A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. The securities offered herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, its territories, its possessions and other areas subject to its jurisdiction (collectively, the "United States") or to, or for the account or benefit of, U.S. persons (within the meaning of Regulation S under the 1933 Act). This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States or to, or for the account or benefit of, U.S. persons. See "Plan of Distribution".

PRELIMINARY PROSPECTUS

Initial Public Offering and
Secondary Offering

May 14, 2014

dream alternatives

DREAM HARD ASSET ALTERNATIVES TRUST

Primary Distribution by the Trust

$10.00 per Unit
1,000,000 Units

Secondary Distribution by the Distributing ROI Funds

● Units

This is our initial public offering. This prospectus qualifies the distribution of ● units ("Units") of Dream Hard Asset Alternatives Trust (the "Trust") by ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund and ROI Canadian Real Estate Fund (collectively, the "ROI Public Funds") and ROI Institutional Private Placement Fund ("ROI IPP" and, together with the ROI Public Funds, the "Distributing ROI Funds") to the unitholders of such Distributing ROI Funds (the "Secondary Distribution"). The Secondary Distribution will be completed in connection with the termination of the ROI Funds following the Reorganization to be undertaken by the ROI Funds in connection with the other transactions contemplated by the asset purchase agreement between, among others, Return On Innovation Advisors Ltd. ("ROI Capital") and DREAM Asset Management Corporation ("DREAM") made as of April 2, 2014 (as the same may be amended from time to time, the "Purchase Agreement"). See "The Distributing ROI Funds - Selling Securityholders".

This prospectus also qualifies the distribution of 1,000,000 Units by the Trust to ROI Capital in connection with the subscription for Units by ROI Capital as contemplated by the Purchase Agreement (the "Primary Distribution" which, together with the Secondary Distribution, are collectively referred to in this prospectus as the "Offering").

The Trust is an unincorporated open-ended trust established under the laws of the Province of Ontario by the Original Declaration of Trust on April 28, 2014. Our head and registered office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. We have been formed by DREAM as a new entity that will focus on real estate, real estate lending and infrastructure, including renewable power and, accordingly, we expect to leverage DREAM's asset management platform, track record and expertise in these areas. Prior to the completion of the Offering ("Closing"), we will, pursuant to the Reorganization, indirectly acquire the Initial Assets from the ROI Funds and assume the related property-specific debt in consideration for the issuance of ● Units, in total, to the Distributing ROI Funds. We will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any Subsidiary of any Fund unless specifically relating to the Initial Assets being acquired by us or those to be discharged or released on the Closing Date in accordance with the Purchase Agreement).

Our objectives are to: (a) provide an opportunity for Unitholders to invest in hard asset alternative investments, including real estate, real estate loans, and infrastructure, including renewable power, managed by an experienced team with a successful track record; (b) build and maintain a growth-oriented portfolio of real estate, real estate lending and infrastructure (including renewable power) assets; (c) provide predictable and sustainable cash distributions to Unitholders on a tax efficient basis; and (d) grow and re-position our portfolio to increase our overall average rate of return, providing the opportunity to increase distributions to Unitholders over time. See "Investment Strategies - Trust Strategy and Opportunity". We intend to make monthly cash distributions to Unitholders derived from the Trust's indirect ownership of our assets through Dream Alternatives Master LP. We expect that our initial monthly cash distribution rate will be \$0.033 per Unit, which implies a cash flow yield of 4.0% per annum initially, based on an initial price per Unit of \$10.00. Unlike fixed income securities, there is no obligation on the Trust to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce the cash flow yield based on the initial price per Unit. Our first cash distribution, which will be for the period from and including the date of Closing to July 31, 2014, is expected to be paid on August 15, 2014 to Unitholders of record on July 31, 2014 and is estimated to be \$0.025 per Unit (assuming Closing occurs on July 8, 2014). The distribution of cash to Unitholders is not assured. See "Distribution Policy of the Trust".

There is currently no market through which the Units may be sold and recipients of Units may not be able to resell the Units distributed to them under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. No underwriter has been involved in the Offering or in the preparation of this prospectus or performed any review or independent due diligence of the contents of this prospectus. See "Risk Factors".

On Closing, DREAM will be our asset manager. DREAM, one of Canada's leading real estate companies, is the manager of the Dream REITs and presently has approximately \$13.5 billion of assets under management. See "The Asset Manager and the Management Agreement". DREAM has advised us that it intends to invest up to \$50 million in newly issued equity of the Trust over the next three years to further align the long-term interests of DREAM and those of the Trust and the Unitholders, and to participate in the future growth of the Trust. DREAM and/or its founding shareholders, Dundee Corporation and Sweet Dream Corporation (which is owned by Michael J. Cooper), have previously made equity investments in each of the Dream REITs for similar reasons.

	Price per Unit(1)	**Net Proceeds to the Distributing ROI Funds(2)**	**Net Proceeds to the Trust(3)**
Primary Distribution Per Unit	\$10.00	-	\$10.00
Secondary Distribution Per Unit	-	-	-
Total Offering(4)	-	-	\$10,000,000

Notes:

(1) This price represents the price per Unit at which ROI Capital will subscribe for Units as contemplated by the Purchase Agreement and was determined solely by negotiation between the Trust, DREAM and ROI Capital. No third-party valuation was obtained in determining the price per Unit. ● Units will be distributed by the Distributing ROI Funds to the unitholders of the Distributing ROI Funds in connection with the termination of the ROI Funds following the Reorganization.

(2) No proceeds will be received by the Distributing ROI Funds in connection with the Secondary Distribution. These Units will be distributed by the Distributing ROI Funds pursuant to the Reorganization in connection with the termination of the ROI Funds. Pursuant to the Purchase Agreement, the expenses of the Offering will be borne by the Trust. See "The Distributing ROI Funds - Selling Securityholders".

(3) No cash proceeds will be received by the Trust in connection with the Secondary Distribution. The only proceeds of the Offering (before deducting expenses of the Offering, which are expected to be approximately \$4.0 million and which will be paid by the Trust) will be \$10,000,000, to be received by the Trust from ROI Capital in connection with the subscription for Units by ROI Capital contemplated by the Purchase Agreement. See “Use of Proceeds” and “Plan of Distribution”.

(4) No underwriter has been involved in the Offering and, accordingly, there are no commissions, fees or other consideration to be paid to underwriters in connection with the Offering.

There are certain risks inherent in an investment in Units and in the activities of the Trust. Investors should carefully consider these risk factors. See “Risk Factors”.

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and the anticipated return on such an investment is based on many performance assumptions. Although we intend to make distributions of our available cash to Unitholders, such distributions are determined by the Trust Board based on distributions received from Dream Alternatives Master LP, and may be reduced or suspended at any time. The actual amount distributed will depend on the distributions received from Dream Alternatives Master LP, which may be affected by numerous factors, including the actual results of operations of and investments held by Dream Alternatives Master LP, economic conditions, debt service requirements and other factors that could differ materially from our expectations, all of which are subject to a number of risks. In addition, the market value of the Units will likely decline if our distributions are reduced or suspended, and any such decline may be significant. See “Distribution Policy of the Trust”, “Dream Alternatives Master LP - Distributions” and “Risk Factors”.

The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for income tax purposes of distributions paid by us on our Units, portions of which may be taxable as eligible dividends or may constitute tax deferred returns of capital (i.e. returns that initially are non-taxable but which reduce the adjusted cost base of the Units held by the Unitholders). We estimate that, of the monthly cash distributions to be made by us to Unitholders, approximately 80% in 2014 and approximately 90-100% in 2015 will be tax deferred by reason of our ability to claim depreciation and certain other deductions. The portion of tax deferred distributions may change over time, thus affecting a Unitholder’s after-tax return.

The distribution of the Units under the Offering is subject to the approval of certain legal matters on our behalf by Osler, Hoskin & Harcourt LLP, with respect to securities and other matters, and Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, with respect to certain tax matters. Closing is expected to occur on or about July 8, 2014. Closing will occur contemporaneously with the closing of the other transactions contemplated by the Purchase Agreement, including the Reorganization, and so Closing may occur on such later date as DREAM may agree with ROI Capital, but in any event not later than October 27, 2014. It is anticipated that definitive certificates representing the Units will be available for delivery at Closing. See “Plan of Distribution”.

The Trust is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on the business of a trust company. 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.

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TERMS USED IN THIS PROSPECTUS

Capitalized terms used in this prospectus are defined under "Glossary of Terms".

Our investment and operating activities are limited because our operating activities are carried out by Dream Alternatives Master LP and its Subsidiaries. For simplicity, we use terms in this prospectus to refer to our investments and operations as a whole. Accordingly, in this prospectus, unless the context otherwise requires, when we use terms such as "we", "us" and "our", we are referring to the Trust, Dream Alternatives Master LP and its Subsidiaries, as constituted on the date of Closing, after giving effect to the Reorganization and our acquisition of the Initial Assets pursuant to the Reorganization. When we refer to Dream Alternatives Master LP, we are referring to Dream Alternatives Master LP and its Subsidiaries, as constituted on the date of Closing, after giving effect to the Reorganization and our acquisition of the Initial Assets pursuant to the Reorganization. When we use expressions such as "our investments" or "our operations", we are referring to the investments and operations of the Trust, Dream Alternatives Master LP and its Subsidiaries, as a whole, in each case, from and after Closing. When we use expressions such as "our properties", "our mortgages", "our assets", "our portfolio", "we own" or "we invest in" in relation to our assets, we are referring to our ownership of and investment in our assets indirectly through Dream Alternatives Master LP and its Subsidiaries. When we use expressions such as "we operate", we are referring to our operations through Dream Alternatives Master LP and its Subsidiaries. When we refer to the "Trust", we are referring only to Dream Hard Asset Alternatives Trust. When we refer to "DREAM", we are referring to DREAM Asset Management Corporation, a Subsidiary of DREAM Unlimited Corp., together with its Subsidiaries other than Dream Alternatives Master GP and its Subsidiaries.

Except where otherwise indicated, the disclosure contained in this prospectus assumes that the Reorganization and the Offering have both been completed.

References to "$" or to "dollars" are to the lawful currency of Canada unless otherwise specified.

NOTICE REGARDING INFORMATION, MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by DREAM on the basis of its knowledge of the commercial real estate and infrastructure (including renewable power) industries in which we will operate (including DREAM's estimates and assumptions relating to these industries based on that knowledge). DREAM's knowledge of the commercial real estate and infrastructure (including renewable power) industries has been developed through its experience and participation in these industries. DREAM believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although DREAM believes it to be reliable, we have not independently verified any of the data from DREAM or third-party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

NON-IFRS MEASURES

We have presented certain non-IFRS measures because we believe these non-IFRS measures are relevant measures of our ability to earn and distribute cash distributions to Unitholders and to evaluate the Trust's performance. These non-IFRS measures do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income (loss), cash flows from operating activities or consolidated assets and liabilities determined in accordance with IFRS as indicators of the Trust's performance.

"net assets" refers to the value of the Initial Assets at Closing less any debt outstanding.

"rate of return" refers to any changes in fair market value and interest, dividends or other such cash flows expected to be received from an investment over a specific period of time.

Investors are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

FORWARD-LOOKING INFORMATION

This prospectus contains forward-looking information. Statements other than statements of historical fact contained in this prospectus may be forward-looking information. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “budgets”, “continue” or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities; and statements regarding our future economic performance. We have based these forward-looking statements on our current expectations about future events. Some of the specific forward-looking statements in this prospectus include, but are not limited to, statements with respect to: (a) our acquisition of the Initial Assets and the expected composition and value of the net assets that the Trust will have upon Closing; (b) our intention to reposition our portfolio, including with respect to the asset mix in our portfolio following Closing, including the potential sale of assets and the reinvestment of proceeds in other assets in order to generate higher risk-adjusted returns; (c) the benefits we expect to derive from our relationship with DREAM and its experience as an asset manager; (d) our access to available sources of debt and equity financing; and (v) the percentage of our monthly cash distributions to be paid by us to Unitholders that will be tax deferred in 2014 and 2015.

Forward-looking statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made.

Although we believe that the expectations reflected in such forward-looking information are reasonable, we cannot give assurance that these expectations will prove to have been correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this prospectus as well as the following: (a) we will receive financing on acceptable terms; (b) our future level of indebtedness and our future growth potential will remain consistent with our current expectations; (c) there will be no changes to tax laws adversely affecting our financing capability, operations, activities, structure or distributions; (d) the impact of the current economic climate and the current global financial conditions on our operations, including our financing capability and asset value, will remain consistent with our current expectations; (e) there will be no material changes to government and environmental regulations adversely affecting our operations; (f) conditions in Canada and, in particular, the real estate, real estate lending and infrastructure (including renewable power) markets, including competition for acquisitions and investments, will be consistent with the current climate; and (g) capital markets will provide us with readily available access to equity and/or debt financing.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. The forward-looking statements are subject to inherent uncertainties and risks, including, but not limited to, the factors discussed under “Risk Factors”. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements.

Investors are further cautioned that the preparation of the Trust Pro Forma Statements and other financial information included in this prospectus under “Unaudited Pro Forma Financial Information” requires us to make certain assumptions, judgments and estimates that affect the preparation of the Trust Pro Forma Statements, including assets, revenues, liabilities and expenses. Accordingly, the Trust Pro Forma Statements are not necessarily indicative of the results that would have occurred had the transactions been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the Trust. These estimates may change, having either a negative or positive effect on actual results as further information becomes available, and as the economic environment changes.

The forward-looking information contained in this prospectus is expressly qualified in its entirety by these cautionary statements. All forward-looking information in this prospectus speaks as of the date of this prospectus. We do not undertake any obligation to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. For more information on the risk factors that could cause our actual results to differ from current expectations, see “Risk Factors”.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. For an explanation of certain terms and abbreviations used in this prospectus and not otherwise defined, please refer to the "Glossary of Terms".

DREAM HARD ASSET ALTERNATIVES TRUST

Overview

Dream Hard Asset Alternatives Trust is an unincorporated open-ended trust established under the laws of the Province of Ontario by the Original Declaration of Trust on April 28, 2014. Our head and registered office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. We have been formed by DREAM as a new entity that will focus on providing Unitholders with exposure to hard asset alternative investments with a focus on real estate, real estate lending and infrastructure, including renewable power. See "The Trust" and "Declaration of Trust and Description of Units".

Dream Alternatives Master LP is a limited partnership established on April 28, 2014 under the laws of the Province of Ontario pursuant to the Original DALP Limited Partnership Agreement, and will be governed by the DALP Limited Partnership Agreement from and after Closing. All of the outstanding DALP Units are held by the Trust and represent a 99.999% partnership interest in Dream Alternatives Master LP. The GP Interest, representing a 0.001% partnership interest in Dream Alternatives Master LP, is held by Dream Alternatives Master GP, a wholly-owned Subsidiary of DREAM. Concurrently with Closing, Dream Alternatives Master LP will, directly or indirectly, acquire the Initial Assets (including equity interests in entities that hold interests or rights in real property, participating loans and conventional mortgages) which are currently held, directly or indirectly, by the ROI Funds. See "The Trust" and "Dream Alternatives Master LP".

Following Closing, our asset manager will be DREAM, which is also the asset manager for Dream Office REIT, Dream Global REIT and Dream Industrial REIT.

Market Opportunity

We believe that we are in a relatively slow growth economy in the developed world and that investments in the development or financing of development of hard assets that generate income based on long-term, secure contracts that have reasonable potential for increasing cash flow represent opportunities to participate in long-term value creation.

The Trust provides an opportunity to invest in hard asset alternative investments managed by an experienced team with a successful track record. The specific hard asset alternative investment classes for the Trust include ownership of income property real estate, private real estate lending, equity and participating mortgage investments in real estate development and investments in infrastructure, including renewable power. Alternative investments have different risk characteristics than shares and bonds. According to BlackRock, Inc., an investor with exposure to a broad range of alternative investments would have been "better off" through the 2008-2009 financial crisis than an investor with a portfolio restricted to traditional long-only equity and fixed income investments as, during times of recession in particular, equities have experienced significant periods of negative returns while alternative investments have tended to fare relatively better. Furthermore, because alternative investments approach financial markets differently than traditional investments, such investments can provide returns that exhibit low correlations with the more traditional approaches. As such, adding alternative investments to a diversified portfolio has the potential to provide lower volatility than a portfolio composed exclusively of traditional shares and bonds.

Among the world's largest pools of capital, alternative investments have grown at a faster pace than traditional asset classes over recent years. There has been an increase in alternative investments: from US$2.9 trillion invested in 2005 to US$6.5 trillion in 2011, having grown at a five year rate of over seven times that of traditional asset classes. Institutional investors expected that by the end of 2013 they would have increased their allocation to all forms of alternative investments to 25% of portfolio assets. We believe that investing in real estate, real estate lending and infrastructure, including renewable power, can provide security of capital and attractive returns. Investors in these asset classes have primarily, and disproportionately, consisted of institutional investors.

We believe the Trust provides an opportunity for retail investors to gain direct exposure to investments of this type. See "The Trust - Market Opportunity" and "Investment Strategies – Trust Investment Opportunities".

Initial Assets

We will indirectly acquire the Initial Assets from the ROI Funds and assume the related property-specific debt pursuant to the Reorganization in consideration for the issuance of ● Units, in total, to the Distributing ROI Funds. We will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any Subsidiary of any Fund unless specifically relating to the Initial Assets being acquired by us or those to be discharged or released on the Closing Date in accordance with the Purchase Agreement). The total number of Units issued will be determined by DREAM and ROI Capital and the number of Units issued to each Distributing ROI Fund will be based upon the relative net asset values of the assets of each such Distributing ROI Fund immediately prior to Closing, as determined by ROI Capital. Upon Closing, we expect the Trust to have approximately \$730 million of net assets, including approximately: (a) \$250 million of commercial income-producing properties as co-owner with Dream Office REIT; (b) \$265 million of real estate loans with fixed interest payments and terms; (c) \$14 million of limited partnership equity investments in retail real estate properties; (d) \$155 million of equity and participating mortgage and co-ownership investments in retail and residential development projects that do not currently produce any cash income; and (e) \$50 million of short-term investments. See "The Trust - Investment Objectives" and "The Initial Assets".

Objectives

Our objectives are to:

- provide an opportunity for Unitholders to invest in hard asset alternative investments, including real estate, real estate loans, and infrastructure, including renewable power, managed by an experienced team with a successful track record;
- build and maintain a growth-oriented portfolio of real estate, real estate lending and infrastructure (including renewable power) assets;
- provide predictable and sustainable cash distributions to Unitholders on a tax efficient basis; and
- grow and re-position the portfolio to increase the overall average rate of return, providing the opportunity to increase distributions to Unitholders over time.

Trust Strategy

Invest in Alternative Hard Assets

Our investment strategy is to provide an alternative to traditional investments in shares, bonds and cash by investing capital in assets that are not correlated to public equity or bond markets. The Trust, through Dream Alternatives Master LP and its Subsidiaries, will primarily invest in hard assets such as real estate and infrastructure, including renewable power, which we will do primarily through private debt and private equity securities. DREAM has experience in all of the asset classes in which we will invest. We anticipate that DREAM will manage the assets to develop a portfolio that includes long-term infrastructure and renewable power assets, commercial real estate, real estate lending and real estate development. We intend to rely on DREAM's experience to manage our portfolio to balance the long-term high returning assets, infrastructure and renewable power assets with long-term commercial properties, lower risk, lower return real estate lending and debt and equity investments for higher yielding real estate development activities.

Employ Flexible Structure

The Trust benefits from a flexible structure: it is not restricted or limited by the SIFT Legislation that applies to REITs, nor is it required to comply with the regulations governing mortgage investment corporations. As a result, we will seek to find opportunities in areas with limited competition to achieve higher risk-adjusted returns. We expect to benefit from DREAM's industry and capital markets relationships and expertise to attract partners and/or borrowers who perceive more value working with the Trust and DREAM, as our asset manager, than with our competitors.

The Trust will be a taxable SIFT trust which requires the Trust to pay tax at the entity level. Renewable power and real estate assets generate tax depreciation often in excess of their income and, as a result, distributions may exceed taxable income, resulting in a portion of such distributions being treated as a return of capital for tax purposes. We intend to manage the Trust to obtain as efficient a tax result as is possible for Unitholders in the circumstances.

Increase Returns

We believe that there are opportunities to increase our returns by capitalizing on DREAM's expertise in managing real estate and alternative assets to generate stable and increasing returns. DREAM, as our asset manager, will advise the Trust and Dream Alternatives Master LP on possible actions including the potential sale of assets and reinvestment of the proceeds in assets that it expects will generate higher risk-adjusted returns. We co-own the 19 commercial income-producing Co-owned Properties with Dream Office REIT. We anticipate that, subject to all necessary board approvals, Dream Office REIT and the Trust will work in a cooperative fashion with respect to their Co-owned Properties to meet their shared objectives.

We will continue to invest in traditional real estate loans to optimize the risk-reward characteristics of our portfolio. However, we anticipate reducing the amount invested in traditional real estate loans in our portfolio over time as we believe that there are opportunities to achieve higher risk-adjusted returns based on DREAM's core competency of lending and investing directly in development of residential properties, renewable power projects and commercial income-producing properties. In the past, DREAM has provided loans to developers on projects where DREAM has been able to complete a full assessment of the project. These loans are subordinate to construction loans. However, using mitigation strategies such as pre-sales or pre-leasing and construction pricing, we believe that DREAM can manage these risks and realize returns that are significantly higher than traditional loans.

See "Investment Strategies - Trust Strategy and Opportunity".

Portfolio Strategy

Diversify from Traditional Asset Classes

We believe that hard asset alternative investments provide diversification from the traditional asset classes available broadly to investors. The Trust is focused on hard assets and will invest in real estate, real estate loans, and infrastructure, including renewable power. Real estate investments will include income properties and real estate development. Our real estate lending activities will range from low ratio first mortgages, to second mortgages, mezzanine loans, equity loans, development loans and bridge financing. Infrastructure and renewable power investments are equity investments with long-term financing, long-term contracts and returns that are generally higher than real estate loans or equity when the equity investment is made prior to development.

Employ Experienced Asset Manager with a Strong Track Record

We expect to benefit from DREAM's competitive advantage over many of its peers resulting from the scale and diversity of its operations. In Canada, DREAM manages approximately 6% of all office properties, 1% of all industrial buildings and 2% of all non-hydro (wind and solar) renewable power projects. In 2013, 2% of all single family and 1.5% of all multi-family units sold in Canada were developed on lands owned or developed by us. The information gained from managing, developing and owning these assets provides insights into economic activity, often well before this information becomes broadly known or published in third-party reports or research. As a result, we expect to benefit from DREAM's ability to act quickly on trends that have not yet been generally identified to source favourable opportunities to invest in hard asset alternative investments.

Diversify Risk Across Alternative Asset Classes

We will diversify risk by spreading our investments among these various types of assets. Real estate investing in income properties is cyclical but, historically, has generally provided attractive risk-adjusted returns. The returns among the different sectors within the income property business vary in different markets and value can be gained by diversifying our income property portfolio. A significant proportion of the income properties included in the Initial Assets are office buildings and we anticipate diversifying the income property portfolio over the next few years to diversify the risks of having such a high proportion of our income property assets in this or any other single sector.

Real estate lending returns vary based on the risk level of the secured asset, the leverage on the asset and the competitive lending environment at the time of making the loan. Real estate loans have traditionally been a private investment that provide returns that are significantly higher than government bonds. At Closing, we will hold a large portfolio of traditional mortgages but we expect that, over time, the amounts invested in mortgages of this type will be reinvested into areas offering higher risk-adjusted returns and where we believe DREAM has competitive advantages based on insights gained from managing its entire business, skills developed from managing its current assets, its relationships and its specific expertise. Traditional real estate lending will be valuable by providing a base return while we seek opportunities with more desirable risk-adjusted returns. In addition, we believe that maintaining an allocation to traditional real estate lending provides more certain returns during economic uncertainty.

Development loans and development equity have historically provided very attractive returns. We believe that we will benefit from DREAM's position as an active developer itself, such that the risk of such development loans will be reduced for us, particularly given the experience of DREAM's in-house marketing, construction, finance, development and engineering professionals.

The renewable power sector is relatively new in Canada, although it has a long history elsewhere in the world. We expect to benefit from DREAM's involvement in this industry over the last eight years, through which it has developed relationships with developers, manufacturers and lenders and a track record of identifying attractive transactions and executing on them. Having invested approximately $1.45 billion, including debt, DREAM has completed numerous transactions with the same vendors and developers and we believe that these relationships will continue to provide DREAM access to attractive future transactions in which we can invest.

Renewable power investments in wind and solar projects have provided DREAM with predictable returns at levels that are higher than it has received from income properties. Contracts for renewable power are typically with entities having a low credit risk and provide for the delivery of power at a fixed rate for between 20 and 25 years. The construction costs for renewable power assets are relatively predictable and the debt is typically limited in recourse to the particular asset.

