and royalties, and other “fixed or determinable annual or periodic” income (collectively referred to as “**FDAP**”). Unless an exception applies, a foreign corporation will be subject to U.S. withholding tax on the gross amount of any FDAP income, and will not be entitled to deductions for any expenses to the extent allocable to FDAP income.

United States Federal Income Taxation of the Trust

The Trust does not intend to be engaged in a U.S. trade or business nor does it expect to be a direct member of a partnership or disregarded entity that is engaged in a U.S. trade or business. Therefore, the Trust does not expect to have any ECI that would be subject to U. S. federal income tax.

While the Trust will have FDAP in the form of U.S. source interest income arising on from loans by the Trust to the Holding LP, the rate of U.S. withholding tax on such interest income should be reduced to zero under the U.S.-Canada Tax Treaty. Thus, no U.S. federal income tax liability should arise for the Trust on such interest. See discussion below under “Debt and Deductions”

United States Federal Income Taxation of the Partnership

As noted, the Partnership will elect under the applicable Treasury Regulations to be treated as a corporation for U.S. federal income tax purposes. The Holding LP, which is classified as a partnership for U.S. federal income tax purposes, will not itself be subject to U.S. federal income tax but rather will “flow through” its (and its allocable share from the Acquisition LP’s) income, gains, deductions, losses, and credits to the Partnership which will be the only limited partner of the Holding LP. The only partner in the Holding LP will be the Partnership. The Partnership will have a permanent establishment in the U.S. because it is a partner in Holding LP, and will be subject to U.S. federal income tax on any ECI of its own or that flows through to it as a partner of Holding LP. Thus, the Partnership will be subject to U.S. federal income taxation on its allocable share of net rental income derived directly or indirectly by the Holding LP.

Furthermore, the gain from a sale of any of the U.S. real properties owned (indirectly through an Acquisition LP) by Holding LP that is allocable to the Partnership or a sale or other disposition by the Partnership of its limited partnership interest in the Holding LP, will also be considered ECI with respect to the Partnership and subject to U.S. federal income taxation at the regular tax rates applicable to corporations. Income or gains of the Holding LP allocable to the Partnership generally will be subject to U.S. withholding tax under Section 1446 of the Code at the highest corporate tax rate (presently 35%), which will also apply in lieu of any FIRPTA withholding requirements otherwise arising on disposition of a USRPI by the Partnership or the Holding LP. Such U.S. withholding tax should be allowed as a credit against U.S. tax as shown on the Partnership’s U.S. federal income tax return.

In computing the Partnership’s U.S. federal taxable income derived from ECI, certain deductions (subject to limitations) will be allowed, such as the “ordinary and necessary” business expenses of the Holding LP (including interest expense on mortgages related to the Properties and reasonable manager fees), depreciation of the rental properties (as computed under U.S. federal income tax rules) of the Holding LP and the Acquisition LP’s, and interest expense with respect to the loans made by the Trust to the Holding LP. See “*Debt and Deductions*” below.

In addition to the U.S. federal income tax on taxable income that is ECI, the Partnership generally will be liable for a five (5%) percent branch profits tax on its after-tax earnings attributable to or distributed from ECI. See “*The Branch Profits Tax*” below. Moreover, any FDAP of the Partnership will be subject to U.S. withholding tax on a gross basis at 30%, or such lower reduced rate of withholding tax as may be applicable under the US-Canada Tax Treaty.

The Branch Profits Tax

Under the branch profits tax in Section 884 of the Code, the Partnership generally will be subject to an additional five percent (5%) tax on its effectively connected earnings and profits each the taxable year once the Partnership’s effectively connected earning and profits have exceeded \$500,000 (Canadian) in the aggregate, as adjusted for certain items, pursuant to Article X(6) of the U.S.-Canada Tax Treaty. Reductions in the “U.S. net equity,” as defined in Section 884(c) of the Code, of the Partnership in the U.S. trade or business conducted through the Holding LP may result in the imposition of the branch profits tax. For example, the Partnership’s distributions to the Trust will generally be subject to a branch profits tax of 5% on all amounts that exceed \$500,000.

Debt and Deductions

The Trust will loan money to Holding LP to fund Holding LP’s operations (“**Holding LP Loans**” or the “**Loans**”). A number of U.S. federal income tax rules affect the treatment of the interest arising from such Loans. If the Holding LP Loans are respected as bona fide debt, the Holding LP will be allowed deductions on interest paid to the Trust; however, if the Loans are not respected as bona fide debt, the Holding LP will be disallowed such deductions and part of the interest may be re-characterized as dividends to the Trust, thereby increasing both the Partnership’s income and the Holding LP’s income. Consequently, the funds available for distribution and the Units’ value would be reduced if interest on the Loans is not deductible.

The Trust and the Holding LP intend to treat the Holding LP Loans as debt allocable to the Partnership's interest in the Holding LP for U.S. federal income tax purposes, however, neither the Trust nor the Holding LP have obtained an opinion of counsel on this issue. The determination of whether the Loans are debt or equity for U.S. federal income tax purposes is based on an analysis of the facts and circumstances. There is no clear definition of debt under the Code and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the particular instrument. Although the Trust and the Holding LP intend to treat the Loans as debt for U.S. federal income tax purposes, the IRS could challenge this position. If such a challenge were successful, interest payments on the Loans would not be deductible, and the Partnership's taxable income and its U.S. federal income tax liability would increase. Branch profits tax may also be increased in such situation. As a result, the Partnership's cash flow would be reduced, which would negatively impact both the cash available for distribution to Unitholders and the value of the Units.

In addition, other limitations on the deductibility of interest under U.S. federal income tax laws could apply if, for example, the IRS claims that the interest rate on the Holding LP is in excess of an arm's-length rate (in which case a portion of the interest could be re-characterized as a non-deductible dividend), the Loans are issued with "original issue discount, exceed the statutory "thin-capitalization" threshold of 1.5:1, or the economic substance doctrine is successfully invoked. In any such case, the Holding LP's taxable income, and thus its tax liability, could be increased because of the disallowance of interest deductions.

U.S. Foreign Account Tax Compliance Act

In order to avoid adverse withholding tax consequences, the Trust may require Unitholders that are "U.S. persons," as defined in the Code, to provide certain tax and reporting information necessary for the Trust to comply with new reporting obligations under the "Foreign Account Tax Compliance Act" ("FATCA"). If a U.S. person does not provide such information, the U.S. person will generally be subject to U.S. withholding tax on payments made by the Trust beginning March 1, 2014.

FATCA generally imposes a 30% withholding tax on "U.S. persons" who fail to comply with its requirements for (a) certain U.S. source payments (including interest and dividends) and gross proceeds from the sale or other disposition of property that produce U.S. source interest or dividends ("withholdable payments"), and (b) "foreign pass thru payments" made by certain non-U.S. entities (collectively referred to as "**pass thru payments**"). Unitholders that fail to comply with information requests or otherwise comply with the requirements of FATCA may be subject to a 30% withholding tax on pass thru payments made by the Trust. Additionally, the Trust may be required to withhold tax on pass thru payments made by the Trust to certain non-U.S. entities that are not in compliance with FATCA, including certain non-U.S. financial institutions holding Units on behalf of others (such as investment advisors). Accordingly, it is difficult to accurately estimate the impact of FATCA on the Trust.

The imposition of the 30% withholding tax under FATCA could result in materially reduced investment returns for the Unitholders. The administrative costs arising from compliance with FATCA may also cause an increase in the operating expenses of the Trust, thereby further reducing returns to Unitholders. An additional feature of FATCA is the obligation to release private and confidential information concerning certain Unitholders in the Trust to the IRS and any risks that may be caused to Unitholders as a result thereof.

Prospective Unitholders should consult their independent tax advisor regarding how FATCA may impact their potential investment in the Trust.

The income tax information contained in sections 6.6 was provided by Spiegelman & Company Barristers and Solicitors. The comments do not take into account or anticipate changes in the law, whether by judicial, regulatory, governmental or legislative action after the date of this document. No assurance can be given that the Internal Revenue Code will not be amended in a manner which will fundamentally alter the income tax consequences to a Subscriber for securities.

This summary is of a general nature only and is not intended to be and should not be taken as legal, tax or business advice to any particular Subscriber to these securities. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the securities, based upon their own particular circumstances.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

The Trust reserves the right to retain Selling Agents to effect sales of the Units, in which case, subject to applicable securities legislation, Selling Agents may receive a fee of up to 6% of the proceeds realized from the sale of Units sold directly by such parties as follows together with the Trailer Commission:

- (i) A commission of up to six percent (6%) of the proceeds realized from the sale of Units to an investor upon closing of any such sale;
- (ii) An additional commission of 0.5% (the “Trailer Commission”) of the proceeds realized from the sale of Units to an investor to be paid annually within 30 days of each yearly anniversary of the date of issue of Subscriber’s Unit Certificate for so long as the a Subscriber’s Units continue to be issued and outstanding.

Dealership Administration Fee

The Trust will pay Exempt Market Dealers up to 0.9% of the proceeds realized from the sale of Units sold directly dealing representatives employed by such Dealers.

Investment Administration Expense

The Trust will pay up to one percent (1%) of the Gross Proceeds of this Offering to parties who provide wholesaling services to the Trust with respect to the sale of Units under this Offering.

The Partnership will pay all commissions and fees incurred by the Trust with respect to this Offering.

ITEM 8 - RISK FACTORS

An investment in the Trust is speculative and contains certain risks. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Trust will meet its business objectives.

The Trust’s returns may be unpredictable and, accordingly, the Units are not suitable as the sole investment vehicle for an investor or for an investor that is looking for a predictable source of cash flow. An investor should only invest in the Trust as part of an overall investment strategy. Based on, among others, the factors described below, the possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

RISKS ASSOCIATED WITH THE UNITS

No Review by Regulator

Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.

Restrictions on redemption and transfer; Illiquidity of Units

It is intended that the Trust will continue until December 31, 2020. As a result, a Unitholder’s principal source of liquidity for its Units will be through its limited right of redemption. Unitholders should be aware that redemption rights in their favour are subject to significant limitations and restrictions. There will be no public market for the Units and an application for listing of the Units on a stock exchange will not be made. Units in the Trust are highly illiquid investments and should only be acquired by investors able to bear the economic risk of an investment in the Units for an indefinite period of time. The Units are being sold on a “private placement” basis in reliance upon exemptions from prospectus and registration requirements of applicable securities laws and therefore are subject to significant statutory restrictions on transfer or sale. The Units will be subject to “hold periods” under applicable securities legislation and, as the Trust is currently not a “reporting issuer” in any province or territory in Canada, the “hold periods” may never expire. Additionally, Unitholders will not be permitted to transfer or sell their Units without the consent of the Trustee, which may be withheld in the Trustee’s sole Discretion, and may be subject to the satisfaction of certain other conditions, including the provision of an opinion of counsel that such a transfer would not subject the Trust or the Unitholders to any regulatory or tax burdens or result in violation of any applicable law or governmental regulation.

No Assurances of Achieving Objectives

There is no assurance that the Trust will be able to achieve its investment objectives, including being able to pay distributions to Unitholders or to enhance long-term total return. The Trust will attempt to achieve its investment objectives through its investment strategy as described in Item 2.2 - “Investment Strategy”.

Reliance on Wallach

Prospective purchasers assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of Wallach and the officers and directors of the General Partner. In particular, prospective purchasers will have to rely on the discretion and ability of Wallach in determining the Properties to be acquired by the Trust, negotiating the pricing and other terms of the agreements leading to the acquisition and operation of Properties by the Trust. The Partnership does not maintain key person life insurance for Wallach. If the Partnership loses the services of Wallach, the business, financial condition and results of operations of the Trust may be materially adversely affected.

Conflicts of Interest

Management presently does act and may act and may in the future act as manager or operator, as the case may be, for a number of limited partnerships that engage or may engage in the same business activities or pursue the same investment opportunities as the Trust. Certain conflicts may arise from time to time in the management of such funds or limited partnerships and in assessing suitable investment opportunities. In addition, Barclay Street will act as a source and property manager of the Properties and as such, there is a risk that potential Conflict of Interest Matters may arise.

Conflict of Interest Matters shall be governed by the Conflict of Interest Policy. See Item 2.2.1 – “The Trust – Conflict of Interest Policy.”

Less than Full Offering

There can be no assurance that more than the Maximum Offering will be sold. If less than all of the \$25,000,000 of Units are sold pursuant to this Offering, then less than the maximum proceeds will be available to the Trust. Consequently, the Trust’s business development plans and prospects could be adversely affected, since fewer Properties will be purchased, owned and leased and resold by the Partnership.

Distribution of income

The Trust will distribute Trust Income and Trust Capital Gains for each taxation year, so that Trust Income and Trust Capital Gains may be taxable to Unitholders and the Trust will not have any obligation to pay tax under the Tax Act. Payment of distributions is intended to be made in cash, but the Trust may, in certain circumstances, make distributions by distributing additional Units. See Item 2.5 – “Material Agreements - Summary of the Declaration of Trust - Distributions”. In the event that the Trust does not make cash distributions, Unitholders will have to rely solely on the redemption of their Units to obtain a cash return on their investment in Units.

Distributions may be Reduced or Suspended

Although the Trust intends to distribute Cash Flow of the Trust to the Unitholders, such cash distributions may be reduced or suspended, or the Trust may not make any distributions at all. Units are not traditional fixed income securities. The Preferred Return of seven percent (7%) per annum payable by the Partnership, which will ultimately form part of the distributions available from the Trust to the Unitholders, is a preferred return, but is not guaranteed and may not be paid on a current basis in each year or at all. Units do not have a fixed obligation to make payments to Unitholders and do not promise to return the initial purchase price of a Unit on a certain date in the future. The ability of the Trust to make cash distributions and the actual amount distributed will depend on the ability of the Trust to indirectly acquire the Properties, the ongoing operations of the Properties and the realizable value of the Properties upon disposition, and will be subject to various factors. An investment in the Units is not comparable to an investment in a fixed income security. Cash distributions, including a return of a Unitholder’s original investment, are not guaranteed and the recovery of an investor’s original investment is at risk and the anticipated return on investment is based upon many performance assumptions. It is important for Subscribers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the targeted distributions to Unitholders.

Nature of Units

Each Unit represents an equal undivided beneficial interest in the Trust. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units, and the Units are not insured against loss through the Canada Deposit Insurance Corporation.

Highly Speculative

The purchase of Units is highly speculative. A Subscriber should purchase Units only if it is able to bear the risk of the loss of its entire investment. An investment in the Units should not constitute a significant portion of a Subscriber's portfolio.

Units are intended to be held by taxable and tax exempt investors

The Units are intended to be held by taxable and tax exempt investors. Taxable investors may be subject to tax as a result of holding Units. The Trust intends to make all taxable income of the Trust payable to Unitholders each year and to distribute such income by distributing cash or Units. In addition, income allocated by the Trust to Unitholders may exceed the amount payable to them on a redemption of their Units. Investors should consult their own tax advisors respecting the tax consequences of owning the Units.

Mutual Fund Trust Status

To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the Trust and Unitholders.

Eligibility of Units for Investment by Deferred Plans

If the Trust ceases to qualify as a "mutual fund trust" the Units may not be or may cease to be qualified investments for Deferred Plans which will have adverse tax consequences to Deferred Plans and their annuitants, holders or beneficiaries. If the Units are or become a prohibited investment for trusts governed by tax-free savings accounts, adverse tax consequences may result to the holder of the tax-free savings account.

Risks Associated with Redemptions

Use of Available Cash

The payment in cash by the Trust of the Redemption Price of Units will reduce the amount of cash available to the Trust for the payment of distributions to Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

Redemption Price

The Redemption Price: (i) if a Redemption Notice is received within 12 months from the date of the Unit Certificate (the "Issuance Anniversary") shall be 90% of the Unit Subscription Price of each Unit to be redeemed; and (ii) if a Redemption Notice is received at any time after the Issuance Anniversary of a Unit Certificate shall be 95% of the fair market value of each Unit to be redeemed, as determined by AdminCo as of the day on which a redemption notice required by the Declaration of Trust is delivered, having reference to financial statements and such other information as AdminCo may consider appropriate. There is a risk that the estimate of the fair market value of the Units determined by AdminCo may not accurately reflect the true fair market value of the Units and the Unitholders will have no recourse against the Trust or AdminCo in this respect.

Limitation on Payment of Redemption Price in Cash

The total cash amount available for the payment of the redemption price of Units by the Trust is limited to \$75,000 in each fiscal quarter.

Termination of Trust as a Result of Redemption

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding could be significantly reduced. In any such circumstance, AdminCo may at any time terminate the Trust without the approval of the Unitholders if, in the opinion of the Trustee, it is no longer economically feasible to continue the Trust or the Trustee determines that it would be in the best interests of Unitholders to terminate the Trust.

Payment of Redemption Price Issuance of Redemption Notes

The redemption of Units may be paid and satisfied by way of Redemption Notes, as determined by Adminco in its Discretion, to the redeeming Unitholder. Such property may not be liquid and generally will not be a qualified investment for Deferred Plans and may be a prohibited investment for Deferred Plans. Adverse tax consequences generally may apply to a Unitholder, or Deferred Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Units. Accordingly, investors that propose to invest in Units through Deferred Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

Redemption Notes will be Unsecured

Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust.

Payment of Redemption Notes

The Trust will create a reserve fund for interest payable with respect to Redemption Notes issued by the Trust. In the event that the Trust is unable to pay out a Redemption Note on maturity it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the aforesaid circumstances may arise resulting in the Trust may not have funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued.

Tax Treatment of Units and Unitholders

Canadian federal or provincial income tax legislation may be amended, or their interpretation changed, so as to fundamentally alter the tax consequences of holding or disposing of Units or the investments held by the Trust. The alternative minimum tax could limit tax benefits available to Unitholders.

There is no assurance that income tax laws or administrative practices of tax officials in the various jurisdictions of Canada will not be changed in a manner which will adversely alter the tax treatment of Unitholders.

Tax Characterization of Trust Income and Trust Capital Gains

The designation of income or gains realized by the Trust to Unitholders, including the designation of gains realized on the disposition of investments as capital gains will depend largely on factual considerations. Management will endeavor to make appropriate characterizations of income or gains realized by the Trust for purposes of designating such income or gains to Unitholders based on information reasonably available to it. However, there is no certainty that the manner in which the Trust characterizes such income or gains will be accepted by the CRA. If it is subsequently determined that the Trust's characterization of a particular amount was incorrect, Unitholders might suffer material adverse tax consequences as a result.

SIFT status

If investments in the Trust are listed or traded on a stock exchange or other public market, the Trust may be taxable as a "SIFT trust" under the Tax Act, which will have adverse tax consequences to the Unitholders and the Trust and the Canadian federal income tax considerations of investing in the Trust will be materially different from those described herein.

RISKS ASSOCIATED WITH THE TRUST

Nature of investment

An investment in the Trust requires a long-term commitment, with no certainty of return. Investments made by the Trust, including in the Partnership, may not generate current income.

No Guarantee that Investment in Units will be Successful

There can be no guarantee against losses resulting from an investment in the Units and there can be no assurance that the Trust's investment in Class A LP Units in the Partnership will be successful or that the Partnership's objective of creating a real estate portfolio will be achieved. The success of the Trust in these objectives will depend, to a certain extent, on the efforts and abilities of the management of the General Partner in executing the business strategy of the Partnership.

Concentration of Investments

The Trust's investments will be limited to that of a single business (being the Partnership) operating in a single industry (being the real estate investment business in the Target Markets). Concentration of the Trust's investments in such a manner involves greater risk to an investor of Units than the exposure generally associated with more diversified investment funds, and may result in greater fluctuations in returns. If no other Properties are acquired by the Trust, then the performance of the Trust will be dependent solely on the performance of the South Airways Property, the Roland Plaza Property, the King Street Property and the Bell West Property and their respective values on disposition.

Reliance on AdminCo

All decisions with respect to the Trust Assets and the operations of the Trust are expected to be made exclusively by the Trustee. The Trustee has delegated that authority to AdminCo pursuant to the Administration Agreement. Unitholders will have no right to make any decisions with respect to the Trust's business and affairs. No prospective investor should purchase a Unit in the Trust unless such prospective investor is willing to entrust all aspects of the management of the Trust to AdminCo.

Lack of Operating History

The Trust and the Partnership have been established in connection with this Offering and have limited operating history. The past performance of any of Management in the real estate investment business in the Target Markets should not be construed as a guarantee or expectation of future results of any investment in the Trust. Accordingly, there is limited operating history upon which to base an evaluation of the Trust or the Partnership or their business or prospects. The Trust and the Partnership are in the early stages of their business and therefore are subject to the risks associated with early stage entities, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of their business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Trust or the Partnership will be successful in doing what they are required to do to overcome these risks. No assurance can be given that the Trust's or the Partnership's business activities will be successful. Total loss of an investment in Units is possible.

Limited Working Capital

The Trust will have a limited amount of working capital, as all or substantially all of the Available Funds of the Offering will be used to acquire Class A LP Units from the Partnership and to loan funds to the Holding LP in the event that Properties in the United States are acquired by the Partnership.

Termination of the Trust

Although the Trust is expected to continue until 2020, Unitholders may, by Extraordinary Resolution, vote to terminate the Trust at any meeting of Unitholders duly called by the Trustee or the Unitholders for the purpose of considering termination of the Trust, following which the Trustee will commence winding-up of the Trust. Such Extraordinary Resolution may contain directions to the Trustee as the Unitholders determine, including a direction to distribute the securities held by the Trust, or all of them, *in specie*. If the termination occurs earlier than the term of the Trust, the Trust may not have been in existence for the period of time necessary to achieve the business objectives of the Trust.

Leverage of the Trust

The Trust may borrow or incur indebtedness for any purpose, including for the purposes of acquiring investments, distributing Trust Income or Trust Capital Gains or redeeming Units. The requirement to repay principal and pay the associated debt service costs could impair the Trust's ability to make distributions to Unitholders, particularly if the value of the Trust's investments decline and/or the Trust is unable to liquidate some or all of its investments to refinance any such borrowings. If the Trust is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the ability of the Trust to make distributions would be impaired and the value of the Units could be significantly reduced or even eliminated.

In addition, if the borrowings are used to acquire investments, the interest expense and banking fees incurred in respect of any such loans may exceed the incremental capital gains and tax benefits generated by the investments. There can be no assurance that the borrowing strategy employed by the Trust will enhance returns.

Less than Full Offering

If less than all of the 25,000,000 of Units are sold pursuant to this Offering, then less than the maximum proceeds will be available to the Trust. Consequently, the Trust's business development plans and prospects could be adversely affected, since fewer Properties will be purchased, owned and leased by the Partnership.

Lack of Independent Counsel Representing Unitholders

The Trust has consulted with and retained for their benefit legal counsel to advise them in connection with the formation and terms of the Trust and the offering of Units. Unitholders have not, however, as a group been represented by independent legal counsel. Therefore, to the extent that the Unitholders could benefit by further independent review, such benefit will not be available unless individual Unitholders retain their own legal counsel.

Liability for Return of Distributions

Generally, the Unitholders do not have personal liability for the obligations of the Trust. However, under applicable law, Unitholders could be required to return distributions previously made by the Trust if it is determined that such distributions were wrongfully made or in certain other circumstances under the terms of the Declaration of Trust. Where a Unitholder has received the return of all or part of the amount contributed to the Trust, the Unitholder is nevertheless liable to the Trust or, where the Trust is terminated, to its creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Trust to all creditors who extended credit or whose claims otherwise arose before the return of the contribution. Additionally, Unitholders may have to return all or a portion of distributions made to them to the extent the Trust has an obligation to withhold any amounts from such distribution for tax purposes.