Reposition Portfolio

At Closing, we will hold the portfolio of Initial Assets acquired pursuant to the Reorganization. Once we commence operation, we expect to have DREAM immediately begin rebalancing our portfolio consistent with what it believes provides attractive risk-adjusted returns from a diversified portfolio of investments in income properties, traditional real estate loans, development loans and equity and infrastructure, including renewable power.

See "The Trust - Portfolio Strategy".

Sectors in which the Trust Invests

The following is an overview of the primary sectors in which we currently invest, or in which we expect to invest following Closing:

- Real Estate Lending
- Commercial Real Estate
    - Office
    - Retail
- Industrial Real Estate and Self-Storage
- Hotels and Hospitality
- Apartments (multi-residential)
- Condominiums
- Seniors' Housing
- Land

- Canadian Residential Real Estate
- Canadian Renewable Power

See "Overview of the Sectors in which the Trust Invests".

The Asset Manager

We will be managed by DREAM, an innovative real estate manager and developer primarily focused on the commercial and residential sectors in Canada and Germany and renewable power in Canada, and which presently provides asset management for over $13.5 billion of assets. DREAM is the asset manager for the publicly-listed Dream REITs: Dream Office REIT, Canada's largest office REIT, Dream Global REIT, Canada's largest REIT that invests only outside of Canada and Dream Industrial REIT, one of Canada's largest dedicated industrial REITs. DREAM also manages $345 million of infrastructure assets with a focus on wind and solar renewable power projects. The total value of these projects is approximately $1.45 billion, including debt.

DREAM will be entitled to the following fees for its management services under the Management Agreement:

- Base Annual Management Fee, calculated and payable in cash on a monthly basis in arrears, equal to 1.00% per annum of Gross Asset Value of the total assets of Dream Alternatives Master LP under management.

- Acquisition/origination fee of: (a) 0.40% of the principal amount of any loan originated by Dream Alternatives Master LP and its Subsidiaries having an expected term of less than five years; (b) 1.00% of the principal amount of any loan originated by Dream Alternatives Master LP having an expected term of five years or more; and (c) 1.00% of the gross cost of any asset (including all Indebtedness) acquired or originated by Dream Alternatives Master LP represented by all other investments, assets or projects.

- Disposition fee of 0.25% of the gross sale proceeds of any asset (including all Indebtedness) sold by Dream Alternatives Master LP or its Subsidiaries represented by loans, investments, assets or projects disposed of during the fiscal year, excluding the repayment of any loans.

In addition, we will reimburse DREAM for costs and expenses incurred and third-party fees paid by DREAM, in each case, in connection with all services performed under the Management Agreement, which costs and expenses shall include a reasonable allocation for overhead. See "The Asset Manager and the Management Agreement".

DREAM's Future Investment in the Trust

DREAM has advised us that it intends to invest up to $50 million in newly issued equity of the Trust over the next three years to further align the long-term interests of DREAM and those of the Trust and the Unitholders, and to participate in the future growth of the Trust. DREAM and/or its founding shareholders, Dundee Corporation and Sweet Dream Corporation (which is owned by Michael J. Cooper), have previously made equity investments in each of the Dream REITs for similar reasons.

Pro Forma Financial Statements

The Trust Pro Forma Statements as at and for the year-ended December 31, 2013 are unaudited and have been derived from the audited historical financial statements of each of the ROI Funds, adjusted to give effect to the Reorganization and the other transactions contemplated by the Purchase Agreement and this prospectus to be completed before or concurrently with Closing as if, in each case, they had occurred as at December 31, 2013 for the pro forma statement of financial position and as at January 1, 2013 for the pro forma statement of net income.

The Trust Pro Forma Statements are based on available information and assumptions that we considered to be reasonable when made, but the Trust Pro Forma Statements are for illustrative and informational purposes only and are not intended to represent or be indicative of what our financial condition or results of operations would have been had the Reorganization, and the other transactions contemplated by the Purchase Agreement and this prospectus to be completed before or concurrently with Closing or otherwise as listed above, occurred as at

December 31, 2013 or January 1, 2013, as applicable. The Trust Pro Forma Statements are not necessarily indicative of our future financial condition or results, in whole or in part, and important factors could cause our actual results to vary materially, including those disclosed under "Forward-Looking Information" and "Risk Factors".

You should read the Trust Pro Forma Statements in conjunction with the annual audited financial statements of each of the ROI Funds for the financial years ended on December 31, 2012 and December 31, 2013, respectively, and, in each case, with the related notes thereto, and the Management's Discussion and Analysis of Financial Conditions and Results of Operations for each of the Distributing Funds, all of which is included in this prospectus under "Index to Financial Statements and Management's Discussion and Analysis".

Dream Hard Asset Alternatives Trust

Pro Forma Consolidated Statement of Financial Position
(unaudited)
As at December 31, 2013

		Pro Forma Total
		(in thousands of Canadian Dollars)
ASSETS		
Investment properties	$	513,883
Mortgages receivable and other investments at fair value		421,309
Equity accounted investments		15,068
Other amounts receivable		8,403
Deferred tax asset		971
Short term investments		67,073
TOTAL ASSETS	**$**	**1,026,707**
LIABILITIES		
Mortgages payable	$	262,920
Amounts payable and accrued liabilities		13,938
Distributions payable		4,121
TOTAL LIABILITIES	**$**	**280,979**
EQUITY		
Trust equity	$	745,728
TOTAL EQUITY	$	**745,728**
TOTAL LIABILIIES AND EQUITY	**$**	**1,026,707**

Dream Hard Asset Alternatives Trust

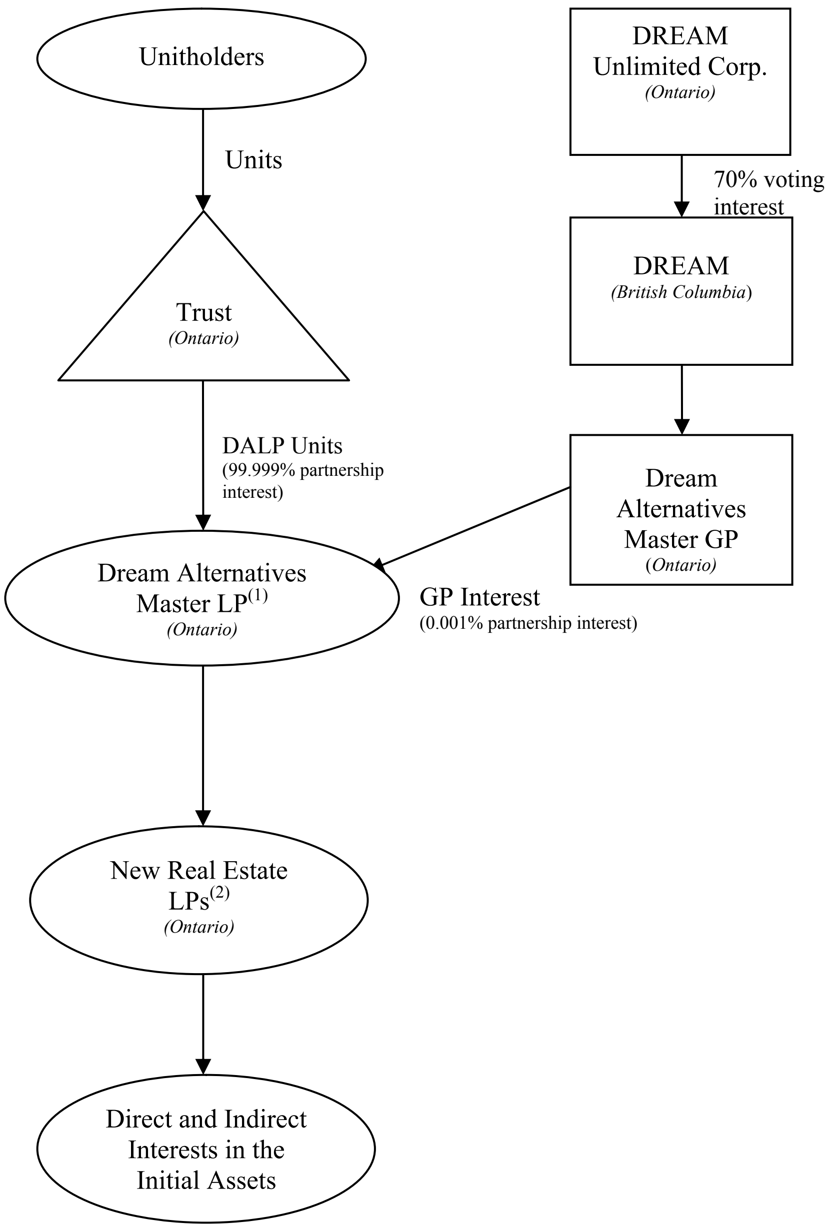
Pro Forma Consolidated Statement of Net Income
(unaudited)
For the year-ended December 31, 2013

		Pro Forma Total
		(in thousands of Canadian Dollars, except per unit amount)
REVENUES		
Rent	$	60,859
Interest income		33,857
TOTAL REVENUES	**$**	**94,716**
EXPENSES		
Rental expenses	$	29,309
Interest expense		8,985
Management fees		9,849
General and admin		2,768
TOTAL EXPENSES	**$**	**50,911**
EARNINGS BEFORE EARNINGS FROM EQUITY ACCOUNTED INVESTMENTS AND FAIR VALUE CHANGES	$	**43,805**
Earnings from equity accounted investments	$	672
Fair value change in investments		6,326
Fair value change in investment properties		-
EARNINGS BEFORE INCOME TAXES	**$**	**50,803**
INCOME TAX EXPENSE		
Current	$	8,181
Deferred		3,604
TOTAL INCOME TAX EXPENSE	**$**	**11,785**
NET INCOME	**$**	**39,018**
EARNINGS PER UNIT - BASIC AND DILUTED	**$**	**0.534**

See “Unaudited Pro Forma Financial Statements”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Risk Factors” and “Index to Financial Statements and Management’s Discussion and Analysis”.

POST-CLOSING STRUCTURE

The following chart sets out the simplified organizational structure of the Trust immediately following Closing:



Notes:

(1) Dream Alternatives Master GP is the general partner of Dream Alternatives Master LP. It is a wholly-owned Subsidiary of DREAM and will hold a 0.001% partnership interest in Dream Alternatives Master LP. The Trust will be the sole limited partner of Dream Alternatives Master LP and will hold a 99.999% partnership interest in such partnership.

(2) Immediately following Closing, Dream Alternatives Master LP will be the sole limited partner of each of the New Real Estate LPs, holding a 99.99% partnership interest. The general partner of each such LP will be a wholly-owned Subsidiary of Dream Alternatives Master LP, holding a 0.01% partnership interest.

(3) Except as noted above, and for the Co-owned LPs, ownership interests below the Trust are 100%.

THE OFFERING

Distribution: The Offering is comprised of the Primary Distribution by the Trust of 1,000,000 Units to ROI Capital and the Secondary Distribution of an aggregate of ● Units by the Distributing ROI Funds to the unitholders of the Distributing ROI Funds in connection with the termination of the ROI Funds following the Reorganization. See “Plan of Distribution”.

Primary Distribution Price: $10.00 per Unit. See “Plan of Distribution”.

Secondary Distribution by Distributing ROI Funds: Each unitholder of ROI Canadian High Income Mortgage Fund will receive ● Units in respect of every unit of ROI Canadian High Income Mortgage Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian High Income Fund will receive ● Units in the aggregate.

Each unitholder of ROI Canadian Mortgage Income Fund will receive ● Units in respect of every unit of ROI Canadian Mortgage Income Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Mortgage Income Fund will receive ● Units in the aggregate.

Each unitholder of ROI Canadian Real Estate Fund will receive ● Units in respect of every unit of ROI Canadian Real Estate Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Real Estate Fund will receive ● Units in the aggregate.

Each unitholder of ROI IPP will receive: (i) ● Units in respect of every Series A unit of ROI IPP; (ii) ● Units in respect of every Series F unit of ROI IPP; (iii) ● Units in respect of every Series I unit of ROI IPP; (iv) ● Units in respect of every Series O unit of ROI IPP; and (v) ● Units in respect of every Series R unit of ROI IPP, in each case held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI IPP will receive ● Units in the aggregate.

See “Plan of Distribution”.

Use of Proceeds: No cash proceeds will be received by the Trust in connection with the distribution by the Distributing ROI Funds to the unitholders of the Distributing ROI Funds. The only proceeds of the Offering (before deducting expenses of the Offering, which will be paid by the Trust) will be $10,000,000, to be received by the Trust from ROI Capital in connection with the subscription for Units by ROI Capital contemplated by the Purchase Agreement. See “Use of Proceeds” and “Plan of Distribution”.

The Trust intends to use these proceeds for investments and general operating purposes.

Unit Attributes: We are authorized to issue an unlimited number of Units. Each Unit represents an undivided beneficial interest in the Trust. Each Unit is transferable and entitles the holder thereof to: (a) an equal participation in distributions of the Trust; (b) rights of redemption; and (c) one vote at meetings of Unitholders.

See “Declaration of Trust and Description of Units”.

Distribution Policy of the Trust: Following Closing, the Trust expects to pay a monthly distribution of $0.033 per Unit on each Distribution Date. This equates to an implied cash flow yield of 4.0% per annum, based on an initial price per Unit of $10.00. Unlike fixed income securities, there is no obligation on the Trust to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce the cash flow yield based on the initial price per Unit.

The amount of monthly distributions to Unitholders will be determined by the Trust Board based on distributions received from Dream Alternatives Master LP, net of general and administrative, operating and other expenses and taxes. The initial distribution level does not take into account our growth strategy, re-positioning capital into higher-returning alternative investment opportunities and does not contemplate any action by Dream Alternatives Master LP to convert currently non-income-producing, longer-term debt and equity investments owned by us into income-producing investments, given their relative illiquidity.

The initial cash distribution, which will be for the period from and including the date of Closing to July 31, 2014, is expected to be paid on August 15, 2014 to Unitholders of record on July 31, 2014 and is estimated to be $0.025 per Unit (assuming Closing occurs on July 8, 2014).

We estimate that, of the monthly cash distributions to be made by us to Unitholders, approximately 80% in 2014 and approximately 90-100% in 2015 will be tax deferred by reason of our ability to claim depreciation and certain other deductions.

Further, the taxable portion of the distributions of the Trust is taxed at the dividend rate not at the ordinary income rate that applies to distributions of Canadian MICs, providing a higher relative after-tax return to taxable investors.

Notwithstanding our distribution policy, the Trust Board retains full discretion with respect to the timing and amount of distributions. The payment of distributions is therefore not guaranteed. See “Distribution Policy of the Trust”.

Distribution Policy of Dream Alternatives Master LP: Dream Alternatives Master LP intends to make monthly cash distributions to its partners within 15 days of the end of each month, such that distributions are received by the Trust prior to its monthly cash distribution to Unitholders. Dream Alternatives Master LP’s distribution policy will provide that the intention is to distribute free cash flow from Dream Alternatives Master LP that is not necessary to maintain the value of its assets or investments, implement the then-current approved investment plan or to otherwise fund its ongoing operations. Distributions to the Trust by Dream Alternatives Master LP will be determined by the GP Board having regard to, among other things, the interest income, net rental income and other income earned on the assets held by Dream Alternatives Master LP, net of interest expense, general and administrative expenses, other corporate and servicing costs, taxes, provision for capital expenditures, working capital and reserves, and the Management Fees payable to DREAM.

Notwithstanding the anticipated distribution policy of Dream Alternatives Master LP, the GP Board will retain full discretion with respect to the timing and amount of distributions. The payment of distributions by Dream Alternatives Master LP is therefore not guaranteed. See “Dream Alternatives Master LP - Distributions”.

Distribution Reinvestment Plan (“DRIP”): We will have a DRIP entitling Unitholders to reinvest all cash distributions made by us in additional Units. Participants electing to reinvest cash distributions in Units pursuant to the DRIP will receive a further “bonus” distribution equal to 4% of the amount of each cash distribution that they reinvest, which further distribution will also be reinvested in Units. Participants may also purchase additional Units pursuant to the optional cash purchase feature of the DRIP, subject to a minimum investment amount of $1,000 and a maximum investment amount of $250,000 per calendar year. Participants in the DRIP will not receive a bonus distribution of Units in connection with any optional cash purchases. We may amend, suspend or terminate the DRIP at any time. See “Distribution Policy of the Trust - DRIP”.

Risk Factors: An investment in Units is subject to a number of risks that should be carefully considered by an investor in Units. Our payment of cash distributions is not guaranteed and will be based, in part, upon the financial performance of Dream Alternatives Master LP and its investments, including investments in real estate, real estate lending and infrastructure, including renewable power, which are susceptible to a number of risks. These risks include, but are not limited to:

Risks Relating to the Trust and Our Investments

- Risks inherent in the real estate industry may adversely affect our financial performance;
- Risks inherent in certain of our investments may adversely affect our financial performance;
- Investments in certain assets carry credit risk and administrative costs;
- Investments in participating loans may expose us to additional credit risk relative to holding an interest in the underlying loan directly;
- The nature of our investments may expose us to sector, concentration and other similar risks;
- Competition for investment opportunities may adversely affect our financial performance;
- We may not be able to source suitable investments;
- Environmental contamination at properties may expose us to liability and adversely affect our financial performance;
- We may incur significant capital expenditures and other fixed costs;
- Financing risks, leverage and restrictive covenants may limit our ability for growth;
- Changes in government regulations may affect our investments;
- An investment in us is subject to certain Canadian tax risks;
- Changes in interest rates could adversely affect our cash flows and our ability to pay distributions;
- Acquisitions of real estate may expose us to undisclosed defects and obligations;
- Interests in real estate that are under development may not be completed on the anticipated timelines, budgets or at all; and
- Investments in, and profits and cash flows from, properties or other assets may be lost in the event of uninsured or underinsured losses to properties or other assets or losses from title defects.

Risks Relating to Real Estate Lending

- Nature of investments in mortgages;
- Sensitivity to interest rates on mortgage portfolio;
- Changes in real estate values of secured real estate;
- Risks related to mortgage defaults;
- Foreclosure and related costs;
- Renewal of mortgages comprising the mortgage portfolio;
- Composition of the mortgage portfolio; and
- Value of assets underlying our investments in mortgages may fall and be insufficient to repay amounts outstanding.

Risks Relating to our Relationship with DREAM and Others

- We rely on DREAM for management services;
- DREAM will exercise substantial influence over Dream Alternatives Master LP and we are highly dependent on DREAM;
- We rely on Dream Alternatives Master LP to provide us with the funds necessary to pay distributions and meet our financial obligations;
- We rely on third parties in order to conduct our operations; and
- Our Trustees, Directors and DREAM may be put in a position of conflict as a result of their positions held and interests in other businesses.

Risks Relating to the Reorganization and the Acquisition of the Initial Assets

- Historical financial information and pro forma financial information may not be indicative of future results; and
- We may assume unknown liabilities in connection with the acquisition of the Initial Assets.

Risks Relating to the Offering and the Units

- Absence of a prior public market and determination of offering price;
- Ability of Unitholders to redeem Units is subject to restrictions on redemption;
- Cash distributions are not guaranteed and may fluctuate with our financial performance;
- Unitholders do not have legal rights normally associated with ownership of shares of a corporation;

- Unitholder Liability; and

- Regulatory approvals may be required in connection with a distribution of securities on a redemption of Units or our termination.

See “Risk Factors”.

THE TRUST

Overview

Dream Hard Asset Alternatives Trust is an unincorporated open-ended trust established under the laws of the Province of Ontario by the Original Declaration of Trust on April 28, 2014. Our head and registered office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. We have been formed by DREAM as a new entity that will focus on providing Unitholders with exposure to hard asset alternative investments with a focus on real estate, real estate lending and infrastructure, including renewable power. See "Declaration of Trust and Description of Units" for a description of the Declaration of Trust.

Dream Alternatives Master LP is a limited partnership established on April 28, 2014 under the laws of the Province of Ontario pursuant to the Original DALP Limited Partnership Agreement and will be governed by the DALP Limited Partnership Agreement from and after Closing. All of the outstanding DALP Units are held by the Trust and represent a 99.999% partnership interest in Dream Alternatives Master LP. The GP Interest, representing a 0.001% partnership interest in Dream Alternatives Master LP, is held by Dream Alternatives Master GP, a wholly-owned subsidiary of DREAM. Concurrently with Closing, Dream Alternatives Master LP will, directly or indirectly, acquire the Initial Assets (including equity interests in entities that hold interests or rights in real property, participating loans and conventional mortgages) which are currently held, directly or indirectly, by the ROI Funds. See "Dream Alternatives Master LP" for a description of the DALP Limited Partnership Agreement.

Following Closing, our asset manager will be DREAM, which is also the asset manager for the three publicly-traded Dream REITs. DREAM's achievements include, among others, having formed each of these REITs: Dream Office REIT (TSX: D.UN) in 2003, Dream Global REIT (TSX: DRG.UN) in 2011 and Dream Industrial REIT (TSX: DIR.UN) in 2012. See "The Asset Manager and the Management Agreement - Management Agreement".

Market Opportunity

The Trust provides an opportunity to invest in hard asset alternative investments managed by an experienced team with a successful track record. The specific hard asset alternative investment classes for the Trust include ownership of income property real estate, private real estate lending, equity and participating mortgage investments in real estate development and investments in infrastructure, including renewable power. Alternative investments have different risk characteristics than shares and bonds. According to BlackRock, Inc., an investor with exposure to a broad range of alternative investments would have been "better off" through the 2008-2009 financial crisis than an investor with a portfolio restricted to traditional long-only equity and fixed income investments as, during times of recession in particular, equities have experienced significant periods of negative returns while alternative investments have tended to fare relatively better. Furthermore, because alternative investments approach financial markets differently than traditional investments, such investments can provide returns that exhibit low correlations with the more traditional approaches. As such, adding alternative investments to a diversified portfolio has the potential to provide lower volatility than a portfolio composed exclusively of traditional shares and bonds.[1]

Among the world's largest pools of capital, alternative investments have grown at a faster pace than traditional asset classes. There has been an increase in alternative investments: from US$2.9 trillion invested in 2005 to US$6.5 trillion in 2011, having grown at a five year rate of over seven times that of traditional asset classes.[2] Institutional investors expected that by the end of 2013 they would have increased their allocation to all forms of alternative investments to 25% of portfolio assets.[3] We believe that investing in real estate, real estate

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1 Nancy Everett & Mark Taborsky, BlackRock, Inc., "10 Myths Surrounding Alternative Investments" (July 2013), online: Blackrock, Inc. http://www.blackrock.com/investing/literature/market-commentary/10-myths-surrounding-alternative-investments-commentary.pdf.

2 McKinsey & Company, "The Mainstreaming of Alternative Investments – Fueling the Next Wave of Growth in Asset Management" (June 2012), online: McKinsey & Company, http://www.mckinsey.com/insights/financial_services/how_alternative_investments are_going_mainstream.

3 McKinsey & Company, "The Mainstreaming of Alternative Investments – Fueling the Next Wave of Growth in Asset Management" (June 2012), online: McKinsey & Company, http://www.mckinsey.com/insights/financial_services/how_alternative_investments are_going_mainstream and AMP Capital, "Alternative Investment Allocations" (May 2013), online: AMP Capital, http://www.ampcapital.com/site-assets/articles/insights-papers/2013/2013-05/alternative-investment-allocations.

lending and infrastructure, including renewable power, can provide security of capital and attractive returns. Investors in these asset classes have primarily, and disproportionately, consisted of institutional investors. We believe the Trust provides an opportunity for retail investors to gain direct exposure to investments of this type.

Investment Objectives

We will indirectly acquire the Initial Assets from the ROI Funds and assume the related property-specific debt pursuant to the Reorganization in consideration for the issuance of ● Units, in total, to the Distributing ROI Funds. We will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any Subsidiary of any Fund unless specifically relating to the Initial Assets being acquired by us or those to be discharged or released on the Closing Date in accordance with the Purchase Agreement). The total number of Units issued will be determined by DREAM and ROI Capital and the number of Units issued to each Distributing ROI Fund will be based upon the relative net asset values of the assets of each such Distributing ROI Fund immediately prior to Closing, as determined by ROI Capital. Upon Closing, we expect the Trust to have approximately $730 million of net assets, including approximately: (a) $250 million of commercial income-producing properties as co-owner with Dream Office REIT ("Co-owned Properties"); (b) $265 million of real estate loans with fixed interest payments and terms ("Loan Portfolio"); (c) $14 million of limited partnership equity investments in retail real estate properties ("Bayfield LP Investments"); (d) $155 million of equity and participating mortgage and co-ownership investments in retail and residential development projects that do not currently produce any cash income; and (e) $50 million of short-term investments. We intend to reposition our portfolio in order to capitalize on DREAM's expertise with respect to alternative assets. The composition of the Co-owned Properties will also be reviewed and discussed with Dream Office REIT and, subject to all necessary board approvals, a portfolio strategy will be conceived and executed upon.

Following Closing, we expect that DREAM will help us to identify attractive renewable power development opportunities for us using its management team and relationships. Infrastructure, including renewable power, provides long-term income streams at attractive returns.