Recourse to the Trust's Assets

The Trust's Assets, including any investments made by the Trust and any capital held by the Trust, are available to satisfy all liabilities and other obligations of the Trust. If the Trust itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Trust's Assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Indemnification

The Trustee, each former Trustee and each officer of the Trust and each former officer of the Trust is entitled to indemnification and reimbursement out of the Trust Assets, except under certain circumstances, from the Trust. Such indemnification obligations could decrease the returns which would otherwise be available to the Unitholders of the Trust.

Effect of Expenses on Returns

Although the Partnership has agreed to bear all costs and expenses related to the activities and business of the Trust, the Trust generally remains responsible to pay the same. Accordingly, if the Partnership were to fail or refuse to pay any such costs or expenses, the Trust would remain liable to pay the same, and if it were to do so, such costs and expenses would reduce, and could eliminate, the actual returns to the Unitholders.

Lack of Regulatory Oversight

The Trust is not subject to any regulatory oversight in Canada.

Rights of Unitholders

A Unitholder does not have all of the same protections, rights and remedies as a shareholder would have under the ABCA. Unlike shareholders of an ABCA corporation, the Trust will not be required to hold annual Unitholder meetings and Unitholders do not have a comparable right of a shareholder to make a proposal at a general meeting of the Trust. The matters in respect of which Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of an ABCA corporation. Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, the sale of all or substantially all of its property, or a going private transaction). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation which would apply where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an ABCA corporation may apply to a court to order the liquidation and dissolution of the corporation in certain circumstances whereas Unitholders may rely only on the general provisions of the Declaration of Trust which permit the winding-up of the Trust with the approval of an Extraordinary Resolution of the Unitholders. Shareholders of an ABCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include comparable rights.

RISKS ASSOCIATED WITH THE PARTNERSHIP'S BUSINESS

An investment in Units is an investment in real estate through the Partnership's interest in the Properties it acquires. Investment in real estate is subject to numerous risks, including the factors listed below and other events and factors which are beyond the control of the Trust.

Blind Pool Offering

This is a "blind pool" Offering. Although the Trust expects that the available funds of the Offering will be applied to purchase one or more Properties, the specific Properties in which the available funds will be invested, other than the South Airways Property, the Roland Plaza Property, the King Street Property and the Bell West Property have not yet been determined. The Unitholders' return on their investments in the Units will vary depending on the return on investment achieved on the Properties that may be acquired with the available funds of the Offering. An investment in Units is appropriate only for Subscribers who have the capacity to absorb a loss of some or all of their investment.

Acquisition Risk

The Partnership intends to acquire Properties selectively. The acquisition of Properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Partnership will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the Properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired Property up to standards established for the market position intended for that Property may prove inaccurate.

General Real Estate Ownership Risks

All real estate property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions, local real estate markets, demand for leased premises, competition from other available premises and various other factors. The value of real estate property and any improvements thereto may also depend on the credit and financial stability of the tenants. Distributable Cash will be adversely affected if one or more major tenants or a significant number of tenants of the Properties become unable to meet their obligations under their leases or if a significant amount of available space in the Properties is not able to be leased on economically favorable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Partnership's investment may be incurred. The ability to rent un-leased space in the Properties will be affected by many factors. Costs may be incurred in making improvements or repairs to the Property required by a new tenant. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure

to rent un-leased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real estate property regardless of whether a Property is producing any income. Real estate property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions. If for whatever reason, liquidation of assets is required, there is a risk that sale proceeds realized might be less than the current book value of the Partnership's investments or that market conditions would prevent prompt disposition of assets. The Partnership's may, in the future, be exposed to a general decline of demand by tenants for space in properties. As well, certain of the leases of the Properties held by the Partnership may have early termination provisions which, if exercised, would reduce the average lease term.

Financing Risks

There is no assurance that the Partnership will be able to obtain sufficient financing to finance the acquisition of Properties, or, if available, that Partnership will be able to obtain financing on commercially acceptable terms. There is no assurance that the Partnership will be able to obtain conventional financing with respect to the Bell West Property. Further, there is no assurance or guarantee that any financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of Properties which the Partnership is able to purchase will decrease and the return from the ownership of Properties (and ultimately the return on an investment in Units) will be reduced. Even if the Partnership is successful in obtaining adequate financing, the Partnership may not be able to generate sufficient funds through the operation of the Properties to service the financing. If a default occurs under any of the financing, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Properties. This aforesaid circumstance could apply to the Bell West Property in the event that the Partnership is unable to obtain conventional financing prior to May, 2017 with respect to this Property as the Bell West Property is secured in favour of the Bell West Vendor.

Interest Rate Fluctuations

The financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Partnership's cost of borrowing.

Canadian Economy

The Canadian economy and the Alberta economy in particular are experiencing a decrease from the levels seen over the past 4 years due the reduction in the price of oil since September of 2014. This condition has resulted in the reduction of value of Commercial real estate in Western Canada. A further reduction in the price of oil and/or a continual prolonged period of low prices of oil could have a negative impact upon the value of Properties owned by the Trust or acquired by the Trust during the term of this Offering. The value of the South Airways Property, the Roland Plaza Property and the King Street Property as well as other Properties acquired by the Trust may decline if current economic conditions in Canada worsen.

General Economic Conditions

The current general economic conditions, including in Canada and the U.S. and a worldwide economic slowdown, together with market disruptions to the credit and financial markets in Canada, the U.S. and the rest of the world may adversely affect the Trust's activities and its investments. In addition, worldwide falling oil and natural gas commodity prices has resulted in an economic slowdown in western Canada. Other current market conditions may include, among other things, the insolvency of market participants, tightening lending standards and decreased availability of cash, changes in employment levels, retail sales levels and real estate values. These market conditions may affect occupancy levels in Properties acquired by the Trust and the Trust's and the Partnerships' ability to obtain credit on favorable terms for future Property acquisitions.

Environmental Matters

Under various environmental and ecological laws, the Partnership and/or its subsidiaries could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in one or more of the Properties or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Partnership's ability to sell such Property or to borrow using the Property as collateral, and could potentially also result in claims against the Partnership by third parties.

Uninsured Losses

The General Partner will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to those to be owned by the Partnership or its subsidiaries and will endeavor to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to any of the Properties, the Trust could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of such Properties.

Reliance on Property Management

The General Partner may rely upon independent management companies (other than Barclay Street) to perform property management functions in respect of each of the Properties. To the extent, the General Partner relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the Properties as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

Competition for Real Property Investments

The Trust will compete for suitable real property investments with individuals, corporations, REITs and similar vehicles, and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future real property investments similar to those sought by the Partnership. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments.

Revenue Shortfalls

Revenues from the Properties may not increase sufficiently to meet increases in operating expenses or debt service payments under the financing or to fund changes in the variable rates of interest charged in respect of such loans.

Fluctuations in Capitalization Rates

As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Timing for Investment of Subscription Proceeds

The time period for the full investment of such proceeds of this Offering is not certain. The timing of such investment will depend, among other things, upon the identification of Properties meeting the Investment Restrictions and some or all of the Operating Policies. There is a risk that the Trust may not invest all proceeds of the Offering in Properties in a timely manner and may not be able to generate sufficient funds to pay the expected distributions.

Currency Exchange Rate Risk

The revenues and expenses of the Bell West Property and any other Properties, if any, acquired in the United States will be denominated in USD and distributions will be made to the Trust in USD. The Trust will convert such distribution amounts received into Canadian dollars prior to distribution to Unitholders. As a consequence, distributions of the Trust will be affected by fluctuations in the Canadian/USD exchange rate. The Trust may not enter into any hedging arrangements to limit the impact of changes in the Canadian/USD exchange rate for holders of Units and therefore holders of Units may have full exposure to changes in the exchange rate between the Canadian and USD.

Possible Loss of Limited Liability of Limited Partners

Limited partners may lose their limited liability in certain circumstances, including by taking part in the control of the partnership's business. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province, but carrying on business in another jurisdiction, have not been authoritatively established. If limited liability is lost, there is a risk that limited partners may be liable beyond their contribution and share of the Trust's undistributed net income in the event of judgment on a claim in an amount exceeding the sum of the General Partner's net assets and the Trust's net assets.

Joint Ventures and Partnerships

The Trust may invest in, or be a participant in, co-tenancies, joint ventures and partnerships with third parties in respect of acquisition of the Properties. A co-tenancy, joint venture or partnership involves certain additional risks, including; (i) the possibility that such co-tenants, co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with those of the Partnership or take actions contrary to the Partnership's instructions or requests or to the Partnership's policies or objectives with respect to the Properties; (ii) the risk that such co-tenants, co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such Properties or repay the co-tenants, co-venturers'/partners' share of property debt guaranteed by the Partnership or for which the Partnership will be liable and/or result in the Partnership suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions; (iii) the risk that such co-tenants, co-venturers/partners may, through their activities on behalf of or in the name of, the co-tenancies, ventures or partnerships, expose or subject the Partnership to liability; and (iv) the need to obtain co-tenants, co-venturers'/partners' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the co-tenancies, joint ventures and partnerships may be subject to rights of first refusal or first offer and certain of the co-tenancy, joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when the Partnership may not desire to sell but may be forced to do so because the Partnership does not have the cash to purchase the other party's interests. Such rights may also inhibit the Partnership's ability to sell an interest in a property or a co-tenancy/joint venture/partnership within the time frame or otherwise on the basis the Partnership desires.

RISK FACTORS RELATING TO CANADIAN TAXES

Taxation of Partnerships – The SIFT Rules apply to a partnership that is a “SIFT partnership” as defined in the Tax Act. Provided that either:

- (a) the Units and any other securities issued by the Trust, or any securities that derive their value from, or replicate the return on, the Units, are not listed or traded on a stock exchange or other organized facility; or
- (b) a partnership does not own “non-portfolio property” (as defined in the Tax Act), it will not be subject to the SIFT Rules. The Trust does not expect the Trust, Partnership or Acquisition LP's to own “non-portfolio property”, in which case these entities will not be subject to the SIFT Rules. However, there can be no assurance that the SIFT Rules or the administrative policies or assessing practices of the CRA will not be changed in a manner that adversely affects the Trust, the Partnership, the Acquisition LP's and Unitholders.

Tax Aspects

Canadian federal and provincial tax aspects should be considered prior to investing in the Trust Units. See Item 6 - “Income Tax Considerations”.

The return on a Trust Unitholder's investment is subject to changes in Canadian tax laws. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws. There can be no assurance that:

- (a) applicable tax laws, regulations or judicial or administrative interpretations will not be changed;
- (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Trust or than as set out in this Offering Memorandum; or
- (c) the facts upon which the tax discussions set out in this Offering Memorandum are based are materially correct.

Any of the preceding may fundamentally alter the tax consequences to investors of holding or disposing of Units.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Units.

All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

Prospective investors are urged to consult their own tax advisors, prior to investing in the Trust, with respect to the specific tax consequences to them from the acquisition of Trust Units.

Taxable Income

In general, a Unitholder must include in computing the Unitholder's income, gain, loss and deduction the Unitholder's proportionate share of income of the Trust allocated to the Unitholder pursuant to the Trust's Declaration of Trust for the fiscal period of the Trust ending on or within the Unitholder's taxation year. However, the cash distributed to a Unitholder may not be sufficient to pay the full amount of such Unitholder's tax liability in respect of its investment in the Trust. In addition, no assurances can be given that the Trust will make the cash distributions intended. Even if the Trust is unable to distribute cash in amounts that are sufficient to fund the Unitholders' tax liabilities, each of the Unitholders will still be required to pay income taxes on its proportionate share of Trust's taxable income.

Foreign Taxes

Foreign taxes paid by the Holding LP will be allocated to Unitholders pursuant to the Partnership Agreement and the Declaration of Trust. A Unitholder's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise. Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances, including where a partner's share of the partnership's income under the income tax laws of any country (other than Canada) under whose laws the income of the partnership is subject to income taxation, is less than the partner's share of such income for purposes of the Tax Act. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any Unitholder. If the Foreign Tax Credit Generator Rules apply, a Unitholder's foreign tax credits will be limited.

For all of the above reasons and others set forth herein, the Units involve a certain degree of risk. Any person considering the purchase of Units should be aware of these and other factors set forth in this Offering Memorandum and should consult with his or her legal, tax and financial advisors prior to making an investment in the Units. The Units should only be purchased by persons who can afford to lose all of their investment.

ITEM 9 - REPORTING OBLIGATIONS

AdminCo will send (or make available if sending is not required under applicable securities laws) to Unitholders at least 21 days prior to the date of each general meeting of Unitholders, or if no general meeting is to be held in that year within six months of the fiscal year end, the annual audited financial statements of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon.

Such financial statements shall be prepared in accordance with GAAP provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities. Included with such statements will be a report of the Independent Directors regarding their review and approval of any Conflict of Interest Matters considered during the year to which the financial statements relate.

AdminCo will, within the time frame required under the Tax Act, forward to each Unitholder who received distributions from the Trust in the prior calendar year, such information and forms as may be needed by the Unitholder in order to complete its income tax return in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

The Trust is not a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the “continuous disclosure” requirements of any securities legislation other than as provided for under National Instrument 45-106 and there is therefore no requirement that the Trust make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Trust, other than as provided for under National Instrument 45-106. The Trust will file Material Change Reports and make Notice of Use of Proceeds filings as required by National Instrument 45-106. The Trust will deliver to prospective investors certain documents, including this Offering Memorandum, a subscription agreement and any updates or amendments to the Offering Memorandum required by law, from time to time by way of facsimile or e-mail. In accordance with the terms of the subscription agreement provided to prospective investors, delivery of such documents by email or facsimile shall constitute valid and effective delivery of such documents unless the Trust receives actual notice that such electronic delivery failed. Unless the Trust receives actual notice that the electronic delivery failed, the Trust is entitled assume that the facsimile or e-mail and the attached documents were actually received by the prospective investor and the Trust will have no obligation to verify actual receipt of such electronic delivery by the prospective investor.

ITEM 10 - RESALE RESTRICTIONS AND REDEMPTION RIGHTS

10.1 GENERAL

The Units will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Additionally, Unitholders will not be permitted to transfer their Units without the consent of the Trustee. See Item 2.5 “Material Agreements - Summary of the Declaration of Trust - Transfer of Units” and “Restrictions on Non-Resident Ownership”.

10.2 RESTRICTED PERIOD

Unless permitted under securities legislation, a Unitholder cannot trade the Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory in Canada. Since the Trust is not a reporting issuer in any province or territory, the applicable hold period for Subscribers may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in a Subscriber having to hold the Units acquired under the Offering for an indefinite period of time.

10.3 MANITOBA RESALE RESTRICTIONS

In addition to the above, for subscribers resident in Manitoba, unless permitted under securities legislation, a Unitholder must not trade the Units without the prior written consent of the regulator in Manitoba, unless the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or the Unitholder has held the Units for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Trustee must approve of any proposed disposition. It is the responsibility of each individual Subscriber to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Units acquired pursuant to this Offering.

10.4 REDEMPTION RIGHTS

Each holder of Trust Units shall be entitled to require the Trust, on the demand of such holder of Trust Units, to redeem all or any part of the Trust Units registered in the name of such holder of Trust Units at the Redemption Price. See Item 2.5 – “Material Agreements – Summary of Declaration of Trust – Redemption of Units” for the specific terms of Unitholder’s rights of redemption.

The foregoing is a summary only of resale restrictions relevant to a purchaser of the securities offered hereunder. It is not intended to be exhaustive. All subscribers under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of the securities purchased hereunder including the extent of the applicable hold period and the possibilities of utilizing any further statutory exemptions or obtaining a discretionary order.

ITEM 11 - PURCHASERS’ RIGHTS

If you purchase these Units 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 Units. To do so, you must send a notice to AdminCo by midnight on the 2nd business day after you sign the Subscription Agreement to buy the Units.

11.2 STATUTORY RIGHTS OF ACTION IN THE EVENT OF A MISREPRESENTATION

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a “**misrepresentation**”). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Purchasers of Units resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Trust in connection with this Offering.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

Rights of Purchasers in Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every promoter of the Trust, every Person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that Person, and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six (6) years after the day you purchased the securities.

Rights of Purchasers in Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these securities, or
- (b) for damages against the Trust and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or two (2) years after the day you purchased the securities.

Rights of Purchasers in Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, a purchaser who purchases a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) the purchaser has a right of action for damages against the Trust and a selling securityholder on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a Person or the Trust referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the Trust, in which case the purchaser shall have no right of action for damages against such Person or the Trust.

The Trust will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

Rights of Purchasers in New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust or the seller.

The Trust will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at

which the securities were sold to the subscriber. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the securities.

Rights of Purchasers in Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island

If you are a resident of Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these securities, or
- (b) for damages against the Trust, the selling security holder on whose behalf the distribution is made and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the Persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or three (3) years after the day you purchased the securities.

Rights of Purchasers in Quebec

If this Offering Memorandum, together with any amendment to it, is delivered to a Subscriber resident in Quebec and contains a Misrepresentation that was a Misrepresentation at the time of purchase, the Subscriber will be deemed to have relied upon the Misrepresentation and will have a statutory right of action against the issuer, the officers and directors of the issuer or any dealer under contract with the issuer for damages or for rescission or revision of the price. This right of action is subject to the following limitations:

- (a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with Autorité des marchés financiers du Quebec;
- (b) no person or company will be liable if it proves that the Subscriber acquired the Notes with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the officers or directors of the issuer or the dealer under contract with the issuer will not be liable if they acted with prudence and diligence; and
- (d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that
 - (i) the document containing the forward-looking information contained, proximate to that information,
 - (1) 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
 - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and

- (ii) the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

ITEM 12 - FINANCIAL STATEMENTS

12.1 THE TRUST

Financial Statements

Triumph Real Estate Investment Fund

Six Months Ended June 30, 2016 and
2015

**(Unaudited – prepared by
management)**

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Triumph Real Estate Investment Fund

Interim Statement of Financial Position

(Unaudited – prepared by management)

June 30,
2016

December 31,
2015

Assets

Current

Cash

\$ 464 \$ 97,924

Investment in Class A limited partnership units (Note 4)

7,675,840 5,918,193

Total assets

\$ 7,676,304 **\$ 6,016,117**

Liability

Current

Due to partnership (Note 3)

\$ 464 \$ 97,924

Unitholders' equity (Note 5)

7,675,840 5,918,193

Total liabilities and unitholders' equity

\$ 7,676,304 **\$ 6,016,117**

Approved on behalf of the Trust

"David Wallach" - Director Triumph Real Estate Investment Fund 1 AdminCo Ltd.

See accompanying notes to the interim financial statements

Triumph Real Estate Investment Fund
Interim Statement of Changes in Unitholders' Equity
(Unaudited – prepared by management)

	<u>Unitholders' Capital</u>		<u>Deficit</u>	<u>Unitholders' Equity</u>
	<u>#</u>	<u>\$</u>		
Balance, December 31, 2014	2,516,691	2,516,691	(255,227)	2,261,464
Issuance of trust units	1,445,325	1,445,325	-	1,445,325
Distributions	-	-	(109,779)	(109,779)
Net loss for the period	-	-	(273,460)	(273,460)
Balance, June 30, 2015	<u>3,962,016</u>	<u>3,962,016</u>	<u>(638,466)</u>	<u>3,323,550</u>
Balance, December 31, 2015	6,929,047	6,929,047	(1,010,854)	5,918,193
Issuance of trust units	2,173,406	2,173,406	-	2,173,406
Distributions	-	-	(149,290)	(149,290)
Amortization of transaction costs	-	-	85,137	85,137
Net loss for the period	-	-	(351,606)	(351,606)
Balance, June 30, 2016	<u>9,102,453</u>	<u>9,102,453</u>	<u>(1,426,613)</u>	<u>7,675,840</u>

See accompanying notes to the interim financial statements

Triumph Real Estate Investment Fund
Interim Statement of Net Loss and Comprehensive Loss
(Unaudited – prepared by management)

	6 months ended June 30, 2016	6 months ended June 30, 2015
<hr/>		
Revenues		
Preferred return	<u>\$ 268,353</u>	<u>\$ 97,847</u>
Other items		
(Loss) income from limited partnership	(114,579)	71,958
Change in fair value of investment		
in limited partnership units (Note 4)	<u>(505,380)</u>	<u>(443,265)</u>
	<u>(619,959)</u>	<u>(371,307)</u>
Net loss and comprehensive loss for the period	<u>\$ (351,606)</u>	<u>\$ (273,460)</u>
<hr/>		

See accompanying notes to the interim financial statements

Triumph Real Estate Investment Fund
Interim Statement of Cash Flows
(Unaudited – prepared by management)

	6 months ended June 30, 2016	6 months ended June 30, 2015
Operating activities		
Net loss for the period	\$ (351,606)	\$ (273,460)
Items not affecting cash:		
(Income) loss from limited partnership	114,579	(71,958)
Change in fair value of limited partnership units	505,380	443,265
Cumulative preferred return on investment in Class A limited partnership units	<u>(268,353)</u>	<u>(97,847)</u>
Net increase from operating activities	<u>-</u>	<u>-</u>
Financing activities		
Proceeds from issuance of trust units	2,173,406	1,445,325
Distributions paid to trust unitholders	<u>(149,290)</u>	<u>(109,779)</u>
Net increase from financing activities	<u>2,024,116</u>	<u>1,335,546</u>
Investing activities		
Investment in limited partnership units	(2,173,406)	(1,445,325)
Distributions received on investment in Class A Limited partnership units	149,290	109,779
Repayments to partnership	<u>(97,460)</u>	<u>(136)</u>
Net decrease from investing activities	<u>(2,121,576)</u>	<u>(1,335,682)</u>
Net decrease in cash for the period	(97,460)	(136)
Cash at beginning of period	<u>97,924</u>	<u>524</u>
Cash at end of period	<u>\$ 464</u>	<u>\$ 388</u>

See accompanying notes to the interim financial statements

Triumph Real Estate Investment Fund

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

1. General business description

Triumph Real Estate Investment Fund (the "Trust") is an unincorporated, open-ended, investment trust formed under the laws of the province of Alberta on January 10, 2014 pursuant to the Declaration of Trust. If not terminated sooner, the trust shall continue until December 31, 2020.

The Trust was formed to raise funds for the purpose of acquiring units in Triumph Real Estate Investment Fund 1 LP (the "Partnership") and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions, with the objective of generating returns to unit holders. The Trust is considered an "investment entity" under the terms of IFRS 10 *Consolidated Financial Statements*. In accordance with IFRS 10 an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis."

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the Provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered partnership or Canadian limited partnership, respectively, to acquire that property.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

The Trustee of the Trust is Computershare Trust Company of Canada (the "Trustee"). The Trustee has entered into an agreement with Triumph Real Estate Investment Fund 1 AdminCo Ltd. (the "Administrator") who will perform management and administrative services on behalf of the Trust.

These financial statements do not include all the assets and liabilities of the unitholders, but only those relating to the business of Triumph Real Estate Investment Fund.

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust, distributions to unitholders are declared at the discretion of the Trustee. It is the intention of the Trust to declare distributions not less than the amount necessary to ensure the Trust will not be subject to tax. Accordingly, the Trust will not recognize any current tax or deferred tax assets or liabilities on temporary differences.

The address of the registered office of the Trust is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

Triumph Real Estate Investment Fund

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

2. Basis of presentation and significant accounting policies

The unaudited interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". They do not contain all necessary annual disclosures in accordance with IFRS.

These unaudited interim financial statements, in all material respects, follow the same accounting policies and method of application as the audited financial statements dated December 31, 2015. Accordingly these unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2015.

The financial statements of the Trust are presented in Canadian dollars, which is the functional and reporting currency of the Trust.

These interim financial statements were approved by the Administrator of the Trust on August 31, 2016.