We expect that DREAM will seek lending opportunities for us that capitalize on DREAM's knowledge of the development process to obtain returns that we expect to be significantly higher than traditional real estate lending. We also expect that DREAM will seek out equity development opportunities for us for attractive projects with developers with whom DREAM believes it is suitable to invest.

We expect to source our investments in traditional mortgages by working with CMCC, which will provide us with both mortgage servicing and mortgage brokerage services following Closing, or other licensed mortgage brokers.

INVESTMENT STRATEGIES

Investment Rationale

We believe that we are in a relatively slow growth economy in the developed world and that investments in the development or financing of development of hard assets that generate income based on long-term, secure contracts that have reasonable potential for increasing cash flow represent opportunities to participate in long-term value creation. In addition, we believe that lending on or investing in development assets through a manager such as DREAM that has expertise and a proven track record in connection with such development assets can provide opportunities to participate in the higher risk-adjusted returns that can be generated through development, and that these higher risk-adjusted returns can be achieved through debt and/or equity investments.

We also believe that many opportunities exist to invest capital in alternative investments that provide security by virtue of being backed by hard assets. In addition to security, investment in real estate has provided stable and increasing returns over many years and has also historically acted as a hedge against inflation.

Renewable power can be developed at attractive risk-adjusted returns. The approval process is highly regulated, complicated and uncertain, and requires an experienced manager to navigate. However, once approvals are obtained, the construction is relatively quick with predictable pricing. Contracts with utilities are usually available for 20 to 25 years. Non-recourse debt is available which is completely paid off over the term of the contract to sell the power to the utility. DREAM generally invests in projects after they have been approved or invests minimal equity before the projects are approved. As a result, the investments are made when approval is obtained, construction costs are determined, debt is negotiated and the revenue contract is executed. However, risk-adjusted returns remain attractive at this point in the development life cycle.

Trust Strategy and Opportunity

Our investment strategy is to provide an alternative to traditional investments in shares, bonds and cash by investing capital in assets that are not correlated to public equity or bond markets. The Trust, through Dream Alternatives Master LP and its Subsidiaries, will primarily invest in hard assets such as real estate and infrastructure, including renewable power, which we will do primarily through private debt and private equity securities. DREAM has experience in all of the asset classes in which we will invest. We anticipate that DREAM will manage the assets to develop a portfolio that includes long-term infrastructure and renewable power assets, commercial real estate, real estate lending and real estate development. We intend to rely on DREAM's experience to manage our portfolio to balance the long-term high returning assets, infrastructure and renewable power assets with long-term commercial properties, lower risk, lower return real estate lending and debt and equity investments for higher yielding real estate development activities.

The Trust benefits from a flexible structure: it is not restricted or limited by the SIFT Legislation that applies to REITs, nor is it required to comply with the regulations governing mortgage investment corporations ("MICs"). As a result, we will seek to find opportunities in areas with limited competition to achieve higher risk-adjusted returns. We expect to benefit from DREAM's industry and capital markets relationships and expertise to attract partners and/or borrowers who perceive more value working with the Trust and DREAM, as our asset manager, than with our competitors.

We believe that there are opportunities to increase our returns by capitalizing on DREAM's expertise in managing real estate and alternative assets to generate stable and increasing returns. DREAM, as our asset manager, will advise the Trust and Dream Alternatives Master LP on possible actions including the potential sale of assets and reinvestment of the proceeds in assets that it expects will generate higher risk-adjusted returns. We co-own the 19 commercial income-producing Co-owned Properties with Dream Office REIT. We anticipate that, subject to all necessary board approvals, Dream Office REIT and the Trust will work in a cooperative fashion with respect to their Co-owned Properties to meet their shared objectives.

We will continue to invest in traditional real estate loans to optimize the risk-reward characteristics of our portfolio. However, we anticipate reducing the amount invested in traditional real estate loans in our portfolio over time as we believe that there are opportunities to achieve higher risk-adjusted returns based on DREAM's core competency of lending and investing directly in development of residential properties, renewable power projects and commercial income-producing properties. In the past, DREAM has provided loans to developers on projects where DREAM has been able to complete a full assessment of the project. These loans are subordinate to construction loans. However, using mitigation strategies such as pre-sales or pre-leasing and construction pricing, we believe that DREAM can manage these risks and realize returns that are significantly higher than traditional loans.

The Trust will be a taxable SIFT trust which requires the Trust to pay tax at the entity level. Renewable power and real estate assets generate tax depreciation often in excess of their income and, as a result, distributions may exceed taxable income, resulting in a portion of such distributions being treated as a return of capital for tax purposes. We intend to manage the Trust to obtain as efficient a tax result as is possible for Unitholders in the circumstances.

We estimate that, of the monthly cash distributions to be made by us to Unitholders, approximately 80% in 2014 and approximately 90-100% in 2015 will be tax deferred by reason of our ability to claim depreciation and certain other deductions.

Further, the taxable portion of the distributions of the Trust is taxed at the dividend rate not at the ordinary income rate that applies to distributions of Canadian MICs, providing a higher relative after-tax return to taxable investors.

New investments are expected to be funded by cash on hand at Closing, the repayment and/or sale of existing traditional loans and the possible sale of non-core commercial income-producing property.

We believe that as more of our assets are re-positioned in new investments, the average rate of return will increase providing the opportunity to increase distributions over time.

Portfolio Strategy

We believe that hard asset alternative investments provide diversification from the traditional asset classes broadly available to investors. The Trust is focused on hard assets and will invest in real estate, real estate loans, and infrastructure, including renewable power. Real estate investments will include income properties and real estate development. Our real estate lending activities will range from low ratio first mortgages, to second mortgages, mezzanine loans, equity loans, development loans and bridge financing. Infrastructure and renewable power investments are equity investments with long-term financing, long-term contracts and returns that are generally higher than real estate loans or equity when the equity investment is made prior to development.

We expect to benefit from DREAM's competitive advantage over many of its peers resulting from the scale and diversity of its operations. In Canada, DREAM manages approximately 6% of all office properties, 1% of all industrial buildings and 2% of all non-hydro (wind and solar) renewable power projects. In 2013, 2% of all single family and 1.5% of all multi-family units sold in Canada were developed on lands owned or managed by us. The information gained from managing, developing and owning these assets provides insights into economic activity, often well before this information becomes broadly known or published in third-party reports or research. As a result, we expect to benefit from DREAM's ability to act quickly on trends that have not yet been generally identified to source more favourable opportunities to invest in hard asset alternative investments.

We will diversify risk by spreading our investments among these various types of assets. Real estate investing in income properties is cyclical but, historically, has generally provided attractive risk-adjusted returns. The returns among the different sectors within the income property business vary in different markets and value can be gained by diversifying our income property portfolio. A significant proportion of the income properties included in the Initial Assets are office buildings and we anticipate diversifying the income property portfolio over the next few years to diversify the risks of having such a high proportion of our income property assets in this or any other single sector.

Real estate lending returns vary based on the risk level of the secured asset, the leverage on the asset and the competitive lending environment at the time of making the loan. Real estate loans have traditionally been a private investment that provide returns that are significantly higher than government bonds. At Closing, we will hold a large portfolio of traditional mortgages but we expect that, over time, the amounts invested in mortgages of this type will be reinvested into areas offering higher risk-adjusted returns and where we believe DREAM has competitive advantages based on insights gained from managing its entire business, skills developed from managing its current assets, its relationships and its specific expertise. Traditional real estate lending will be valuable by providing a base return while we seek opportunities with more desirable risk-adjusted returns. In addition, we believe that maintaining an allocation to traditional real estate lending provides more certain returns during economic uncertainty.

Development loans and development equity have historically provided very attractive returns. We believe that we will benefit from DREAM's position as an active developer itself, such that the risk of such development loans will be reduced for us, particularly given the experience of DREAM's in-house marketing, construction, finance, development and engineering professionals.

The renewable power sector is relatively new in Canada, although it has a long history elsewhere in the world. We expect to benefit from DREAM's involvement in this industry over the last eight years, through which it has developed relationships with developers, manufacturers and lenders and a track record of identifying attractive transactions and executing on them. Having invested approximately $1.45 billion, including debt, DREAM has completed numerous transactions with the same vendors and developers and we believe that these relationships will continue to provide DREAM access to attractive future transactions in which we can invest.

Renewable power investments in wind and solar projects have provided DREAM with predictable returns at levels that are higher than it has received from income properties. Contracts for renewable power are typically with entities having a low credit risk and provide for the delivery of power at a fixed rate for between 20 and 25 years. The construction costs for renewable power assets are relatively predictable and the debt is typically limited in recourse to the particular asset.

We expect that DREAM will position our portfolio consistent with what it believes provides attractive risk-adjusted returns from a diversified portfolio of investments in income properties, traditional real estate loans, development loans and equity and infrastructure, including renewable power.

At Closing, we will hold the portfolio of Initial Assets acquired pursuant to the Reorganization. Once we commence operation, we expect to have DREAM immediately begin rebalancing our portfolio consistent with what it believes provides attractive risk-adjusted returns from a diversified portfolio of investments in income properties, traditional real estate loans, development loans and equity and infrastructure, including renewable power. However, many assets in the portfolio are illiquid and it will take time to identify opportunities, execute them and then turn the investment into cash flow, particularly with real estate development, development loans and renewable power. However, we expect that the Trust's flexibility combined with DREAM's access to market opportunities will lead to an improved portfolio allocation mix within the first few years of the Trust.

DREAM's Future Investment in the Trust

DREAM has advised us that it intends to invest up to $50 million in newly issued equity of the Trust over the next three years to further align the long-term interests of DREAM and those of the Trust and the Unitholders, and to participate in the future growth of the Trust. DREAM and/or its founding shareholders, Dundee Corporation and Sweet Dream Corporation (which is owned by Michael J. Cooper), have previously made equity investments in each of the Dream REITs for similar reasons.

Trust Investment Opportunities

The Management Agreement will provide that if DREAM, as our asset manager, identifies an investment opportunity to acquire, directly or indirectly, an ownership interest in: (a) a renewable energy project; (b) a development loan to third-parties; or (c) traditional real estate loans, then, in each case, it will provide us with a right of first offer on such investment opportunity. DREAM will also provide us with advice with respect to investments in income properties and offer us the opportunity to invest in commercial properties, subject to DREAM's fiduciary and other obligations to its other clients. See "Management and Advisory Services - Trust Investment Opportunities".

OVERVIEW OF THE SECTORS IN WHICH THE TRUST INVESTS

The following is an overview of the primary sectors in which we currently invest, or in which we expect to invest following Closing.

Real Estate Lending

The large financial institutions in Canada are focused on mortgage loans that must comply with their restrictive lending criteria. As a result of the focus of large financial institutions on limited types of mortgage loans, opportunities exist in mortgage financing due to the lack of competition from the large financial institutions for certain loans.

We will invest in mortgages secured by all types of residential and commercial real property. The types of properties that we finance include multi-family residential rental properties, stabilized income properties and hotels. We will also make higher-yielding developer and builder loans, bridge loans and mezzanine loans.

As the Trust is not a MIC, it is not required to meet the rules applicable to MICs for satisfying its status as a flow through vehicle. As a result, the Trust has more flexibility than many of its peers to customize its portfolio to achieve superior risk-adjusted returns.

DREAM is very active in the development business and has its own engineers, construction managers, development officers and marketing officers on staff. DREAM is often approached to invest with other developers that do not have the equity required to meet the pre-conditions for construction loans. Based on DREAM's experience, we expect to invest in other developers' projects at favourable returns. The Trust expects to pursue development loans for projects that DREAM advises have satisfactorily met its due diligence review.

We expect to source our investments in traditional mortgages by working with CMCC, which will provide us with both mortgage servicing and mortgage brokerage services following Closing, or other licensed mortgage brokers. We expect that CMCC's experience and information gathering capabilities will help to provide us with attractive risk-adjusted returns.

Commercial Real Estate

Office - Canada

The Canadian office property sector continues to be strong, with 2013 being reported as being the third consecutive year since the 2008 financial crisis to show double-digit returns. While the strongest performing submarkets were within Western Canada (primarily Calgary and Edmonton), demand for "core" office properties was healthy in all central business districts across Canada. In the first half of 2013, a total of $3.3 billion in office property sales were recorded in the country's major markets. The national occupancy rate rested at 91.3% at mid-year 2013 (national vacancy recorded at 9.7% for 2013).[4] Rental rates for Class A office properties reached an average of $21.00 per square foot in Canada, 0.96% above rental rates from the prior year. [5] Approximately 21.45 million square feet of new construction is scheduled for delivery over the next three to five years. While moderately stronger economic growth is predicted for the Canadian economy, new construction will partially offset market development. Steady and stable growth is expected for Canada's office properties as urbanization continues to grow and ongoing expansion in Western Canada is expected with the rise of future oil sand developments.[6]

Office - GTA

The office market in the GTA experienced rising vacancy in 2013 and a negative 322,426 square feet of net absorption by the end of 2013. Despite the rising vacancy experienced, leasing activity has accelerated in the Toronto West market and tenant renewals are expected to continue as large tenants are unable to find office space tailored to their needs. In addition, high relocation costs are leading tenants to renew their leases until new construction supply becomes available. At year-end 2013, vacancy was 9.4% across all GTA markets, with the Toronto West market ending at 15.7%. While vacancy is expected to continue rising, high quality Class A office properties in the Toronto West market are expected to continue to experience leasing velocity as tenants look to relocate to high quality office space. [7]

Industrial Real Estate and Self-Storage

The Canadian industrial property sector is a competitive landscape as demand consistently surpasses supply of "core" assets. Industrial properties in Canada recorded an aggregate average annual total return of 11.5% for the 12-months ended June 30, 2013. The average availability rate in the Canadian industrial sector dropped from 6.8% in 2012 to 6.1% in 2013, and is expected to fall further to 5.6% by the end of 2014. Net rental rates averaged $6.00 per square foot in 2013, a rise of 7.3% from the prior year, which averaged $5.59 per square foot. The national occupancy rate was recorded at 94.2% mid-year of 2013. Strong occupancy patterns and rental rate growth were driven by strong demand and a tight supply of industrial assets. The outlook for the industrial sector is expected to

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4 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

5 CBRE Group Inc., "Canadian Market Outlook 2014", online: CBRE Group Inc. http://cbre-canada.uberflip.com/i/251839.

6 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

7 CBRE Group Inc., "Canadian Market Outlook 2014", online: CBRE Group Inc. http://cbre-canada.uberflip.com/i/251839.

remain steady, as positive economic growth influences domestic warehouse and distribution activity across Canada and supply risk remain low due to conservative levels of new construction.[8]

Retail

Canada's retail property sector continues to achieve attractive returns, with an Investment Property Databank ("IPD") Index of 14.4% recorded for the 12-months ended June 30, 2013, surpassing the broader index by 1.6% and all other asset classes by at least 0.90%. Retail properties provide investors healthy investment fundamentals, and are increasing in demand as high-end U.S. retailers, such as Nordstrom and Saks Fifth Avenue, enter the Canadian market. Recent large retail acquisitions have resulted in healthy competition for retail space. Retail consumption in Canada expanded by 2.0% for all of 2013, and national vacancy rates hovered between 5% and 6% between various retail property types. With tight conditions in existing retail space and conservative construction levels, demand for retail space is expected to continue to drive income growth and investment activity.[9]

Hotels and Hospitality

In 2013, the Canadian hotel sector recorded its highest year in terms of transaction volume since 2007. Hotel transaction sales climbed to over $2 billion in 2013, doubling the $1 billion annual average transaction volume over the prior five year period. This robust level of activity in the hotel sector was due to the influx of institutional capital and attractive financing options from U.S. and international lenders. There continues to be untapped value-add opportunities in hospitality within primary urban markets, and hotels represent ideal assets for new owners looking to reposition older properties. Capitalization rates continue to compress, with an average of 8.5% nationally in 2013, 1.0% lower than the average rate of the prior year. The value of Canadian hotel real estate grew an estimated 4.8% in 2013 and is expected to rise by 5.6% in 2014. New supply of hotel rooms in major markets grew at 1.1% for 2013 and new supply for 2014 is expected to increase by 1.5%.[10] While 2013 was a very strong year for the Canadian hospitality sector, we expect the demand for full-service hotel properties will be sustained as the outlook for the Canadian economy remains positive.

Apartments (Multi-Residential)

Canada's multi-residential rental sector provides investors with steady income growth due to the lack of new supply. Multi-residential properties recorded an annual total average return of 13.5% by mid-year 2013.[11] Demand for quality Class B multi-residential properties continues to remain strong, as investors continue to target capital preservation and debt repayment strategies.[12] With a low supply of new properties and healthy demand trends particularly from new migrants, market rents rose in major Canadian urban centres over the last year. Canada's purpose-built rental sector posted an aggregate occupancy of 97.1% on March 31, 2013, which is expected to remain high given the limited supply of condo-quality investments. As strong economic indicators continue to feed employment and migration, multi-housing properties should continue to generate healthy cash flows and returns for its investors.[13]

Seniors' Housing

The Canadian seniors' living sector, a sector represented by the seniors' population aged 65 years and over, has performed well over the past three years. The vacancy rate of standard seniors' housing residences in Canada declined to 10.3% in 2013 from 10.6% in 2012. The capture rate, which is the percentage of the seniors' population aged 75 years and over who occupy a standard or non-standard space, remained virtually unchanged at 8.5% over

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8 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

9 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

10 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

11 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

12 CBRE Group Inc., "Canadian Market Outlook 2014", online: CBRE Group Inc. http://cbre-canada.uberflip.com/i/251839.

13 Morguard Corporation, "2014 Canadian Economic Outlook & Market Fundamentals", online: Morguard Corporation http://www.morguard.com/research/2012_report/Documents/2014%20Canadian%20Economic%20Outlook%20and%20Market%20Fundamentals.pdf.

2012 and 2013. Meanwhile, average rents for standard spaces (i.e. bachelor units and private rooms) rose slightly by 1.3% between 2012 and 2013.[14] According to the 2011 Canadian census, the vast majority (92.1%) of seniors in Canada aged 65 years and over live in private households or dwellings (as part of couples, alone or with others).[15] The 65 and over population is expected to reach 16% of the total population by 2016, from the current 14%. With an aging population, seniors' housing properties in Canada are expected to continue to experience steady growth as construction of new supply remains conservative.[16]

Condominiums

The GTA recorded just 14,000 new condominium sales in 2013. This represented a decline of 22% from 2012, and was below the 10 year annual average of 17,700. This historically low sales level was largely due to unsustainable high pace of sales over the previous three years. Despite the lower sales figures recorded in 2013, the industry fundamentals are positive with stable household formation, consistent and moderate growth in prices (average $542 per square foot in the fourth quarter of 2013) and a strong resale condominium market. The continued strength in the rental market and scarcity of low rise supply suggests that the growth in future condominiums will be strong as the industry expects condominium sales in 2014 to outpace the prior year.[17]

Canadian Residential Real Estate

The Canadian housing sector is expected to perform reasonably well over the next few years. CMHC projects new housing starts of 187,300 units for 2014 and 184,900 units for 2015. In 2013, there were 187,923 housing starts. The total number of housing starts has declined from prior years but continues at a stable pace that is in line with estimates of new housing formation. According to CMHC, balanced market conditions are expected to persist in most regions across Canada throughout 2014 and 2015. Prices are expected to remain stable at a rate slightly above inflation.[18]

Although there are a relatively high number of housing units under construction in some markets, builders are expected to gradually adjust the pace of activity in order to manage their inventory levels. The ratio of newly completed and unabsorbed housing units to population moved towards historic averages, with 4.9 units per 10,000 population in the third quarter of 2013. The expectation of modest and gradual increases in mortgage rates is also tempering demand.[19]

Offsetting these moderating factors are improving economic conditions, which are expected to provide support for housing demand with estimated GDP growth in Canada of 2.2% in 2014 and 2.5% in 2015, increasing from 1.8% in 2013. CMHC also expects employment growth to sustain moderate income growth and household formation. In addition, total net migration in 2015 is expected to be 7.70% above the 10 year average with 266,450 migrants to Canada, which will generate demand primarily for multi-family housing.[20]

Canadian Renewable Power

The demand for new electrical generation is driven by several factors including the need to replace existing, aging facilities, the need to meet growing demand for electricity and environmental policy. British Columbia, Alberta and Saskatchewan are experiencing demand growth that is higher than the national average due to expanding oil sands operations, mining and assumed liquefied natural gas exports volumes. In Ontario, the provincial government's mandate to eliminate coal-fired generation by the end of 2013, as well as replace aging

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[14] Canada Mortgage and Housing Corporation, "Seniors' Housing Report – Canada Highlights", online: Canada Mortgage and Housing Corporation https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=160&itm=31&lang=en&fr=1399474760134.

[15] Statistics Canada, "Living arrangements of seniors – Families, households and marital status – Structural type of dwelling and collectives, 2011 Census of Population", online: Statistics Canada http://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011003_4-eng.pdf.

[16] Statistics Canada, "Living arrangements of seniors – Families, households and marital status – Structural type of dwelling and collectives, 2011 Census of Population", online: Statistics Canada http://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011003_4-eng.pdf.

[17] Urbanation Q4 2013 Condominium Market Survey.

[18] Canada Mortgage and Housing Corporation, "Housing Market Outlook – Canada Edition" (January 22, 2014), online: https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=63&itm=1&lang=en&fr=1399475604049.

[19] Canada Mortgage and Housing Corporation, "Housing Market Outlook – Canada Edition" (January 22, 2014), online: https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=63&itm=1&lang=en&fr=1399475604049.

[20] Canada Mortgage and Housing Corporation, "Housing Market Outlook – Canada Edition" (January 22, 2014), online: https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=63&itm=1&lang=en&fr=1399475604049.

nuclear infrastructure, has also created significant demand for new electrical generation supply. Currently, 57% of all electrical generation in Canada is hydro with another 6% generated from solar and wind. By 2035, the National Energy Board predicts that 13% of all electricity generated in Canada will be derived from non-hydro renewable sources.[21]

In 2013, Canada installed 1,599 megawatts of wind energy and installed an additional 444 megawatts of solar. From 2007 to 2012, between $2 billion and $7 billion was invested in renewable energy each year in Canada. Globally, investment in renewable power (US$262 billion in 2012) is now equal to the amount invested in new or refurbished coal, gas and oil power. In addition to significant environmental benefits, wind, hydro and solar utilize a "free fuel", which removes the commodity risk that exists with conventional technologies and increases price stability.[22]

Traditionally, in Canada, developers of renewable power projects are granted power purchase agreements ("PPA") from the provincial utility (or, in Ontario, the Ontario Power Authority). These are awarded through either competitive procurement programs such as requests for proposals, or through set tariffs (generally feed-in tariffs or standard offer programs). In all provinces, with the exception of Alberta, the procurement of electricity is regulated by the provincial government. In Alberta's merchant market, developers can sell their power directly into the electrical grid at market rates or contract directly with an end consumer that is looking for price certainty. In order to construct and operate a renewable energy project, developers must also obtain permits from several regulatory bodies. Obtaining a PPA and the required permitting can be a complex process, and therefore DREAM has historically chosen to partner with developers who are further along in the development process and who require capital to finalize development and construct the project. In select cases where it has felt development risk had been minimized, DREAM has participated earlier on in the development process.

Renewable power projects benefit from stable cash flows with contracted revenue from provincial utilities with high credit ratings. Wind, hydro and solar projects can be financed with non-recourse debt, which is fully repaid over the term of the PPA (typically 20 years). After the term of the PPA, the project owner may sell the power at market rates, or negotiate with the utility to extend the PPA. The equipment for a renewable power project typically lasts 30 years (for solar and wind, hydro is significantly longer). However, the value of the permits and the project site (assuming the land is owned or the lease is renewable) remain after such time. Since all of the debt has been repaid, the value of the remaining (residual) asset when the equipment needs replacing typically exceeds the value of the initial equity investment. At this point, the owner may choose to re-power the site, by installing new equipment or selling the site to a third-party.

Although historically renewable energy projects have benefitted from government programs and renewable targets, growth in the sector is assisted by drastic improvements in the efficiencies of solar panels, increases to capacity factor (amount of electricity generated per unit of capacity) in wind, and significant reductions in equipment prices in both wind and solar technologies. All of these factors contribute to lowering the cost of generation for these sources of renewable energy.

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21 The National Energy Board, "Canada's Energy Future 2013 – Energy Supply and Demand Projections to 2035", online: The National Energy Board http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyftr/2013/nrgftr2013-eng.pdf.

22 The National Energy Board, "Canada's Energy Future 2013 – Energy Supply and Demand Projections to 2035", online: The National Energy Board http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyftr/2013/nrgftr2013-eng.pdf.

THE INITIAL ASSETS

The following is an overview of the Initial Assets that we will acquire from the ROI Funds pursuant to the Reorganization contemplated by the Purchase Agreement. For additional information relating to the historical operation of the ROI Funds and the Initial Assets see “Our Structure and Formation – History of the Operation of the ROI Funds”.

Overview of the Initial Assets

The Initial Assets include:

- indirect real estate investments through the Co-owned Properties co-owned with Dream Office REIT;
- the Bayfield LP Investments, which are equity limited partnership investments in retail real estate;
- the Loan Portfolio of mortgage/loan investments in hotel, land, multi-residential, condominium, retail, retirement home and commercial assets with fixed interest rates and terms;
- participating mortgage and co-ownership investments in residential, mixed-use and retail development projects (See “The Initial Assets - Participating Mortgages and Co-ownership Investments”); and
- short-term investments.

Co-owned Properties with Dream Office REIT

Our interest in the Co-owned Properties is expected to comprise an initial equity value in the Trust on Closing of approximately $248 million and a gross asset value of $501 million. The Co-owned Properties consist of 16 office properties and three small retail buildings (for a total of 19 properties) comprising over 3.8 million square feet of GLA in Ontario, largely within the GTA, downtown Toronto, Eastern Canada and Western Canada. The Trust will own varying non-managing interests in the assets, in the range of 50.1-65.0%, with its owned share of GLA aggregating to approximately 2.1 million square feet. All of the Co-owned Properties are held in co-ownership with Dream Office REIT, which provides property management services to the Co-owned Properties for a fee of 3-3.5% of property revenues, which is in line with market terms.

As at March 31, 2014, the Co-owned Properties had an in-place and committed occupancy of 91.5%, a weighted average remaining lease term of 4.5 years, an average tenant size of approximately 23,000 square feet and an average in place net rent of $14.48 per square foot, which was estimated by Dream Office REIT’s management to be approximately 4% below market rates, which provides an opportunity to capture rent increases and corresponding income growth in the future as leases are renewed or re-leased.

For details on the mortgage debt related to the Co-owned Properties, see “Debt Strategy”.

The table below provides details of each of the Co-owned Properties, including property type, GLA, occupancy, average remaining lease term, average tenant size and average in-place net rents per square foot.

Property*	Property Type	Trust's Owned Share	Total GLA	Owned GLA	Year Built	Year Renovated	Occupancy	Average Lease Term in years	Average In-place Net Rent per square foot	Average Tenant Size in square feet
GTA and Southwestern Ontario										
London City Centre (380 Wellington St. / 275 Dundas St.), London	Office	60.0%	540,933	324,560	1974		93.7%	3.7	$ 7.97	24,138
Valhalla Executive Centre (300, 302 & 304 The East Mall), Toronto	Office	50.1%	326,389	163,521	1973		97.8%	4.2	$ 12.51	12,278
50 Sussex Centre (50 Burnhamthorpe Rd. W.), Mississauga	Office	50.1%	348,319	174,508	1987		80.8%	4.7	$ 16.32	8,799
90 Sussex Centre (90 Burnhamthorpe Rd. W.), Mississauga	Office	50.1%	301,355	150,979	1989		88.6%	5.1	$ 20.01	13,352
West Metro Corporate Centre (185 The West Mall), Toronto	Office	50.1%	297,292	148,943	1989	2006	96.1%	4.6	$ 15.65	11,902
West Metro Corporate Centre (191 The West Mall), Toronto	Office	50.1%	158,260	79,288	1985		93.3%	5.1	$ 14.05	18,467
West Metro Corporate Centre (195 The West Mall), Toronto	Office	50.1%	160,812	80,567	1984		100.0%	6.8	$ 14.50	160,812
Commerce West (401/405 West Mall), Toronto	Office	60.0%	411,842	247,105	1985	2007	97.3%	4.3	$ 14.31	19,087
2810 Matheson Blvd., Mississauga	Office	50.1%	139,035	69,657	1989		88.6%	5.9	$ 15.01	13,693
80 Whitehall Dr., Markham	Office	60.0%	60,805	36,483	1990		100.0%	5.0	$ 12.33	30,403
6501-6523 Mississauga Rd., Mississauga	Office	60.0%	85,025	51,015	1982		77.5%	3.0	$ 12.22	2,994
6531-6559 Mississauga Rd., Mississauga	Office	60.0%	71,192	42,715	1978		79.0%	2.6	$ 13.29	2,555
2010 Winston Park Dr., Oakville	Office	60.0%	79,137	47,482	1990		67.9%	3.2	$ 17.20	6,717
Downtown Toronto										
10 Lower Spadina Ave., Toronto	Office	60.0%	60,255	36,153	1988		91.8%	3.9	$ 14.67	9,222
49 Ontario St., Toronto	Office	60.0%	87,105	52,263	1972		91.9%	4.1	$ 15.00	40,042
Western Canada										
Lansdowne Village (350-450 Lansdowne St.), Kamloops	Retail	60.0%	190,670	114,402	1970	2008	84.0%	5.4	$ 16.59	5,525
Gateway Business Centre (2261 Keating Cross Rd.), Victoria	Office	60.0%	181,693	109,016	1999		83.0%	2.3	$ 17.04	21,542
Eastern Canada										
Tillsonburg Gateway (680 Broadway St.), Tillsonburg	Retail	50.1%	47,016	23,555	2003		100.0%	8.9	$ 15.06	11,754
219 Laurier Ave. W., Ottawa	Office	60.0%	187,783	112,670	1965		100.0%	2.2	$ 18.22	37,557
55 Norfolk St. S., Simcoe	Office	60.0%	12,887	7,732	1987	2000	100.0%	2.9	$ 13.46	12,887
460 Two Nations Crossing, Fredericton	Office	60.0%	50,945	30,567	2008		100.0%	14.4	$ 14.86	50,945
Wedgewood Plaza (117 Kearney Lake Rd.), Halifax	Retail	65.0%	36,353	23,629	1994		95.4%	3.3	$ 17.43	2,478
Total			**3,835,103**	**2,126,810**			**91.5%**	**4.5**	**$ 14.48**	**23,082**

*Information as at March 31, 2014

The following is a description of each of the Co-owned Properties as at March 31, 2014.

GTA and Southwestern Ontario (76.0% of owned square footage)

London City Centre (380 Wellington Street / 275 Dundas Street, London, Ontario)

Two Class A office towers are centrally located in the heart of downtown London, Ontario. With a combined GLA of 540,933 square feet and two levels of commercial space in one building, these towers are London's first high rise twin office towers and are a landmark within the commercial core area. Built in 1974, London City Centre is 93.7% occupied, and has an average lease term of 3.7 years. Average in-place net rents are sitting at 25% below market rents. These buildings are majority leased to TD Bank (70.3% of total GLA), with units expiring in April 2015, 2017 and 2020.

Valhalla Executive Centre (300, 302 & 304 The East Mall, Toronto, Ontario)

Valhalla Executive Centre consists of three Class B office buildings providing convenient access to major arterial highways - Highway 427, Highway 401, the Gardiner Expressway, and the Queen Elizabeth Way. Built in 1973, Valhalla Executive Centre has a combined GLA of 326,389 square feet, with an average tenant size of approximately 12,300 square feet. With an average lease term of 4.2 years, Valhalla Executive Centre is 97.8% occupied by a variety of investment grade tenants such as SNC Lavalin (17.7% of total GLA), Meloche Monnex

(17.4%) and ERCO Worldwide (7.3%). Meloche Monnex's lease expires in 2015, while the respective leases for SNC-Lavalin and ERCO Worldwide expire in 2020.

Sussex Centre (50 & 90 Burnhamthorpe Road West, Mississauga, Ontario)

Sussex Centre consists of two Class A, LEED Gold, office buildings strategically located in the Mississauga City Centre office node of the GTA West market. The complex contains six levels of underground parking as well as a three-storey concourse that links the buildings together. A convenient elevated pedestrian walkway connects the complex to the adjacent Novotel hotel. Built in 1987 and 1989, Sussex Centre has a combined GLA of 649,674 square feet, and it is 84.4% occupied with an average lease term of 4.9 years. Major tenants include Edward D. Jones (12.1% of total GLA), Community Door Network Service (5.6%) and Shepell FGI (5.0%).

West Metro Corporate Centre (185, 191 & 195 The West Mall, Toronto, Ontario)

West Metro Corporate Centre is a three building Class A office complex, located in a high visibility area on the Highway 427 corridor of the GTA and represents a premier asset with great accessibility. The West Metro buildings were constructed in 1984, 1985 and 1989, with a major renovation completed in 2006. With a combined GLA of 616,364 square feet, West Metro has an occupancy of 96.4% and an average lease term of 5.3 years. Average in-place rents are currently 10% below market rents. The tenant roster for these properties includes SNC-Lavalin (39.4% of total GLA and a lease expiring in 2020), Transat Tours Canada (8.0%, and a lease expiring in 2017) and Cogeco Data Services LP (6.0%, and a lease expiring in 2017).

Commerce West (401 & 405 The West Mall, Toronto, Ontario)

Commerce West comprises two Class A office towers located on the northeast corner of Burnhamthorpe Road and The West Mall. Commerce West has excellent exposure along Highway 427 and is centrally located with easy access to many arterial highways such as Highway 401, the Queen Elizabeth Way and Highway 27. Built in 1985, and significantly renovated in 2007, these buildings have a combined GLA of 411,842 square feet, and have an average lease term of 4.3 years. At 97.3% occupancy, Commerce West's tenants have an in-place average rent at 19% below market rents. Major tenants include Trader Corporation (19.6% of total GLA), Parmalat Dairy & Bakery (17.0%), Livingston International (15.2%) and Diageo Canada (9.3%).

2810 Matheson (2810 Matheson Boulevard East, Mississauga, Ontario)

Located within the Airport Corporate Centre, 2810 Matheson is an eight-storey Class A office building. This suburban office building provides convenient access to Pearson International Airport and major arterial highways such as Highway 401, Highway 427, Highway 403, Highway 407 and Highway 410. Built in 1989, 2810 Matheson has a GLA of 139,035 square feet and is 88.6% occupied with an average lease term of 5.9 years. With an average tenant size of 13,700 square feet, this building is occupied by a number of investment grade tenants such as Central 1 Credit Union (28.8% of total GLA), LT Infotech (27.3%) and Nordion Inc. (11.7%).

80 Whitehall (80 Whitehall Drive, Markham, Ontario)

80 Whitehall Drive is a fully leased suburban two-storey Class A office building located in the City of Markham. The property is located in close proximity to Buttonville Airport, and two major arterial highways (Highway 407 and Highway 404). This building was built in 1990 and has a GLA of 60,805 square feet. 80 Whitehall is majority occupied by Smucker Foods (84.6% of total GLA) and has an average lease term of 5.0 years and average in-place net rents 14% below market rents.

Meadowvale Court I & II (6501-6523 & 6531-6559 Mississauga Road, Mississauga, Ontario)

The Meadowvale Court complex comprises several single-storey office buildings located in the suburban market of Meadowvale. This complex offers a unique office environment with bungalow style buildings and an abundance of green space. Built in 1978 and 1982, Meadowvale Court has a combined GLA of 156,217 square feet, is 78.2% occupied and has an average lease term of 2.8 years. Top tenants include Pepperwood Restaurants Ltd. (4.4% of total GLA), KWH Pipe (Canada) Ltd. (4.4%) and Fibre Tech Canada (4.0%).

2010 Winston Park (2010 Winston Park Drive, Oakville, Ontario)

2010 Winston Park is a five-storey Class A suburban office building located in Oakville, Ontario. This building has high Queen Elizabeth Way visibility as well as accessibility to other major arterial highways and to Oakville Transit. Built in 1990, 2010 Winston Park has a GLA of 79,137 square feet and an average lease term of 3.2 years. The building's notable tenants include Sungard Availability Services (11.7% of total GLA) and Thurber Management Ltd. (11.2%).

Downtown Toronto (4.2% of owned square footage)

10 Lower Spadina (10 Lower Spadina Avenue, Toronto, Ontario)

10 Lower Spadina is a seven-storey Class A office building with ground floor retail space located in Toronto's south core with direct views of Lake Ontario. Built in 1988 and with a GLA of 60,255 square feet, the building is 91.8% occupied and has an average lease term of 3.9 years. 10 Lower Spadina is currently leased at an average in-place net rent 9% below market rents. The building's notable tenants include Cardinia Real Estate (50.8% of total GLA) and Bayard Press (21.6%).

49 Ontario (49 Ontario Street, Toronto, Ontario)

49 Ontario is a Class B contemporary office building which resides in the developing East Node of Downtown Toronto. 49 Ontario carries a significant redevelopment value, and is close to public transit and a variety of nearby amenities. At 87,105 square feet of GLA, this 1972 constructed building is 91.9% occupied with an average lease term of 4.1 years. The building's major tenant is Technicolor Creative Services, occupying 88.1% of the total GLA and its lease expires in March 2018.

Western Canada (10.5% of owned square footage)

Lansdowne Village (350-450 Lansdowne Street, Kamloops, British Columbia)

Lansdowne Village is a 10-building shopping centre located in downtown Kamloops. With a combined GLA of 190,670 square feet, this centre has a 2,500 square foot frontage on Lansdowne Street, and offers an array of national and local retailers, and professional and medical offices. Renovated in 2008, the centre has an occupancy of 84.0% and an average lease term of 5.4 years. Lansdowne Village is anchored by London Drugs (17.6% of total GLA) and Coopers Foods (12.5%).

Gateway Business Centre (2261 Keating Cross Road, Victoria, British Columbia)

Gateway Business Centre is a two-storey Class B office building conveniently located in Victoria's largest and most successful business park. This property is a short drive to downtown Victoria and to the Victoria International Airport. Built in 1999, the building has a total GLA of 181,693 square feet and is 83.0% occupied. With an average lease term of 2.3 years, the building's major tenants include ARES (31.0% of total GLA), Telus (18.5%) and BC Ambulance (17.2%).

Eastern Canada (9.3% of owned square footage)

Tillsonburg Gateway (680 Broadway Street, Tillsonburg, Ontario)

Tillsonburg Gateway is a Sobeys-anchored shopping centre consisting of 47,016 square feet of GLA located in Tillsonburg, Ontario, approximately 50 kilometres southeast of London, Ontario. Built in 2003, the property comprises a single-storey retail building, a 10-pump gasoline service station, and a two-tenant strip plaza. The property is 100% occupied, with an average lease term of 8.9 years. Sobeys occupies 86.3% of the total GLA and its lease expires in 2023.

219 Laurier (219 Laurier Avenue West, Ottawa, Ontario)

219 Laurier is a 14-storey Class B office building located in the downtown core of Ottawa, with a single-storey underground parking garage. Built in 1965, the property is steps from Parliament Hill, and is in close proximity to Highway 417, one of the three major arterial highways located in Greater Ottawa. This building is fully leased and has a total GLA of 187,783 square feet. With an average lease term of 2.2 years, 219 Laurier is 97.3% occupied by Canadian federal government offices.

55 Norfolk (55 Norfolk Street South, Simcoe, Ontario)

55 Norfolk is a two-storey Class B office building which serves as one of the main Royal Bank of Canada branches in Simcoe, Ontario. Built in 1987 and later renovated in 2000, this building has a GLA of 12,887 square feet and is fully occupied by the Royal Bank of Canada, which has a remaining lease term of 2.9 years.

460 Two Nations (460 Two Nations Crossing, Fredericton, New Brunswick)

460 Two Nations is a 50,945 square feet of GLA, newly constructed, three-storey office building which features easy access to the major arterial road, Ring Road, and is within 10 minutes to downtown Fredericton. Built in 2008, this building has ample parking with over 200 spaces and is fully leased to the Province of New Brunswick, with a remaining lease term of 14.4 years.

Wedgewood Plaza (117 Kearney Lake Road, Halifax, Nova Scotia)

Wedgewood Plaza is a suburban retail plaza with excellent frontage on a high traffic street providing great visibility. Built in 1994, the plaza is in close proximity to Highway 102 and has a total GLA of 36,353 square feet. With 95.4% occupancy, the plaza has an average lease term of 3.3 years and has an average in-place net rent which is 9% below market rents. Wedgewood Plaza is anchored by Nova Scotia Liquor Corp., occupying 21.1% of the total GLA. The other notable tenant is Maritime Dance Academy, which occupies 11.6% of the total GLA.

Bayfield Limited Partnership (LP) Investments

The Bayfield LP Investments consist of an approximately 20% limited partnership interest in two separate limited partnerships with an expected initial equity value in the Trust of approximately $14 million. Bayfield Retail (2009) LP owns a 70% co-ownership interest in two of the shopping centres described below. Bayfield Mill Woods LP (together with Bayfield Retail (2009) LP, the "Bayfield LPs") owns approximately 60% of a shopping centre and 100% of an office building, as described below. RioCan REIT owns the balance of these shopping centres and a subsidiary of RioCan REIT is the property manager of each of the retail properties. NewWest Enterprise Property Group is the property manager for the office building. Bayfield Realty Advisors, a Toronto-based company, provides asset management services to the Bayfield LPs.

Bayfield Mill Woods LP

Bayfield Mill Woods LP is invested in a 539,255 square feet of GLA mall located in the Mill Woods region south-east of Edmonton, Alberta. As at December 31, 2013, it had an occupancy rate of 99% with anchor tenants such as Canadian Tire, Safeway and Shoppers Drug Mart. Bayfield Mill Woods LP is also the 100% owner of a 47,265 square feet of GLA office building located in the Mill Woods region south-east of Edmonton, Alberta. As at December 31, 2013, it had an occupancy rate of 79%.

Bayfield Retail (2009) LP

Bayfield Retail (2009) LP is invested in Frontenac Mall in Kingston, Ontario and Garden City Mall in Winnipeg, Manitoba. Frontenac Mall is a 290,315 square feet of GLA, partially enclosed community centre. As at December 31, 2013, it had an occupancy rate of 70%, with anchor tenants such as Food Basics and Value Village. Garden City Mall is a 288,2014 square feet of GLA enclosed mall located in Winnipeg, Manitoba. As at December 31, 2013, it had an occupancy rate of 89%, and anchor tenants such as Canadian Tire, Winners and Goodlife Fitness.

Loan Portfolio

The Loan Portfolio consists of interest paying mortgages, with fixed interest rates and terms, and a corporate loan. The Loan Portfolio is expected to comprise an initial equity value in the Trust of approximately $265 million. Approximately 82% of the Loan Portfolio is comprised of first mortgage investments. ROI Capital is continuing to liquidate certain mortgages in the existing Loan Portfolio in order to meet the 10% special cash distribution to be paid by the Distributing ROI Funds prior to Closing in connection with the Reorganization.

As at May 2, 2014 the Loan Portfolio consisted of 33 mortgages and real property loans and one corporate loan. Within the Loan Portfolio there is one portfolio-based first mortgage outstanding on nine hotel properties (consisting of 850 suites), and a second mortgage on three properties (consisting of an aggregate of 415 suites) to

Pomeroy Lodging LP, having an outstanding principal of approximately $67 million, which matures in September 2015. The 12 hotel properties (consisting of an aggregate of 1,265 suites) are located in British Columbia and Alberta. Outside of this portfolio mortgage and the corporate loan, the average mortgage and loan investment size is approximately $5.8 million.

The following table illustrates the number, value and percentage (on a value basis) of the Loan Portfolio by property type.

Property Type	**No. of Individual Mortgages Outstanding as of May 2, 2014**	**Fair Value as of March 31, 2014 (based on ROI Capital data, $000s)**	**% of Total**
Hotels / Hospitality	13	149.0	56.1%
Retail	4	28.2	10.6%
Land	5	23.5	8.8%
Corporate Loan/Other(1)	2	19.8	7.5%
Retirement Home	2	19.7	7.4%
Multi Residential	3	16.8	6.3%
Industrial / Self Storage	4	8.7	3.3%
Total	**33**	**265.7**	**100.0%**

Note (1): Includes an unsecured corporate loan outstanding to MMS Enterprise Holdings Inc. with a fair value, as of March 31, 2014, of $19.8 million. MMS Investments Inc. is the parent company of award-winning home builder Empire, which was established in 1993. The loan is guaranteed by Empire and will be used for the "Rain" high rise development project at 521 Kerr Street in Oakville, Ontario. The "Rain" will be a dynamic urban design, two-tower condominium development connected by a five-storey podium.

The tables below detail the Loan Portfolio by province and maturity date.

Geography	**No. of Individual Mortgages Outstanding as of May 2, 2014**	**Fair Value as of March 31, 2014 (based on ROI Capital data, $000s)**	**% of Total**
Ontario	25	160.4	60.4%
British Columbia(1)	2	46.3	17.4%
Alberta(1)	1	40.9	15.4%
Quebec	4	16.4	6.2%
Nova Scotia	1	1.7	0.6%
Total	**33**	**265.7**	**100.0%**

Note (1): The loans outstanding to Pomeroy are a portfolio-based first mortgage on nine hotel properties and a second mortgage on three properties, all 12 of which are located in Alberta and British Columbia. The mortgage count for Pomeroy Lodging LP is shown in the British Columbia category.

Year of Maturity	**No. of Individual Mortgages Outstanding as of May 2, 2014**	**Fair Value as of March 31, 2014 (based on ROI Capital data, $000s)**	**% of Total**
2014	9	56.3	21.2%
2015	11	127.2	47.9%
2016	7	44.0	16.6%
2017	5	29.2	11.0%
2018	1	9.0	3.4%
Total	**33**	**265.7**	**100.0%**

We anticipate that DREAM will reposition a portion of the capital from the traditional real estate loans in our Loan Portfolio as they mature, as DREAM believes that there are opportunities to achieve higher risk-adjusted returns based on DREAM's core competency of lending or investing in development of residential properties, development of renewable power projects and investment in commercial income-producing properties. We also expect that DREAM will optimize our traditional loan portfolio by working with CMCC and other licensed mortgage brokers and we anticipate that CMCC's experience and information-gathering capabilities will facilitate the creation of a portfolio of traditional loans that provides attractive risk-adjusted returns.

Participating Mortgages and Co-ownership Investments

The Participating Mortgage and Co-ownership Investments are comprised of approximately: (a) $87 million of equity value in seven primarily retail projects currently in various stages of development co-owned and managed by Villarboit Development Corporation ("Villarboit"); (b) $61 million of equity value in two separate residential projects in the GTA that are in pre-development and co-owned and managed by Empire Communities ("Empire"); and (c) $7.0 million of equity value in a mixed-use pre-development project in Toronto co-owned and managed by Castlepoint Studio Partners ("Castlepoint") (together the "Participating Mortgages and Co-ownership Investments"). The Participating Mortgages and Co-ownership Investments have rights to participate in the underlying cash flows of the assets in pre-development, subject to various terms in the respective agreements. These investments currently do not accrue income.

Villarboit

The Villarboit investments are all retail development projects that commenced in 2012 or later and are in various stages of leasing and construction. All of the participating loan investments are non-recourse for an initial term of ten years. The Trust's recourse under these participating loans ranges from an approximately 20% to 88% interest in the secured properties and not to Villarboit directly. All of the Villarboit investments are structured as participating mortgages except for Brookdale Square in Cornwall, Ontario, which is a co-ownership investment. See "Risk Factors".

Villarmark (9999 Highway 48, Markham, Ontario)

The largest of the Villarboit developments is "Villarmark" with an equity investment of approximately $40.0 million. Villarmark is located at 9999 Highway 48, Markham, Ontario and is a 32 acre site located at the intersection of Highway 48 and Major Mackenzie Drive East, Markham, Ontario. The 440,000 square feet of GLA project will be developed in multiple phases. Zoning is substantially complete with ongoing leasing discussions with numerous mid-box anchors.

The equity investment in the remaining six Villarboit developments ranges in size from approximately $2.0 million to $15.0 million, and these developments are described below.

Brookdale Square, Cornwall, Ontario

Brookdale Square is a 12 acre site well located at the intersection of two major arterial roads in Cornwall, Ontario. There is a Home Depot located directly across the street, which complements the retail node and destination appeal. The 116,000 square feet of GLA retail development is fully zoned and is being developed in two phases with the first phase fully occupied with four national tenants: Sportchek, Michaels, Winners and PetSmart. The second phase, consisting of 41,000 square feet of GLA, is partially leased with construction expected to commence upon substantially leasing up the balance of the space.

Laurentian Square, Pembroke, Ontario

Laurentian Square is a five acre, 65,000 square foot retail development that is located immediately south of the City of Pembroke in a retail neighbourhood. The project is 100% leased with three national tenants: Winners, Michaels and Sportchek. Winners and Michaels have occupied their premises and Sportchek is expected to occupy its premises in the fall of 2014.

221 Henry Street, Brantford, Ontario

This is a 14 acre retail development located on the west side of Brantford on the corner of a major arterial road. The 160,000 square feet of GLA retail development is fully zoned and is being developed in two phases with the first phase fully occupied with three national tenants: Michaels, PetSmart and Bed Bath & Beyond. The second phase, consisting of 105,000 square feet of GLA, is in the lease up phase and construction is expected to commence upon substantially leasing up the balance of the space.

890 Mckeown Road, North Bay, Ontario

This is an 11.5 acre, 133,000 square feet of GLA retail development. The property is well located with excellent exposure from a main arterial road and the main north south highway that connects North Bay to Northern Ontario. Immediately adjacent to the property is a Canadian Tire store. The site is fully zoned and will be anchored by five national mid-box retailers. Leasing is substantially complete and construction has commenced with an expected completion date in the summer of 2015.