Future accounting standards and interpretations

The Trust has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Trust:

The Trust will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Trust has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

The Trust will be required to adopt IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programs. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, with early adoption permitted and is to be applied retrospectively. The Trust is currently assessing the implications that this standard will have on the financial statements.

Triumph Real Estate Investment Fund

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

3. Related party transactions

	June 30, <u>2016</u>	December 31, <u>2015</u>
Due to Partnership	\$ <u>464</u>	\$ <u>97,924</u>

The Due to Partnership is unsecured, non-interest bearing, with no set terms of repayment, and is incurred under the funding agreement between the partnership and the Trust (Note 6). The Partnership is a subsidiary to the Trust, and the Trust is the sole Class A limited partnership unitholder.

The Trust entered into the following transactions with related parties for the period ended June 30, 2016:

- Acquired 2,173,406 (June 30, 2015 – 1,445,325) limited partnership units in the Partnership for gross proceeds of \$2,173,406 (June 30, 2015 - \$1,445,325).
- Cumulative preferred returns of \$268,353 (June 30, 2015 – \$97,847) are accrued and owing from the Partnership on the Class A limited partnership units.
- Received \$149,290 (June 30, 2015 – \$109,779) from the Partnership as distributions on the Class A limited partnership units.
- Net loss of \$114,579 (June 30, 2015 – net income \$71,958) was allocated to the Trust from the Partnership under the terms of the limited partnership agreement.

Triumph Real Estate Investment Fund

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

4. Investment in Class A limited partnership units

Changes in the fair value of the limited partnership units for the period ended June 30, 2016 are as follows:

Fair value at December 31, 2015	\$ 5,918,193
Units acquired during the period	2,173,406
Preferred return receivable	268,353
Distributions received	(149,290)
Amortization of transaction costs	85,137
Loss allocated from Partnership	(114,579)
Fair value change	(505,380)
Fair value at June 30, 2016	<u>\$ 7,675,840</u>

As at June 30, 2016 the Trust holds 9,102,453 Class A Units with an original capital contribution value of \$9,102,453 (December 31, 2015 - 6,929,047 Class A Units with an original capital contribution value of \$6,929,047). The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

During the term of the Partnership, the Class A unitholders shall be entitled to an amount equal to 7% per annum, calculated on the capital contribution of the Units (the "Preferred Return"). The Preferred Return shall be cumulative from the first day of the month immediately following the month in which the capital contribution occurred until the date the unitholders capital contribution is returned through distributions. As of June 30, 2016, \$268,353 (June 30, 2015 - \$97,847) was accrued for the Preferred Return and the Trust received distributions of \$149,290 (June 30, 2015 – \$109,779).

Triumph Real Estate Investment Fund

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

5. Unitholders' capital

The Trust was formed on January 10, 2014 and issued trust units as follows:

	<u>Number</u>	<u>Gross proceeds</u>
Balance, December 31, 2014	2,516,691	2,516,691
Issuance of Trust units	<u>1,445,325</u>	<u>1,445,325</u>
Balance, June 30, 2015	<u>3,962,016</u>	<u>\$ 3,962,016</u>
	<u>Number</u>	<u>Gross proceeds</u>
Balance, December 31, 2015	6,929,047	\$ 6,929,047
Issuance of Trust units	<u>2,173,406</u>	<u>2,173,406</u>
Balance, June 30, 2016	<u>9,102,453</u>	<u>\$ 9,102,453</u>

Unitholders' capital consists of units held by investors, plus income allocations net of distributions.

6. Commitments

The Trustee entered into an agreement on behalf of the Trust, between the Trust and the Administrator whereby the Administrator will perform management and administrative services on behalf of the Trust. The fee will be \$500 per annum, and the Trust will be required to reimburse the expenses incurred by the Administrator in performing its functions.

The Trust has entered into a funding agreement with the Partnership whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustee by the Trust for acting as Trustee.

7. Subsequent event

Subsequent to the period ended June 30, 2016, the Trust issued an additional 235,000 Trust Units, for gross proceeds of \$235,000. The funds from the Trust Unit issuances were used to purchase 235,000 Class A limited partnership units in the Partnership.



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the "Trust") dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the unitholders of the Trust on the statement of financial position of the Trust as at December 31, 2015, and the statements of net loss and comprehensive loss, changes in unitholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 28, 2016.

Yours sincerely,
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP".

Financial Statements

Triumph Real Estate Investment Fund

Year Ended December 31, 2015

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Independent Auditor's Report

Grant Thornton LLP
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To the Unitholders of Triumph Real Estate Investment Fund

We have audited the accompanying financial statements of Triumph Real Estate Investment Fund, which comprise the statement of financial position as at December 31, 2015 and the statements of net loss and comprehensive loss, changes in unitholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund as at December 31, 2015 its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Edmonton, Canada



April 28, 2016

Chartered Professional Accountants, Chartered Accountants

Triumph Real Estate Investment Fund

Statement of Financial Position

December 31

2015

2014

Assets

Current

Cash

\$ 97,924

\$ 524

Investment in Class A limited partnership units (Note 5)

5,918,193

2,261,464

Total assets

\$ 6,016,117

\$ 2,261,988

Liability

Current

Due to partnership (Note 4)

\$ 97,924

\$ 524

Unitholders' equity (Note 6)

5,918,193

2,261,464

Total liabilities and unitholders' equity

\$ 6,016,117

\$ 2,261,988

Approved on behalf of the Trust

signed "David Wallach" Triumph Real Estate Investment Fund 1 AdminCo Ltd.

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Changes in Unitholders' Equity

	Number of Units	Unitholders' Capital	Deficit	Unitholders' Equity
Balance, January 10, 2014	-	\$ -	\$ -	\$ -
Issuance of initial unit	1	10	-	10
Redemption of initial unit	(1)	(10)	-	(10)
Issuance of trust units	2,516,691	2,516,691	-	2,516,691
Net loss for the period	-	-	(255,227)	(255,227)
Balance, December 31, 2014	2,516,691	\$ 2,516,691	\$ (255,227)	\$ 2,261,464
Issuance of trust units	4,412,356	4,412,356	-	4,412,356
Distributions	-	-	(266,423)	(266,423)
Net loss for the period	-	-	(489,204)	(489,204)
Balance, December 31, 2015	<u>6,929,047</u>	<u>\$ 6,929,047</u>	<u>\$ (1,010,854)</u>	<u>\$ 5,918,193</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Net Loss and Comprehensive Loss

	Year ended December 31, 2015	Period from date of formation on January 10, 2014 to December 31, 2014
Revenues		
Preferred return	<u>\$ 268,109</u>	<u>\$ 44,982</u>
Other items		
Income from limited partnership	151,337	262,791
Change in fair value of investment in limited partnership units (Note 5)	<u>(908,650)</u>	<u>(563,000)</u>
	<u>(757,313)</u>	<u>(300,209)</u>
Net loss and comprehensive loss for the period	<u>\$ (489,204)</u>	<u>\$ (255,227)</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Cash Flows

	Year ended December 31 2015	Period from date of formation on January 10, 2014 to December 31 2014
Operating activities		
Net loss for the year (period)	\$ (489,204)	\$ (255,227)
Items not affecting cash:		
Income from limited partnership	(151,337)	(262,791)
Change in fair value of Class A limited partnership units	908,650	563,000
Preferred return	<u>(268,109)</u>	<u>(44,982)</u>
Net increase from operating activities	<u>-</u>	<u>-</u>
Financing activities		
Proceeds from issuance of trust units	4,412,356	2,516,691
Proceeds from issuance of initial trust unit	-	10
Redemption of initial trust unit	-	(10)
Distributions paid to trust unitholders	<u>(266,423)</u>	<u>-</u>
Net increase from financing activities	<u>4,145,933</u>	<u>2,516,691</u>
Investing activities		
Investment in Class A limited partnership units	(4,412,356)	(2,516,691)
Distributions received on investment in Class A limited partnership units	266,423	-
Advances from Partnership	<u>97,400</u>	<u>524</u>
Net decrease from investing activities	<u>\$ (4,048,533)</u>	<u>\$ (2,516,167)</u>
Net increase in cash for the period	97,400	524
Cash at beginning of period	<u>524</u>	<u>-</u>
Cash at end of period	<u>\$ 97,924</u>	<u>\$ 524</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

1. General business description

Triumph Real Estate Investment Fund (the "Trust") is an unincorporated, open-ended, investment trust formed under the laws of the province of Alberta on January 10, 2014 pursuant to the Declaration of Trust. If not terminated sooner, the trust shall continue until December 31, 2020.

The Trust was formed to raise funds for the purpose of acquiring units in Triumph Real Estate Investment Fund 1 LP (the "Partnership") and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions, with the objective of generating returns to unit holders. The Trust is considered an "investment entity" under the terms of IFRS 10 *Consolidated Financial Statements*. In accordance with IFRS 10 an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis."

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered partnership or Canadian limited partnership, respectively, to acquire that property.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

The Trustee of the Trust is Computershare Trust Company of Canada (the "Trustee"). The Trustee has entered into an agreement with Triumph Real Estate Investment Fund 1 AdminCo Ltd. (the "Administrator") who will perform management and administrative services on behalf of the Trust.

These financial statements do not include all the assets and liabilities of the unitholders, but only those relating to the business of Triumph Real Estate Investment Fund.

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust, distributions to unitholders are declared at the discretion of the Trustee. It is the intention of the Trust to declare distributions not less than the amount necessary to ensure the Trust will not be subject to tax. Accordingly, the Trust will not recognize any current tax or deferred tax assets or liabilities on temporary differences.

The address of the registered office of the Trust is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Administrator of the Trust on April 28, 2016.

Basis of measurement

The financial statements have been prepared on the historical cost basis except as follows:

The Trust has adopted the investment entity amendments to IFRS 10, Consolidated Financial Statements. In addition to defining an investment entity, IFRS 10 requires that investments in subsidiaries (other than those that provide investment-related services) be accounted for at fair value through profit or loss rather than by consolidating them. The Trust has determined that it became an investment entity as a result of investment in Class A limited partnership units in the Partnership. The Trust owns all of the outstanding Class A limited partnership units in the Partnership.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Judgments

Assessment of control

In determining whether the Trust controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10 *Consolidated Financial Statements*. The Trust has assessed that while the limited partnership agreement between the Partnership and the General Partner provides the General Partner with the ability to direct all relevant activities of the Limited Partnership, and the General Partner can only be removed as General Partner of the Partnership if it enters bankruptcy or receivership, or the occurrence of any gross negligence, wilful misconduct or fraud on the part of the General Partner, and the limited partners pass a special resolution to remove the General Partner as the general partner of the Partnership, the Trust controls the Partnership by virtue of the fact that the General Partner is acting as an agent of the limited partners. There is judgment required to determine whether the rights of the Trust result in control of the Partnership, and whether the General Partner meets the definition of an agent.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

2. Basis of preparation (cont'd)

Use of estimates and judgments (cont'd)

Determination of investment entity

In determining that the Trust is an investment entity, there is a requirement that management consider and assess whether it met the criteria to be an investment entity in accordance with IFRS 10 *Consolidated Financial Statements*. In accordance with IFRS 10, an investment entity is an entity that: “obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.” In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

In determining its status as an investment entity, the Trust considered that it invests funds from unitholders solely in limited partnership units in the Partnership for the purposes of managing this investment on behalf of the unitholders to generate returns sufficient to repay the capital contribution and accrued distributions to unitholders. In determining its status as an investment entity, the Trust has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments and that its participation in the Partnership is as an investor, rather than as an operator or developer of properties. The Trust does not meet the typical characteristics of an investment entity, in that it does not have more than one investment; however the Trust has considered that the Partnership may participate in more than one investment property on behalf of limited partners, and therefore the Trust indirectly participates in more than one investment.

Trust units

The Trust has issued Trust units to unitholders. In determining whether these should be classified as liabilities or equity, management has assessed whether the Trust units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 *Financial Instruments: Presentation* which permit the classification of a puttable instrument, or an instrument where there is a contractual obligation to deliver cash, as equity has been satisfied.

The Trust's units are redeemable at the option of the holder and, therefore are considered puttable instruments. Puttable instruments are required to be presented as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation*, in which case the puttable instruments may be presented as equity. The Trust's units were determined to meet the conditions of IAS 32 and are accordingly presented as equity in the financial statements. Distributions on Trust accounts will be deducted from retained earnings. Transaction costs relating to the issuance of trust units are deferred and recognized as unit issuance costs in the period in which the financing transaction is completed.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

2. Basis of preparation (cont'd)

Use of estimates and judgments (cont'd)

ii) Estimates

Fair value and measurement of investments not quoted in an active market

Management uses appropriate valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in Note 7. In applying valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with the observable data the market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In measuring financial instruments held or issued by the Trust, management is required to make estimates of expected future cash flows of those instruments. The most significant estimate is of the expected future cash flows from the investment in Class A limited partnership units.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

3. Significant accounting policies

Financial instruments (cont'd)

The Trust has the following financial assets and liabilities which are classified as follows:

	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Investment in Class A limited partnership units	Held for trading	Fair value
Due to Partnership	Other financial liabilities	Amortized cost

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Equity instruments

The Trust's units were determined to meet the conditions of IAS 32 and are accordingly presented as equity in the financial statements. Distributions on Trust accounts will be deducted from retained earnings.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Future accounting standards and interpretations

The Trust has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Trust:

The Trust will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Trust has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

The Trust will be required to adopt IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual years beginning on or after January 1, 2018, with early adoption permitted and is to be applied retrospectively. The Trust has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

4. Related party transactions

	<u>2015</u>	<u>2014</u>
Due to Partnership	\$ <u>97,924</u>	\$ <u>524</u>

The Due to Partnership is unsecured, non-interest bearing, with no set terms of repayment, and is incurred under the funding agreement between the partnership and the Trust (Note 9). The Partnership is a subsidiary to the Trust, and the Trust is the sole Class A limited partnership unitholder.

The Trust entered into the following transactions with related parties:

- Acquired 4,412,356 limited partnership units in the Partnership for gross proceeds of \$4,412,356 (2014 – 2,516,691 for gross proceeds of \$2,516,691).
- Preferred returns of \$268,109 (2014 - \$44,982) were accrued from the Partnership on the Class A limited partnership units. Distributions of \$266,423 were received from the Partnership in as return of capital on contributions.
- Net income of \$151,337 (2014 - \$262,791) was allocated to the Trust from the Partnership under the terms of the limited partnership agreement.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

5. Investment in Class A limited partnership units

	<u>2015</u>	<u>2014</u>
Changes in the value of the limited partnership units are as follows:		
Opening balance	\$ 2,261,464	\$ -
Units acquired during year	4,412,356	2,516,691
Preferred return receivable	268,109	44,982
Income allocated from Partnership	151,337	262,791
Distributions received	(266,423)	-
Fair value change	(908,650)	(563,000)
	<u>\$ 5,918,193</u>	<u>\$ 2,261,464</u>

As at December 31, 2015 the Trust holds 6,929,047 Class A Units with an original capital contribution value of \$6,929,047 (2014 – 2,516,691 Class A Units with an original capital contribution value of \$2,516,691). The Partnership may issue up to 25,000,000 Class A Limited Partnership Units (“Class A Unit”) having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units (“Class B Unit”) having a capital contribution amount of not less than \$0.001 per Class B Unit.

Each holder of Class A units shall be entitled to require the Partnership to redeem all or any part of their Class A Units and shall be entitled to receive a price being an amount equal to 95% of the fair market value of the Class A unit as of the date of redemption, as determined by the General Partner, taking into account the fair market values of the properties owned the Partnership and all present and future liabilities of the Partnership.

The Partnership may be required to redeem up to \$75,000 of Class A units in the form of cash in each fiscal quarter (the “Quarterly Limit”) provided that the General Partner may, in its sole discretion, waive the limitation in respect of all Class A Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all class A units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Class A units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Partnership distributing promissory notes having an interest rate that is equal to 5% simple interest per annum, subject to a maximum terms of three years from the date of issue, the applicable interest shall accrue from the date of issue and shall be paid annually in each year the note is outstanding, or by any combination of promissory notes or other assets held by the General Partner.

During the term of the Partnership, the Class A unitholders shall be entitled to an amount equal to 7% per annum, calculated on the capital contribution of the Units (the “Preferred Return”). The Preferred Return shall be cumulative from the first day of the month immediately following the month in which the capital contribution occurred until the date the unitholders capital contribution is returned through distributions. For the year ended December 31, 2015, the Preferred Return was \$268,109 (2014 - \$44,982), and the Trust received distributions of \$266,423 (2014 – \$nil) as return of capital.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

5. Investment in Class A limited partnership units (cont'd)

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares;
- e) If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

6. Unitholders' capital

The Trust was formed on January 10, 2014 and has issued trust units as follows:

	Number	Gross proceeds
Balance, January 10, 2014	-	\$ -
Initial trust unit	1	10
Redemption of initial trust unit	(1)	(10)
Issuance of trust units	2,516,691	2,516,691
Balance, December 31, 2014	2,516,691	2,516,691
Issuance of Trust units	4,412,356	4,412,356
Balance, end of period	6,929,047	\$ 6,929,047

Unitholders' capital consists of units held by investors, plus income allocations net of distributions.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

6. Unitholders' capital (cont'd)

The Declaration of Trust provides that an unlimited number of trust units (the "Units") may be issued. Each Unit represents an equal undivided beneficial interest in any distribution of the Trust and in the net assets of the Trust in the event of termination or winding up of the Trust. Each Unit entitles the holder thereof to participate equally in the distributions and to one vote at all meetings of unitholders for each whole unit held.

The Trustee, with the assistance of the Administrator, may declare a distribution of the Trust's cash flow quarterly on March 31, June 30, September 30 and December 31 or such other periods as may be determined by the Administrator (per Trust agreement) in each year of the Trust. The distribution may be paid in full by the issuance of Units or cash or any combination of Units and cash.

Each unitholder shall be entitled to require the Trust to redeem all or part of their Units, and shall be entitled to receive a price equal to the following: (i) within 12 months from the date of issuance of the Trust unit certificate equal to an amount per Unit of 90% of the subscription price paid by the unitholder, (ii) and at any time after the anniversary of the date of the issuance of the Trust certificate an amount per Unit of 95% of the fair market value of the Units, as determined by the Administrator, having reference to the financial statements and other information as the Administrator may consider appropriate.

The Trust may be required to redeem up to \$75,000 of Units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the Administrator may, in its sole discretion, waive the limitation in respect of all Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all Units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Trust distributing promissory notes ("Redemption Notes") for the balance. The Redemption Notes will be unsecured, bear interest from the issue date of each such note at a rate of 5%, payable annually in arrears, be subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustee or Administrator with holders of senior indebtedness, be subject to early repayment without penalty, being due and payable on the third anniversary of the date of issuance, and being subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Administrator. The Trust also may not be required to redeem Units in the form of cash if in the sole opinion of the Administrator, the payment would not be in the best interest of the Trust having regard to the then current cash position of the Trust or if the redemption of Units will result in the Trust losing its status as a mutual fund trust for the purposes of the Tax Act.

7. Financial instruments and financial risk management

Fair value

The fair value of cash, and due to Partnership, approximates their carrying amounts due to the short term to maturity.

Fair value for the investment in Class A limited partnership units is determined by the Trust using valuation techniques. Such valuation techniques may include earnings multiples, and discounted cash flows. In determining fair value, the Trust relies on the financial data of the Partnership, and on estimates by the Partnership as to the effect of future developments. Although the Trust uses its best judgments, there are inherent limitations in any estimation techniques.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

7. Financial instruments and financial risk management (cont'd)

The fair value estimates presented herein are not necessarily indicative of an amount the Trust could realize in a current transaction.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The investment in Class A limited partnership units has level 3 fair value inputs.

The main input in the Trust's valuation of the investment in Class A limited partnership units is the underlying net asset value of the Partnership. The Trust also considers the original transaction price, recent transactions in the same or similar instruments, and the payment terms inherent for the redemption of Class A limited partnership units and adjusts the model as deemed necessary.

Risk management framework

The Trust employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Trust's business objectives and risk tolerance levels. While the Trustee has overall responsibility for the establishment and oversight of the Trust's risk management framework, the Administrator has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Trust is exposed to credit risk through its cash balances and investment in Class A limited partnership units. The Trust manages its credit risk in relation to the investment in Class A limited partnership units by monitoring the financial results of the Partnership.

Cash consists of bank balances. The Trust manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they are due. The Trust's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Trust's ongoing liquidity will be impacted by various external events and conditions, including the profitability of its investment in the Partnership. The Trust's ability to repay its payables and accruals, and redeem trust units is contingent upon the performance of the Partnership.

Investments in limited partnerships can be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for, and perceived desirability of such investments. If the Trust were required to liquidate its limited partnership units, the proceeds to the Trust may be significantly less than the aggregate carrying value of such investment.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Year ended December 31, 2015

8. Capital management

The primary objectives of the Trust's capital management are to invest in limited partnership units in the Partnership, and also may loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions, with the objective of generating returns to Unit holders. The Trust will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business.

The Trust considers its capital structure to be unitholders' capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue Trust units, seek debt financing and adjust its capital spending to manage its current and projected capital structure. The Trust's capital to December 31, 2015 has changed due to the issuance of Trust units, the payment of distributions and the net loss in the Trust in the year.

The Trust is not subject to externally imposed capital requirements.

9. Commitments

The Trustee entered into an agreement on behalf of the Trust, between the Trust and the Administrator whereby the Administrator will perform management and administrative services on behalf of the Trust. The fee will be \$500 per annum, and the Trust will be required to reimburse the expenses incurred by the Administrator in performing its functions.

The Trust has entered into a funding agreement with the Partnership whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustees by the Trust for acting as Trustees.

10. Comparative figures

Certain of the comparative figures in the statement of cash flows have been reclassified to conform to the current year's presentation. As a result the net increase from operations decreased by \$44,982 and net increase from financing activities increased by \$44,982.

11. Subsequent events

On January 27, 2016, the Trust issued 500,000 Trust Units for gross proceeds of \$500,000, and acquired 500,000 Class A limited partnership units for \$500,000.

On February 19, 2016, the Trust issued 285,064 Trust Units for gross proceeds of \$285,064, and acquired 285,064 Class A limited partnership units for \$285,064.

On March 11, 2016, the Trust issued 323,157 Trust Units for gross proceeds of \$323,157, and acquired 323,157 Class A limited partnership units for \$323,157.

On April 12, 2016, the Trust issued 303,987 Trust Units for gross proceeds of \$303,987, and acquired 303,987 Class A limited partnership units for \$303,987.



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the “Trust”) dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the unitholders of the Trust on the statement of financial position of the Trust as at December 31, 2014, and the statements of net loss and comprehensive loss, changes in unitholders’ equity and cash flows for the period from the date of formation on January 10, 2014 to December 31, 2014 and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 17, 2015.

Yours sincerely,
Grant Thornton LLP

Financial Statements

Triumph Real Estate Investment Fund

Period Ended December 31, 2014

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Independent Auditor's Report

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To the Unitholders of Triumph Real Estate Investment Fund

We have audited the accompanying financial statements of Triumph Real Estate Investment Fund, which comprise the statement of financial position as at December 31, 2014 and the statements of net loss and comprehensive loss, changes in unitholders' equity, and cash flows for the period from date of formation on January 10, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund as at December 31, 2014 its financial performance and its cash flows for the period from date of formation on January 10, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Edmonton, Canada

April 17, 2015



Chartered Accountants

Triumph Real Estate Investment Fund

Statement of Financial Position

December 31

2014

Assets

Current	
Cash	\$ 524
Investment in Class A limited partnership units (Note 5)	<u>2,261,464</u>
Total assets	\$ <u>2,261,988</u>

Liability

Current	
Due to partnership (Note 4)	\$ <u>524</u>

Unitholders' equity

Unitholders' capital (Note 6)	2,516,691
Deficit	<u>(255,227)</u>
	<u>2,261,464</u>
Total liabilities and unitholders' equity	\$ <u>2,261,988</u>

Approved on behalf of the Trust

"Craig Bentham" Triumph Real Estate Investment Fund 1 AdminCo Ltd.