McLeod Centre, Niagara Falls, Ontario

McLeod Centre is a 15.5 acre (11 acre retail, 4.5 acre residential) mixed-use site located at 7959 McLeod Road, Niagara Falls, Ontario. The 94,000 square feet of GLA retail development is fully zoned and is being developed in two phases with the first phase of 29,000 square feet of GLA partially leased with construction in progress. Construction completion for the first phase is expected to be complete in 2014. The municipal approvals for the site's residential parcel are substantially complete and discussions to develop the site with a multi-family partner is ongoing.

2125 - 16th Street East, Owen Sound, Ontario

This is a 30 acre mixed-use site located in the largest retail node in the east quadrant of the city. The proposed development is a 20 acre retail centre adjacent to a 10 acre low-rise residential parcel. The retail is substantially zoned and will be developed in two phases. Phase 1 consists of 145,000 square feet of GLA and is partially occupied with three mid box anchors: Michaels, Winners and Value Village. Leasing for the balance of Phase 1 continues, with construction expected to commence once leases have been finalized. The residential parcel will likely be sold to a local home builder. Phase 2 is expected to consist of approximately 75,000 square feet of GLA and construction is not expected to commence until at least 2015.

Empire Communities

The participating mortgage investments in the two residential projects being developed by Empire are by way of a mortgage instrument and a participating agreement. The projects are currently in construction or pre-construction.

2183 Lakeshore Road, Toronto Ontario

2183 Lakeshore Road, Toronto, Ontario is a 1,258 unit, two tower condominium development (63 and 49 floors respectively) by Empire. The fully zoned waterfront development is located at Lakeshore Boulevard West and Parklawn Road, allowing for close access to downtown Toronto and Pearson International Airport. Empire is actively selling the condominium units with construction anticipated to commence in early 2015.

11166 McLaughlin Road, Brampton, Ontario

11166 McLaughlin Road, Brampton, Ontario is located in the north quadrant of Brampton in close proximity to Highway 410. The 96 acre site is currently being developed by Empire primarily as a low-rise residential development with 686 units. The multi-phase development is actively selling residential homes with construction having commenced in April 2014 and the first home deliveries expected in October 2014.

Castlepoint - 158 Sterling Road, Toronto, Ontario

The participating mortgage investment in the mixed-use development project being developed by Castlepoint is through a mortgage instrument and a participating agreement. The project is currently in pre-construction. 158 Sterling Road is an eight acre site located in Toronto's west end in a neighbourhood known as the Junction Triangle (south of Bloor Street West and Dundas Street West). The commercial site is being redeveloped by Castlepoint Studio Partners into a mixed-use development with approximately 165,000 square feet of GLA of residential space and 172,000 square feet of GLA of commercial space. The project is substantially re-zoned with leasing and pre-construction sales expected to commence in the fall of 2014.

THE ASSET MANAGER AND THE MANAGEMENT AGREEMENT

The Asset Manager

Following Closing, we will be managed by DREAM.

DREAM is an innovative real estate manager and developer primarily focused on the commercial and residential sectors in Canada and Germany and renewable power in Canada. From its creation, DREAM has successfully identified and executed on opportunities for the benefit of its business, shareholders and clients. The scope of its business includes residential land development, housing and condominium development, asset management, renewable energy infrastructure and commercial property ownership.

DREAM presently provides asset management for over $13.5 billion of assets. It is the asset manager for the three publicly-listed Dream REITs in Canada: Dream Office REIT, Canada's largest office REIT, Dream Global REIT, Canada's largest REIT that invests only outside of Canada and Dream Industrial REIT, one of Canada's largest dedicated industrial REITs. DREAM also manages $345 million of infrastructure assets with a focus on wind and solar renewable power projects. The total value of these projects is approximately $1.45 billion, including debt.

DREAM's asset management team consists of 178 real estate professionals with backgrounds in property management, renewable power, architecture, engineering, construction, finance, accounting, sales and marketing and law. DREAM's team brings experience from virtually all major real estate organizations in Canada and has expertise in capital markets, structured finance, real estate investments and management across a broad spectrum of property types in diverse geographic markets. It carries out its own research and analysis, financial modeling, due diligence and financial planning. It has an established track record for being innovative and for its ability to source, structure and execute on compelling investment opportunities. DREAM has completed over $17 billion of commercial real estate transactions and $1.45 billion of renewable power investments over the last 20 years.

As one of the more active real estate participants in Canada, DREAM has relationships across the country with real estate professionals, tenants, bankers and brokerage firms and is well positioned to continue to have insight into developments in the commercial property industry.

DREAM generated over $400 million of revenue in 2013 as a major residential developer of condominiums and master planned communities in Toronto and Western Canada. We expect to benefit from DREAM bringing its expertise to the management of the Trust and Dream Alternatives Master LP. The development business in Canada has tended to be a high returning business activity. The Trust will have the opportunity to invest in developments identified by DREAM through debt and/or equity and participate in the creation of value from these development activities.

The Trust is designed to take advantage of DREAM's expertise in the areas in which it has significant experience. DREAM has a track record of creating value for its investors in each of these asset classes. DREAM has a 20 year history of being a real estate developer, manager and investor in real estate and renewable power.

DREAM will enter into a contract with CMCC to manage and service the Loan Portfolio and select other debt investments acquired at Closing. From time to time, the Trust may have the opportunity to invest in mortgages originated and managed by CMCC.

CMCC is a major mortgage brokerage and advisory services company headquartered in Toronto, with offices in Calgary, Edmonton and Vancouver. CMCC acts as a mortgage broker for institutional quality mortgages, manages Atrium Mortgage Investment Corporation, a publicly-traded MIC, and also manages a mezzanine and equity financing fund that it co-founded with DREAM called DREAM CMCC Capital Fund. Through Atrium Mortgage Investment Corporation and DREAM CMCC Capital Fund, CMCC currently manages over $375 million of loans and investments. Through its Subsidiary, Canadian Mortgage Servicing Corporation, CMCC also acts as a mortgage servicing company, providing comprehensive administrative services for Atrium Mortgage Investment Corporation, institutional and private lenders across Canada, as well as several U.S. institutional lenders. CMCC currently has $585 million of loans under administration.

Rob Goodall is the President and founder of CMCC, and President and Chief Executive Officer of Atrium Mortgage Investment Corporation. Prior to founding CMCC, Mr. Goodall spent seven years with Royal Trust, and in the last three years served as National Managing Director of the Real Estate Finance Group for a portfolio of $1.4 billion in commercial and multi-residential real estate loans, including fixed and floating rate mortgages, construction loans and high ratio mezzanine loan facilities. Mr. Goodall is also a trustee on the boards of Dream Office REIT and Dream Industrial REIT.

As an asset manager, DREAM is constantly looking for opportunities to make its publicly-listed REIT funds better through creative and skillful management of properties, new acquisitions, sourcing third-party capital and selective asset sales. DREAM has been a very active participant in the private acquisition market of commercial real estate properties and land. DREAM is also very active in the development market of condominiums, master planned communities, retail centres and renewable power. DREAM has been able to source and execute many desirable opportunities that have helped grow the business.

As one of the largest real estate developers in Western Canada developing master planned communities in Saskatoon, Regina, Calgary and Edmonton, DREAM brings its expertise in the approval process, finance, land development, home building, multi-family and retail development.

In 2011, DREAM, together with its joint venture partner, Kilmer Van Nostrand Developments, won the right to build the Pan-American Games Athletes' Village in a contract awarded by Infrastructure Ontario. The bidding process was difficult, the project has tight timelines and is very complicated. DREAM's ability to assess, bid, win and execute complicated projects may bring investment advantages to the Trust.

DREAM's Expertise and Track Record in Alternative Investments

DREAM made its first investments in land and housing developments in 1994; in real estate lending and income properties in 1996; and, through a joint venture, created Firelight Infrastructure Partners L.P. ("Firelight") to invest in renewable power in 2005. Altogether, the management team of DREAM has been responsible for approximately $20 billion of alternative investment transactions.

From 1996 through to 2003, DREAM acquired and managed a portfolio of income properties and converted this portfolio into Dream Office REIT in 2003. Dream Office REIT's initial portfolio consisted of office and industrial properties with a market value of about $850 million. Dream Office REIT grew significantly after its formation, more than doubling its total assets and nearly doubling its total revenues by 2007, when it sold its portfolio of real estate assets in Ontario, Quebec and Atlantic Canada to GE Canada for a total purchase price of approximately $2.3 billion. Dream Office REIT has continued to grow significantly since that transaction, completing approximately $6.0 billion of high quality acquisitions and $700 million of dispositions, in addition to achieving organic growth. Today, Dream Office REIT is Canada's largest pure-play office REIT with a market capitalization of $3.2 billion and it has averaged a 12.0% annual equivalent total return since inception to March 31, 2014.

In August 2011, DREAM created one of the first public commercial platforms to invest in commercial real estate outside of North America, Dream Global REIT. From 2011 until today, Dream Global REIT has created a management platform in Germany and Luxembourg and assembled a high quality portfolio of German office buildings. Dream Global REIT has more than doubled in size since its initial public offering and has improved the quality of its portfolio and developed relationships throughout the German real estate and finance industries. Dream Global REIT has focused on diversifying its portfolio and has acquired approximately $1.3 billion of high quality office properties in the "Big 7" markets in Germany (Munich, Berlin, Hamburg, Frankfurt, Dusseldorf, Cologne and Stuttgart). Approximately two-thirds of Dream Global REIT's $2.4 billion asset base is now located within these seven markets. Today, Dream Global REIT owns almost 16 million square feet in Germany and is the second largest REIT amongst its German REIT peer group with a market capitalization of over $1.0 billion. Dream Global REIT has generated a 5.4% annual equivalent total return since inception to March 31, 2014.

In 2012, Dream Office REIT completed $2.6 billion of acquisitions, including a two-thirds interest in Scotia Plaza in Toronto, along with a large portfolio of office and industrial properties. As a result of the growth of the office portfolio within Dream Office REIT, DREAM, as asset manager, proposed that Dream Office REIT become a pure office REIT. Accordingly, the industrial properties within Dream Office REIT were sold for $575.5

million to Dream Industrial REIT upon its initial public offering in 2012. Since its initial public offering, Dream Industrial REIT has significantly grown its portfolio through almost $900 million of acquisitions, increased adjusted funds from operations per unit, also exceeding its initial public offering forecast and increased distributions, all while maintaining stable leverage. Today, Dream Industrial REIT owns almost 16 million square feet of high quality, light industrial properties in key markets across Canada. With a market capitalization of over $650 million, Dream Industrial REIT is one of the largest pure-play industrial REITs in Canada.

In 2013, DREAM generated net income of approximately $119 million from its real estate development activity, management of income properties, its renewable power assets and other investments. DREAM has generated an approximate 48% compounded return since 2003.

Altogether, in 2013, DREAM oversaw $1.9 billion of debt financing, leasing of 5.9 million square feet of commercial space, property acquisitions of approximately $2.0 billion and sales of approximately $45 million of properties within the Dream REITs.

DREAM is also the co-manager of Firelight. Firelight invests in and manages Canadian renewable power projects with a focus on wind, solar and hydro. Through DREAM and its partner in this venture, Firelight has $345 million of equity available to invest, of which most has been committed to an operational portfolio and a number of additional projects which are in development.

Initially, Firelight invested in development projects prior to construction and participated in the risk and return of the early investment. Firelight continues to make early development investments; however, recently Firelight has identified later stage opportunities or development opportunities where Firelight's capital is committed and not drawn down until the projects are operational or are drawn down on a staged basis. While these projects continue to provide attractive returns, the development risk is reduced.

One of the strategies of Firelight's business plan is to partner with strong technical developers who have good project expertise but face a shortage of capital due to the high up-front costs associated with renewable energy development and construction.

Firelight's projects include wind projects in Ontario and Nova Scotia, ground-mount solar projects in Ontario and rooftop solar projects on industrial and retail properties in Ontario. The gross value of the projects in Firelight is approximately $1.45 billion.

New Investment Opportunities

DREAM has a team of investment professionals with in-depth knowledge and experience in identifying opportunities, successfully completing transactions and developing and managing properties. The senior members of the team have an average of 20 years' experience in the real estate and infrastructure business and have deep relationships throughout the financial and real estate industries. As a result of completing over $17 billion of transactions, DREAM's management team has a continuous pipeline of opportunities and excellent chances to convert these opportunities into successful transactions. Since its creation, DREAM has created a reputation as an innovative participant capable of completing complicated transactions that meet all participants' expectations. These opportunities include the acquisition of Scotia Plaza in Toronto in June of 2012 for $1.3 billion, the sale of $2.3 billion of commercial properties in 2007 and seven other significant corporate transactions in the last five years.

DREAM's Asset Management Team

The following lists some of the senior members of the team employed by DREAM who will be involved in providing us with asset management services under the Management Agreement.

Michael Cooper is the President and Chief Executive Officer of DREAM and DREAM Unlimited Corp. and has an extensive track record in the real estate industry dating back to 1986. He helped found DREAM (formerly Dundee Realty Corporation) in 1996 and continues to hold the office of Chief Executive Officer. Under his leadership, the business has grown to more than $13 billion of commercial real estate, residential development and renewable energy infrastructure assets under management. Among his accomplishments, Mr. Cooper is responsible for the formation of the three TSX-listed Dream REITs: Dream Office REIT, Canada's largest office

REIT; Dream Global REIT, a Canadian REIT investing in commercial real estate assets exclusively outside of Canada; and, most recently, Dream Industrial REIT, a pure-play industrial REIT in Canada. He earned a Bachelor of Laws from the University of Western Ontario and a Master of Business Administration from York University. Mr. Cooper currently sits on the board of directors of DREAM Unlimited Corp., Dundee Corporation, Dream Office REIT, Dream Global REIT, Dream Industrial REIT and Atrium Mortgage Investment Corporation.

Pauline Alimchandani is the Chief Financial Officer of DREAM and DREAM Unlimited Corp. and is responsible for the strategic development and ongoing financial management of the business. Ms. Alimchandani was promoted to this role in January 2014, after joining DREAM in 2013 as Vice President, Corporate Strategy. Prior to joining DREAM, Ms. Alimchandani covered the Canadian real estate sector as a Vice President in equity research at a major Canadian bank. In this role, she had over 20 Canadian real estate/REIT stocks under lead or co-coverage and provided opinions on almost $50 billion of transaction activity in the sector since 2009. Previously, Ms. Alimchandani spent four years at PricewaterhouseCoopers LLP in both the Audit & Assurance and Consulting & Deals practices. She obtained her Bachelor of Business Administration from the Schulich School of Business at York University before obtaining her CA designation in 2008 and her CFA charterholder in 2012.

Cecilia Williams is the Vice President and Controller of DREAM and is responsible for reporting, planning, analysis and accounting. Prior to joining DREAM, she was Director of Finance at Canwest Broadcasting/Shaw Media for two years where she was responsible for operational reporting, planning and analysis. Previously, she held a series of progressive finance and planning positions at Magna International over an eight year period. Ms. Williams began her career at Arthur Andersen where she obtained her CA designation in 2001 while working in the Assurance and Valuations Practices. She is a graduate of the University of Toronto where she earned a Bachelor of Commerce in 1998.

Michael Kosiancic is the Vice President of Firelight Infrastructure Partners. With more than 20 years of energy finance experience, Mr. Kosiancic has participated in over $2.7 billion in energy projects and power plant financings. He has a wide-ranging knowledge of project development, equity and debt financing, as well as project construction and operation. Throughout his career, Mr. Kosiancic has been particularly focused on renewable energy and has financed over $2.0 billion in this sector, representing a generating capacity in excess of 1,100 MW. As the managing executive of the 99 MW Erie Shores wind farm and asset manager of Firelight's 51 MW RMSenergy Dalhousie Mountain wind farm, Mr. Kosiancic gained first-hand knowledge of virtually every phase of renewable energy project development. Prior to joining Firelight, Mr. Kosiancic spent nine years with two of Canada's largest life insurance companies and 12 years as Vice President with a premier Canadian project finance group, furthering his expertise in credit analysis and project finance. Mr. Kosiancic holds a CFA designation and graduated from the ACS Financial Studies program at the University of Western Ontario.

George Valentini is the Executive Vice President, General Counsel and Secretary of DREAM and DREAM Unlimited Corp. Prior to joining DREAM in July 2013, Mr. Valentini was a senior partner in the real estate group of Osler, Hoskin & Harcourt LLP, one of Canada’s largest and most prestigious law firms. During Mr. Valentini’s 30 years of legal practice, he was involved in every aspect of real estate law leading transactions such as Dream Office REIT’s public take-over of Whiterock Real Estate Investment Trust and its acquisition of Scotia Plaza, one of Canada’s largest office complexes located in Toronto’s financial district. Mr. Valentini studied business and accounting at McMaster University before obtaining his law degree from the University of Ottawa and became a member of the Law Society of Upper Canada in 1984.

Adam Reeds is a Director of Alternative Investments of DREAM. Recently, Mr. Reeds has been involved in helping to shape DREAM’s Business Transformation program, focused on improving many of the management processes and tools used to run DREAM’s commercial real estate, development and infrastructure businesses. Previously, Mr. Reeds was Director of Firelight Infrastructure Partners where he participated in the acquisition and financing of $950 million of wind and solar projects. Combining an engineering and finance background, Mr. Reeds has an in-depth understanding of energy technologies and project economics. Prior to joining Firelight in July 2010, Mr. Reeds was part of an early-stage renewable energy company, focused on developing projects throughout North America. Mr. Reeds took on a variety of roles, including project finance, business development, greenfield development and project acquisition. Mr. Reeds graduated with distinction from the Honours Business

Administration program at the Richard Ivey School of Business and also holds a Bachelor of Mechanical Engineering from the University of Western Ontario.

Jason Lester is the Senior Vice President, Urban Development of DREAM, primarily responsible for residential land development and urban development. He has 19 years of experience in multi-family residential, commercial and industrial asset and property management. Prior to joining DREAM in 2004, Mr. Lester held the positions of Executive Vice President, Asset Management and Vice President, Acquisitions and Asset Management at Residential Equities REIT, where he was responsible for the property management division, acquisition activities and investment strategies for a portfolio of 11,000 suites.

Joshua Kaufman is the Vice President, Retail and Commercial Development of DREAM. Mr. Kaufman has 15 years of experience within the real estate industry specializing in land and retail shopping centre development. Prior to joining DREAM, Mr. Kaufman was the Vice President of Land Development at SmartCentres, one of Canada's largest shopping centre developers and operators. Mr. Kaufman was responsible for a development program of more than 8 million square feet of retail space in Ontario which included acquisition, land entitlements, design development, leasing and construction. Among his most notable achievements is Toronto Premium Outlets, Canada's first new format outlet mall developed on behalf of Calloway Real Estate Investment Trust and Simon Properties.

Ayesha Shafiq is DREAM's Director of Investments, Canadian Commercial REITs and she is responsible for overseeing acquisitions and dispositions of commercial properties. Originally joining DREAM in 2008, Ms. Shafiq's primary involvement has been in office and industrial acquisitions, dispositions and asset management. Ms. Shafiq studied Economics at Wilfrid Laurier University and obtained her Master of Business Administration in 2008 from the same institution.

Victor Settino is the Vice President, Commercial Development of DREAM. Prior to joining DREAM in October 2013, Mr. Settino was the Vice President of Development with First Gulf Development Corporation, one of the market leaders in the development of mixed-use, retail, office and industrial properties. Mr. Settino's involvement with First Gulf Corporation is most notable in the redevelopment of the former Toronto Sun building, at 333 King Street East. The development was successfully completed, and now home to Coca Cola Canada. Mr. Settino studied Urban and Regional Planning at Ryerson University, obtaining his Planning degree in 1999.

Management Agreement

Asset Management Services

DREAM will be our asset manager and, at Closing, DREAM will enter into an asset management agreement with Dream Alternatives Master LP and the Trust (the "Management Agreement"). Pursuant to the Management Agreement, DREAM will provide management services to the Trust, including:

(a) making recommendations to the Trust Board with respect to the payment of distributions;

(b) providing advice to the Trust Board in connection with the preparation of investment plans and annual budgets, the implementation of such plans and budgets and the monitoring of our financial performance;

(c) advising and assisting the Trust with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;

(d) advising the Trust Board with respect to investor relations strategies and activities; and

(e) advising the Trust Board with respect to regulatory compliance requirements, risk management policies and certain litigation matters.

DREAM will also provide management services to Dream Alternatives Master LP, including:

(a) advising the GP Board, on strategic matters, including potential acquisitions, dispositions, financings and development of assets or otherwise;

(b) identifying, evaluating, recommending and assisting the GP Board in the structuring of acquisition, disposition and other transactions involving assets or otherwise; provided that the Management Agreement will provide that DREAM will require the approval of the GP Board prior to engaging in any transaction that involves the acquisition (excluding the assumption of any Indebtedness) or disposition (excluding any existing Indebtedness) of assets representing more than 5% of the Adjusted Partners' Equity;

(c) advising and assisting Dream Alternatives Master LP with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;

(d) making recommendations to the GP Board with respect to the payment of distributions by Dream Alternatives Master LP to the Trust;

(e) providing advice to the GP Board in connection with the preparation of investment plans and annual budgets, the implementation of such plans and budgets and the monitoring of Dream Alternatives Master LP's financial performance;

(f) advising the GP Board with respect to investor relations strategies and activities; and

(g) advising the GP Board with respect to regulatory compliance requirements, risk management policies and certain litigation matters.

Management Services Fees and Expenses

DREAM will be entitled to the following fees for its management services under the Management Agreement (the "Management Fees"):

- Base annual management fee, calculated and payable in cash on a monthly basis in arrears, equal to 1.00% per annum of Gross Asset Value of the total assets of Dream Alternatives Master LP under management. For purposes of this calculation, "Gross Asset Value" means: (w) the gross fair market value of the Initial Assets on the Closing Date (including all Indebtedness); plus (x) the gross cost of any asset (including all Indebtedness) acquired or originated by Dream Alternatives Master LP on the date of such acquisition or origination; plus (y) the gross amount invested in assets of Dream Alternatives Master LP following the acquisition of such assets; less (z) the gross amount previously included in the calculation of this fee in respect of any asset disposed of by Dream Alternatives Master LP.

- Acquisition/origination fee of: (a) 0.40% of the principal amount of any loan originated by Dream Alternatives Master LP and its Subsidiaries having an expected term of less than five years; (b) 1.00% of the principal amount of any loan originated by Dream Alternatives Master LP having an expected term of five years or more; and (c) 1.00% of the gross cost of any asset (including all Indebtedness) acquired or originated by Dream Alternatives Master LP represented by all other investments, assets or projects.

- Disposition fee of 0.25% of the gross sale proceeds of any asset (including all Indebtedness) sold by Dream Alternatives Master LP or its Subsidiaries represented by loans, investments, assets or projects disposed of during the fiscal year, excluding the repayment of any loans.

In addition, we will reimburse DREAM for costs and expenses incurred and third-party fees paid by DREAM, in each case, in connection with all services performed under the Management Agreement, which costs and expenses shall include a reasonable allocation for overhead.

Other Services, Fees and Expenses

DREAM will also provide any additional services as may from time to time be agreed to in writing by DREAM, the Trust and Dream Alternatives Master LP, for which DREAM will be compensated at cost if such services are administrative in nature or on market terms for additional advisory services, subject to approval of the Independent Directors on the GP Board, for services provided to Dream Alternatives Master LP, and of the Trust Board, if for services provided to the Trust. DREAM may also provide us with certain administrative services under the Management Agreement. See "Management and Advisory Services - Other Services".

DREAM will also provide services to us, such as administrative, legal and regulatory, tax advisory, internal audit and control, communications, risk management, process improvements and branding, as agreed from time to time. We will agree with DREAM to share the cost of business transformation projects as agreed from time to time. See "Management and Advisory Services - Other Services".

If Dream Alternatives Master LP desires to invest in any development or other project undertaken by DREAM or asks DREAM to undertake such a project on its behalf (including, for example, a condominium development or other intensification on its commercial properties) that requires services not contemplated by the Management Agreement, Dream Alternatives Master LP will pay market fees to DREAM for such services.

Term and Termination

The term of the Management Agreement will commence on Closing and continue until it is terminated in accordance with its terms. DREAM may terminate the Management Agreement: (a) with 180 days' prior written notice of termination to Dream Alternatives Master LP and the Trust if Dream Alternatives Master LP and/or the Trust defaults in the performance or observance of any material term, condition or agreement of the Management Agreement in a manner that results in material harm and such default continues unremedied for a period of 60 days; or (b) at any time if Dream Alternatives Master LP makes a general assignment for the benefit of its creditors, institutes proceedings to be adjudicated voluntarily bankrupt, consents to the filing of a petition of bankruptcy or other similar proceedings.