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Changes in Unitholders' Equity

Period from date of formation on January 10, 2014 to December 31, 2014

	<u>Number of units</u>	<u>Unitholders' Capital</u>	<u>Deficit</u>	<u>Unitholders' Equity</u>
Balance, beginning of period	-	\$ -	\$ -	\$ -
Issuance of initial unit	1	10	-	10
Redemption of initial unit	(1)	(10)	-	(10)
Issuance of trust units	2,516,691	2,516,691	-	2,516,691
Net loss for the period	-	-	(255,227)	(255,227)
Balance, end of period	<u>2,516,691</u>	<u>\$ 2,516,691</u>	<u>\$ (255,227)</u>	<u>\$ 2,261,464</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Net Loss and Comprehensive Loss

Period from date of formation on January 10, 2014 to December 31, 2014

Revenues	
Preferred return	<u>\$ 44,982</u>
Other items	
Income from limited partnership	262,791
Change in fair value of investment in limited partnership units (Note 5)	<u>(563,000)</u>
	<u>(300,209)</u>
Net loss and comprehensive loss for the period	<u>\$ (255,227)</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Statement of Cash Flows

Period from date of formation on January 10, 2014 to December 31, 2014

Operating activities

Net loss for the period \$ (255,227)

Items not affecting cash:

Income from limited partnership (262,791)

Change in fair value of limited partnership units 563,000

Net increase from operating activities 44,982

Financing activities

Proceeds from issuance of trust units 2,516,691

Proceeds from issuance of initial trust unit 10

Redemption of initial trust unit (10)

Cumulative preferred return on investment in Class A limited partnership units (44,982)

Net increase from financing activities 2,471,709

Investing activities

Investment in limited partnership units (2,516,691)

Advances to partnership 524

Net increase from investing activities (2,516,167)

Net increase in cash for the period 524

Cash at beginning of period -

Cash at end of period \$ 524

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from date of formation on January 10, 2014 to December 31, 2014

1. General business description

Triumph Real Estate Investment Fund (the "Trust") is an unincorporated, open-ended, investment trust formed under the laws of the province of Alberta on January 10, 2014 pursuant to the Declaration of Trust. If not terminated sooner, the trust shall continue until December 31, 2020.

The Trust was formed to raise funds for the purpose of acquiring units in Triumph Real Estate Investment Fund 1 LP (the "Partnership") and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions, with the objective of generating returns to unit holders. The Trust is considered an "investment entity" under the terms of IFRS 10 *Consolidated Financial Statements*. In accordance with IFRS 10 an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis."

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the Provinces of Alberta, Saskatchewan and Ontario, and in the States of Arizona, California, Colorado and Texas. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered partnership or Canadian limited partnership, respectively, to acquire that property.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

The Trustee of the Trust is Computershare Trust Company of Canada (the "Trustee"). The Trustee has entered into an agreement with Triumph Real Estate Investment Fund 1 AdminCo Ltd. (the "Administrator") who will perform management and administrative services on behalf of the Trust.

These financial statements do not include all the assets and liabilities of the unitholders, but only those relating to the business of Triumph Real Estate Investment Fund.

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust, distributions to unitholders are declared at the discretion of the Trustee. It is the intention of the Trust to declare distributions not less than the amount necessary to ensure the Trust will not be subject to tax. Accordingly, the Trust will not recognize any current tax or deferred tax assets or liabilities on temporary differences.

The address of the registered office of the Trust is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from date of formation on January 10, 2014 to December 31, 2014

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Administrator of the Trust on April 17, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis except as follows:

The Trust has adopted the investment entity amendments to IFRS 10, Consolidated Financial Statements. In addition to defining an investment entity, IFRS 10 requires that investments in subsidiaries (other than those that provide investment-related services) be accounted for at fair value through profit or loss rather than by consolidating them. The Trust has determined that it became an investment entity as a result of investment in Class A limited partnership units in the Partnership. The Trust owns all of the outstanding Class A limited partnership units in the Partnership.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Judgments

Assessment of control

In determining whether the Trust controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10 *Consolidated Financial Statements*. The Trust has assessed that while the limited partnership agreement between the Partnership and the General Partner provides the General Partner with the ability to direct all relevant activities of the Limited Partnership, and the General Partner can only be removed as General Partner of the Partnership if it enters bankruptcy or receivership, or the occurrence of any gross negligence, wilful misconduct or fraud on the part of the General Partner, and the limited partners pass a special resolution to remove the General Partner as the general partner of the Partnership, the Trust controls the Partnership by virtue of the fact that the General Partner is acting as an agent of the limited partners. There is judgment required to determine whether the rights of the Trust result in control of the Partnership, and whether the General Partner meets the definition of an agent.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

2. Basis of preparation (cont'd)

Use of estimates and judgments (cont'd)

Determination of investment entity

In determining that the Trust is an investment entity, there is a requirement that management consider and assess whether it met the criteria to be an investment entity in accordance with IFRS 10 *Consolidated Financial Statements*. In accordance with IFRS 10, an investment entity is an entity that: “obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.” In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

In determining its status as an investment entity, the Trust considered that it invests funds from unitholders solely in limited partnership units in the Partnership for the purposes of managing this investment on behalf of the unitholders to generate returns sufficient to repay the capital contribution and accrued distributions to unitholders. In determining its status as an investment entity, the Trust has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments and that its participation in the Partnership is as an investor, rather than as an operator or developer of properties. The Trust does not meet the typical characteristics of an investment entity, in that it does not have more than one investment; however the Trust has considered that the Partnership may participate in more than one investment property on behalf of limited partners, and therefore the Trust indirectly participates in more than one investment.

Trust units

The Trust has issued Trust units to unitholders. In determining whether these should be classified as liabilities or equity, management has assessed whether the Trust units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 *Financial Instruments: Presentation* which permit the classification of a puttable instrument, or an instrument where there is a contractual obligation to deliver cash, as equity has been satisfied.

The Trust's units are redeemable at the option of the holder and, therefore are considered puttable instruments. Puttable instruments are required to be presented as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation*, in which case the puttable instruments may be presented as equity. The Trust's units were determined to meet the conditions of IAS 32 and are accordingly presented as equity in the financial statements. Distributions on Trust accounts will be deducted from retained earnings. Transaction costs relating to the issuance of trust units are deferred and recognized as unit issuance costs in the period in which the financing transaction is completed.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

2. Basis of preparation (cont'd)

Use of estimates and judgments (cont'd)

ii) Estimates

Fair value and measurement of investments not quoted in an active market

Management uses appropriate valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in Note 7. In applying valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with the observable data the market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In measuring financial instruments held or issued by the Trust, management is required to make estimates of expected future cash flows of those instruments. The most significant estimate is of the expected future cash flows from the investment in Class A limited partnership units.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

3. Significant accounting policies

Financial instruments (cont'd)

The Trust has the following financial assets and liabilities which are classified as follows:

	<u>Classification</u>	<u>Measurement</u>
Financial asset:		
Cash	Loans and receivables	Amortized cost
Investment in limited partnership units	Held for trading	Fair value
Due to Partnership	Loans and receivables	Amortized cost

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Equity instruments

The Trust's units were determined to meet the conditions of IAS 32 and are accordingly presented as equity in the financial statements. Distributions on Trust accounts will be deducted from retained earnings.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

3. Significant accounting policies (cont'd)

Future accounting standards and interpretations

The Trust has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Trust:

The Trust will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Trust has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

The Trust will be required to adopt IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, with early adoption permitted and is to be applied retrospectively. The Trust is currently assessing the implications that this standard will have on the financial statements.

4. Related party transactions

December 31,
2014

Due to Partnership	<u>\$ 524</u>
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The Due to Partnership is unsecured, non-interest bearing, with no set terms of repayment, and is incurred under the funding agreement between the partnership and the Trust (Note 9). The Partnership is a subsidiary to the Trust, and the Trust is the sole Class A limited partnership unitholder.

The Trust entered into the following transactions with related parties:

- Acquired 2,516,691 limited partnership units in the Partnership for gross proceeds of \$2,516,691.
 - Cumulative preferred returns of \$44,982 are accrued and owing from the Partnership on the Class A limited partnership units.
 - Net income of \$262,791 was allocated to the Trust from the Partnership under the terms of the limited partnership agreement.
-

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

5. Investment in Class A limited partnership units

Changes in the fair value of the limited partnership units are as follows:

Initial investment	\$ 2,516,691
Cumulative preferred return receivable	44,982
Income allocated from Partnership	262,791
Fair value change	(563,000)
	<u>\$ 2,261,464</u>

The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

Each holder of Class A units shall be entitled to require the Partnership to redeem all or any part of their Class A Units and shall be entitled to receive a price being an amount equal to 95% of the fair market value of the Class A unit as of the date of redemption, as determined by the General Partner, taking into account the fair market values of the properties owned the Partnership and all present and future liabilities of the Partnership.

The Partnership may be required to redeem up to \$75,000 of Class A units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the General Partner may, in its sole discretion, waive the limitation in respect of all Class A Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all class A units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Class A units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Partnership distributing promissory notes having an interest rate that is equal to 5% simple interest per annum, subject to a maximum terms of three years from the date of issue, the applicable interest shall accrue from the date of issue and shall be paid annually in each year the note is outstanding, or by any combination of promissory notes or other assets held by the General Partner.

During the term of the Partnership, the Class A unitholders shall be entitled to an amount equal to 7% per annum, calculated on the capital contribution of the Units (the "Preferred Return"). The Preferred Return shall be cumulative from the first day of the month immediately following the month in which the capital contribution occurred until the date the unitholders capital contribution is returned through distributions. During the period, \$44,982 was accrued for the Preferred Return.

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

5. Investment in limited partnership units

- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares;
- e) If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

6. Unitholders' capital

The Trust was formed on January 10, 2014 and issued trust units as follows:

	Number	Gross proceeds
Balance, beginning of period	-	\$ -
Initial trust unit	1	10
Redemption of initial trust unit	(1)	(10)
Issuance of Trust units	2,516,691	2,516,691
Balance, end of period	2,516,691	\$ 2,516,691

Unitholders' capital consists of units held by investors, plus income allocations net of distributions.

The Declaration of Trust provides that an unlimited number of trust units (the "Units") may be issued. Each Unit represents an equal undivided beneficial interest in any distribution of the Trust and in the net assets of the Trust in the event of termination or winding up of the Trust. Each Unit entitles the holder thereof to participate equally in the distributions and to one vote at all meetings of unitholders for each whole unit held.

The Trustee, with the assistance of the Administrator, may declare a distribution of the Trust's cash flow quarterly on March 31, June 30, September 30 and December 31 or such other periods as may be determined by the Administrator (per Trust agreement) in each year of the Trust. The distribution may be paid in full by the issuance of Units or cash or any combination of Units and cash.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

6. Unitholders' capital (cont'd)

Each unitholder shall be entitled to require the Trust to redeem all or part of their Units, and shall be entitled to receive a price equal to the following: (i) within 12 months from the date of issuance of the Trust unit certificate equal to an amount per Unit of 90% of the subscription price paid by the unitholder, (ii) and at any time after the anniversary of the date of the issuance of the Trust certificate an amount per Unit of 95% of the fair market value of the Units, as determined by the Administrator, having reference to the financial statements and other information as the Administrator may consider appropriate.

The Trust may be required to redeem up to \$75,000 of Units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the Administrator may, in its sole discretion, waive the limitation in respect of all Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all Units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Trust distributing promissory notes ("Redemption Notes") for the balance. The Redemption Notes will be unsecured, bear interest from the issue date of each such note at a rate of 5%, payable annually in arrears, be subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustee or Administrator with holders of senior indebtedness, be subject to early repayment without penalty, being due and payable on the third anniversary of the date of issuance, and being subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Administrator. The Trust also may not be required to redeem Units in the form of cash if in the sole opinion of the Administrator, the payment would not be in the best interest of the Trust having regard to the then current cash position of the Trust or if the redemption of Units will result in the Trust losing its status as a mutual fund trust for the purposes of the Tax Act.

7. Financial instruments and financial risk management

Fair value

The fair value of cash, and due to Partnership, approximates their carrying amounts due to the short term to maturity.

Fair value for the investment in Class A limited partnership units is determined by the Trust using valuation techniques. Such valuation techniques may include earnings multiples, and discounted cash flows. In determining fair value, the Trust relies on the financial data of the Partnership, and on estimates by the Partnership as to the effect of future developments. Although the Trust uses its best judgments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount the Trust could realize in a current transaction.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

7. Financial instruments and financial risk management (cont'd)

The investment in Class A limited partnership units has level 3 fair value inputs.

The main input in the Trust's valuation of the investment in partnership units is the underlying net asset value of the Partnership. The Trust also considers the original transaction price, recent transactions in the same or similar instruments, and the payment terms inherent for the redemption of partnership units and adjusts the model as deemed necessary.

Risk management framework

The Trust employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Trust's business objectives and risk tolerance levels. While the Trustee has overall responsibility for the establishment and oversight of the Trust's risk management framework, the Administrator has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Trust is exposed to credit risk through its cash balances and investment in Class A limited partnership units. The Trust manages its credit risk in relation to the investment in Class A limited partnership units by monitoring the financial results of the Partnership.

Cash consists of bank balances. The Trust manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they are due. The Trust's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Trust's ongoing liquidity will be impacted by various external events and conditions, including the profitability of its investment in the Partnership. The Trust's ability to repay its payables and accruals, and redeem trust units is contingent upon the performance of the Partnership.

Investments in limited partnerships can be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for, and perceived desirability of such investments. If the Trust were required to liquidate its limited partnership units, the proceeds to the Trust may be significantly less than the aggregate carrying value of such investment.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

8. Capital management

The primary objectives of the Trust's capital management are to invest in limited partnership units in the Partnership, and also may loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions, with the objective of generating returns to Unit holders. The Trust will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business.

The Trust considers its capital structure to be unitholders' capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue Trust units, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Trust is not subject to externally imposed capital requirements.

9. Commitments

The Trustee entered into an agreement on behalf of the Trust, between the Trust and the Administrator whereby the Administrator will perform management and administrative services on behalf of the Trust. The fee will be \$500 per annum, and the Trust will be required to reimburse the expenses incurred by the Administrator in performing its functions.

The Trust has entered into a funding agreement with the Partnership whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustee by the Trust for acting as Trustee.

10. Subsequent events

Offering memorandum

During the period, the Trust prepared offering memorandums dated April 2, 2014 and February 9, 2014 for the offer of Units of the Trust ("Units") with up to an aggregate maximum total gross proceeds of \$25,000,000 and a minimum total gross proceeds of \$1,250,000. The price per Unit was \$1. Under the offering memorandums total gross proceeds of \$2,516,691 were raised for the period ending December 31, 2014 and an additional \$700,055 in gross proceeds were raised subsequent to year-end.

Subsequent to year-end, the Trust updated the offering memorandum to April 17, 2015 for the offer of Units with up to an aggregate maximum total gross proceeds of \$21,783,254, with no minimum offering. The price per Unit will be \$1.

The Trust may pay finder's fees of up to 6.0% with a trailer commission of 0.5% on the gross proceeds realized from units sold to persons authorized by the Trust to sell Units. The Trust may also pay Exempt Market Dealers up to 0.9% of the gross proceeds realized from the sale of Units as a dealer administration fee.

Triumph Real Estate Investment Fund

Notes to the Financial Statements

Period from formation on January 10, 2014 to December 31, 2014

10. Subsequent events (cont'd)

Offering memorandum (cont'd)

The proceeds from the issue of the Units will be paid to the Trust and administered on behalf of the Trust by the Administrator. The Administrator will use the funds to acquire Class A limited partnership units in the Partnership and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions. The number of Class A limited partnership units to be acquired, or funds to be loaned by the Trust will be contingent on the amount of funds raised pursuant to the offering. The Trust will be the only holder of Class A limited partnership units in the Partnership. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered limited partnership or Canadian limited partnership, respectively, to acquire the property.

Trust unit issuances

Subsequent to period end, the Trust issued an additional 700,055 Trust Units, for gross proceeds of \$700,055. The funds from the Trust Unit issuances were used to purchase 700,055 Class A limited partnership units in the Partnership.

12.2 THE PARTNERSHIP

Consolidated Financial Statements

Triumph Real Estate Investment Fund 1 LP

Six months ended June 30, 2016 and
2015

**(Unaudited – prepared by
management)**

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Triumph Real Estate Investment Fund 1 LP

Consolidated Interim Statement of Financial Position

(Unaudited - prepared by management)

June 30,
2016

December 31
2015

Assets

Current asset		
Cash	\$ 4,740,383	\$ 3,081,001
Accounts receivable	16,205	23,186
Refundable deposits	205,985	50,600
Prepays	27,748	34,803
	<u>4,990,321</u>	<u>3,189,590</u>
Investment properties (Note 3)	10,200,000	10,200,000
Due from Trust (Note 6)	<u>464</u>	<u>97,923</u>
Total assets	\$ 15,190,785	\$ 13,487,513

Liabilities

Current liabilities		
Accounts payable	\$ 134,349	\$ 221,330
Deferred revenue	-	1,417
Current portion of long-term debt (Note 4)	186,924	184,015
Current portion of net assets attributable to limited partners (Note 5)	300,000	300,000
Due to related party (Note 6)	-	9,689
Due to General Partner (Note 6)	91,055	70,303
	<u>712,328</u>	<u>786,754</u>
Security deposits	67,597	54,537
Long-term debt (Note 4)	6,273,780	6,367,175
Net assets attributable to limited partners (Note 5)	<u>8,137,080</u>	<u>6,279,047</u>
Total liabilities including net assets attributable to limited partners	\$ 15,190,785	\$ 13,487,513

Approved on behalf of the Partners

“David Wallach” – Director of Triumph Real Estate Investment Fund 1 GP Ltd. (General Partner)

Triumph Real Estate Investment Fund 1 LP
Consolidated Interim Statement of Changes in Net
Assets Attributable to Limited Partners
(Unaudited – prepared by management)

	<u>Class A</u> <u>units</u>	<u>Class B</u> <u>units</u>	Total net assets attributable to limited partners
Balance, December 31, 2014	\$ 2,517,194	\$ 950	\$ 2,518,144
Issuance of partnership units (Note 5)	1,445,325	-	1,445,325
Transaction costs on issuance of partnership units (Note 5)	(204,960)	-	(204,960)
Accrued cumulative preferred return	97,847	-	97,847
Distributions payable	(109,779)	-	(109,779)
Net income and comprehensive income for the period attributable to unitholders	<u>71,958</u>	<u>-</u>	<u>71,958</u>
Balance, June 30, 2015	<u>\$ 3,817,585</u>	<u>\$ 950</u>	<u>\$ 3,818,535</u>
Balance, December 31, 2015	\$ 6,578,097	\$ 950	\$ 6,579,047
Issuance of partnership units (Note 5)	2,173,406	-	2,173,406
Transaction costs on issuance of partnership units (Note 5)	(404,994)	-	(404,994)
Accrued cumulative preferred return	268,353	-	268,353
Distributions payable	(149,290)	-	(149,290)
Amortization of transaction costs	85,137	-	85,137
Net income (loss) and comprehensive income (loss) for the period attributable to unitholders	<u>(114,579)</u>	<u>-</u>	<u>(114,579)</u>
Total, June 30, 2016	8,436,130	950	8,437,080
Less current portion	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Long-term portion of net assets attributable to unitholders, June 30, 2016	<u>\$ 8,136,130</u>	<u>\$ 950</u>	<u>\$ 8,137,080</u>

See accompanying notes to the consolidated interim financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Interim Statement of Net Income and Comprehensive Income

(Unaudited - prepared by management)

	6 months ended June 30, 2016	6 months ended June 30, 2015
Revenue		
Rent	\$ 371,382	\$ 228,661
Operating cost recoveries	112,167	117,232
Interest income	18,171	-
	<u>501,720</u>	<u>345,893</u>
Expenses		
Amortization of transaction costs	85,137	-
Property tax	67,593	41,150
Management and admin fees	25,678	17,295
Repairs and maintenance	29,654	13,323
Insurance	6,648	4,027
Utilities	27,249	22,325
Interest on long-term debt	102,954	71,323
General and administration	3,044	6,638
Preferred return on Class A partnership units	268,353	97,847
	<u>616,310</u>	<u>273,928</u>
Net (loss) income and comprehensive income (loss) for the period	<u>\$ (114,590)</u>	<u>\$ 71,965</u>
Net (loss) income and comprehensive (loss) income attributable to General Partner	\$ (11)	\$ 7
Net (loss) income and comprehensive (loss) income attributable to Class A Limited Partners	\$ (114,579)	\$ 71,958

See accompanying notes to the consolidated interim financial statements

Triumph Real Estate Investment Fund 1 LP
Consolidated Interim Statement of Cash Flows
(Unaudited – prepared by management)

	6 months ended June 30, 2016	6 months ended June 30, 2015
Operating activities		
Net income (loss) for the period	\$ (114,579)	\$ 71,958
Non cash transaction:		
Amortization of transaction costs	85,137	-
Preferred return on Class A partnership units	<u>268,353</u>	<u>97,847</u>
	238,911	169,805
Change in non-cash operating working capital:		
Accounts receivable	6,981	53,962
Prepays	7,055	13,938
Accounts payable	(86,981)	(9,240)
Deferred revenue	(1,417)	(1,417)
Refundable deposits	(155,385)	(100,600)
Security deposits	<u>13,060</u>	<u>(175)</u>
Net cash flow from operating activities	<u>22,224</u>	<u>126,273</u>
Financing activities		
Advances to General Partner	43,468	9,260
Repayments to General Partner	(22,716)	-
Repayments to related party	(9,689)	(59,999)
Advances from Trust	97,459	136
Proceeds on sale of limited partnership units	2,173,406	1,445,325
Transaction costs paid	(404,994)	(204,960)
Repayments of long term debt	(90,486)	(59,093)
Distributions to Class A unit holders	<u>(149,290)</u>	<u>(109,779)</u>
Net cash flow from financing activities	<u>1,637,158</u>	<u>1,020,890</u>
Net increase in cash for the period	1,659,382	1,147,163
Cash at beginning of period	<u>3,081,001</u>	<u>284,179</u>
Cash at end of period	<u>\$ 4,740,383</u>	<u>\$ 1,431,342</u>

See accompanying notes to the consolidated interim financial statements

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Interim Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

1. General business description

Triumph Real Estate Investment Fund 1 LP (the "Partnership") was registered pursuant to the provisions of the *Partnership Act* (Alberta) on October 9, 2013.

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the Provinces of Alberta, Saskatchewan, and Ontario and in the States of Arizona, California, Colorado, and Texas. Where a property is acquired in the United States or Canada, the Partnership will utilize a United States registered limited partnership, or Canadian limited partnership, respectively, to acquire the property.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

The term of the Partnership shall continue until December 31, 2020.

On November 13, 2014, the Partnership acquired 1,000 limited partnership units in Triumph South Airways Acquisition LP ("South Airways LP"). A limited partnership agreement governs the operations and business affairs of South Airways LP. In accordance with the agreement, all operations are overseen by the general partner, Triumph South Airways Acquisition GP Ltd. ("South Airways General Partner").

On September 11, 2015, the Partnership acquired 1,000 limited partnership units in Triumph Roland Plaza LP ("Roland Plaza LP"). A limited partnership agreement governs the operations and business affairs of Roland Plaza LP. In accordance with the agreement, all operations are overseen by the general partner, Triumph Roland Plaza GP Ltd. ("Roland Plaza General Partner").