Dream Alternatives Master LP will have the right to terminate the Management Agreement for "fault" where: (a) DREAM defaults in the performance or observance of any material term, condition or covenant contained in the Management Agreement in a manner that results in material harm to Dream Alternatives Master LP and the default continues unremedied for a period of 60 days after written notice of the breach is given to DREAM by Dream Alternatives Master LP; (b) DREAM engages in any act of fraud, misappropriation of funds or embezzlement and such act results in material harm to Dream Alternatives Master LP; (c) DREAM is grossly negligent in the performance of its duties under the Management Agreement and such gross negligence results in material harm to Dream Alternatives Master LP; or (d) certain events relating to the bankruptcy or insolvency of DREAM occur. The Management Agreement may not be terminated for any other reason, including if DREAM, either directly or indirectly, undergoes a change of control, and the Management Agreement may not be terminated by Dream Alternatives Master LP due solely to the poor performance or the underperformance of Dream Alternatives Master LP's operations or any investment made by Dream Alternatives Master LP. Any termination of the Management Agreement by Dream Alternatives Master LP shall be by the general partner of Dream Alternatives Master LP on behalf of Dream Alternatives Master LP, with the prior approval of the Trust, which approval will require the unanimous approval of the Trust Board.

DEBT STRATEGY

Future Debt Strategy

At December 31, 2013, mortgages payable (at owned share) included $256 million, at face value, related to the Co-owned Properties. These mortgages are currently non-recourse to the applicable ROI Fund and, following Closing, will be non-recourse to the Trust and Dream Alternatives Master LP itself. As at December 31, 2013 the gross fair value of the Co-owned Properties under IFRS was approximately $501 million, representing a debt-to-gross asset value ratio of 51.2% before any mark-to-market adjustments, which we believe is at a conservative level. We intend to maintain a debt-to-asset value ratio on the Co-owned Properties and our other real estate assets within a range of 50-60%.

We intend to maintain a balanced debt profile on the Co-owned Properties, taking into account market conditions and the financial characteristics of each property. Our future debt strategy will be to obtain secured mortgage financing on a fixed rate basis, with a term to maturity that is appropriate in relation to the lease maturity profile of each property. Our preference is to have staggered debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. We also intend to enter into long-term loans at fixed rates when borrowing conditions are favourable.

We intend to maintain a balanced debt profile, taking into account market conditions and the financial characteristics of each property. Our future debt strategy will be to obtain secured mortgage financing on a fixed rate basis, with a term to maturity that is appropriate in relation to the lease maturity profile of each property. Our preference is to have staggered debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. We also intend to enter into long-term loans at fixed rates when borrowing conditions are favourable.

We estimate that on Closing, our aggregate indebtedness, before any mark-to-market adjustments, will be approximately $253 million after principal repayments, representing a ratio of approximately 25.7% on the Trust's total expected gross asset value on Closing.

Debt Maturities

The existing mortgages payable are characterized by a staggered maturity profile, and are currently non-recourse to the ROI Funds and, following Closing, will be non-recourse to the Trust and Dream Alternatives Master LP itself. Approximately 50% of total debt repayments are scheduled to occur within the first three calendar years of Closing. The following table sets out the principal installments and maturity balances on the mortgages payable to be repaid each year following Closing.

Year	Principal Payments ($000s)	Balance Due on Maturity ($000s)	Total Debt Repayments ($000s)	% of Total
2014	2,633	-	2,633 (2)	1.1%
2015	5,232	71,367	76,599	30.3%
2016	4,405	39,107	43,512	17.2%
2017	3,264	68,836	72,100	28.4%
2018	1,001	51,529	52,530	20.7%
2019	350	-	350	0.1%
2020	369	3,223	3,592	1.4%
2021+	2,141	-	2,141	0.8%
Total	**19,395**	**234,062**	**253,457**	**100.0%**
Weighted Average Interest Rate(1)				4.05%
Weighted Average Term to Maturity				3.2 years

Notes:

(1) Face rates as opposed to fair value rates. The weighted average interest rate is inclusive of the re-financing noted in (2) below.
(2) Subsequent to December 31, 2013, an $11.7 million mortgage maturing May 2, 2014 at a face rate of 4.31% was extended for a one year term at a floating rate term at BA + 200 bps, and is accordingly reflected as a 2015 maturity.

Revolving Credit Facility

Dream Alternatives Master LP has received a commitment from a Canadian financial institution to access a line of credit facility, conditional upon Closing. The total facility is for $50 million. Dream Alternatives Master LP will be liable as a primary obligor or otherwise for the facility. The amount available to Dream Alternatives

Master LP under the line of credit was based on the aggregate value of mortgages acceptable and assigned to the lender. The terms of the line of credit facility include an interest rate equal to the prime rate plus 1.25% and a standby fee of 0.5% of the undrawn facility. The term of the credit facility is for one year, and will be reviewed prior to that time. The credit facility will be secured by a pledge of qualifying mortgages in the Loan Portfolio and a general security agreement over all of the assets Dream Alternatives Master LP. Standard minimum unitholders' equity, interest coverage and maximum debt to total asset covenants are applicable to Dream Alternatives Master LP in respect of this line of credit. The line of credit may be used to meet short-term funding requirements within Dream Alternatives Master LP or for general operating purposes.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following tables set forth unaudited pro forma consolidated financial information for the Trust as at and for the year-ended December 31, 2013 (together, the "Trust Pro Forma Statements"). The Trust Pro Forma Statements were prepared by management of DREAM on behalf of the Trust, using assumptions with an effective date of May 2, 2014, and were approved by our Trust Board on ●, 2014. The Trust Pro Forma Statements are unaudited and have been derived from the historical financial statements of each of the ROI Funds, adjusted to give effect to the Reorganization and the other transactions contemplated by the Purchase Agreement and this prospectus to be completed before or concurrently with Closing as if, in each case, they had occurred as at December 31, 2013 for the pro forma statement of financial position and as at January 1, 2013 for the pro forma statement of net income.

The Trust Pro Forma Statements are based on available information and assumptions that we considered to be reasonable when made, but the Trust Pro Forma Statements are for illustrative and informational purposes only and are not intended to represent or be indicative of what our financial condition or results of operations would have been had the Reorganization, and the other transactions contemplated by the Purchase Agreement and this prospectus to be completed before or concurrently with Closing or otherwise as listed above, occurred as at December 31, 2013 or January 1, 2013, as applicable. The Trust Pro Forma Statements are not necessarily indicative of our future financial condition or results, in whole or in part, and important factors could cause our actual results to vary materially, including those disclosed under "Forward-Looking Information" and "Risk Factors".

You should read the Trust Pro Forma Statements in conjunction with the annual audited financial statements of each of the ROI Funds for the financial years ended on December 31, 2012 and December 31, 2013, respectively, and, in each case, with the related notes thereto, and the Management's Discussion and Analysis of Financial Conditions and Results of Operations for each of the Distributing Funds, all of which is included in this prospectus under "Index to Financial Statements and Management's Discussion and Analysis".

Dream Hard Asset Alternatives Trust
Pro Forma Consolidated Statement of Financial Position
(unaudited)
As at December 31, 2013

(in thousands of Canadian Dollars)	Acquiror Fund	Acquiree Funds (Appendix A)	Notes	Pro Forma Adjustments to ROI Funds	Notes	Pro Forma Accounting Adjustments to ROI Funds	Sub-total	Notes	Pro Forma Reorganization Adjustments	Pro Forma Total
ASSETS										
Investment properties	$ -	$ -		$	3e	$ 500,867	$ 500,867	4c	$ 13,016	$ **513,883**
Mortgages receivable and other investments at fair value	356,120	1,104,654	3a	(691,951)						
			3b	(53,835)						
			3c	24,995						
			3f	(55,811)	3e	(262,863)	421,309			**421,309**
Equity accounted investments	-	-			3e	15,068	15,068			**15,068**
Other amounts receivable	558	4,491			3e	3,354	8,403			**8,403**
Deferred tax asset	-	-					-	4b/4c	971	**971**
Short term investments	2,378	118,881						4a	(81,107)	
			3c	(21,500)				4b	(4,014)	
			3d	(13,486)				4c	(8,722)	
			3f	55,811	3e	8,832	150,916	4d	10,000	**67,073**
TOTAL ASSETS	**$ 359,056**	**$ 1,228,026**		**$ (755,777)**		**$ 265,258**	**$ 1,096,563**		**$ (69,856)**	**$ 1,026,707**
LIABILITIES										
Mortgages payable	$ -	$ -		$	3e	$ 256,259	$ 256,259	4c	$ 6,661	$ **262,920**
Amounts payable and accrued liabilities	663	4,276			3e	8,999	13,938			**13,938**
Distributions payable	1,865	2,256					4,121			**4,121**
Net assets attributable to holders of redeemable units - Acquiror Fund	356,528	-	3b	(11,653)						
			3c	383				4a	(36,498)	
			3d	(8,791)			336,467	4b	(299,969)	-
Net assets attributable to holders of redeemable units - Acquiree Funds	-	1,221,494	3a	(691,951)						
			3b	(42,182)						
			3c	3,112				4a	(44,609)	
			3d	(4,695)			485,778	4c	(441,169)	-
TOTAL LIABILITIES	**359,056**	**1,228,026**		**(755,777)**		**265,258**	**1,096,563**		**(815,584)**	**280,979**

(in thousands of Canadian Dollars)	Acquiror Fund	Acquiree Funds	Notes	Pro Forma Adjustments to ROI Funds	Notes	Pro Forma Accounting Adjustments to ROI Funds	Sub-total	Notes	Pro Forma Reorganization Adjustments	Pro Forma Total
EQUITY										
Trust equity	-	-						4b	297,018	
								4c	412,651	
								4c	26,059	
							-	4d	10,000	**745,728**
TOTAL EQUITY	-	-		-		-	-		**745,728**	**745,728**
TOTAL LIABILIIES AND EQUITY	**$ 359,056**	**$ 1,228,026**		**$ (755,777)**		**$ 265,258**	**$ 1,096,563**		**$ (69,856)**	**$ 1,026,707**

Dream Hard Asset Alternatives Trust

Pro Forma Consolidated Statement of Net Income
(unaudited)
For the year-ended December 31, 2013

(in thousands of Canadian Dollars, except per unit amount)	Acquiror Fund	Acquiree Funds (Appendix B)	Notes	Pro Forma Adjustments to ROI Funds	Notes	Pro Forma Accounting Adjustments to ROI Funds	Sub-total	Notes	Pro Forma Reorganization Adjustments	Pro Forma Total
REVENUES										
Rent	$ -	$ -		$	3e	$ 60,859	$ 60,859		$	$ **60,859**
Interest income	-	-	3f	(3,663)	3e	37,520	33,857			**33,857**
TOTAL REVENUES	-	-		**(3,663)**		**98,379**	**94,716**		-	**94,716**
EXPENSES										
Rental expenses	-	-			3e	29,309	29,309			**29,309**
Interest expense	-	5			3e	11,042	11,047	5a	(2,062)	**8,985**
Management fees	4,878	14,748			3e	27	19,653	5b	(9,804)	**9,849**
General and admin	571	2,197					2,768			**2,768**
TOTAL EXPENSES	**5,449**	**16,950**		-		**40,378**	**62,777**		**(11,866)**	**50,911**
EARNINGS BEFORE EARNINGS FROM EQUITY ACCOUNTED INVESTMENTS AND FAIR VALUE CHANGES	**(5,449)**	**(16,950)**		**(3,663)**		**58,001**	**31,939**		**11,866**	**43,805**
Earnings from equity accounted investments	-	-			3e	672	672			**672**
Fair value change in investments	13,692	56,533	3a	(14,032)						
			3b	(487)	3e	(49,380)	6,326			**6,326**
Fair value change in investment properties	-	-			3e	-	-			**-**
EARNINGS BEFORE INCOME TAXES	**8,243**	**39,583**		**(18,182)**		**9,293**	**38,937**		**11,866**	**50,803**
INCOME TAX EXPENSE										
Current	-						-	5c	8,181	**8,181**
Deferred	-						-	5c	3,604	**3,604**
TOTAL INCOME TAX EXPENSE	-	-		-		-	-		**11,785**	**11,785**
NET INCOME (Note (a))	**$ 8,243**	**$ 39,583**		**$ (18,182)**		**$ 9,293**	**$ 38,937**		**$ 81**	**$ 39,018**
EARNINGS PER UNIT - BASIC AND DILUTED								**6**		**$ 0.534**

Note (a): Includes increase in net assets attributable to holders of redeemable units where applicable for the ROI Funds

Dream Hard Asset Alternatives Trust

Notes to the Pro Forma Consolidated Financial Statements

(unaudited)

For the year-ended December 31, 2013

(in thousands of Canadian Dollars, except for unit and per unit amounts)

1. Basis of presentation

Dream Hard Asset Alternatives Trust (the "Trust") is an unincorporated open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014.

The unaudited pro forma consolidated financial statements have been prepared by management of DREAM Asset Management Corporation ("Dream") on behalf of the Trust as at December 31, 2013 and for the year-ended December 31, 2013 for inclusion in the prospectus dated ●, 2014 (the "Prospectus") to qualify Units of the Trust (the "Units") for distribution in connection with the reorganization and other transactions (the "Reorganization") contemplated by the Prospectus and the purchase agreement between, among others, Return On Innovation Advisors Ltd. ("ROI Capital") and Dream made as of April 2, 2014 (the "Purchase Agreement"). Pursuant to the Reorganization, Units will be distributed through a series of transactions to unitholders of each of ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund and ROI Canadian Real Estate Fund (collectively, the "ROI Public Funds") and ROI Institutional Private Placement Fund ("ROI IPP", and collectively with the ROI Public Funds, the "Distributing ROI Funds"), which are managed by ROI Capital. In connection with the Reorganization, the Trust will indirectly acquire the assets of the Distributing ROI Funds together with the assets of the associated ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust (the "ROI Reference Funds", and collectively with the Distributing ROI Funds, the "ROI Funds") (the "Initial Assets") and assume the related property-specific debt in consideration for the issuance of Units to the Distributing ROI Funds. The Trust will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any subsidiary of any Fund unless specifically relating to the Initial Assets being acquired, or those to be discharged or released on the date of Closing in accordance with the Purchase Agreement). Concurrent with completion of the Reorganization, the Trust along with Dream Alternatives Master LP and its Subsidiaries will enter into a management agreement with Dream (the "Management Agreement") replacing the existing management agreement with ROI Capital. In accordance with the Purchase Agreement, $10,000 will be used by ROI Capital to purchase 1,000,000 Units. Such Units will be purchased at an agreed upon price of $10.00 per Unit on or about July 8, 2014 ("Closing") and held in escrow, to be released to ROI Capital over five years if certain asset specific targets for participating mortgage and co-ownership investments are met.

As discussed in more detail in Note 4(b), ROI Canadian High Income Mortgage Fund (the "Acquiror Fund") has been identified for accounting purposes as the acquiror of the remaining funds (the "Acquiree Funds").

The pro forma consolidated financial statements have been prepared based on the audited financial statements of the Trust as at April 28, 2014, and the audited financial statements of each of the ROI Funds as at December 31, 2013 and for the year then ended.

The pro forma consolidated statement of financial position as at December 31, 2013 gives effect to the Reorganization as if it had occurred on December 31, 2013. The Trust amounts in the pro forma consolidated statement of financial position were obtained from the Trust's audited consolidated financial statements as at April 28, 2014, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The ROI Funds amounts in the pro forma consolidated statement of financial position were obtained from the ROI Funds' audited consolidated financial statements as at December 31, 2013, prepared in accordance with IFRS.

The pro forma consolidated statement of net income for the year-ended December 31, 2013 gives effect to the Reorganization as if it had occurred on January 1, 2013. The ROI Funds amounts in the pro forma consolidated statement of net income for the year-ended December 31, 2013 were obtained from the ROI Funds' audited consolidated financial statements for the year-ended December 31, 2013, prepared in accordance with IFRS.

The pro forma consolidated financial statements include estimates and assumptions effective May 2, 2014.

The pro forma consolidated financial statements are not necessarily indicative of the results that would have occurred had the transactions been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the Trust.

2. Summary of significant accounting policies

The accounting policies used in the preparation of the pro forma consolidated financial statements are in accordance with IFRS applicable to the Acquiror Fund, except as described below. These pro forma consolidated financial statements do not include all of the information and disclosures required by IFRS for annual financial statements.

Basis of consolidation

Prior to the Reorganization, the Acquiror Fund met the definition of an investment entity, as defined under IFRS 10, "Consolidated financial statements". An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investors 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. After the Reorganization, the Trust does not anticipate qualifying as an investment entity under IFRS 10.

The consolidated pro forma financial statements comprise the financial statements of the Trust and its subsidiaries. Existing subsidiaries of the Acquiror Fund are fully consolidated from the date the Acquiror Fund ceases to be an investment entity. Subsequent acquisitions of subsidiaries are fully consolidated from the date of acquisition, the date on which the Trust obtains control, and continue to be consolidated until the date such control ceases. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

Joint arrangements

A joint arrangement is a contractual arrangement, pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are of two types: joint ventures and joint operations.

Joint ventures involve the establishment of a separate entity in which each venturer has an interest in the net assets of the arrangement, and are accounted for using the equity method of accounting whereby the Trust recognizes its share of earnings or losses and of other comprehensive income ("OCI") of the equity accounted investment in its own earnings or OCI, as applicable. Dilution gains and losses arising from changes in the Trust's interest in equity accounted investments are recognized in earnings. If the Trust's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Trust has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

Where the Trust undertakes its activities as a joint operation through a direct interest in the joint operation's assets and a direct obligation for the joint operation's liabilities, rather than through the establishment of a separate entity, the Trust's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flow are recognized in the consolidated financial statements and classified according to their nature.

Investment properties

Investment properties are initially recorded at cost, and include properties held to earn rental income and/or for capital appreciation. Investment properties are measured at fair value, determined based on available market evidence, at the pro forma consolidated statement of financial position dates. Related fair value gains and losses are recorded in net income in the period in which they arise. The fair value of each investment property is based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the consolidated statement of financial position dates, less future estimated cash outflows in respect of such properties.

Revenue recognition

The Trust accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties. Revenues from investment properties include base rents, recoveries of operating expenses including property taxes, percentage participation rents, lease termination fees, parking income and incidental income. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in other non-current assets, is recorded for the difference between the rental revenue recognized and the contractual amount received. Recoveries from tenants are recognized as revenues in the period in which the corresponding costs are incurred and collectability reasonably assured. Percentage participation rents are recognized on an accrual basis once tenant sales revenues exceed contractual thresholds. Other revenues are recorded as earned.

Income taxes

The Trust will be a taxable specified investment flow-through trust ("SIFT trust") for purposes of the Income Tax Act (Canada), which will require the Trust to pay tax at the entity level at a rate substantially equivalent to the combined federal and provincial corporate tax rate applicable to taxable Canadian corporations.

The Trust follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Financial instruments

Financial assets

The Trust classifies its non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as either loans and receivables or as fair value through profit and loss ("FVTPL"). The Trust designates financial instruments as FVTPL when a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. All other financial assets are initially measured at fair value, less any related transaction costs, and are subsequently measured at amortized cost.

All mortgages receivable are designated as FVTPL. These instruments are not publicly traded and the fair value is determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; current market yields; cash flows of the underlying real estate assets, macroeconomic conditions and other pertinent considerations.

Amounts receivable are initially measured at fair value and are subsequently measured at amortized cost which approximates fair value due to their short-term nature.

Financial liabilities

The Trust classifies its financial liabilities on initial recognition as other liabilities measured at amortized cost.

Financial liabilities classified as other liabilities, including mortgages payable, are initially recognized at fair value less related transaction costs, or at fair value when assumed in a business combination or asset acquisition. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income over the expected life of the debt.

Equity

The Trust presents its Units as equity, notwithstanding the fact that the Units meet the definition of a financial liability. Under IAS 32, "Financial Instruments: Presentation", these Units will be considered a puttable financial instrument because of the holder's option to redeem the Units, generally at any time, subject to certain restrictions, at a redemption price per Unit equal to the lesser of 90% of a 20-day weighted average price prior to the redemption date or 100% of the closing market price on the redemption date. The total amount payable by the Trust in any calendar month will not exceed a certain amount unless waived by the Trust's Board of Trustees at their sole discretion. The Trust anticipates that the Units will be presented as equity and not as a financial liability because the Units have all of the required features, as defined in IAS 32. Any transaction costs arising on the issuance of Units are recognized directly in unitholders' equity as a reduction of the proceeds received.

Earnings per Unit

Basic earnings per unit is computed by dividing the Trust's net earnings attributable to owners of the Trust by the weighted average number of Units outstanding during the year. Diluted earnings per Unit, where applicable, is calculated by adjusting the weighted average number of Units outstanding for dilutive instruments by applying the treasury stock method.

3. Pro forma adjustments to the ROI Funds

The accounting policies used in the preparation of the ROI Funds' historical financial statements include those required for investment entities as defined under IFRS. The Trust does not anticipate that it will be considered an investment entity on Closing and accordingly certain adjustments are required to adjust the financial statements of the ROI Funds to consolidate any subsidiaries and account for any interests in associates and joint ventures using the equity method. In addition, adjustments are needed to settle forward contracts in certain of the ROI Funds and to reflect the acquisition of other interests in certain limited partnerships which will occur as part of the Reorganization, as well as to eliminate cross-ownership interests the ROI Funds have in certain other ROI Funds and other transactions occurring between the pro forma consolidated statement of financial position date and the date of preparation of these pro forma consolidated financial statements.

(a) Settlement of forward contracts

The ROI Public Funds previously entered into forward purchase and sale contracts (the "Forward Contracts") with a Canadian chartered bank (the "Counterparty") in order to provide tax-advantaged distributions to the ROI Public Fund unitholders. Under these Forward Contracts, the common share portfolios of each of these ROI Public Funds, subject to certain restrictions, were pledged to the Counterparty for the ROI Public Fund's obligations. As a part of the Reorganization, these Forward Contracts will be settled in exchange for the common share portfolio and accordingly, an adjustment has been recorded to reflect the settlement of the Forward Contracts with the Counterparty which eliminates the common share portfolio from the ROI Public Funds and transfers the ROI Reference Funds' net assets to the respective ROI Public Fund. The ROI Reference Funds' net assets received on settlement of the Forward Contracts are included in the pro forma consolidated financial statements within the Acquiree Funds as set out in Appendix A. Mortgages receivable and other investments at fair value have been reduced by $691,951, with a corresponding adjustment to equity, and income has been reduced by $14,032.

(b) **Elimination of cross-ownership interests**

An adjustment has been recorded to eliminate the impact of any cross-ownership interests within the ROI Funds. Mortgages receivable and other investments at fair value have been reduced by $53,835, with a corresponding adjustment to equity, and income has been reduced by $487.

(c) **Acquisition of other interests in certain limited partnerships**

Under the terms of the Reorganization, the ROI Funds will acquire the outstanding other interests in the limited partnerships referred to in Note 3(e), for $21,500, which will result in an increase in the fair value of investments of $24,995 and an increase in the net assets attributable to holders of redeemable units of $3,495.

(d) **Distributions in excess of underlying cash flows**

During the period from January 1, 2014 to May 2, 2014, the ROI Public Funds have made cash distributions to unitholders, net of cash received from investments, resulting in a net reduction of the short term investments to be acquired by approximately $13,486, with a corresponding adjustment to equity.

(e) **Initial recognition of assets and liabilities for investment properties**

In the financial statements of the ROI Funds (which are considered to be investment entities), interests in all investments, including controlled subsidiaries, joint arrangements and associates, are recorded at fair value, rather than on a consolidated basis, in accordance with accounting policies applicable to an investment entity. The ROI Funds hold certain real estate investments through limited partnerships which were carried at fair value, with changes in fair value recorded in net income. As the Trust does not anticipate that it will be considered to be an investment entity, these limited partnerships will be consolidated in the financial statements of the Trust from Closing and accordingly, the real estate assets held by these limited partnerships will be reflected as investment properties along with the associated assets and liabilities, and revenues and expenses. The following summarizes the adjustments to reflect this change in accounting in the pro forma consolidated financial statements:

(i) The investments at fair value in the ROI Funds' financial statements relating to the limited partnerships holding the real estate investments owned through joint operations (the "Co-owned Properties") and relating to investment properties held through joint ventures (the "Bayfield LP Investments") of $247,795 and $15,068, respectively, together with the fair value changes in these investments of $11,860, have been eliminated. Interest income of $37,520 relating to mortgages receivable has been reclassified from fair value changes in investments to interest income.

(ii) Investment properties relating to the Co-owned Properties have been initially recorded at $500,867, being the fair value as at the pro forma consolidated statement of financial position date.

Subsequent to initial recognition, investment properties will be adjusted to their fair values at each reporting period with changes in fair value recorded in net income. For purposes of the pro forma consolidated statement of net income, no changes in fair values of the investment properties have been assumed for the period presented.

(iii) Mortgages payable relating to the Co-owned Properties have been initially recorded at their fair value of $256,259 at the pro forma consolidated statement of financial position date, and measured in the pro forma consolidated statement of net income at amortized cost. This fair value is not considered to be materially different from the face amount of the debt and accordingly no adjustment is required in the pro forma consolidated statement of net income to reflect interest expense on an amortized cost basis.