These consolidated financial statements do not include all the assets and liabilities of the partners, but only those relating to the business of the Partnership.

The Partnership is not subject to income taxes. The net income or loss of the Partnership is allocated to the individual partners for tax purposes.

The address of the registered office of the Partnership is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Interim Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

2. Basis of presentation and significant accounting policies

The unaudited consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”. They do not contain all necessary annual disclosures in accordance with IFRS.

These unaudited consolidated interim financial statements, in all material respects, follow the same accounting policies and method of application as the audited consolidated financial statements dated December 31, 2015. Accordingly these unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015.

The financial statements of the Partnership are presented in Canadian dollars, which is the functional and reporting currency of the Partnership.

These interim consolidated financial statements were approved by the General Partner on August 31, 2016.

Future accounting standards and interpretations

The Partnership has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Partnership:

The Partnership will be required to adopt IFRS 9, *Financial Instruments* (“IFRS 9”). This is a result of the first phase of the IASB’s project to replace IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period consolidated financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Partnership has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

The Partnership will be required to adopt IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”). IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and several revenue related interpretations. The new standard establishes a control based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Partnership’s management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

The Partnership will be required to adopt IFRS 16 *Leases* (“IFRS 16”). IFRS 16 eliminates the classification of leases as either operating or finance leases and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset has a low value. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Partnership has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

Triumph Real Estate Investment Fund 1 LP
Notes to the Consolidated Interim Financial Statements
Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

3. Investment properties

The Partnership has acquired the following income producing property through South Airways LP and Roland Plaza Ltd; the results of operations of these properties have been included in these consolidated financial statements from the respective date of acquisition.

<u>Properties</u>	<u>Acquisition date</u>	<u>Type</u>		<u>June 30, 2016</u>
South Airways	December 15, 2014	Commercial	Opening balance, December 31, 2015	\$ 6,800,000
			Revaluation gain	-
			Balance, June 30, 2016	<u>\$ 6,800,000</u>
Roland Place	September 30, 2015	Commercial	Opening balance, December 31, 2015	\$ 3,400,000
			Revaluation gain	-
			Balance, June 30, 2016	<u>\$ 3,400,000</u>
Total investment properties				<u>\$ 10, 200,000</u>

Triumph Real Estate Investment Fund 1 LP
Notes to the Consolidated Interim Financial Statements
Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

4. Long-term debt

	June 30, 2016	December 31, 2015
South Airways mortgage, bearing interest at 3.18% per annum, payable in monthly blended payments of \$21,714 with an amortization period of 300 months. Matures December 15, 2019. Secured by the South Airways property (Note 3), a general assignment of rents and leases, a specific assignment of a specific tenant lease, a general security agreement, an assignment and pledge of insurance policies and guarantees from the Partnership, the General Partner, and the majority shareholder of the General Partner.	\$ 4,318,362	\$ 4,379,866
Roland Place mortgage, bearing interest at 3.123% per annum, payable in monthly blended payments of \$10,647 with an amortization period of 300 months. Matures October 10, 2020. Secured by the Roland Place property (Note 3), a general assignment of rents, a specific and general assignment of leases a general security agreement, an assignment and pledge of insurance policies and guarantees from the Partnership, the General Partner, and the majority shareholder of the General Partner.	2,180,392	2,210,175
Less: unamortized transaction costs	<u>(38,050)</u> 6,460,704	<u>(38,850)</u> 6,551,191
Less: current portion	<u>186,924</u>	<u>184,015</u>
	\$ 6,273,780	\$ 6,367,175

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

5. Net assets attributable to limited partners

Net assets attributable to limited partners consists of units held by the limited partners, plus cumulative income (loss) allocations net of distributions. In the current year, cumulative loss attributable to limited partners was \$114,579 (June 2015 – income of \$71,958), and accrued preferred returns were \$268,353 (June 2015 - \$97,847). The Partnership made distributions of \$149,290 (June 2015 – \$109,779) as return of capital during the period.

	<u>Class A Partnership</u>		<u>Class B Partnership</u>		<u>Total</u>
	<u>Units</u>		<u>Units</u>		
	#	\$	#	\$	\$
Balance, December 31, 2014	2,516,691	2,517,194	950,000	950	2,518,144
Issuance of units	1,445,325	1,445,325	-	-	1,445,325
Transaction costs	-	(204,960)	-	-	(204,960)
Cumulative preferred return	-	97,847	-	-	97,847
Distributions to unit holders	-	(109,779)	-	-	(109,779)
Share of income attributable to Class A unitholders	-	71,958	-	-	71,958
Balance, June 30, 2015	<u>3,962,016</u>	<u>3,817,585</u>	<u>950,000</u>	<u>950</u>	<u>3,818,535</u>
Less current portion	-	(300,000)	-	-	(300,000)
Long-term balance June 30, 2015	<u>3,962,016</u>	<u>3,517,585</u>	<u>950,000</u>	<u>950</u>	<u>3,518,535</u>

	<u>Class A Partnership</u>		<u>Class B Partnership</u>		<u>Total</u>
	<u>Units</u>		<u>Units</u>		
	#	\$	#	\$	\$
Balance, December 31, 2015	6,929,047	6,578,097	950,000	950	6,579,047
Issuance of units	2,173,406	2,173,406	-	-	2,173,406
Transaction costs	-	(404,994)	-	-	(404,994)
Cumulative preferred return	-	268,353	-	-	268,353
Distributions to unit holders	-	(149,290)	-	-	(149,290)
Amortization of transaction costs	-	85,137	-	-	85,137
Share of loss attributable to Class A unitholders	-	(114,579)	-	-	(114,579)
Balance, June 30, 2016	<u>9,102,453</u>	<u>8,436,130</u>	<u>950,000</u>	<u>950</u>	<u>8,437,080</u>
Less current portion	-	(300,000)	-	-	(300,000)
Long-term balance June 30, 2016	<u>9,102,453</u>	<u>8,136,130</u>	<u>950,000</u>	<u>950</u>	<u>8,137,080</u>

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

5. Net assets attributable to limited partners (cont'd)

Per the terms of the limited partnership agreement, the maximum value that the Partnership is required to redeem in cash is \$75,000 per quarter, or \$300,000 per annum. This amount is presented as the current portion of Class A limited partnership units.

The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

Included in transaction costs is \$248,701 (June 2015 - \$154,824) in commissions, \$81,992 (June 2015 - \$31,405) in professional fees for legal and accounting, and \$74,301 (June 2015 - \$18,731) for other expenses, including marketing costs. The transaction costs include costs incurred by the Trust for the issuance of trust units, which are reimbursed by the Partnership under the terms of the funding agreement (Note 7).

6. Related party transactions

	June 30, 2016	December 31, 2015
Due from Trust	\$ 464	\$ 97,923
Due to General Partner	\$ (91,055)	\$ (70,303)
Due to related party, related through common management	\$ -	\$ (9,689)

Balances due to Trust, General Partner and related party are non-interest bearing with no set terms of repayment. The due to Trust arises under the terms of the funding agreement between the Partnership and the Trust (Note 7).

The Partnership entered into the following transactions with related parties for the period ended June 30, 2016:

- Issued 2,173,406 (June 30, 2015 - 1,445,325) Class A limited partnership units to the Trust for gross proceeds of \$2,173,406 (June 30, 2015 - \$1,445,325).
- Paid \$149,290 (June 30, 2015 - \$109,779) to the Trust as distributions on the Class A limited partnership units owned by the Trust
- Accrued a cumulative preferred return of \$268,353 (June 30, 2015 - \$97,847) payable to the Trust on the Class A limited partnership units owned by the Trust.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Interim Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

6. Related party transactions (cont'd)

- Pursuant to the Limited Partnership Agreement, the Partnership is required to pay to the General Partner a management fee of 2% on all funds raised by the Partnership on the issuance of Class A partnership units. One-half of the fee is payable out of the proceeds of the offering, and one-half is payable out of the operating income of the Partnership from properties acquired. For the period ended June 30, 2016, the General Partner earned a management fee of \$43,468 (June 30, 2015 – \$28,906). As at June 30, 2016, the Partnership has paid \$22,705 (June 30, 2015 – 19,650) related to this fee, and has an accrued amount payable of \$91,025 (June 30, 2015 - \$47,074) of which \$nil (June 30, 2015 - \$7,453) is remaining to be paid from the funds raised under the offering, and \$91,025 (June 30, 2015 - \$39,621) is remaining to be paid out of future operating income of the Partnership. Additionally, the Partnership has paid the General Partner \$10,271 (June 30, 2015 - \$7,372) for advisory service fees related to the management of the properties.

7. Commitment

The Partnership has entered into a funding agreement with the Trust whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustee by the Trust for acting as Trustee. A receivable from the Trust of \$nil (December 31, 2015 - \$97,108) for funds owing to the Partnership for Class A limited partnership units, and for expenses associated with the ongoing administration of the Trust of \$464 (June 30, 2015 - \$388) has been recorded.

8. Subsequent event

Subsequent to period ended June 30, 2016, the Partnership issued 235,000 Class A limited partnership Units, for gross proceeds of \$235,000 to the Trust.

Subsequent to the period ended June 30, 2016, the Partnership acquired an income producing property through Kingstreet LP for the price of \$6,200,000.

Subsequent to the period ended June 30, 2016, the Partnership acquired an income producing property through Triumph Bell West Acquisition LP for the price of \$3,985,000USD.



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund 1 LP

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the "Trust") dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the partners of Triumph Real Estate Investment Fund 1 LP (the "Partnership") on the consolidated statement of financial position of the Partnership as at December 31, 2015, and the consolidated statements of net income and comprehensive income, changes in net assets attributable to limited partners and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 28, 2016.

Yours sincerely,
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP".

Consolidated Financial Statements

Triumph Real Estate Investment Fund 1 LP

Year ended December 31, 2015

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Independent Auditor's Report

Grant Thornton LLP
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To the Partners of Triumph Real Estate Investment Fund 1 LP

We have audited the accompanying consolidated financial statements of Triumph Real Estate Investment Fund 1 LP, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of income and comprehensive income, changes in net assets attributable to limited partners, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund 1 LP as at December 31, 2015 its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Edmonton, Canada



April 28, 2016

Chartered Professional Accountants, Chartered Accountants

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Financial Position

December 31 2015 2014

Assets

Current asset		
Cash	\$ 3,081,001	\$ 284,179
Accounts receivable	23,186	63,948
Refundable deposits	50,600	-
Prepays	34,803	19,829
	<u>3,189,590</u>	<u>367,956</u>
Investment property (Note 4)	10,200,000	6,800,000
Due from Trust (Note 7)	<u>97,923</u>	<u>524</u>
Total assets	\$ 13,487,513	\$ 7,168,480

Liabilities

Current liabilities		
Accounts payable	\$ 221,330	\$ 29,934
Deferred revenue	1,417	1,417
Current portion of long-term debt (Note 5)	184,015	120,115
Current portion of net assets attributable to limited partners (Note 6)	300,000	-
Due to related party (Note 7)	9,689	69,688
Due to General Partner (Note 7)	<u>70,303</u>	<u>37,846</u>
	<u>786,754</u>	<u>259,000</u>
Security deposits	54,537	36,451
Long-term debt (Note 5)	6,367,175	4,354,885
Net assets attributable to limited partners (Note 6)	<u>6,279,047</u>	<u>2,518,144</u>
Total liabilities including net assets attributable to limited partners	\$ 13,487,513	\$ 7,168,480

Approved on behalf of the Partners

signed "David Wallach", Director of Triumph Real Estate Investment Fund 1 GP Ltd. (General Partner)

signed "Craig Bentham", Director of Triumph Real Estate Investment Fund 1 GP Ltd. (General Partner)

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP
Consolidated Statement of Changes in Net Assets
Attributable to Limited Partners

	<u>Class A</u> <u>units</u>	<u>Class B</u> <u>units</u>	<u>Total</u> <u>net assets</u> <u>attributable</u> <u>to limited</u> <u>partners</u>
Balance, December, 2013	\$ -	\$ 950	\$ 950
Issuance of partnership units (Note 6)	2,516,691	-	2,516,691
Transaction costs on issuance of partnership units (Note 6)	(307,236)	-	(307,236)
Accrued cumulative preferred return	44,948	-	44,948
Net income and comprehensive income for the period attributable to limited partners	<u>262,791</u>	<u>-</u>	<u>262,791</u>
Balance, December 31, 2014	\$ 2,517,194	\$ 950	\$ 2,518,144
Issuance of partnership units (Note 6)	4,412,356	-	4,412,356
Transaction costs on issuance of partnership units (Note 6)	(637,558)	-	(637,558)
Amortization of transaction costs	133,082	-	133,082
Accrued cumulative preferred return	268,109	-	268,109
Distributions paid and payable	(266,423)	-	(266,423)
Net income and comprehensive income for the period attributable to limited partners	<u>151,337</u>	<u>-</u>	<u>151,337</u>
Total, December 31, 2015	6,578,097	950	6,579,047
Less current portion	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Long-term portion of net assets attributable to unitholders	<u>\$ 6,278,097</u>	<u>\$ 950</u>	<u>\$ 6,279,047</u>

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Net Income and Comprehensive Income

Year ended December 31	2015	2014
Revenue		
Rent	\$ 530,262	\$ 16,805
Operating cost recoveries	232,628	7,777
Interest income	<u>879</u>	<u>1,138</u>
	<u>763,769</u>	<u>25,720</u>
Expenses		
Amortization of transaction costs	133,082	-
General and administration	7,258	494
Insurance	8,754	353
Interest on long-term debt	165,656	912
Management and administration fees	37,695	1,151
Preferred return on Class A limited partnership units	268,109	44,948
Property taxes	88,785	3,296
Repairs and maintenance	26,480	1,366
Utilities	<u>47,127</u>	<u>7,273</u>
	<u>782,946</u>	<u>59,793</u>
Loss before other item	(19,177)	(34,073)
Other item		
Fair value gain on investment property	<u>170,529</u>	<u>296,894</u>
Net income and comprehensive income for the period	<u>\$ 151,352</u>	<u>\$ 262,821</u>
Net income and comprehensive income attributable to General Partner	\$ 15	\$ 30
Net income and comprehensive income attributable to Class A Limited Partners	\$ 151,337	\$ 262,791

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Cash Flows

Year ended December 31

2015

2014

Operating activities

Net income for the period	\$ 151,337	\$ 262,791
Non cash transactions:		
Amortization of transaction costs	133,082	-
Fair value adjustment on investment property	(170,529)	(296,894)
Preferred return on Class A limited partnership units	268,109	44,845
	<u>381,999</u>	<u>10,742</u>
Change in non-cash operating working capital:		
Accounts receivable	40,762	(63,948)
Refundable deposits	(50,600)	-
Prepays	(14,974)	(19,829)
Accounts payable	191,396	29,934
Deferred revenue	-	1,417
Security deposits	18,086	36,451
Net cash flow from operating activities	<u>566,669</u>	<u>(5,233)</u>

Financing activities

Advances to General Partner	32,457	37,846
Repayments to related party	(59,999)	(60,000)
Advances from related party	-	129,688
Repayments to Trust	(97,620)	(40,654)
Advances from Trust	221	-
Proceeds on issuance of limited partnership units	4,412,356	2,516,691
Transaction costs paid	(637,558)	(267,003)
Proceeds on issuance of long-term debt	2,220,000	4,500,000
Transaction costs on long-term debt	(15,000)	(25,000)
Repayments of long term debt	(128,810)	-
Distributions to Class A unit shareholders	(266,423)	-
Net cash flows from financing activities	<u>5,459,624</u>	<u>6,791,568</u>

Investing activity

Purchase of investment property	<u>(3,229,471)</u>	<u>(6,503,106)</u>
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Net increase in cash for the year 2,796,822 283,229

Cash at beginning of year 284,179 950

Cash at end of year **\$ 3,081,001** **\$ 284,179**

Interest paid **\$ 151,903** **\$ 912**

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

1. General business description

Triumph Real Estate Investment Fund 1 LP (the "Partnership") was registered pursuant to the provisions of the *Partnership Act* (Alberta) on October 9, 2013.

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the provinces of Alberta, Saskatchewan, and Ontario and in the states of Arizona, California, Colorado, and Texas. Where a property is acquired in the United States or Canada, the Partnership will utilize a United States registered limited partnership, or Canadian limited partnership, respectively, to acquire the property.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

If not terminated sooner, the term of the Partnership shall continue until December 31, 2020.

On November 13, 2014, the Partnership acquired 1,000 limited partnership units in Triumph South Airways Acquisition LP ("South Airways LP"). A limited partnership agreement governs the operations and business affairs of South Airways LP. In accordance with the agreement, all operations are overseen by the general partner, Triumph South Airways Acquisition GP Ltd. ("South Airways General Partner").

On September 11, 2015, the Partnership acquired 1,000 limited partnership units in Triumph Roland Plaza LP ("Roland Plaza LP"). A limited partnership agreement governs the operations and business affairs of Roland Plaza LP. In accordance with the agreement, all operations are overseen by the general partner, Roland Plaza GP Ltd. ("Roland Plaza General Partner").

These consolidated financial statements do not include all the assets and liabilities of the partners, but only those relating to the business of the Partnership.

The Partnership is not subject to income taxes. The net income or loss of the Partnership is allocated to the individual partners for tax purposes.

The address of the registered office of the Partnership is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

2. Basis of presentation and significant accounting policies

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").

The consolidated financial statements were authorized for issue by the general partner of the Partnership on April 28, 2016.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Basis of presentation and significant accounting policies (cont'd)

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments which have been measured at fair value. The consolidated financial statements include the accounts of the Partnership, South Airways LP and Roland Place LP. The Partnership owns all of the outstanding limited partnership units in South Airways LP and Roland Plaza LP. All intercompany accounts and transactions have been eliminated on consolidation.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) *Judgments*

Classification of limited partnership units

The Partnership has issued partnership units to limited partners. In determining whether these should be classified as liabilities or equity, management has assessed whether the Partnership units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 *Financial Instruments: Presentation* which permit the classification of a puttable instrument as equity has been satisfied.

The Partnership's Class A units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation* ("IAS 32"), in which case, the puttable instrument may be presented as equity. The Partnership's Class A units were determined to not meet the conditions of IAS 32 and therefore cannot be classified and accounted for as equity. The classification of the Class A units as financial liabilities, with presentation as net assets attributable to Class A unitholders, does not alter the underlying economic interest of the Class A unitholders in the net operating results attributable to the Class A unitholders. The distributions on Class A units are classified as an expense on the statement of net income and comprehensive income.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments (cont'd)

The Partnership's Class B units are not considered puttable instruments however the Class B units require the Partnership to deliver a pro rata share of the net assets on liquidation. As the Partnership has a limited term this creates an obligation and requires the units to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 in which case, the units may be presented as equity. The Partnership's Class B units were determined to have not have met the conditions in accordance with IAS 32 and therefore cannot be classified and presented as equity in the consolidated financial statements.

The classification of the Class B units as a financial liability, with presentation as net assets attributable to Class B unitholders does not alter the underlying economic interest of the Class B unitholders in the net operating results attributable to the Class B unitholders. The distributions on Class B units are classified as an expense on the statement of net income and comprehensive income.

As a result of the classification of Class A and Class B units as liabilities, the Partnership has no instruments that qualify for equity classification on its statement of financial position under IFRS.

Business combinations

The Partnership and its subsidiaries acquire individual real estate properties. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g. maintenance, cleaning, security, bookkeeping etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values and no goodwill is recognized. None of the property acquisitions in the current year were considered to be business combinations.

Assessment of control

In determining whether the Partnership controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10 *Consolidated Financial Statements*. The Partnership has assessed that while the limited partnership agreements between the South Airways LP and Roland Plaza LP and their respective General Partners provides the General Partners with the ability to direct all relevant activities of the South Airways LP and Roland Plaza LP, and the General Partner can only be removed as General Partner of the partnership if it enters bankruptcy or receivership, or the occurrence of any gross negligence, wilful misconduct or fraud on the part of the general partner, and the limited partners pass a special resolution to remove the General Partner as the general partner, the Partnership controls both the South Airways LP and the Roland Plaza LP by virtue of the fact that the General Partner is acting as an agent of the limited partners. There is judgment required to determine whether the rights of the Partnership result in control of the South Airways LP and Roland Plaza LP, and whether the respective General Partner meets the definition of an agent.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments (cont'd)

ii) *Estimates*

Valuation of investment properties

The fair value of the investment properties is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques. The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

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

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

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

Management reviews each appraisal and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management considers the date of the most recent appraisal and the data utilized within for any significant changes. If significant changes in the assumptions are determined, management reviews the approaches described above, for each investment property, and estimates the fair value.

The significant assumptions used by management in estimating the fair value of the investment property are set out in Note 4.

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances and cash on hand.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Revenue recognition

The Partnership classifies its income-producing properties as investment properties, and has determined that all of its leases with tenants meet the criteria for classification as operating leases in accordance with IAS 17 *Leases*. Rental revenue includes all amounts earned from tenants related to lease agreements.

Rental revenue from investment properties is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as a component of the total rental revenue, over the term of the lease. Lease cancellation fees are recognized as revenue when the tenant foregoes the rights and obligations from the use of the space.

Rental revenue also include contractual recoveries of operating expenses, including property taxes and is recognized in income in the period that recoverable costs are chargeable to the tenants. The recoveries are included gross of the related costs in revenue, as management considers that the Company acts as a principal in this respect.

Interest revenue is recognized when earned.

Revenue as stated above is only recognized only when reasonableness of collection is assured.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Partnership has the following financial assets and liabilities for which it has selected the following classification:

	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Refundable deposits	Loans and receivables	Amortized cost
Due from Trust	Other financial liabilities	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Due to related party	Other financial liabilities	Amortized cost
Due to General Partner	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Net assets attributable to limited partners	Other financial liabilities	Amortized cost

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Transaction costs on financial instruments classified at amortized cost (both related to the issuance of the Partnership's units and to the long-term debt) are amortized using the effective interest method over the expected life of the financial instrument. The amortization is recorded in the statement of net income and comprehensive income.

The amount of distributions owed to the limited partners is accrued and presented as a current liability. For the year ended December 31, 2015 the Partnership accrued preferred returns of \$268,109 (2014 - \$44,948) for Class A limited partners, and distributed \$266,423 (2014 - \$nil) as return of capital. Preferred returns and distributions are included in the net assets attributable to limited partners.

Investment properties

Investment properties are comprised of property held either to earn rental income or for capital appreciation or for both. Investment property is measured initially at its cost, including related transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

After initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Leases

The Partnership is the lessor in all leasing arrangements. Leases are classified according to the substance of the transaction. Leases that transfer substantially all the risks and benefits of ownership from the Partnership to the lessees are accounted for as finance leases. Upon initial recognition, the leased asset is recorded as an amount receivable and measured as the present value of the minimum lease payments. All other leases are accounted for as operating leases. All leases of the Partnership at December 31, 2015 are operating leases.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Future accounting standards and interpretations

The Partnership has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Partnership:

The Partnership will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period consolidated financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Partnership has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

The Partnership will be required to adopt IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and several revenue related interpretations. The new standard establishes a control based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Partnership's management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

4. Investment property

The Partnership has acquired the following income producing properties through South Airways LP and Roland Plaza LP; the results of operations of these properties have been included in these consolidated financial statements from the respective date of acquisition.