(iv) The Bayfield LP Investments have been recognized as equity accounted investments, initially recorded at their fair value of $15,068. Subsequent to initial recognition, these investments will be accounted for using the equity method of accounting.

(v) Other assets and liabilities relating to working capital have been initially recorded at fair value. The carrying amount of these balances has been assumed to approximate fair value.

(vi) Rental revenues of $60,859, rental expenses of $29,309 and interest expense of $11,042 are recognized in income on a line-by-line basis for investment properties owned through joint operations. Earnings from equity accounted investments of $672 have been recorded for investment properties held through joint ventures.

(f) **Additional mortgages receivable maturing and new mortgage advanced**

During the period from January 1, 2014 to May 2, 2014, the ROI Funds collected $62,811 from mortgages repaid subsequent to December 31, 2013 and advanced $7,000 in new mortgages. The pro forma consolidated statement of financial position has been adjusted to reflect these changes in assets to be acquired in the transaction. Pro forma net income has been adjusted to remove income of $4,083 relating to the repaid mortgages and to add income of $420 relating to the new mortgages.

4. Pro-forma assumptions and adjustments to the pro forma consolidated statement of financial position relating to the Reorganization as at December 31, 2013

Subject to receipt of approvals by the unitholders of the ROI Public Funds of the transactions contemplated by the Purchase Agreement, including the Reorganization, the Trust will directly or indirectly acquire various real estate related assets pursuant to the Reorganization, which is a multi-step transaction involving the ROI Funds and subsidiaries of the Trust. The final step in the Reorganization will be the distribution of Units to the then-outstanding unitholders of each of the Distributing ROI Funds at Closing. The number of Units to be received by the then-current unitholders of the Distributing ROI Funds, respectively, for each unit of the applicable ROI Fund held by such unitholders at Closing will be based on the respective net asset value of each of the Distributing ROI Funds.

(a) **ROI Funds' special distribution**

As part of the Reorganization, unitholders of the Distributing ROI Funds will be paid a one-time special distribution prior to Closing which will be set at 10% of the net asset value of the applicable ROI Funds prior to Closing. Cash consideration to fund the special distribution is anticipated to aggregate to $81,107, adjusted for fund on fund holdings. The actual amount paid could be different than the amount assumed for purposes of these pro forma consolidated financial statements.

(b) **Acquiror Fund's acquisition of the Trust for accounting purposes**

The Trust will complete its initial public offering and, through the Prospectus, qualify its Units for distribution in connection with the Reorganization. Estimated legal, tax re-organization and other transaction costs of $4,014 relating to the Prospectus have been recorded as a reduction of short-term investments and equity in the statement of financial position.

Pursuant to the transactions contemplated by the Purchase Agreement, including the Reorganization, the Trust will directly or indirectly acquire various real estate related assets from the ROI Funds. Under IFRS 3, "Business Combinations," the ROI Funds meet the definition of a business. However, the Trust itself does not meet the definition of a business and accordingly cannot be the acquiror for accounting purposes in this transaction. Under IFRS 3, an acquiror is required to be identified as the entity that obtains control of the acquirees. Where there is no clear acquiror, IFRS 3 requires selection of one acquiror after considering the facts and circumstances of the transactions. The Trust has considered which of the Distributing ROI Funds owners, as a group, will retain or receive the largest portion of the voting rights in the combined entity, and accordingly has identified ROI Canadian High Income Mortgage Fund as the Acquiror Fund. In the historical financial statements of the Trust after Closing, the Acquiror Fund will be considered the predecessor entity and its financial results will form the history for the Trust. The ultimate fund designated as the acquiror at Closing will be based upon the relative voting rights received in the Trust at that time, and accordingly it is possible that another of the Distributing ROI Funds will be the acquiror at that time.

Accordingly, the Acquiror Fund is assumed to acquire the Trust for accounting purposes. This acquisition is reflected by the assumed issuance of 29,938,215 Units for 35,577,202 units of the Acquiror Fund based upon a conversion ratio of 0.8415 per unit as determined based upon the relative net asset values of the Distributing ROI Funds at May 2, 2014, after the special distribution described in Note 4(a). These Units will be measured based upon the carrying value of the units of the Acquiror Fund immediately prior to the Reorganization, after pro forma adjustments, of $299,969. The actual number of Units distributed to unitholders of the Acquiror Fund will be based upon the relative net asset values of the Distributing ROI Funds at Closing, as determined by ROI Capital, and accordingly will vary from the pro forma numbers and the variation may be material.

The ROI Funds did not record income taxes as all of the ROI Funds' net income for tax purposes and sufficient net capital gains realized in any period were required to be distributed to unitholders such that no income tax was payable by the ROI Funds. The Trust will be a taxable SIFT trust. Accordingly, a deferred tax asset of $1,063 has been recognized in respect of differences between the tax and accounting bases for the Acquiror Fund's assets and liabilities on the date of the transaction.

(c) **Acquisition of Acquiree Funds**

As discussed in Note 4(b), the Acquiror Fund is assumed, for accounting purposes, to acquire the Acquiree Funds. The following are the assets and liabilities of the Acquiree Funds, recognized initially at fair value:

Historic values of net assets acquired, after pro forma adjustments	**$**	441,169
Adjust investment properties to fair value		13,016
Adjust mortgages payable to fair value		(6,661)
Deferred income tax liability		(92)
Total identifiable assets and liabilities acquired at fair value		447,432

Fair value of consideration issued		421,373
Excess of total identifiable assets and liabilities over fair value of consideration granted	$	26,059

Investment properties and mortgages payable have been adjusted to fair value by $13,016 and $(6,661), respectively. The carrying value of the remaining assets and liabilities acquired approximate their fair value.

The number of Units issued to unitholders of the Acquiree Funds are calculated based on the relative net asset values of the Distributing ROI Funds at May 2, 2014, after the special distribution described in Note 4(a), divided by the assumed net asset value per Unit of the Trust of $10.00. The assumed conversion ratios are as follows:

(i) 26,265,020 Units distributed for 30,526,523 units of ROI Canadian Mortgage Income Fund based upon a conversion ratio of 0.8604 per unit;

(ii) 10,376,470 Units distributed for 12,360,298 units of ROI Canadian Real Estate Fund based upon a conversion ratio of 0.8395 per unit; and

(iii) 5,495,811 Units distributed for 648,939 units of ROI Institutional Private Placement Fund based upon a weighted average conversion ratio of 8.4689 per unit.

The actual number of Units distributed to unitholders of the Acquiree Funds will be based upon the relative net asset values of the Distributing ROI Funds at Closing, as determined by ROI Capital, and accordingly will vary from the pro forma numbers and the variation may be material

As the Units do not yet trade publicly, Units issued to acquire the Acquiree Funds are measured based upon the net asset value units of the Acquiree Funds prior to the Reorganization. The 42,137,301 Units assumed to be issued have been reflected in the pro forma consolidated statement of financial position at $421,373. Equity relating to the Acquiree Funds of $441,169, after pro forma adjustments, has been eliminated.

Estimated transaction costs of $8,722 relating to the Reorganization will be expensed as incurred and, accordingly, have been recorded as a reduction of short-term investments and equity in the statement of financial position only, as they are a non-recurring expense directly related to the transaction. Transaction costs include an estimate of advisory, dealer and solicitation fees payable in connection with the successful approval and implementation of the Reorganization based on an estimate that 60% of the ROI Public Fund units are voted in favour of the transaction and solicitation fees are paid in respect of 100% of ROI Public Fund units voted. The solicitation fees were determined based on approximately 1.5% of the aggregate net asset value of the ROI Public Funds, after giving effect to the special distribution described in 4(a) above. The actual amount paid may differ versus the estimate assumed within the pro forma consolidated financial statements.

The excess of the fair value of the total identifiable assets and liabilities acquired over the fair value of the Units issued will be recorded in net income upon completion of the Reorganization and has been reflected as an increase in equity in the pro forma consolidated statement of financial position only, as it is a non-recurring item directly related to the transaction.

The actual net assets acquired by the Trust will be based on the assets acquired and liabilities assumed at Closing, the net asset values of the units of the Acquiree Funds at Closing and other information available at that date. Accordingly, the actual amounts for each of these assets and liabilities, and any resulting excess of the fair value of the total identifiable assets and liabilities over the fair value of the Units issued, will vary from the pro forma amounts and the variation may be material.

(d) **Issuance of Units to ROI Capital**

In connection with the Purchase Agreement, 1,000,000 Units qualified for distribution by the Prospectus are assumed to be issued to ROI Capital for proceeds of $10,000.

5. Pro-forma assumptions and adjustments to the pro forma consolidated statement of net income relating to the Reorganization for the year-ended December 31, 2013

(a) **Interest expense**

An adjustment of $2,062 has been made in the pro forma consolidated statement of net income to reflect interest expense for the year-ending December 31, 2013 based on a weighted average effective interest rate of 3.3% after completion of the transaction.

(b) **Management agreement**

The existing management services agreements with ROI Capital will be terminated as part of the Reorganization. The Trust, along with Dream Alternatives Master LP and its Subsidiaries, will enter into the Management Agreement. The Management Agreement will include a base annual management fee of 1% of gross asset value, as defined in the Management Agreement, and other fees. The pro forma consolidated statement of net income has been adjusted to remove management fees of $19,653 to ROI Capital and to recognize estimated fees of $9,849 pursuant to the terms of the Management Agreement.

(c) **Income tax provision**

Income tax expense has been recorded on pro forma income based upon a statutory tax rate of 26.5%.

6. Earnings per Unit

The following information is for the year-ended December 31, 2013:

Weighted average number of Units outstanding	-
Pro Forma Adjustments:	
Units distributed to unitholders of the Acquiror Fund (Note 4(b))	29,938,215
Units distributed to unitholders of the Acquiree Funds (Note 4(c))	42,137,301
Units issued to ROI Capital (Note 4(d))	1,000,000
Pro Forma weighted average number of Units outstanding - basic and diluted	73,075,516
Pro forma net Income of the Trust	$39,018
Pro forma basic and diluted earnings per Unit	$0.534

The number of outstanding basic and diluted Units used in the calculation of earnings per unit for the year-ended December 31, 2013 is assumed to be 73,075,516, and reflects the assumed issuance of Units as a result of the Reorganization. There are no dilutive securities assumed to be outstanding.

Dream Hard Asset Alternatives Trust
Appendix A to Pro Forma Consolidated Financial Statements
(unaudited)
As at December 31, 2013

(in thousands of Canadian Dollars)	ROI Canadian Mortgage Income Fund	ROI Canadian Real Estate Fund	ROI Institutional Private Placement Fund	ROI Private Trust	ROI Private Capital Trust	ROI Strategic Capital Trust	Total Acquiree Funds
ASSETS							
Mortgages receivable and other investments at fair value	$ 289,419	$ 165,157	$ 49,059	$ 255,661	$ 208,191	$ 137,167	$ **1,104,654**
Other amounts receivable	406	248	90	1,511	1,254	982	**4,491**
Short Term Investments	8,480	859	20,357	40,822	36,019	12,344	**118,881**
TOTAL ASSETS	**$ 298,305**	**$ 166,264**	**$ 69,506**	**$ 297,994**	**$ 245,464**	**$ 150,493**	**$ 1,228,026**
LIABILITIES							
Amounts payable and accrued liabilities	$ 615	$ 354	$ 1,553	$ 531	$ 844	$ 379	$ **4,276**
Distributions payable	1,282	868	106	-	-	-	**2,256**
Net assets attributable to holders of redeemable units	296,408	165,042	67,847	297,463	244,620	150,114	**1,221,494**
TOTAL LIABILITIES	**$ 298,305**	**$ 166,264**	**$ 69,506**	**$ 297,994**	**$ 245,464**	**$ 150,493**	**$ 1,228,026**

Dream Hard Asset Alternatives Trust
Appendix B to Pro Forma Consolidated Financial Statements
(unaudited)
As at December 31, 2013

(in thousands of Canadian Dollars)		ROI Canadian Mortgage Income Fund		ROI Canadian Real Estate Fund		ROI Institutional Private Placement Fund		ROI Private Trust		ROI Private Capital Trust		ROI Strategic Capital Trust		Total Acquiree Funds
INCOME														
Net gains on investments	$	10,550	$	5,128	$	107	$	18,147	$	15,857	$	6,744	$	**56,533**
EXPENSES														
Interest expense		-		5		-		-		-		-		**5**
Management fees		3,617		2,089		777		3,613		2,931		1,721		**14,748**
General and admin		711		614		250		232		217		173		**2,197**
TOTAL EXPENSES		**4,328**		**2,708**		**1,027**		**3,845**		**3,148**		**1,894**		**16,950**
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**$**	**6,222**	**$**	**2,420**	**$**	**(920)**	**$**	**14,302**	**$**	**12,709**	**$**	**4,850**	**$**	**39,583**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis for each of the Distributing ROI Funds for the year-ended December 31, 2013 is included in this prospectus in "Index to Financial Statements and Management's Discussion and Analysis". The Management's Discussion and Analysis set out in "Index to Financial Statements and Management's Discussion and Analysis" should be read in conjunction with the financial statements of the applicable ROI Fund(s), and the respective notes thereto, which are also included in this prospectus in "Index to Financial Statements and Management's Discussion and Analysis".

OUR STRUCTURE AND FORMATION

The Trust

Dream Hard Asset Alternatives Trust was established as an unincorporated open-ended trust established under the laws of the Province of Ontario by the Original Declaration of Trust on April 28, 2014. From and after Closing, the Trust will be a "mutual fund trust" as defined in the Tax Act, but not a "mutual fund" within the meaning of applicable Canadian securities legislation. Our head and registered office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. A copy of the Original Declaration of Trust as well as the Declaration of Trust can be obtained from us prior to Closing and will be available following Closing on SEDAR at www.sedar.com.

Dream Alternatives Master LP

Our interest in our assets, including the Initial Assets, will be held through Dream Alternatives Master LP. Dream Alternatives Master LP is a limited partnership formed under the laws of the Province of Ontario, and is authorized to issue an unlimited number of limited partnership units (the "DALP Units"). Dream Alternatives Master GP is a corporation governed by the laws of the Province of Ontario and is a wholly-owned Subsidiary of DREAM, and will be the sole general partner of Dream Alternatives Master LP. The Trust is, and at Closing will be, the sole limited partner of Dream Alternatives Master LP. Subject to the terms of the DALP Limited Partnership Agreement, Dream Alternatives Master GP will have all necessary powers to manage, control and operate the activities and affairs of Dream Alternatives Master LP and to do or cause to be done any and all acts necessary, appropriate, convenient or incidental thereto. Dream Alternatives Master GP may only be dissolved or terminated with the consent of the Trust, as long as it remains a limited partner.

The Reorganization and the Acquisition of the Initial Assets

Under the Purchase Agreement, ROI Capital has agreed to cause the ROI Public Funds to call, convene and hold meetings of the unitholders of the ROI Public Funds for the purpose of considering the transactions contemplated by the Purchase Agreement, including the Reorganization. Assuming receipt of such approvals by the unitholders of the ROI Public Funds, at or prior to Closing, we will indirectly acquire the Initial Assets from the ROI Funds and assume the related property-specific debt pursuant to the Reorganization in consideration for the issuance of ● Units, in total, to the Distributing ROI Funds. We will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any Subsidiary of any Fund unless specifically relating to the Initial Assets being acquired by us or those to be discharged or released on the Closing Date in accordance with the Purchase Agreement). The total number of Units issued will be determined by DREAM and ROI Capital and the number of Units issued to each Distributing ROI Fund will be based upon the relative net asset values of the assets of each such Distributing ROI Fund immediately prior to Closing, as determined by ROI Capital.

In connection with the Reorganization, the Distributing ROI Funds will make the Secondary Distribution by distributing an aggregate of ● Units to the unitholders of the Distributing ROI Funds in connection with the termination of the ROI Funds. In connection with such distribution:

(a) each unitholder of ROI Canadian High Income Mortgage Fund will receive ● Units in respect of every unit of ROI Canadian High Income Mortgage Fund held by such unitholder as of 5:00 p.m.

on the Closing Distribution Record Date. Unitholders of ROI Canadian High Income Fund will receive ● Units in the aggregate;

(b) each unitholder of ROI Canadian Mortgage Income Fund will receive ● Units in respect of every unit of ROI Canadian Mortgage Income Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Mortgage Income Fund will receive ● Units in the aggregate;

(c) each unitholder of ROI Canadian Real Estate Fund will receive ● Units in respect of every unit of ROI Canadian Real Estate Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Real Estate Fund will receive ● Units in the aggregate; and

(d) each unitholder of ROI IPP will receive: (i) ● Units in respect of every Series A unit of ROI IPP; (ii) ● Units in respect of every Series F unit of ROI IPP; (iii) ● Units in respect of every Series I unit of ROI IPP; (iv) ● Units in respect of every Series O unit of ROI IPP; and (v) ● Units in respect of every Series R unit of ROI IPP, in each case held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI IPP will receive ● Units in the aggregate.

History of the Operation of the ROI Funds

Assets Under Management

The Distributing ROI Funds completed their respective initial offerings of units between 2007 and early 2009, as applicable, on a private placement basis and subsequently continued to offer units under their respective offering memoranda until 2012.

Over the past three years, the value of the assets under management of the ROI Public Funds increased through 2011. Assets under management stagnated at the beginning of 2012 and began to decrease in late 2012, and continuing to decline through to today. In 2011, unitholders of the Public Funds subscribed for an aggregate of $692,563,128 of new units, increasing the overall assets under management of the ROI Public Funds significantly, to $1.20 billion as at December 31, 2011. Unitholders subscribed for an aggregate of $210,092,169 of new units during 2012, but $312,141,903 of units were redeemed during 2012, resulting in a small decline in the value of assets under management, from $1.20 billion to $1.17 billion as at December 31, 2012. This decline in assets under management continued in 2013, as unitholders of the ROI Public Funds redeemed the maximum of 15% of the average number of units of each such fund permitted under the annual redemption provided for in the ROI Public Funds' declaration of trust in December 2013, which together with other events, discussed under "Other Events", below, resulted in overall assets under management declining by almost $300 million during 2013, from approximately $1.17 billion to approximately $886 million. ROI IPP has had a similar experience with respect to the high levels of demand for redemptions of its units under the monthly redemption rights granted to its unitholders, and the resulting downward pressure on the net assets under management in that fund. We expect that the net assets of the ROI Funds at Closing (including after giving effect to the special distribution contemplated by the Reorganization) will be approximately $730 million.

Other Events

In February 2012, as a result of a normal course field audit, the Ontario Securities Commission placed "terms and conditions" on the then-manager and trustee of the ROI Public Funds, a predecessor entity to ROI Capital, and the funds' advisor, which resulted in the then- manager and advisor having to implement a plan to strengthen their respective compliance systems and to report to the Ontario Securities Commission on the implementation of this plan over a period of six months. Subsequent to this audit, in early March 2012, the then-trustee and manager suspended redemptions of the units of the Distributing ROI Funds as a result of abnormal increased redemption activity and concurrently suspended sales of new units of these funds under their respective declarations of trust. In October 2012, the Ontario Securities Commission removed the "terms and condition" on the manager and trustee of each of the ROI Public Funds.

The ROI Public Funds underwent a restructuring transaction, approved by unitholders of such funds in August 2012, which, among other things, amended the investment objectives of the funds and which ultimately resulted in the listing and posting for trading of the units of these funds on the TSX in late 2012. Following listing, each of the ROI Public Funds undertook a mandatory market repurchase program for a period of time following listing of the units on the TSX during which the ROI Public Funds redeemed between approximately 20% and 23% of their respective initial public floats.

Following listing, each of the ROI Public Funds experienced a decrease in net assets as a result of the mandatory market repurchase programs they had each undertaken and the need of each such fund to fund the applicable annual redemption of units in December 2013. The mandatory market repurchase program and the annual redemption was funded by each of the ROI Public Funds through the maturing and early repayment of first mortgages and the limited sale of private real estate held by such funds, which, given the relatively illiquid nature and the structure of the individual investments of the funds in each case, meant it was not possible to maintain the same asset mix in the respective portfolios of these funds as in the previous fiscal year. ROI IPP also experienced a high demand for redemptions of its units under the monthly redemption rights granted to its unitholders, placing similar strains on its portfolio. The value of mortgages and other more liquid assets as a percentage of the portfolios of each of the Distributing ROI Funds declined relative to the percentage of other, less liquid assets.

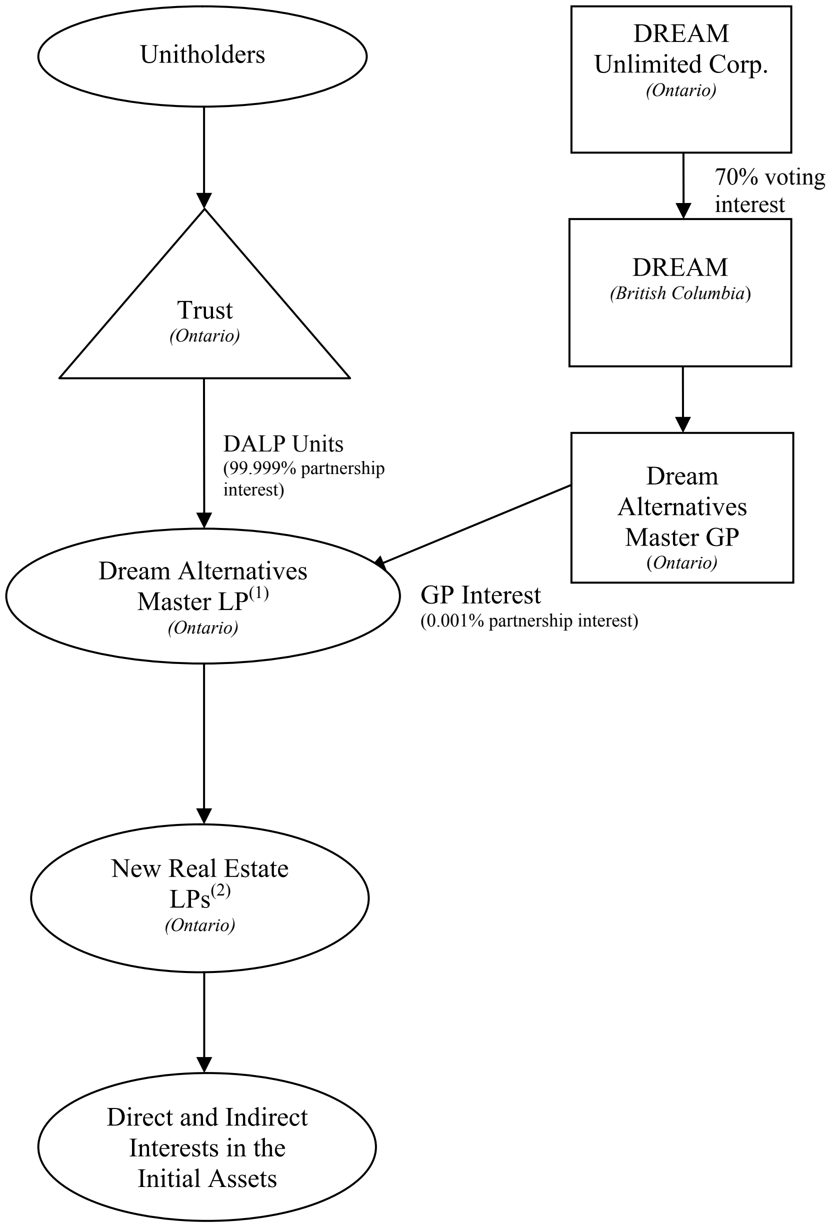
This trend has continued through the first quarter of 2014 for the ROI Public Funds and, despite amendments to its declaration of trust including with respect to its redemption provisions, ROI IPP. As a result, due to the asset mix in the portfolios of the Distributing ROI Funds, ROI Capital believes that there is a mismatch between the liquidity of each Distributing ROI Fund’s portfolio of assets and its redemption obligations and monthly distribution targets. The Distributing ROI Funds’ current portfolios of assets, which are all increasingly concentrated in private real estate and development projects, are designed to be held over the medium to long-term. Accordingly, ROI Capital has advised that the Distributing ROI Funds have had increasing difficulties funding short term cash redemption obligations and that this has resulted in a significant portion of cash distributions to unitholders coming from sources other than free cash flow. Given each Distributing ROI Fund’s current distribution levels and annual redemption obligations, ROI Capital expects these facts to worsen as relatively more liquid assets (i.e. mortgages) are divested to fund future distributions and redemptions.

As a consequence of creating such liquidity, ROI Capital has stated that not only is the asset mix continuing to change but the portfolios of assets within the Distributing ROI Funds are becoming less liquid and less diversified as the number of investments continues to decline. As this trend continues, the long-term liquidity of the Distributing ROI Public Funds, based on their current product structure and current investment portfolio, continues to deteriorate, thereby increasing the liquidity risk of these funds.