<u>Property</u>	<u>Acquisition date</u>	<u>Type</u>		<u>December 31, 2015</u>
South Airways	December 15, 2014	Commercial	Balance, beginning of year	\$ 6,800,000
			Revaluation gain	-
			Balance, end of year	<u>\$ 6,800,000</u>
Roland Plaza	September 30, 2015	Commercial	Balance, beginning of year	\$ -
			Acquisition costs	3,229,472
			Revaluation gain	170,528
			Balance, end of year	<u>\$ 3,400,000</u>
Total investment properties value				<u>\$10, 200,000</u>

The fair values of the investment properties have been determined by management using external appraisals performed by accredited independent appraisers with recognized and relevant professional qualifications and recent experience in the location and category of income properties being valued (Note 8 - Level 3). Management reviews each appraisal and ensures that the assumptions used below are reasonable and the final fair value amount reflects those assumptions used in the determination of the fair market values of the properties. When assessing the difference between an appraised value and the acquisition cost for a property acquired in the period, management reviews the quantitative factors impacting the purchase including the impact on price of off-market negotiations, and assesses the purchase price for indications that the price may not be representative of fair value. Additionally, for properties where the appraisal date different from the reporting date, management reviewed the significant assumptions utilized in the appraisal, and if any significant changes were noted, recalculates the fair value utilizing updated assumptions as applicable. Where applicable, management will request updates to the appraisal from an accredited independent appraiser when there is a difference in dates between the appraisal and the reporting date.

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

	December 31, 2015	December 31, 2014
Capitalization rate	6.6% - 7.19%	6.6%
Vacancy and collection loss allowance rate	3.0%- 5.00%	3.0%

If the capitalization rate increased by 1% the fair values of the investment property would decrease by approximately \$500,000. If the vacancy and collection loss allowance rate increased by 1%, the fair value of the investment property would decrease by \$539,000.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

5. Long-term debt

	<u>2015</u>	<u>2014</u>
South Airways mortgage, bearing interest at 3.18% per annum, payable in monthly blended payments of \$27,714, with an amortization period of 300 months. Matures December 15, 2019. Secured by the South Airways property (Note 4), a general assignment of rents and leases, a specific assignment of a specific tenant lease, a general security agreement, an assignment and pledge of insurance policies and guarantees from the Partnership, the General Partner, and the majority shareholder of the General Partner.	\$ 4,379,866	\$ 4,500,000
Roland Plaza mortgage, bearing interest at 3.123% per annum, payable in monthly blended payments of \$10,647, with an amortization period of 300 months. Matures October 10, 2020. Secured by the Roland Plaza property (Note 4), a general assignment of rents and leases, a specific assignment of a specific tenant lease, a general security agreement, an assignment and pledge of insurance policies and guarantees from the Partnership, the General Partner, and the majority shareholder of the General Partner.	2,210,175	-
Less: unamortized transaction costs	<u>(38,850)</u> 6,551,191	<u>(25,000)</u> 4,475,000
Less: current portion	<u>184,015</u> <u>\$ 6,367,175</u>	<u>120,115</u> <u>\$ 4,354,885</u>

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

6. Net assets attributable to limited partners

Net assets attributable to limited partners consists of units held by the limited partners, plus cumulative income (loss) allocations net of distributions. In the current year, cumulative income attributable to limited partners was \$151,337, and accrued preferred returns for the year ended December 31, 2015 of \$268,109 (2014- \$44,948). The Partnership made distributions of \$266,423 as return of capital during the year (2014 - \$nil).

The Partnership has issued limited partnership units as follows:

	Number	Gross proceeds
Class A Partnership Units		
Opening balance, December 31, 2013	-	\$ -
Issuance of partnership units	2,516,691	2,516,691
Transaction costs	-	(307,236)
Accrued cumulative preferred return	-	44,948
Share of net income attributable to Class A Unitholders	-	262,791
Balance, December 31, 2014	2,516,691	2,517,194
Issuance of partnership units	4,412,356	4,412,356
Transaction costs	-	(637,558)
Cumulative preferred return	-	268,109
Amortization of transaction costs	-	133,082
Distributions paid and payable	-	(266,423)
Share of income attributable to Class A unitholders	-	151,337
Balance, December 31, 2015	<u>6,929,047</u>	<u>6,578,097</u>
Class B Partnership Units		
Opening balance, December, 2013	-	\$ -
Issuance of partnership units	<u>950,000</u>	<u>950</u>
Balance, December 31, 2014 and 2015	<u>950,000</u>	<u>\$ 950</u>
Total Class A and Class B limited partnership units		\$ 6,579,047
Less current portion of Class A limited partnership units		<u>(300,000)</u>
		\$ 6,279,047

Per the terms of the limited partnership agreement, the maximum value that the Partnership is required to redeem in cash is \$75,000 per quarter, or \$300,000 per annum. This amount is presented as the current portion of Class A limited partnership units.

The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

Included in transaction costs incurred in the year is \$370,342 in commissions, \$57,299 in professional fees for legal and accounting, and \$209,916 for other expenses, including marketing costs (2014 - \$174,095 in commissions, \$74,833 in professional fees for legal and accounting, and \$58,308 for other expenses, including marketing costs). The transaction costs include costs incurred by the Trust for the issuance of trust units, which are reimbursable by the Partnership under the terms of the funding agreement (Note 10).

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

6. Net assets attributable to limited partners (cont'd)

Each holder of Class A units shall be entitled to require the Partnership to redeem all or any part of their Class A Units and shall be entitled to receive a price being an amount equal to 95% of the fair market value of the Class A unit as of the date of redemption, as determined by the General Partner, taking into account the fair market values of the properties owned the Partnership and all present and future liabilities of the Partnership.

The Partnership may be required to redeem up to \$75,000 of Class A units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the General Partner may, in its sole discretion, waive the limitation in respect of all Class A Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all class A units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Class A units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Partnership distributing promissory notes having an interest rate that is equal to 5% simple interest per annum, subject to a maximum terms of three years from the date of issue, the applicable interest shall accrue from the date of issue and shall be paid annually in each year the note is outstanding, or by any combination of promissory notes or other assets held by the General Partner.

During the term of the Partnership, the Class A unitholders shall be entitled to an amount equal to 7% per annum, calculated on the capital contribution of the Units (the "Preferred Return"). The Preferred Return shall be cumulative from the first day of the month immediately following the month in which the capital contribution occurred until the date the unitholders capital contribution is returned through distributions.

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares;
- e) If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

6. Net assets attributable to limited partners (cont'd)

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

The Agreement provides that the Partnership shall pay the following fees to the General Partner:

- i) a management fee ("Management Fee") equal to 2% of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership shall be paid. Up to 50% of the Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units. The balance will be paid from income or revenue received by the Partnership from the operation or sale of properties acquired;
- ii) an acquisition fee equal to 1% of the purchase price of a property acquired may be paid. The General Partner will not be entitled to the fee if a real estate company controlled by the President of the General Partner receives a real estate commission for acting as purchasing real estate agent on behalf of the Partnership with respect to the property acquired; and
- iii) a financing fee equal to 1% of the amount of any financing obtained by the Partnership with respect to a property may be paid.

7. Related party transactions

	December 31, 2015	December 31, 2014
Due from Trust	\$ 97,923	\$ 524
Due to General Partner	\$ (70,303)	\$ (37,846)
Due to related party, related through common management	\$ (9,689)	\$ (69,688)

Balances due to Trust, General Partner and related party are non-interest bearing with no set terms of repayment. The due from Trust arises under the terms of the funding agreement between the Partnership and the Trust (Note 10).

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended to December 31, 2015

7. Related party transactions (cont'd)

The Partnership entered into the following transactions with related parties:

- Issued 4,412,356 (2014 - 2,516,69) Class A limited partnership units to the Trust for gross proceeds of \$4,412,356 (2014 - \$2,516,691).
- Accrued a cumulative preferred return of \$268,109 (2014 - \$44,948) payable to the Trust on the Class A limited partnership units owned by the Trust.
- Distributed \$266,423 (2014 - \$nil) to the Trust in return of capital.
- Paid \$19,071 (2014 - \$60,000) in legal fees to a Director of the General Partner
- Pursuant to the Limited Partnership Agreement, the Partnership is required to pay to the General Partner a management fee of 2% on all funds raised by the Partnership on the issuance of Class A partnership units. One-half of the fee is payable out of the proceeds of the offering, and one-half is payable out of the operating income of the Partnership from properties acquired. For the period ended December 31, 2015, the General Partner earned a management fee of \$88,247 (2014 - \$50,334). As at December 31, 2015 the Partnership has paid \$55,801 (2014 - \$12,517) related to this fee, and has an accrued amount payable of \$70,261 (2014 - \$37,683) of which \$971 (2014 - \$12,649) is remaining to be paid from the funds raised under the offering memorandum and \$69,290 (2014 - \$25,166) is remaining to be paid out of future operating income of the Partnership. Additionally, the Partnership has paid the General Partner \$15,532 (2014 - \$nil) for Advisory service fees related to the management of the properties.

8. Financial instruments and financial risk management

Fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value of a financial instrument is the estimated amount that the Partnership would receive or pay to settle the financial assets and liabilities at the reporting date.

The fair value of cash, accounts receivable, due from Trust, accounts payable, due to related party, and due to General Partner approximates their carrying amounts due to their short term nature. The fair value of long-term debt is estimated to approximate its carrying value because its interest rate does not differ significantly from current interest rates for similar types of borrowing arrangements (Level 2).

The fair value of the Partnership's units outstanding is not readily determinable as they are dependent on the future performance of the Partnership.

Risk management framework

The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the general partner has overall responsibility for the establishment and oversight of the partnership's risk management framework, management has the responsibility to administer and monitor these risks.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

8. Financial instruments and financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Partnership if a tenant or other party to meet its contractual obligations related to lease agreements or other financial instruments. The Partnership mitigates the risk by checking tenants' credit history, requesting security deposits and implementing an appropriate collection process. At December 31, 2015, the Partnership's maximum exposure to credit risk is comprised of its accounts receivable and due from Trust totalling \$121,109 (2014 - \$348,127).

Cash consists of bank balances. The Partnership manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Partnership's net income or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Partnership is also exposed to interest rate risk in that the fair value of financial instruments will fluctuate with changes in market interest rates. The Partnership's long-term debt has a fixed rate, and therefore the fair value of the long-term debt will fluctuate with changes in market rates.

Liquidity risk

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

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for, and perceived desirability of such investments. Such illiquidity may limit the Partnership's ability to vary its portfolio promptly in response to change economic or investment conditions. If the Partnership were required to liquidate a real property investment, the proceeds to the Partnership may be significantly less than the aggregate carrying value of such property. Contractual obligations are as follows:

December 31, 2015	Less than 1 year	1 to 5 years	Total
Accounts payable	\$ 221,330	\$ -	\$ 221,330
Due to related party	9,689	-	9,689
Due to General Partner	70,303	-	70,303
Mortgages payable	184,015	6,406,026	6,590,041
Tenant deposits	-	54,537	54,537
Limited partnership units	-	6,829,047	6,829,047
	<u>\$ 485,337</u>	<u>\$ 13,289,610</u>	<u>\$ 13,774,947</u>

The Partnership expects to settle its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

9. Capital management

The primary objectives of the Partnership's capital management are to invest in a diversified portfolio of well-located quality investment properties in municipal centres in selected Provinces of Canada and States of the United States with positive cash flows in order to generate positive returns for unitholders. The Partnership intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities and to sustain future development.

The Partnership will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Partnership considers its capital structure to be partners' equity and long-term debt. In order to maintain or adjust the capital structure, the Partnership may from time to time issue partnership units, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

	<u>2015</u>	<u>2014</u>
Capital		
Limited partnership units	\$ 6,829,047	\$ 2,518,144
Mortgages payable	<u>6,590,041</u>	<u>4,500,000</u>
Total capital	<u>\$ 13,419,088</u>	<u>\$ 7,018,144</u>

For the year-ended December 31, 2015, the total capital of the Partnership increased due to the issuance of Class A Units and additions to mortgages payable.

The Partnership is not subject to externally imposed capital requirements.

10. Commitments

The Partnership has entered into a funding agreement with the Trust whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustee by the Trust for acting as Trustee. A receivable from the Trust has been recognized at December 31, 2015 of \$97,108 for funds owing to the Partnership for Class A limited partnership units, and for expenses associated with the ongoing administration of the Trust of \$1,693 (2014 - \$176) incurred to date, offset by interest earned on bank deposits of \$878 (2014 - \$700) owing from the Trust to the Partnership.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended to December 31, 2015

11. Subsequent events

On January 27, 2016, the Partnership issued 500,000 Class A limited partnership units to the Trust for gross proceeds of \$500,000.

On February 19, 2016, the Partnership issued 285,064 Class A limited partnership units to the Trust for gross proceeds of \$285,064.

On March 11, 2016, the Partnership issued 323,157 Class A limited partnership units to the Trust for gross proceeds of \$323,157.

On April 12, 2016, the Partnership issued 303,987 Class A limited partnership units to the Trust for gross proceeds of \$303,987.



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund 1 LP

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the "Trust") dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the partners of Triumph Real Estate Investment Fund 1 LP (the "Partnership") on the statement of financial position of the Partnership as at December 31, 2014, and the statements of net income and comprehensive income, changes in net assets attributable to limited partners and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 17, 2015.

Yours sincerely,
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP".

Consolidated Financial Statements

Triumph Real Estate Investment Fund 1 LP

Year ended December 31, 2014

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Independent Auditor's Report

Grant Thornton LLP
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To the Partners of Triumph Real Estate Investment Fund 1 LP

We have audited the accompanying consolidated financial statements of Triumph Real Estate Investment Fund 1 LP, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of net loss and comprehensive loss, changes in net assets attributable to limited partners, and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund 1 LP as at December 31, 2014 its financial performance and its cash flows for the year ended December 31, 2014 in accordance with International Financial Reporting Standards.

Edmonton, Canada

April 17, 2015



Chartered Accountants

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Financial Position

December 31 2014 2013

Assets

Current asset		
Cash	\$ 284,179	\$ 950
Accounts receivable	63,948	-
Prepays	19,829	-
	<u>367,956</u>	<u>950</u>
Investment property (Note 4)	6,800,000	-
Due from Trust (Note 7)	524	-
Deferred Class A unit issuance transaction costs	-	40,130
	<u>-</u>	<u>40,130</u>
Total assets	\$ 7,168,480	\$ 41,080

Liabilities

Current liabilities		
Accounts payable	\$ 29,934	\$ -
Deferred revenue	1,417	-
Current portion of long-term debt (Note 5)	120,115	-
Due to related party (Note 7)	69,688	-
Due to Trust (Note 7)	-	40,130
Due to General Partner (Note 7)	37,846	-
	<u>259,000</u>	<u>40,130</u>
Security deposits	36,451	-
Long-term debt (Note 5)	4,354,885	-
Net assets attributable to limited partners (Note 6)	<u>2,518,144</u>	<u>950</u>
Total liabilities including net assets attributable to limited partners	\$ 7,168,480	\$ 41,080

Approved on behalf of the Partners

"Craig Bentham", Director of Triumph Real Estate Investment Fund 1 GP Ltd. (General Partner)

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Changes in Net Assets

Attributable to Limited Partners

Year ended December 31, 2014

	<u>Class A</u> <u>units</u>	<u>Class B</u> <u>units</u>	Total net assets attributable to limited partners
Balance, October 9, 2013	\$ -	\$ -	\$ -
Issuance of initial unit	1	950	951
Redemption of initial unit	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Balance, December 31, 2013	\$ -	\$ 950	\$ 950
Issuance of partnership units (Note 6)	2,516,691	-	2,516,691
Transaction costs on issuance of partnership units (Note 6)	(307,236)	-	(307,236)
Accrued cumulative preferred return	44,948	-	44,948
Net loss and comprehensive loss for the period attributable to unitholders	<u>262,791</u>	<u>-</u>	<u>262,791</u>
Balance, December 31, 2014	<u>\$ 2,517,194</u>	<u>\$ 950</u>	<u>\$ 2,518,144</u>

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Net Income and Comprehensive Income

	Year ended December 31, 2014	Period from date of registration on October 9, 2013 to September 30 2013
Revenue		
Rent	\$ 16,805	\$ -
Operating cost recoveries	7,777	-
Interest income	1,138	-
	<u>25,720</u>	<u>-</u>
Expenses		
Property tax	3,296	-
Management and admin fees	1,151	-
Repairs and maintenance	1,366	-
Insurance	353	-
Utilities	7,273	-
Interest on long-term debt	912	-
General and administration	494	-
Preferred return on Class A partnership units	44,948	-
	<u>59,793</u>	<u>-</u>
Loss before other item	(34,073)	-
Other item		
Fair value gain on investment property	296,894	-
Net income and comprehensive income for the period	<u>\$ 262,821</u>	<u>\$ -</u>
Net income and comprehensive income attributable to General Partner	\$ 30	\$ -
Net income and comprehensive income attributable to Class A Limited Partners	\$ 262,791	\$ -

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Consolidated Statement of Cash Flows

	Year ended December 31, 2014	Period from date of registration on October 9, 2013 to December 31 2013
Operating activities		
Net income for the period	\$ 262,791	\$ -
Non cash transaction:		
Fair value adjustment on investment property	(296,894)	-
	34,103	
Change in non-cash operating working capital:		
Accounts receivable	63,948	-
Prepays	(19,829)	-
Accounts payable	29,934	-
Deferred revenue	1,417	-
Security deposits	36,451	-
	(50,078)	-
Financing activities		
Advances to General Partner	37,846	-
Repayments to related party	(60,000)	-
Advances from related party	129,688	-
Repayments to Trust	(40,654)	-
Advances from Trust	-	40,130
Proceeds on sale of limited partnership units	2,516,691	951
Redemption of limited partnership unit	-	(1)
Transaction costs paid	(267,003)	(40,130)
Accrued cumulative preferred return	44,845	-
Proceeds on issuance of long-term debt	4,500,000	-
Transaction costs on long-term debt	(25,000)	-
Net cash flow from financing activities	6,836,413	950
Investing activity		
Purchase of investment property	6,503,106	-
Net increase in cash for the period	283,229	950
Cash at beginning of period	950	-
Cash at end of period	\$ 284,179	\$ 950

See accompanying notes to the consolidated financial statements

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

1. General business description

Triumph Real Estate Investment Fund 1 LP (the "Partnership") was registered pursuant to the provisions of the *Partnership Act* (Alberta) on October 9, 2013.

The Partnership was formed to acquire a portfolio of real estate assets comprised of commercial, office, industrial or retail properties located in the Provinces of Alberta, Saskatchewan, and Ontario and in the States of Arizona, California, Colorado, and Texas. Where a property is acquired in the United States or Canada, the Partnership will utilize a United States registered limited partnership, or Canadian limited partnership, respectively, to acquire the property.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

If not terminated sooner, the term of the Partnership shall continue until December 31, 2018 with an option at the discretion of the General Partner to extend the term to December 31, 2020.

On November 13, 2014, the Partnership acquired 1,000 limited partnership units in Triumph South Airways Acquisition LP ("South Airways LP"). A limited partnership agreement governs the operations and business affairs of South Airways LP. In accordance with the agreement, all operations are overseen by the general partner, Triumph South Airways Acquisition GP Ltd. ("South Airways General Partner").

These consolidated financial statements do not include all the assets and liabilities of the partners, but only those relating to the business of the Partnership.

The Partnership is not subject to income taxes. The net income or loss of the Partnership is allocated to the individual partners for tax purposes.

The address of the registered office of the Partnership is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

2. Basis of presentation and significant accounting policies

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").

The consolidated financial statements were authorized for issue by the general partner of the Partnership on April 17, 2015.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements include the accounts of the Partnership, and South Airways LP. The Partnership owns all of the outstanding limited partnership units in South Airways LP. All intercompany accounts and transactions have been eliminated on consolidation.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

2. Basis of presentation and significant accounting policies (cont'd)

Functional and presentation currency

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

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) *Judgments*

Classification of limited partnership units

The Partnership has issued partnership units to limited partners. In determining whether these should be classified as liabilities or equity, management has assessed whether the Partnership units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 *Financial Instruments: Presentation* which permit the classification of a puttable instrument as equity has been satisfied.

The Partnership's Class A units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation* ("IAS 32"), in which case, the puttable instrument may be presented as equity. The Partnership's Class A units were determined to not meet the conditions of IAS 32 and therefore cannot be classified and accounted for as equity. The classification of the Class A units as financial liabilities, with presentation as net assets attributable to Class A unitholders, does not alter the underlying economic interest of the Class A unitholders in the net operating results attributable to the Class A unitholders. The distributions on Class A units are classified as an expense on the statement of net income and comprehensive income.

The Partnership's Class B units are not considered puttable instruments however the Class B units require the Partnership to deliver a pro rata share of the net assets on liquidation. As the Partnership has a limited term this creates an obligation and requires the units to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 in which case, the units may be presented as equity. The Partnership's Class B units were determined to have not have met the conditions in accordance with IAS 32 and therefore cannot be classified and presented as equity in the consolidated financial statements.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments (cont'd)

The classification of the Class B units as a financial liability, with presentation as net assets attributable to Class B unitholders does not alter the underlying economic interest of the Class B unitholders in the net operating results attributable to the Class B unitholders. The distributions on Class B units are classified as an expense on the statement of net income and comprehensive income.

As a result of the classification of Class A and Class B units as liabilities, the Partnership has no instruments that qualify for equity classification on its statement of financial position under IFRS.

Business combinations

The Partnership and its subsidiaries acquires individual real estate properties. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g. maintenance, cleaning, security, bookkeeping etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values and no goodwill is recognized. None of the property acquisitions in the current year were considered to be business combinations.

Assessment of control

In determining whether the Partnership controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10 *Consolidated Financial Statements*. The Partnership has assessed that while the limited partnership agreement between the South Airways LP and the South Airways General Partner provides the South Airways General Partner with the ability to direct all relevant activities of the South Airways LP, and the General Partner can only be removed as General Partner of the partnership if it enters bankruptcy or receivership, or the occurrence of any gross negligence, wilful misconduct or fraud on the part of the general partner, and the limited partners pass a special resolution to remove the South Airways General Partner as the general partner, the Partnership controls the South Airways LP by virtue of the fact that the South Airways General Partner is acting as an agent of the limited partners. There is judgment required to determine whether the rights of the Partnership result in control of the South Airways LP, and whether the South Airways General Partner meets the definition of an agent.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments (cont'd)

ii) *Estimates*

Valuation of investment properties

The fair value of the investment properties is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques. The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

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

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

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

Management reviews each appraisal and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management considers the date of the most recent appraisal and the data utilized within for any significant changes. If significant changes in the assumptions are determined, management reviews the approaches described above, for each investment property, and estimates the fair value.

The significant assumptions used by management in estimating the fair value of the investment property are set out in Note 4.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances and cash on hand.

Revenue recognition

The Partnership classifies its income-producing properties as investment properties, and has determined that all of its leases with tenants meet the criteria for classification as operating leases in accordance with IAS 17 *Leases*. Rental revenue includes all amounts earned from tenants related to lease agreements.

Rental revenue from investment properties is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as a component of the total rental revenue, over the term of the lease. Lease cancellation fees are recognized as revenue when the tenant foregoes the rights and obligations from the use of the space.

Interest revenue is recognized when earned.

Revenue as stated above is only recognized only when reasonableness of collection is assured.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Partnership has the following financial assets and liabilities for which it has selected the following classification:

	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Due from Trust	Other financial liabilities	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Due to related party	Other financial liabilities	Amortized cost
Due to General Partner	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Net assets attributable to limited partners	Other financial liabilities	Amortized cost

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

3. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Transaction costs on financial instruments classified at amortized cost (both related to the issuance of the Partnership's units and to the long-term debt) are amortized using the effective interest method over the expected life of the financial instrument. The amortization is recorded in the statement of net income and comprehensive income.

The amount of distributions owed to the limited partners is accrued and presented as a current liability. As at December 31, 2014 there was cumulative preferred returns of \$44,948 for Class A limited partners accrued in the net assets attributable to limited partners.

Investment properties

Investment properties are comprised of property held either to earn rental income or for capital appreciation or for both. Investment property is measured initially at its cost, including related transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

After initial recognition, investment properties are carried at fair value.

Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Leases

The Partnership is the lessor in all leasing arrangements. Leases are classified according to the substance of the transaction. Leases that transfer substantially all the risks and benefits of ownership from the Partnership to the lessees are accounted for as finance leases. Upon initial recognition, the leased asset is recorded as an amount receivable and measured as the present value of the minimum lease payments. All other leases are accounted for as operating leases. All leases of the Partnership at December 31, 2014 are operating leases.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

3. Significant accounting policies (cont'd)

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Future accounting standards and interpretations

The Partnership has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Partnership:

The Partnership will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period consolidated financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Partnership has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

The Partnership will be required to adopt IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and several revenue related interpretations. The new standard establishes a control based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Partnership's management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

4. Investment property

The Partnership has acquired the following income producing property through South Airways LP; the results of operations of this property has been included in these consolidated financial statements from the respective date of acquisition.

<u>Property</u>	<u>Acquisition date</u>	<u>Type</u>		<u>December 31, 2014</u>
South Airways	December 15, 2014	Commercial	Balance, beginning of year	\$ -
			Property acquisition	6,503,106
			Revaluation gain	296,894
			Balance, end of year	<u>\$ 6,800,000</u>

The fair values of the investment property has been determined by management using external appraisals performed by accredited independent appraisers with recognized and relevant professional qualifications and recent experience in the location and category of income properties being valued (Note 8 - Level 3). Management reviews each appraisal and ensures that the assumptions used below are reasonable and the final fair value amount reflects those assumptions used in the determination of the fair market values of the properties. When assessing the difference between an appraised value and the acquisition cost for a property acquired in the period, management reviews the quantitative factors impacting the purchase including the impact on price of off-market negotiations, and assesses the purchase price for indications that the price may not be representative of fair value. Additionally, for properties where the appraisal date different from the reporting date, management reviewed the significant assumptions utilized in the appraisal, and if any significant changes were noted, recalculates the fair value utilizing updated assumptions as applicable.

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

	<u>December 31, 2014</u>
Capitalization rate	6.6%
Vacancy and collection loss allowance rate	3.0%

If the capitalization rate increased by 1% the fair values of the investment property would decrease by approximately \$900,000. If the vacancy and collection loss allowance rate increased by 1%, the fair value of the investment property would decrease by \$105,000.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

5. Long-term debt

2014

South Airways mortgage, bearing interest at 3.18% per annum, payable in monthly blended payments of \$27,714, with an amortization period of 300 months. Matures December 15, 2019. Secured by the South Airways property (Note 4), a general assignment of rents and leases, a specific assignment of a specific tenant lease, a general security agreement, an assignment and pledge of insurance policies and guarantees from the Partnership, the General Partner, and the majority shareholder of the General Partner.

\$ 4,500,000

Less unamortized transaction costs

(25,000)

4,475,000

Less: current portion

120,115

\$ 4,354,885

6. Net assets attributable to limited partners

Net assets attributable to limited partners consists of units held by the limited partners, plus cumulative income (loss) allocations net of distributions. In the current year, cumulative income attributable to limited partners was \$262,791, and accrued cumulative preferred return was \$44,948. The Partnership has issued limited partnership units as follows:

	<u>Number</u>	<u>Gross proceeds</u>
<u>Class A Partnership Units</u>		
Opening balance, October 9, 2013	-	\$ -
Issuance of initial partnership unit	1	1
Redemption of initial partnership unit	(1)	(1)
Balance, December 31, 2014	-	-
Issuance of partnership units	2,516,691	2,516,691
Transaction costs	-	(307,236)
Cumulative preferred return	-	44,948
Share of income attributable to Class A unitholders	-	262,791
Balance, December 31, 2014	2,516,691	\$ 2,517,194
<u>Class B Partnership Units</u>		
Opening balance, October 9, 2013	-	\$ -
Issuance of partnership units	950,000	950
Balance, December 31, 2013 and 2014	950,000	\$ 950

The Partnership may issue up to 25,000,000 Class A Limited Partnership Units ("Class A Unit") having a capital contribution amount of not less than \$1 per Class A Unit and up to 1,000,000 Class B Limited Partnership Units ("Class B Unit") having a capital contribution amount of not less than \$0.001 per Class B Unit.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

6. Net assets attributable to limited partners (cont'd)

The initial limited partner was issued 1 Class A Unit for cash of \$1. On October 21, 2013 the 1 Class A unit was redeemed for \$1 and 950,000 Class B Units were issued for cash of \$950.

Included in transaction costs is \$174,095 in commissions, \$74,833 in professional fees for legal and accounting, and \$58,308 for other expenses, including marketing costs. The transaction costs include costs incurred by the Trust for the issuance of trust units, which are reimbursed by the Partnership under the terms of the funding agreement (Note 10).

Each holder of Class A units shall be entitled to require the Partnership to redeem all or any part of their Class A Units and shall be entitled to receive a price being an amount equal to 95% of the fair market value of the Class A unit as of the date of redemption, as determined by the General Partner, taking into account the fair market values of the properties owned the Partnership and all present and future liabilities of the Partnership.

The Partnership may be required to redeem up to \$75,000 of Class A units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the General Partner may, in its sole discretion, waive the limitation in respect of all Class A Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all class A units tendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Class A units will be redeemed for cash on a pro rata basis up to the Quarterly Limit and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Partnership distributing promissory notes having an interest rate that is equal to 5% simple interest per annum, subject to a maximum terms of three years from the date of issue, the applicable interest shall accrue from the date of issue and shall be paid annually in each year the note is outstanding, or by any combination of promissory notes or other assets held by the General Partner.

During the term of the Partnership, the Class A unitholders shall be entitled to an amount equal to 7% per annum, calculated on the capital contribution of the Units (the "Preferred Return"). The Preferred Return shall be cumulative from the first day of the month immediately following the month in which the capital contribution occurred until the date the unitholders capital contribution is returned through distributions.

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares;
- e) If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

6. Net assets attributable to limited partners (cont'd)

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

The Agreement provides that the Partnership shall pay the following fees to the General Partner:

- i) a management fee ("Management Fee") equal to 2% of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership shall be paid. Up to 50% of the Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units. The balance will be paid from income or revenue received by the Partnership from the operation or sale of properties acquired;
- ii) an acquisition fee equal to 1% of the purchase price of a property acquired may be paid. The General Partner will not be entitled to the fee if a real estate company controlled by the President of the General Partner receives a real estate commission for acting as purchasing real estate agent on behalf of the Partnership with respect to the property acquired; and
- iii) a financing fee equal to 1% of the amount of any financing obtained by the Partnership with respect to a property may be paid.

7. Related party transactions

	December 31, 2014	December 31, 2013
Due from (to) Trust	\$ 524	\$ (40,130)
Due to General Partner	\$ (37,846)	\$ -
Due to related party, related through common management	\$ (69,688)	\$ -

Balances due to Trust, General Partner and related party are non-interest bearing with no set terms of repayment. The due to Trust arises under the terms of the funding agreement between the Partnership and the Trust (Note 10).

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended to December 31, 2014

7. Related party transactions (cont'd)

The Partnership entered into the following transactions with related parties:

- Issued 2,516,691 Class A limited partnership units to the Trust for gross proceeds of \$2,516,691.
- Accrued a cumulative preferred return of \$44,948 payable to the Trust on the Class A limited partnership units owned by the Trust.
- Paid \$60,000 in legal fees to a Director of the General Partner
- Pursuant to the Limited Partnership Agreement, the Partnership is required to pay to the General Partner a management fee of 2% on all funds raised by the Partnership on the issuance of Class A partnership units. One-half of the fee is payable out of the proceeds of the offering, and one-half is payable out of the operating income of the Partnership from properties acquired. As of December 31, 2014, the Partnership had paid \$12,517 related to this fee, and accrued \$36,518, with a further \$12,649 to be paid from the funds raised under the offering memorandum, and the remainder to be paid out of future operating income.

8. Financial instruments and financial risk management

Fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value of a financial instrument is the estimated amount that the Partnership would receive or pay to settle the financial assets and liabilities at the reporting date.

The fair value of cash, accounts receivable, due from Trust, accounts payable, due to related party, and due to General Partner approximates their carrying amounts due to their short term nature. The fair value of long-term debt is estimated to approximate its carrying value because its interest rate does not differ significantly from current interest rates for similar types of borrowing arrangements (Level 2).

The fair value of the Partnership's units outstanding is not readily determinable as they are dependent on the future performance of the Partnership.

Risk management framework

The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the general partner has overall responsibility for the establishment and oversight of the partnership's risk management framework, management has the responsibility to administer and monitor these risks.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

8. Financial instruments and financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Partnership if a tenant or other party to meet its contractual obligations related to lease agreements or other financial instruments. The Partnership mitigates the risk by checking tenants' credit history, requesting security deposits and implementing an appropriate collection process. At December 31, 2014, the Partnership's maximum exposure to credit risk is comprised of its accounts receivable and due from related parties totalling \$348,127 (2012 - \$154,274).

Cash consists of bank balances. The Partnership manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Partnership's net income or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Partnership is also exposed to interest rate risk in that the fair value of financial instruments will fluctuate with changes in market interest rates. The Partnership's long-term debt has a fixed rate, and therefore the fair value of the long-term debt will fluctuate with changes in market rates.

Liquidity risk

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

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for, and perceived desirability of such investments. Such illiquidity may limit the Partnership's ability to vary its portfolio promptly in response to change economic or investment conditions. If the Partnership were required to liquidate a real property investment, the proceeds to the Partnership may be significantly less than the aggregate carrying value of such property. Contractual obligations are as follows:

December 31, 2014	Less than 1 year	1 to 5 years	Total
Payables and accruals	\$ 29,934	\$ -	\$ 29,934
Due to related party	69,688	-	69,688
Due to General Partner	37,846	-	37,846
Mortgages payable	120,115	4,379,885	4,500,000
Tenant deposits	-	36,451	36,451
Limited partnership units	-	2,516,691	2,516,691
	<u>\$ 257,583</u>	<u>\$ 6,933,027</u>	<u>\$ 7,190,610</u>

The Partnership expects to settle its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended December 31, 2014

9. Capital management

The primary objectives of the Partnership's capital management are to invest in a diversified portfolio of well-located quality investment properties in municipal centres in selected Provinces of Canada and States of the United States with positive cash flows in order to generate positive returns for unitholders. The Partnership intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities and to sustain future development.

The Partnership will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Partnership considers its capital structure to be partners' equity and long-term debt. In order to maintain or adjust the capital structure, the Partnership may from time to time issue partnership units, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Partnership will manage its capital structure and make changes to it in light of changes in economic conditions and the risk characteristics of the nature of the business.

	<u>2014</u>	<u>2013</u>
Capital		
Limited partnership units	\$ 2,518,144	\$ 950
Mortgages payable	<u>4,500,000</u>	<u>-</u>
Total capital	<u>\$ 7,018,144</u>	<u>\$ 950</u>

For the year-ended December 31, 2014, the total capital of the Partnership increased due to the issuance of Class A Units.

The Partnership is not subject to externally imposed capital requirements.

10. Commitments

The Partnership has entered into a funding agreement with the Trust whereby the Partnership has agreed to pay for all costs, fees and selling commissions associated with the offering of the Trust and ongoing administration of the Trust, including the annual fee of \$12,500 payable to the Trustee by the Trust for acting as Trustee. A receivable from the Trust has been recognized at December 31, 2014 for expenses associated with the ongoing administration of the Trust of \$176 incurred to date, offset by interest income of \$700 owing from the Trust to the Partnership.

Triumph Real Estate Investment Fund 1 LP

Notes to the Consolidated Financial Statements

Year ended to December 31, 2014

11. Subsequent events

Offering memorandum

During the period, the Trust prepared offering memorandums dated April 2, 2014 and February 9, 2014 for the offer of Units of the Trust ("Units") with up to an aggregate maximum total gross proceeds of \$25,000,000 and a minimum total gross proceeds of \$1,250,000. The price per Unit was \$1. Under the offering memorandums total gross proceeds of \$2,516,691 were raised for the period ending December 31, 2014 and an additional \$700,055 in gross proceeds were raised subsequent to year-end.

Subsequent to year-end, the Trust updated the offering memorandum to April 17, 2015 for the offer of Units with up to an aggregate maximum total gross proceeds of \$21,783,254, with no minimum offering. The price per Unit will be \$1.

The Trust may pay finder's fees of up to 6.0% with a trailer commission of 0.5% on the gross proceeds realized from units sold to persons authorized by the Trust to sell Units. The Trust may also pay Exempt Market Dealers up to 0.9% of the gross proceeds realized from the sale of Units as a dealer administration fee.

The proceeds from the issue of the Units will be paid to the Trust and administered on behalf of the Trust by the Administrator. The Administrator will use the funds to acquire Class A limited partnership units in the Partnership and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions. The number of Class A limited partnership units to be acquired, or funds to be loaned by the Trust will be contingent on the amount of funds raised pursuant to the offering. The Trust will be the only holder of Class A limited partnership units in the Partnership. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered limited partnership or Canadian limited partnership, respectively, to acquire the property.

Trust unit issuances

Subsequent to period end, the Trust issued an additional 700,055 Trust Units, for gross proceeds of \$700,055. The funds from the Trust Unit issuances were used to purchase 700,055 Class A limited partnership units in the Partnership.

Repayment of due to related party

Subsequent to period end, the Partnership repaid a total of \$60,000 of the due to related party (Note 7).

12.3 THE GENERAL PARTNER

Financial Statements

Triumph Real Estate Investment Fund 1 GP Ltd.

Six months ended June 30, 2016 and
2015

**(Unaudited – prepared by
management)**

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Triumph Real Estate Investment Fund 1 GP Ltd.

Interim Statement of Financial Position

(Unaudited – prepared by management)

June 30,
2016

December 31,
2015

Assets

Current asset		
Cash	\$ 8,743	\$ 9,041
Due from Partnership (Note 3)	<u>91,055</u>	<u>70,303</u>
Total assets	<u>\$ 99,798</u>	<u>\$ 79,344</u>

Liabilities

Current liabilities		
Accounts payable and accrued liabilities	\$ 512	\$ 756
Income taxes payable	<u>7,843</u>	<u>4,945</u>
	<u>8,355</u>	<u>5,701</u>

Equity

Share capital (Note 4)	10	10
Retained earnings	<u>91,433</u>	<u>73,633</u>
	<u>91,443</u>	<u>73,643</u>

Total liabilities and equity	<u>\$ 99,798</u>	<u>\$ 79,344</u>
-------------------------------------	-------------------------	-------------------------

Approved on behalf of the board

"David Wallach" Director

See accompanying notes to the interim financial statements.

Triumph Real Estate Investment Fund 1 GP Ltd.

Interim Statement of Net Income and Comprehensive Income

(Unaudited – prepared by management)

	6 months ended June 30 2016	6 months ended June 30 2015
Revenue		
Advisory Fee	\$ 10,271	\$ 7,372
Management fee (Note 3)	<u>43,468</u>	<u>28,906</u>
	<u>53,739</u>	<u>36,278</u>
Expenses		
Bank charges	30	65
Commissions	-	983
Director's fees	33,000	11,150
Interest on income taxes	<u>-</u>	<u>102</u>
	<u>33,030</u>	<u>12,300</u>
Net income before taxes and (loss) income attributable from Partnership	20,709	23,978
(Loss) income allocated from the Partnership	<u>(11)</u>	<u>7</u>
Net income before taxes	20,698	23,985
Income taxes (Note 6)	<u>2,898</u>	<u>3,357</u>
Net income and comprehensive income for the period	<u>\$ 17,800</u>	<u>\$ 20,628</u>

See accompanying notes to the interim financial statements.

Triumph Real Estate Investment Fund 1 GP Ltd.
Interim Statement of Changes in Equity
(Unaudited – prepared by management)

	<u>Share capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance, December 31, 2014	\$ 10	\$ 37,635	\$ 37,645
Net income for the period	<u>-</u>	<u>20,628</u>	<u>20,628</u>
Balance, June 30, 2015	<u>\$ 10</u>	<u>58,263</u>	<u>\$ 58,273</u>
Balance, December 31, 2015	\$ 10	\$ 73,633	\$ 73,643
Net income for the period	<u>-</u>	<u>17,800</u>	<u>17,800</u>
Balance, June 30, 2016	<u>\$ 10</u>	<u>91,433</u>	<u>\$ 91,443</u>

See accompanying notes to the interim financial statements.

Triumph Real Estate Investment Fund 1 GP Ltd.
Interim Statement of Cash Flows
(Unaudited- prepared by management)

	6 months ended June 30, <u>2016</u>	6 months ended June 30, <u>2015</u>
Operating activities		
Net income for the period	\$ 17,800	\$ 20,628
Change in non-cash operating working capital:		
Accounts receivable	-	(3,727)
Accounts payable	(244)	471
Income taxes payable	<u>2,898</u>	<u>(3,662)</u>
Net cash flow from operating activities	<u>20,454</u>	<u>13,710</u>
Investing activities		
Advances to Partnership	(43,468)	(9,264)
Repayment from Partnership	<u>22,716</u>	<u>-</u>
Net cash flow from investing activities	<u>(20,752)</u>	<u>(9,264)</u>
 Net (decrease) increase in cash for the period	 (298)	 4,446
 Cash at beginning of period	 <u>9,041</u>	 <u>12,336</u>
 Cash at end of period	 <u>\$ 8,743</u>	 <u>\$ 16,782</u>

See accompanying notes to the financial statements.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

1. General business description

Triumph Real Estate Investment Fund 1 GP Ltd. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on July 31, 2013. The Company acts as general partner for the Triumph Real Estate Investment Fund 1 LP ("the Partnership").

The Partnership is a limited partnership registered pursuant to the provisions of the Partnership Act (Alberta) on October 9, 2013. The Partnership was formed to acquire a portfolio of real estate assets in municipal centers in selected Provinces and States and conduct such other activities, incidental, ancillary or related thereto.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

As the general partner of the Partnership, the Company is entitled to allocations of net income or net loss and distributions of distributable cash from the Partnership.

If not terminated sooner, the term of the Partnership shall continue until December 31, 2020.

The address of the registered office of the Company is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

2. Basis of presentation and significant accounting policies

Statement of compliance

The unaudited interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". They do not contain all the necessary annual disclosures in accordance with IFRS

These unaudited interim financial statements, in all material respects, follow the same accounting policies and method of application as the audited financial statements dated December 31, 2015. Accordingly these unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2015.

The financial statements of the Partnership are presented in Canadian dollars, which is the functional and reporting currency of the Partnership.

These interim financial statements were approved by the Partnership on August 31, 2016.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

2. Basis of presentation and significant accounting policies (cont'd)

Future accounting standards and interpretations

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Company:

The Company will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9") which has an effective date for annual periods beginning on or after January 1, 2018. This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

The Company will be required to adopt IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual years beginning on or after January 1, 2018, with early adoption permitted and is to be applied retrospectively. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

3. Due from Partnership

The balance due from Partnership of \$91,055 (December 31, 2015 - \$70,303) is non-interest bearing, unsecured with no set terms of repayment. Included in the due from Partnership is the Company's share of the loss of the Partnership of \$11 (December 31, 2015 – income of \$15), and the unpaid portion of management fees equal to 2% of the gross proceeds raised by the Partnership in the issuance of Class A partnership units of \$91,025 (December 31, 2015 - \$70,288). The management fees are payable 50% out of the funds of the offering of Class A limited partnership units and 50% from the operating income of properties acquired by the Partnership.

4. Share capital

Authorized:

Unlimited number of Class A voting common shares
Unlimited number of Class B non-voting common shares
Unlimited number of First Preferred shares

Issued:

100 Class A shares

June 30,
2016

December 31,
2015

\$ 10

\$ 10

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

5. Commitments

Limited Partnership Agreement

At the date of formation of the partnership, the Company and the Partnership entered into a limited partnership agreement. Under the terms of the limited partnership agreement, the General Partner is entitled to remuneration as follows:

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares; If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Six months ended June 30, 2016 and 2015

(Unaudited – prepared by management)

5. Commitments (cont'd)

The Agreement provides that the Partnership shall/may pay the following fees to the General Partner:

- i) shall pay a management fee ("Management Fee") equal to 2% of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership shall be paid. Up to 50% of the Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units. The balance will be paid from income or revenue received by the Partnership from the operation or sale of properties acquired;
- ii) may pay an acquisition fee equal to 1% of the purchase price of a property acquired may be paid. The General Partner will not be entitled to the fee if a real estate company controlled by the President of the General Partner receives a real estate commission for acting as purchasing real estate agent on behalf of the Partnership with respect to the property acquired; and
- iii) may pay a financing fee equal to 1% of the amount of any financing obtained by the Partnership with respect to the acquisition of a property may be paid.

For the period ended June 30, 2016, the net loss attributable to the Company from the Partnership was \$11 (June 30, 2015 – net income of \$7). For the period ended June 30, 2016, the General Partner earned a management fee of \$43,468 (June 30, 2015 - \$28,906), of which 50% is to be paid by the Partnership from the proceeds of the offering, and 50% will be paid from the operations of the Partnership. As of June 30, 2016, the Partnership has paid \$22,705 (June 30, 2015 - \$19,650) related to the fee with an accrued amount payable of \$91,025 (June 30, 2015 - \$39,621) of which \$nil is remaining to be paid from funds raised from the proceeds of the offering, and \$91,025 is remaining to be paid out of future operating income of the Partnership. Additionally, the Partnership has paid the General Partner \$10,271 (June 30, 2015 - \$7,372) for advisory service fees related to the management of the properties.

Guarantees

The Company has guaranteed long-term debt of the Partnership as follows:

- South Airways mortgage with a balance at June 30, 2016 of \$4,318,362 (December 31, 2015 - \$4,379,866) secured by the South Airways property.
- Roland Plaza mortgage with a balance of \$2,180,392 at June 30, 2016 (December 31, 2015 - \$2,210,175) secured by the Roland Plaza property

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Six months ended June 30, 2016 and 2015
(Unaudited – prepared by management)

6. Income taxes

Reconciliation of effective tax rate

The major components of tax expense and the reconciliation of the expected tax expense based on the effective tax rate of the Company at 14% and the reported current tax expense in profit or loss are as follows:

	Period ended June 30, <u>2016</u>	Period ended June 30, <u>2015</u>
Income before income taxes	\$ 20,698	\$ 23,985
Combined Canadian federal and provincial income tax rate	<u>14%</u>	<u>14%</u>
Expected income tax expense	<u>\$ 2,898</u>	<u>\$ 3,357</u>



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund 1 GP Ltd.

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the "Trust") dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the shareholders of Triumph Real Estate Investment Fund 1 GP Ltd. (the "Company") on the statement of financial position of the Company as at December 31, 2015, and the statements of net income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 28, 2016.

Yours sincerely,
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP".

Financial Statements

Triumph Real Estate Investment Fund 1
GP Ltd.

Year ended December 31, 2015

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Independent Auditor's Report

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To the Shareholders of Triumph Real Estate Investment Fund 1 GP Ltd.

We have audited the accompanying financial statements of Triumph Real Estate Investment Fund 1 GP Ltd. which comprise the statement of financial position as at December 31, 2015 and the statements of net income and 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 the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund 1 GP Ltd. as at December 31, 2015 and its changes in equity, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Edmonton, Canada

April 28, 2016



Chartered Professional Accountants, Chartered Accountants

Triumph Real Estate Investment Fund 1 GP Ltd.

Statement of Financial Position

December 31 2015 2014

Assets

Current asset		
Cash	\$ 9,041	\$ 12,336
Due from Partnership (Note 4)	<u>70,303</u>	<u>37,844</u>
Total assets	\$ <u>79,344</u>	\$ <u>50,180</u>

Liabilities

Current liabilities		
Accounts payable and accrued liabilities	\$ 756	\$ -
Income taxes payable (Note 9)	<u>4,945</u>	<u>12,535</u>
	<u>5,701</u>	<u>12,535</u>

Equity

Share capital (Note 5)	10	10
Retained earnings	<u>73,633</u>	<u>37,635</u>
Total equity	<u>73,643</u>	<u>37,645</u>
Total liabilities and equity	\$ <u>79,344</u>	\$ <u>50,180</u>

Approved on behalf of the board

signed "David Wallach" Director signed "Craig Bentham" Director

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.
Statement of Net Income and Comprehensive Income
Year ended December 31, 2015 2014

Revenue

Advisory services fee	\$ 15,532	\$ -
Management fee (Note 4, Note 8)	<u>88,247</u>	<u>50,334</u>
	<u>103,779</u>	<u>50,334</u>

Expenses

Bank charges	102	190
Director's fees	66,700	-
General and administrative	<u>1,545</u>	<u>-</u>
	<u>68,347</u>	<u>190</u>

Net income before taxes and income attributable from
Partnership

35,432 50,144

Income allocated from the Partnership

15 26

Net income before taxes

35,447 50,170

Income taxes (recovery)

(551) 12,535

Net income and comprehensive income for the period

\$ 35,998 \$ 37,635

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.
Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance, December 31, 2013	\$ 10	\$ -	\$ 10
Net income for the year	<u>-</u>	<u>37,635</u>	<u>37,635</u>
Balance, December 31, 2014	10	37,635	37,645
Net income for the year	<u>-</u>	<u>35,998</u>	<u>35,998</u>
Balance, December 31, 2015	<u>\$ 10</u>	<u>73,633</u>	<u>\$ 73,643</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.
Statement of Cash Flows

Year ended December 31

2015

2014

Operating activities

Net income for the year	\$ 35,998	\$ 37,635
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Change in non-cash operating working capital:

Accounts payable	756	
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Income taxes payable	(7,590)	12,535
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Net cash flow from operating activities

	<u>29,164</u>	<u>50,170</u>
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Investing activity

Advances to Partnership	(32,459)	(37,844)
-------------------------	----------	----------

Net (decrease) increase in cash for the year

	(3,295)	12,326
--	---------	--------

Cash at beginning of year

	<u>12,336</u>	<u>10</u>
--	---------------	-----------

Cash at end of year

	<u>\$ 9,041</u>	<u>\$ 12,336</u>
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See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2015

1. General business description

Triumph Real Estate Investment Fund 1 GP Ltd. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on July 31, 2013. The Company acts as general partner for the Triumph Real Estate Investment Fund 1 LP ("the Partnership").

The Partnership is a limited partnership registered pursuant to the provisions of the Partnership Act (Alberta) on October 9, 2013. The Partnership was formed to acquire a portfolio of real estate assets in municipal centers in selected provinces and states and conduct such other activities, incidental, ancillary, or related thereto.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

As the general partner of the Partnership, the Company is entitled to allocations of net income or net loss and distributions of distributable cash from the Partnership.

If not terminated sooner, the term of the Partnership shall continue until December 31, 2020.

The address of the registered office of the Company is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

2. Basis of presentation and significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors of the Company on April 28, 2016.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

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

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2015

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the fair value of financial instruments, and the recoverability of the amount due from the Partnership.

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances and cash on hand.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Partnership has the following financial assets and liabilities for which it has selected the following classification:

	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Due from Partnership	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Future accounting standards and interpretations

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Company:

The Company will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"), which has an effective date for annual periods beginning on or after January 1, 2018. This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2015

3. Significant accounting policies (cont'd)

Future accounting standards and interpretations (Cont'd)

The Company will be required to adopt IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual years beginning on or after January 1, 2018, with early adoption permitted and is to be applied retrospectively. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

4. Due from Partnership

The balance due from Partnership of \$70,303 (2014 - \$37,844) is non-interest bearing, unsecured with no set terms of repayment. Included in the due from Partnership is the Company's share of the income of the Partnership of \$15 (2014 - \$26), and the unpaid portion of management fees equal to 2% of the gross proceeds raised by the Partnership in the issuance of Class A partnership units of \$70,288 (2014 - \$37,818). The management fees are payable 50% out of the funds of the offering of Class A limited partnership units, and 50% from the operating income of properties acquired by the Partnership.

5. Share capital

Authorized:

Unlimited number of Class A voting common shares
Unlimited number of Class B non-voting common shares
Unlimited number of First Preferred shares

	<u>2015</u>	<u>2014</u>
Issued:		
100 Class A shares	\$ <u>10</u>	\$ <u>10</u>

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2015

6. Financial instruments and financial risk management

Fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle the financial assets and liabilities at the reporting date. The fair value of cash and due from Partnership approximates their carrying amount due to their short term nature.

Risk management framework

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash consists of bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Company is also exposed to credit risk on the due from Partnership. The Company manages its credit risk with respect to the due from Partnership by monitoring the operations of the Partnership.

Liquidity risk

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

The Company expects to settle its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2015

7. Capital management

The primary objectives of the Company's capital management are to manage the operations of the Partnership to generate positive returns for shareholders.

The Company will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to be shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue share capital, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

For the year ended December 31, 2015, the total capital of the Company increased due to net earnings.

The Company is not subject to externally imposed capital requirements.

8. Commitments

Limited Partnership Agreement

At the date of formation of the partnership, the Company and the Partnership entered into a limited partnership agreement. Under the terms of the limited partnership agreement, the General Partner is entitled to remuneration as follows:

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares; If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2015

8. Commitments (cont'd)

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

The Agreement provides that the Partnership shall/may pay the following fees to the General Partner:

- i) shall pay a management fee ("Management Fee") equal to 2% of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership shall be paid. Up to 50% of the Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units. The balance will be paid from income or revenue received by the Partnership from the operation or sale of properties acquired;
- ii) may pay an acquisition fee equal to 1% of the purchase price of a property acquired may be paid. The General Partner will not be entitled to the fee if a real estate company controlled by the President of the General Partner receives a real estate commission for acting as purchasing real estate agent on behalf of the Partnership with respect to the property acquired; and
- iii) may pay a financing fee equal to 1% of the amount of any financing obtained by the Partnership with respect to the acquisition of a property may be paid.

For the period ended December 31, 2015, the net income attributable to the Company from the Partnership was \$15 (2014 - \$26). For the period ended December 31, 2015, the General Partner earned a management fee of \$88,247 (2014 - \$50,334), of which 50% is to be paid by the Partnership from the proceeds of the offering, and 50% will be paid from the operations of the Partnership. As at December 31, 2015 the Partnership has paid \$55,801 (2014 - \$12,517) related to this fee, and has an accrued amount payable of \$70,261 (2014 - \$37,683) of which \$971 (2014 - \$12,649) is remaining to be paid from the funds raised under the offering memorandum and \$69,290 (2014 - \$25,166) is remaining to be paid out of future operating income of the Partnership. Additionally, the Partnership has paid the General Partner \$15,532 (2014 - \$nil) for advisory fees related to the management of the properties.

Guarantees

The Company has guaranteed long-term debt of the Partnership as follows:

- South Airways mortgage with a balance at December 31, 2015 of \$4,379,866 (2014 - \$4,500,000, secured by the South Airways property.
- Roland Plaza mortgage with a balance of \$2,210,175 at December 31, 2015 secured by the Roland Plaza property

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2015

9. Income taxes

Reconciliation of effective tax rate

The major components of tax expense and the reconciliation of the expected tax expense based on the effective tax rate of the Company at 14% (2014 - 25%) and the reported current tax expense in profit or loss are as follows:

	December 31, 2015	December 31, 2014
Income (loss) before income taxes	\$ 35,447	\$ 50,170
Combined Canadian federal and provincial income tax rate	<u>14%</u>	<u>25%</u>
Expected income tax expense (recovery)	\$ 4,963	12,535
Change in prior period tax assessment	<u>(5,514)</u>	<u>-</u>
	<u>\$ (551)</u>	<u>\$ 12,535</u>

The Company has no recognized or unrecognized deferred income tax assets or liabilities.



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Dear Sirs/Mesdames:

Re: Triumph Real Estate Investment Fund 1 GP Ltd.

We refer to the offering memorandum of Triumph Real Estate Investment Fund (the “Trust”) dated August 31, 2016 relating to the sale and issue of units of the Trust.

We consent to the use of our report to the shareholders of Triumph Real Estate Investment Fund 1 GP Ltd. (the “Company”) on the statement of financial position of the Company as at December 31, 2014, and the statements of net income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in the offering document of the Trust dated August 31, 2016 relating to the issue and sale of units of the Trust. Our report is dated April 17, 2015.

Yours sincerely,
Grant Thornton LLP

Financial Statements

Triumph Real Estate Investment Fund 1
GP Ltd.

Year ended December 31, 2014

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Independent Auditor's Report

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To the Shareholders of Triumph Real Estate Investment Fund 1 GP Ltd.

We have audited the accompanying financial statements of Triumph Real Estate Investment Fund 1 GP Ltd. which comprise the statement of financial position as at December 31, 2014 and the statements of net income and comprehensive income, changes in equity and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Triumph Real Estate Investment Fund 1 GP Ltd. as at December 31, 2014 and its changes in equity, its financial performance and its cash flows for the year ended December 31, 2014 in accordance with International Financial Reporting Standards.

Edmonton, Canada

April 17, 2015



Chartered Accountants

Triumph Real Estate Investment Fund 1 GP Ltd.

Statement of Financial Position

December 31	2014	2013
Assets		
Current asset		
Cash	\$ 12,336	\$ 960
Deferred Class A unit issuance transaction costs (Note 2)	-	40,130
Due from Partnership (Note 4)	37,844	-
Total assets	\$ 50,180	\$ 41,090
Liabilities		
Current liabilities		
Due to Trust (Note 2)	\$ -	\$ 40,130
Liabilities attributable to unitholders of the Partnership (Note 2)	-	950
Income taxes payable (Note 9)	12,535	-
	12,535	41,080
Equity		
Share capital (Note 5)	10	10
Retained earnings	37,635	-
Total equity	37,645	-
Total liabilities and equity	\$ 50,180	\$ 41,090

Approved on behalf of the board

"Craig Bentham" Director

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.

Statement of Net Income and Comprehensive Income

	Year ended <u>December 31, 2014</u>	Period from Incorporation on July 31, 2013 to December 31, <u>2013</u>
Revenue		
Management fee (Note 4)	\$ <u>50,334</u>	\$ -
Expenses		
Bank charges	<u>190</u>	-
Net income before taxes and income attributable from Partnership	50,144	-
Income allocated from the Partnership	<u>26</u>	-
Net income before taxes	50,170	-
Income taxes	<u>12,535</u>	-
Net income and comprehensive income for the period	\$ <u>37,635</u>	\$ -

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.
Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance July 31, 2013	\$ -	\$ -	\$ -
Shares issued (Note 5)	<u>10</u>	<u>-</u>	<u>10</u>
Balance, December 31, 2013	10	-	10
Net income for the year	<u>-</u>	<u>37,635</u>	<u>37,635</u>
Balance, December 31, 2014	<u>\$ 10</u>	<u>37,635</u>	<u>\$ 37,645</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.

Statement of Cash Flows

	Year ended December 31, <u>2014</u>	Period from incorporation on July 31, 2013 to December 31, <u>2013</u>
Operating activities		
Net income for the period	\$ 37,635	\$ -
Change in non-cash operating working capital:		
Income taxes payable	<u>12,535</u>	<u>-</u>
Net cash flow from operating activities	<u>50,170</u>	<u>-</u>
Financing activities		
Advances to Partnership	(37,844)	
Proceeds from issuance of Partnership units (Note 2)	-	951
Redemption of initial Partnership unit (Note 2)	-	(1)
Class A unit issuance transaction costs (Note 2)	-	(40,130)
Proceeds from issuance of share capital	<u>-</u>	<u>10</u>
Net cash flow from financing activities	<u>(37,844)</u>	<u>(39,170)</u>
Investing activity		
Increase in due to Trust	<u>-</u>	<u>40,130</u>
Net increase in cash for the period	12,326	960
Cash at beginning of period	<u>10</u>	<u>-</u>
Cash at end of period	<u>\$ 12,336</u>	<u>\$ 960</u>
Cash attributable to the Company	\$ 12,336	\$ 10
Cash attributable to the Partnership (Note 2)	<u>-</u>	<u>950</u>
	<u>\$ 12,336</u>	<u>\$ 960</u>

See accompanying notes to the financial statements

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2014

1. General business description

Triumph Real Estate Investment Fund 1 GP Ltd. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on July 31, 2013. The Company acts as general partner for the Triumph Real Estate Investment Fund 1 LP ("the Partnership").

The Partnership is a limited partnership registered pursuant to the provisions of the Partnership Act (Alberta) on October 9, 2013. The Partnership was formed to acquire a portfolio of real estate assets in municipal centers in selected Provinces and States and conduct such other activities, incidental, ancillary or related thereto.

A limited partnership agreement, dated October 9, 2013, governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Triumph Real Estate Investment Fund 1 GP Ltd. (the "General Partner").

As the general partner of the Partnership, the Company is entitled to allocations of net income or net loss and distributions of distributable cash from the Partnership.

If not terminated sooner, the term of the Partnership shall continue until December 31, 2018 with an option at the discretion of the General Partner to extend the term to December 31, 2020.

The address of the registered office of the Company is 605, 2303 – 4 Street SW, Calgary, Alberta, T2S 2S7.

2. Basis of presentation and significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the general partner of the Partnership on April 17, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

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

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2014

2. Basis of presentation and significant accounting policies (cont'd)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the fair value of financial instruments.

Change in control

The December 31, 2013 audited financial statements were prepared on a consolidated basis, and included the assets, liabilities, results of operations and cash flows of the Company and the Partnership, from its date of registration. The Company does not own any of the outstanding units in the Partnership, but determined that it controlled the Partnership as it has the power to govern the financial and operating policies of the Partnership under the terms of the Limited Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the Company has the power to make all business decisions and transact on behalf of the Partnership. The Company can only be removed as General Partner of the Partnership if it enters bankruptcy or receivership, or the occurrence of any gross negligence, wilful misconduct or fraud on the part of the Company, and the limited partners pass a special resolution to remove the Company as the General Partner. The special resolution requires that 66 2/3% of the voting partnership units vote and are in favor. As of December 31, 2013, no limited partnership units had been issued, other than initial units on formation of the Partnership.

During the year ended December 31, 2014, the Partnership issued all of its outstanding Class A partnership units to Triumph Real Estate Investment Fund (the "Trust"). As a result, management reassessed its control of the Partnership, and determined that the Company acts as an agent rather than a principal in its relationship with the Partnership, and therefore, while it controls the operations of the Partnership under the terms of the limited partnership agreement, it is not required to consolidate the operations of the Partnership under the requirements of IFRS 10 – *Consolidated Financial Statements*. Included in the balances of the Company at December 31, 2013 were amounts related to the Partnership, which were derecognized in the books of the Company for the year ended December 31, 2014 as follows:

Cash	\$	950
Deferred Class A unit issuance transaction costs		40,130
Due to Trust		(40,130)
Liabilities attributable to unitholders of the Partnership		(950)
Net gain or loss on derecognition	\$	-

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2014

3. Significant accounting policies

Cash

Cash and cash equivalents consist of bank balances and cash on hand.

Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Partnership has the following financial assets and liabilities for which it has selected the following classification:

	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Due from Partnership	Loans and receivables	Amortized cost
Due to Trust	Loans and receivables	Amortized cost
Liabilities attributable to unitholders of the Partnership	Loans and receivables	Amortized cost

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2014

3. Significant accounting policies (cont'd)

Provisions and contingent liabilities (cont'd)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

Future accounting standards and interpretations

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Company:

The Company will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9"). This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the *restatement* of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. IFRS 9 becomes effective for annual periods beginning on or after January 1, 2018. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

4. Due from Partnership

The balance due from Partnership of \$37,844 (2013 - \$nil) is non-interest bearing, unsecured with no set terms of repayment. Included in the due from Partnership is the Company's share of the income of the Partnership of \$26 (2013 - \$nil), and the unpaid portion of management fees equal to 2% of the gross proceeds raised by the Partnership in the issuance of Class A partnership units. The management fees are payable 50% out of the funds of the offering (Note 10), and 50% from the operating income of properties acquired by the Partnership.

5. Share capital

Authorized:

Unlimited number of Class A voting common shares
Unlimited number of Class B non-voting common shares
Unlimited number of First Preferred shares

Issued:

100 Class A shares

	<u>2014</u>	<u>2013</u>
	\$ <u>10</u>	\$ <u>10</u>

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Interim Financial Statements

Year ended December 31, 2014

6. Financial instruments and financial risk management

Fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle the financial assets and liabilities at the reporting date. The fair value of cash and due from Partnership approximates their carrying amount due to their short term nature.

Risk management framework

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash consists of bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

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

The Company expects to settle its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow.

7. Capital management

The primary objectives of the Company's capital management are to manage the operations of the Partnership to generate positive returns for shareholders.

The Company will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to be shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue share capital, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2014

7. Capital management (cont'd)

For the year ended December 31, 2014, the total capital of the Company increased due to net earnings.

The Partnership is not subject to externally imposed capital requirements.

8. Commitments

Limited Partnership Agreement

At the date of formation of the partnership, the Company and the Partnership entered into a limited partnership agreement. Under the terms of the limited partnership agreement, the General Partner is entitled to remuneration as follows:

Net income or net loss of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly, 99.99% to the limited partners in accordance with their proportionate shares until they have received distributions to the extent of;
 - i. regarding the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned initial capital contribution;
 - ii. regarding the limited partners holding Class A Units in accordance with their proportionate share to the extent of any Cumulative Preferred Return deficiencies
- c) Thirdly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- d) Fourthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares; If at any time there are no limited partners then any amount which would have been allocated to the limited partners will be allocated to the General Partner.

The distributable cash of the Partnership is allocated as follows:

- a) Firstly, 0.01% to the General Partner;
- b) Secondly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of their unreturned capital contributions;
- c) Thirdly to the limited partners holding Class A Units in accordance with their proportionate shares to the extent of any Cumulative Preferred Return deficiencies;
- d) Fourthly, 70% to the limited partners holding Class A Units and 30% to the limited partners holding Class B Units in accordance with their proportionate shares until such time as the limited partners holding Class A Units have received distributions equal to a 12% annualized return on their capital contributions;
- e) Fifthly, 50% to the limited partners holding Class A Units and 50% to the limited partners holding Class B Units in accordance with their proportionate shares.

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2014

8. Commitments (cont'd)

The Agreement provides that the Partnership shall/may pay the following fees to the General Partner:

- i) a management fee ("Management Fee") equal to 2% of the total amount of funds received by the Partnership through the distribution of Class A Units by the Partnership shall be paid. Up to 50% of the Management Fee may be paid by the Partnership to the General Partner from funds received by the Partnership from the distribution of Class A Units. The balance will be paid from income or revenue received by the Partnership from the operation or sale of properties acquired;
- ii) an acquisition fee equal to 1% of the purchase price of a property acquired may be paid. The General Partner will not be entitled to the fee if a real estate company controlled by the President of the General Partner receives a real estate commission for acting as purchasing real estate agent on behalf of the Partnership with respect to the property acquired; and
- iii) a financing fee equal to 1% of the amount of any financing obtained by the Partnership with respect to the acquisition of a property may be paid.

For the period ended September 30, 2014, the net income attributable to the Company from the Partnership was \$26 (2013 - \$nil). For the period ended September 30, 2014, the General Partner earned a management fee of \$50,334, of which 50% is to be paid by the Partnership from the proceeds of the offering, and 50% will be paid from the operations of the Partnership. As of December 31, 2014, the Partnership had paid \$12,517 related to this fee, and accrued \$36,516, with \$12,649 to be paid from the funds raised under the offering memorandum, and the remainder to be paid out of future operating income of the Partnership.

9. Income taxes

Reconciliation of effective tax rate

The major components of tax expense and the reconciliation of the expected tax expense based on the effective tax rate of the Company at 25% and the reported current tax expense in profit or loss are as follows:

	Year ended December 31, <u>2014</u>	Period from Incorporation on July 31, 2013 to December 31, <u>2013</u>
Income (loss) before income taxes	\$ 50,170	\$ -
Combined Canadian federal and provincial income tax rate	<u>25%</u>	<u>25%</u>
Expected income tax expense (recovery)	<u>\$ 12,535</u>	<u>-</u>

Triumph Real Estate Investment Fund 1 GP Ltd.

Notes to the Financial Statements

Year ended December 31, 2014

10. Subsequent events

Offering memorandum

During the period, the Trust prepared offering memorandums dated April 2, 2014 and February 9, 2014 for the offer of Units of the Trust ("Units") with up to an aggregate maximum total gross proceeds of \$25,000,000 and a minimum total gross proceeds of \$1,250,000. The price per Unit was \$1. Under the offering memorandums total gross proceeds of \$2,516,691 were raised for the period ending December 31, 2014 and an additional \$700,055 in gross proceeds were raised subsequent to year-end.

Subsequent to year-end, the Trust updated the offering memorandum to April 17, 2015 for the offer of Units with up to an aggregate maximum total gross proceeds of \$21,783,254, with no minimum offering. The price per Unit will be \$1.

The Trust may pay finder's fees of up to 6.0% with a trailer commission of 0.5% on the gross proceeds realized from units sold to persons authorized by the Trust to sell Units. The Trust may also pay Exempt Market Dealers up to 0.9% of the gross proceeds realized from the sale of Units as a dealer administration fee.

The proceeds from the issue of the Units will be paid to the Trust and administered on behalf of the Trust by the Administrator. The Administrator will use the funds to acquire Class A limited partnership units in the Partnership and may also loan a portion of such funds to a United States registered limited partnership controlled by the Partnership to use for United States property acquisitions. The number of Class A limited partnership units to be acquired, or funds to be loaned by the Trust will be contingent on the amount of funds raised pursuant to the offering. The Trust will be the only holder of Class A limited partnership units in the Partnership. Where a property acquired is in the United States or Canada, the Partnership will utilize a United States registered limited partnership or Canadian limited partnership, respectively, to acquire the property.

Trust unit issuances

Subsequent to period end, the Trust issued an additional 700,055 Trust Units, for gross proceeds of \$700,055. The funds from the Trust Unit issuances were used to purchase 700,055 Class A limited partnership units in the Partnership.

ITEM 13 – DATE AND CERTIFICATE

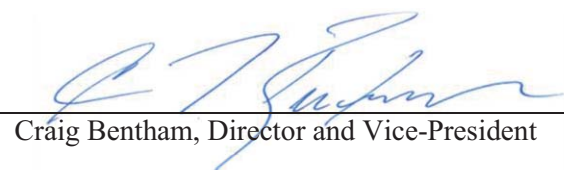
Dated: August 31, 2016

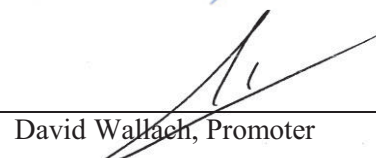
This Offering Memorandum does not contain a misrepresentation.

**TRIUMPH REAL ESTATE INVESTMENT FUND
by its Administrator**

TRIUMPH REAL ESTATE INVESTMENT FUND 1 ADMINCO LTD.

Per: 
David Wallach, Director and President

Per: 
Craig Bentham, Director and Vice-President

Per: 
David Wallach, Promoter