This combination of factors, together with significant tax changes to the treatment of forward contracts to which the ROI Public Funds are party and on which they rely for their economic exposure to the applicable Reference Funds, and the proposed CSA Modernization regulatory changes are expected by ROI Capital to have an impact on each Distributing ROI Fund’s ability to adhere to its investment objectives, pursue its investment strategy and comply with its concentration restrictions, diversification and liquidity requirements on a going forward basis. ROI Capital therefore commenced a review of the options available to the ROI Funds, which review resulted in the entering into of the Purchase Agreement on April 2, 2014. The Trust is not be subject to the same annual redemption obligations as the ROI Public Funds, nor will it be affected by the tax changes to the treatment of forward contracts or the proposed CSA Modernization regulatory changes. See “The Trust”, “Investment Strategies” and “Declaration of Trust and Description of Units”.

POST-CLOSING STRUCTURE

The following chart sets out the simplified organizational structure of the Trust immediately following Closing:



Notes:

(1) Dream Alternatives Master GP is the general partner of Dream Alternatives Master LP. It is a wholly-owned Subsidiary of DREAM and will hold a 0.001% partnership interest in Dream Alternatives Master LP. The Trust will be the sole limited partner of Dream Alternatives Master LP and will hold a 99.999% partnership interest in such partnership.

(2) Immediately following Closing, Dream Alternatives Master LP will be the sole limited partner of each of the New Real Estate LPs, holding a 99.99% partnership interest. The general partner of each such LP will be a wholly-owned Subsidiary of Dream Alternatives Master LP, holding a 0.01% partnership interest.

(3) Except as noted above, and for the Co-owned LPs, ownership interests below the Trust are 100%.

MANAGEMENT AND ADVISORY SERVICES

Overview

We will enter into several arrangements with respect to the management of our activities and affairs:

(a) DREAM will provide us with management services and may provide us with certain administrative services pursuant to the Management Agreement; and

(b) DRMC will also provide us with certain administrative and support services on a cost recovery basis pursuant to the Services Agreement.

Management Services

DREAM will be responsible for the overall management of our investments and advising the Trust Board and the GP Board on strategic matters, including acquisitions, dispositions, strategic planning, investment plan preparation, deal structuring and financing. The management services and administrative services to be provided by DREAM, together with the fees for these various services, will be set out in the Management Agreement. See "The Asset Manager and the Management Agreement - Management Agreement".

Other Services

Services Agreement

Pursuant to the Services Agreement, DRMC may provide us with certain administrative and support services, including: providing office space, office equipment and communications services and computer systems; providing secretarial support personnel and reception and telephone answering services; installing and maintaining signage and promotional materials; providing banking and treasury services, including account management and transfer of funds; and providing such other administrative services as may be reasonably required from time to time.

DRMC has agreed to provide administrative and support services to us on a cost recovery basis. In this regard, the Services Agreement will require us to pay DRMC a services fee sufficient to reimburse it for the expenses incurred by it in providing services under the Services Agreement as long as the expenses are identified in the current annual budget or are otherwise approved by us in writing prior to being incurred by DRMC.

The term of the Services Agreement will commence on Closing for one year and will be automatically renewed for further one year terms. Notwithstanding the foregoing, the Services Agreement or any of the services thereunder may be terminated by us at any time during the term upon 30 days' prior notice without payment of any termination fees to DRMC. DRMC has the right to terminate the Services Agreement with 12 months' notice after the expiration of the initial one year term.

The Services Agreement will contain an acknowledgement that DRMC and its Affiliates and associates may engage in other businesses that may be similar to or in competition with our affairs. In the event of a conflict, DRMC will provide us with notice of the conflict and we will be entitled to retain one or more third-parties to perform the administrative services to which the conflict relates and to deduct from the fees otherwise payable to DRMC under the Services Agreement the fees payable to such third-parties.

Administrative Services under the Management Agreement

Pursuant to the Management Agreement, DREAM will provide certain administrative services to us, including: the preparation of budgets, financial forecasts, valuations and leasing analysis and amounts outstanding with respect to all receipts, disbursements and investments; the keeping and maintaining of all books and records; the preparation of regulatory filings, including our annual information forms, management information circulars, insider trading reports, financial statements, management's discussion and analysis, business acquisition reports and press releases; the preparation of financing documents, such as prospectuses; investor relations services, including the preparation of annual and quarterly reports, investor presentations and marketing materials, as well as holding quarterly conference calls with analysts and investors; the holding of annual and/or special meetings and the preparation of and arrangement for the distribution of all materials (including notices of meetings and information circulars); the preparation of reports and other disclosure documents for the Trust Board and Unitholders; ensuring compliance by us with all applicable laws and stock exchange rules, including continuous disclosure obligations; the preparation of returns, designations, allocations, elections and determinations to be made in connection with our income and capital gains for tax and accounting purposes; monitoring our income and investments to ensure that the Trust does not become liable to pay a tax; the preparation of operational reporting, such as cash flow by property and by asset types; and the preparation of executive summaries by asset type outlining asset issues along with various other matters and development reporting costs.

We will pay DREAM a service fee sufficient to reimburse it for the expenses reasonably incurred by it in providing administrative services under the Management Agreement. See "The Asset Manager and the Management Agreement - Management Agreement".

Non-Competition Covenants

The Management Agreement will prohibit DREAM (excluding any of its Affiliates which are public entities) from directly or indirectly investing in renewable power or real estate loans or investments in developments not managed by DREAM (other than new investments with current partners) on its own behalf, which meets our investment criteria, unless such investment opportunity has first been offered to us in accordance with the terms of the Management Agreement. See "Investment Guidelines and Operating Policies".

These investment restrictions will not apply to investments in vacant land, residential housing, multi-residential housing or condominiums where DREAM is the developer, nor will they apply to: (a) investments in properties that do not meet our investment criteria; (b) investments in any property used by DREAM; (c) investments made by DREAM on behalf of fiduciary, managed or client accounts, including managed public companies; (d) investments made by any Affiliate of DREAM that is a public company (other than DREAM or its direct Subsidiaries); or (e) investments that result from the realization of a loan secured by the property.

Trust Investment Opportunities

The Management Agreement will provide that if DREAM, as our asset manager, identifies an investment opportunity to acquire, directly or indirectly, an ownership interest in: (a) a renewable energy project; (b) a development loan to third-parties; or (c) traditional real estate loans, then, in each case, it will provide us with a right of first offer on such investment opportunity. DREAM will also provide us with advice with respect to investments in income properties and offer us the opportunity to invest in commercial properties, subject to DREAM's fiduciary and other obligations to its other clients.

DREAM, as the asset manager for the three Dream REITs, is party to an opportunities agreement with the Dream REITs and, under such agreement, has obligations to offer certain investment opportunities to such REITs on a preferred basis. However, the opportunities agreement will not prohibit DREAM from providing us with the right of first offer referred to above or, subject to its fiduciary obligations to its clients, other investment opportunities to be provided for in the Management Agreement.

The Management Agreement will specifically provide that DREAM will not be restricted in its ability to take investment opportunities for its own account, and that it will have no obligation to offer investments to us that relate to its current lines of business, including master planned communities, condominium development, commercial properties, retail development and multifamily development. DREAM will provide us with the opportunity to invest in any DREAM projects for which it is seeking external capital on market terms (subject to related party rules and approval by the DREAM board of directors).

Nothing in the Management Agreement will prohibit DREAM or any of its clients from co-investing in any opportunities identified by DREAM with our agreement and, if we elect not to invest in any opportunity presented to us by DREAM, DREAM will not be restricted in offering it to other investors.

CORPORATE GOVERNANCE MATTERS

Trustees of the Trust

Upon Closing, the board of trustees of the Trust (the "Trust Board") will consist of three Trustees. The Trustees will be elected by Unitholders at each annual meeting of Unitholders and all Trustees will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election or re-appointment. Each of the Trustees will be "independent" within the meaning of such term in NI 58-101, and the initial Trustees will also initially serve as Independent Directors of Dream Alternatives Master GP.

The Trust will not have any executive officers or employees and will rely upon DREAM to provide it with any required services pursuant to the terms of the Management Agreement.

The following table sets forth information regarding our Trustees whose appointment will be effective upon Closing. The Trust Board will select a Chair, who will be an independent Trustee, at its first meeting following Closing. For biographical information regarding the initial Trustees, see "Directors of Dream Alternatives Master GP".

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
James Eaton Ontario, Canada	Trustee	Yes	President, Weatons Holdings Ltd.
David Kaufman Ontario, Canada	Trustee	Yes	President and Chief Executive Officer, Westcourt Capital Corporation
Andrew Lapham Ontario, Canada	Trustee	Yes	Executive Advisor to The Blackstone Group in Canada

Michael J. Cooper is the sole Trustee of the Trust for purposes of applicable securities laws as at the date of this prospectus. As none of the other above-mentioned individuals will be appointed as Trustees prior to the filing of this prospectus, such other individuals will not have any liability for the contents of this prospectus in such capacities under Canadian provincial securities legislation. Mr. Cooper will resign as a Trustee upon Closing. The other individuals listed above will become Trustees upon Closing.

Governance Practices of Trust Board

Mandate

In fulfilling its mandate, the Trust Board is, among other things, responsible for the following:

- overseeing the Trust's overall long-term strategic-planning process and reviewing and approving the annual investment plan presented to the Trust Board by DREAM;
- reviewing major strategic initiatives to determine whether DREAM's proposed actions accord with long-term goals of the Trust;
- overseeing the Trust's relationship with DREAM;
- reviewing and approving the reports issued to Unitholders, including annual and interim financial statements;
- promoting effective governance of the Trust;
- safeguarding the Trust's equity interests, including through approving issuances of debt and equity securities and setting an appropriate distribution policy for the Trust; and

- reviewing and making decisions with respect to equity compensation plans of the Trust or changes to such plans, including, in particular, the Trust's Deferred Unit Incentive Plan, which is described under "Named Executive Officer Compensation - Incentive Plan Awards", including recommendations as to whom should receive grants of deferred units (including Trustees, Directors and consultants of the Trust), the terms of such grants, the overall level of outstanding deferred units and changes to the plan.

The mandate of the Trust Board is set out in full in Appendix A.

Independence of Trustees

The Declaration of Trust will require that all of the members of the Trust Board be "independent" within the meaning of such term in NI 58-101 in order to promote an alignment of the interests of the Trust Board with the interests of the Unitholders.

The Declaration of Trust will provide that the Trust Board may, between meetings of the Unitholders, appoint one or more additional Trustees if, after such appointment, the total number of Trustees does not exceed one and one-third times the number of Trustees in office immediately following the last annual meeting of the Unitholders, and that a vacancy occurring among the Trust Board may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the Unitholders at a meeting of the Unitholders. The Declaration of Trust will also provide that any Trustee may resign upon written notice to us and that a Trustee may be removed at any time with or without cause by a majority of the votes cast at a meeting of the Unitholders called for that purpose or by the written consent of the Unitholders holding in the aggregate not less than a majority of the outstanding Units entitled to vote thereon or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees. Any such removal of a Trustee will take effect immediately following any such vote or resolution.

Meetings

We expect that the Trust Board will meet at least once in each quarter, with additional meetings held to consider specific items of business or as otherwise deemed necessary. We also expect that the Trust Board will meet annually to review the annual investment plan for Dream Alternatives Master LP and long-term strategy, as presented by DREAM in its capacity as our asset manager. Meeting frequency and agenda items may change depending on the opportunities or risks faced by the Trust and Dream Alternatives Master LP.

Majority Voting Policy

The Trust will have a majority voting policy, requiring that each Trustee nominee receive the support of a majority of the total number of votes cast by the Unitholders or submit his or her resignation promptly after a meeting of the Unitholders to the Trust Board for consideration. The Trust Board will have 90 days to accept the resignation. The Trust Board, however, may, in its discretion, reject the resignation. The Trust Board's decision to accept or reject the resignation offer will be publicly disclosed. The policy will not apply in circumstances involving contested Trustee elections.

Duties of the Trustees

The standard of care and duties of the Trustees that will be provided by the Declaration of Trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee will be required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the Trust and the holders of Units and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust will provide that each Trustee will be entitled to indemnification from us from and against liability and costs in respect of any action or suit against them in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the Trust and the Unitholders and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Communication and Disclosure Policies

The Trust will adopt a disclosure policy (the "Disclosure Policy") which will summarize its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy will be to ensure that the Trust's communications with the investment community are timely, factual and accurate, and broadly disseminated in accordance with all applicable legal and regulatory requirements. This Disclosure Policy will be reviewed annually by the Trust Board and posted on the Trust's website at www.dreamalternatives.com following Closing.

The Trust will endeavor to keep its Unitholders informed of its progress through a comprehensive annual report, quarterly interim report and periodic news releases. It will also maintain a website that will provide summary information on the Trust and ready access to its published reports, news releases and statutory filings. Trustees will meet with Unitholders at the annual meeting of Unitholders and will be available to respond to questions at that time. The Trust may also maintain an investor relations program to respond to enquiries in a timely manner. The Trust will also endeavour to ensure that the media are kept informed of developments on a timely basis and have an opportunity to meet and discuss these developments with the Trust's designated spokesperson.

Other Matters

The Trust Board will review and assess, from time to time, but on not less than an annual basis, its size and composition and review the effectiveness of its operations and its governance policies and procedures. The Trust Board will also review its performance, that of its committees and the contribution of individual Trustees on an annual basis. The Trust Board will adopt a formal procedure for evaluating the performance of the Trust Board, the committees of the Trust Board and individual Trustees, consisting of questionnaires, private interviews by the Chair of the Trust Board with each other Trustee, and a report from the Chair to the full Trust Board.

The Trust Board will also organize a program providing for the orientation of new Trustees, including the creation of a "Trustee Orientation Binder" to provide a comprehensive understanding of both the underlying principles governing the Trust's activities and the role of the Trust Board, and an education program that is expected to include regular industry briefings, presentations by industry experts and attendance at industry events to ensure that the Trustees maintain the skill and knowledge necessary to meet their obligations as Trustees.

The Trust Board as a whole will be responsible for reviewing the credentials of proposed nominees for election or appointment to the Trust Board, and for selecting the nominees for election as Trustees at each annual general meeting or more frequently as the needs of the Trust Board may require. Candidates will be assessed in relation to the criteria that will be established by the Trust Board to ensure that the Trust Board has the appropriate mix of talent, quality, skills and other requirements necessary to promote sound governance and effectiveness of the Trust Board.

Audit Committee of the Trust Board

The Audit Committee of the Trust Board will be responsible for accounting and financial reporting practices and procedures, adequacy of internal accounting and financial reporting controls and procedures, and quality and integrity of financial statements of the Trust. The Audit Committee will initially be comprised of the three initial Trustees, each of whom will be an Independent Trustee and will be "financially literate" within the meaning of NI 52-110. The mandate of the Audit Committee of the Trust Board is set out in full in Appendix B.

Auditors' Fees

The aggregate fees that we estimate will be billed by PricewaterhouseCoopers LLP, external auditor to the Trust, in 2014 for professional services in connection with our formation and organization, which will be paid by us, are presented below:

	Period from April 28, 2014 to May 14, 2014
Audit fees(1)	$ 5,000
Audit-related fees(2)	170,000
Tax fees(3)	400,000
All other fees(4)	0
Total	$ 575,000

Notes:

(1) Audit fees relate to the audit of the Trust's opening balance sheet.

(2) Audit-related fees are aggregate fees billed by our external auditor or accrued by us in 2014 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees" in the table above. Included in this category are expenses related to our initial public offering including matters relating to the preparation of our Trust Pro Forma Statements and related matters, including translation.

(3) Tax fees relate to the provision of tax structuring advice, due diligence and other prospectus-related services.

(4) All other fees are estimated aggregate fees in 2014 for products and services provided by our external auditor, other than the services reported under "Audit fees", "Audit-Related fees" and "Tax fees" in the table above.

Directors of Dream Alternatives Master GP

Dream Alternatives Master LP and its business will be managed by Dream Alternatives Master GP, its general partner. Upon Closing, the board of directors of Dream Alternatives Master GP (the "GP Board") will consist of seven Directors, a majority of whom will be "independent" within the meaning of such term in NI 58-101. These Directors will be appointed annually by the sole shareholder of Dream Alternatives Master GP and will hold office for a term expiring at the close of the next annual meeting or until their respective successors are appointed and will be eligible for re-appointment. Initially, the membership of the GP Board will include the three initial Trustees.

Biographical Information Regarding the Directors

A brief description of the background of each of Michael J. Cooper and Pauline Alimchandani can be found under "The Asset Manager and the Management Agreement - DREAM's Asset Management Team". The following is a brief description of the background of each of the other individuals who will serve on the GP Board as at Closing:

James Eaton is the President of Weatons Holdings Ltd., a Canadian private holding company. Mr. Eaton has been active in the foundation, growth and divestiture stages of the Weatons portfolio companies across a wide variety of industries including healthcare, hospitality, alternative energy, software, industrial and finance. In all of Weatons' portfolio companies, Mr. Eaton has been involved in the raising of third-party capital and/or partnering with other equity participants. He currently serves on the boards of J.C. Clark Ltd. and Defyrus Inc. Mr. Eaton is a founding director of the True Patriot Love Foundation, serves on the board of the Canadian Art Foundation and is a trustee of the John David and Signy Eaton Foundation. Mr. Eaton will be an Independent Director.

Joanne Ferstman is a corporate director, sitting on both public and private company boards. Ms. Ferstman currently sits on the boards of DREAM Unlimited Corp., Dream Office REIT, Excellon Resources Inc., Aimia Inc. and Osisko Mining Corporation. Over the past 18 years, and until her retirement in June 2012, Ms. Ferstman held a variety of executive positions with the Dundee Group of Companies. Most recently, Ms. Ferstman was the President and Chief Executive Officer of Dundee Capital Markets Inc., a full service investment dealer with principal businesses including investment banking, institutional sales and trading and private client financial advisory. Prior to January 31, 2011, Ms. Ferstman was Vice-Chair and Head of Capital Markets of Dundee Wealth Inc., a diversified wealth management company. Prior to 2009 Ms. Ferstman was Executive Vice President and Chief Financial Officer of Dundee Wealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. In these senior financial roles, Ms. Ferstman was actively involved in all corporate strategy, including acquisitions and financings, and was responsible for all public financial reporting. In addition, Ms. Ferstman regularly represented Dundee Corporation on investee company boards and audit committees across various sectors. Prior to joining the Dundee Group of Companies, Ms. Ferstman spent four years as Chief Financial Officer for a national securities firm and five years at a major international accounting firm. Ms. Ferstman earned a Bachelor of Commerce and a graduate degree in Public Accountancy from McGill University and is a Chartered Accountant. Ms. Ferstman will be an Independent Director.

Jane Gavan is the President, Asset Management of DREAM and has more than 26 years of experience in the real estate industry. Ms. Gavan is primarily responsible for international real estate investments and serves as Chief Executive Officer of Dream Global REIT. Since joining DREAM in 1998, Ms. Gavan has played a key role in numerous transactions, including Dundee's acquisition of Lehndorff Properties, the 2003 business restructuring that resulted in the creation of Dream Office REIT, Dream Office REIT's $2.4 billion portfolio sale to GE Real Estate, and the initial public offering of Dream Global REIT. Prior to joining DREAM, Ms. Gavan served as legal counsel for numerous companies, including Oxford Properties Group and Denison Mines Corp., and began her career in private practice at Blake Cassels & Graydon LLP, specializing in real estate and corporate finance. She earned an Honours Bachelor of Commerce from Carleton University and a Bachelor of Laws from Osgoode Hall, York University. Ms. Gavan current sits on the boards of DREAM Unlimited Corp., Dream Office REIT and Dream Industrial REIT.

David Kaufman is President and CEO of Westcourt Capital Corporation and has more than 20 years of experience in the legal, real estate and investment industries. After graduating from the University of Toronto's Faculty of Law, Mr. Kaufman gained his real estate and private equity experience with Magna Golf Club, Menkes Developments and Lynx Equity. Mr. Kaufman then founded Westcourt Capital in 2009 with a focus on sourcing and conducting due diligence on capital-protecting alternative investment managers and funds. Mr. Kaufman is a member of the Law Society of Upper Canada and is a CAIA (Chartered Alternative Investment Analyst) charter holder. Mr. Kaufman writes a bi-weekly column, "Alternative Investor", for the Financial Post, and is a regular contributor and co-host on CBC's Lang & O'Leary Exchange. Mr. Kaufman was also a regular host of BNN's "Alternative Investing". Mr. Kaufman will be an Independent Director.

Andrew Lapham has more than 15 years of principal investing experience in both public and private markets and is currently Executive Advisor to The Blackstone Group in Canada where he focuses on sourcing and evaluating large investment opportunities. Mr. Lapham was previously with Onex Partners, where he led the firm's energy investing practice and was involved with multiple transactions across other industries in particular hospitality and manufacturing. Prior to his time with Onex, Mr. Lapham worked at Odyssey Partners, a mid-market private equity firm in New York, and was a hedge fund portfolio manager at John A. Levin & Co., a multi-strategy asset management firm. Andrew received his bachelor's degree from Princeton University.

Penalties or Sanctions

None of our existing or proposed Directors, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of our existing or proposed Directors, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of our existing or proposed Directors, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Governance Practices of GP Board

Overview

We believe that sound governance practices are essential to achieve the best long-term interests of Dream Alternatives Master LP and, accordingly, the best long-term interests of the Trust and its Unitholders. The GP Board will encourage prudent corporate governance practices designed to promote the long-term well-being and ongoing development of Dream Alternatives Master LP.

Dream Alternatives Master LP's corporate governance practices will be reviewed regularly to ensure that they are appropriate and in keeping with current best practices. The Governance, Compensation and Environmental Committee of the GP Board will review on an annual basis existing policies of the GP Board, the mandate of the GP Board, and the applicable committee charters and current pronouncements on recommended "best practices" for corporate governance.

We believe that Dream Alternatives Master LP's corporate governance policies and practices, as outlined below, are comprehensive and consistent with the guidelines for corporate governance adopted by Canadian securities administrators and the TSX.

Dream Alternatives Master GP's governance practices will be overseen by the GP Board consisting of a minimum of one and a maximum of ten directors, at least 25% of whom must be resident Canadians.

Mandate

The GP Board will oversee the management of the affairs of Dream Alternatives Master LP, directly and through two existing standing committees. The responsibilities of the GP Board and each of its committees will be set out in written mandates or charters, which will be reviewed and approved annually. The mandate of the GP Board is set out in full in Appendix B. The committee charters for committees of the GP Board as well as the mandate of the GP Board will also be posted on the Trust's website at www.dreamalternatives.com following Closing.

In fulfilling its mandate, the GP Board is, among other things, responsible for the following:

- overseeing DREAM Alternative LP's overall long-term strategic-planning process and reviewing and approving the annual investment plan presented to the GP Board by DREAM;
- assessing the principal risks of the investments being made by Dream Alternatives Master LP and reviewing, approving and monitoring the systems in place to manage these risks;

- reviewing major strategic initiatives to determine whether DREAM's proposed actions accord with long-term goals of Dream Alternatives Master LP;
- overseeing DREAM Alternative LP's relationship with DREAM and reviewing matters relating to senior management and succession planning;
- assessing performance against approved investment plans;
- reviewing and approving reports issued to the Trust, including annual and interim financial statements;
- promoting effective governance of Dream Alternatives Master LP; and
- safeguarding DREAM Alternative LP's equity interests through the optimum utilization of DREAM Alternative LP's capital resources, including through approving issuances of debt and equity securities and setting an appropriate distribution policy.

Position Descriptions

The GP Board will adopt written position descriptions for the Chair of the GP Board as well as position descriptions for the Chair of each of the committees. These position descriptions will be reviewed annually by the GP Board and will be posted on the Trust's website at www.dreamalternatives.com following Closing.

Meetings

We expect that the GP Board will meet at least once in each quarter, with additional meetings held to consider specific items of business or as otherwise deemed necessary. We also expect that the GP Board will meet annually to review the annual investment plan for Dream Alternatives Master LP and long-term strategy, as presented by DREAM in its capacity as our asset manager. Meeting frequency and agenda items may change depending on the opportunities or risks faced by Dream Alternatives Master LP.

Independent Directors

At least a majority of the members of the GP Board will be "independent" within the meaning of such term in NI 58-101 (the "Independent Directors") in order to promote an alignment of the interests of the GP Board with the interests of the Trust and the Unitholders. Similarly, committees of the GP Board will be composed of Independent Directors. Under NI 58-101, an Independent Director is one who is free from any direct or indirect relationship which could, in the view of the GP Board be reasonably expected to interfere with a Director's independent judgment. Of the Directors whose appointment will be effective on Closing, James Eaton, Joanne Ferstman, David Kaufman and Andrew Lapham will be Independent Directors.

Dream Alternatives Master GP will survey its Directors annually to obtain information necessary to make a determination regarding their independence. Following a review of this information, the Governance, Compensation and Environmental Committee will recommend to the GP Board a specific determination regarding the Directors considered to be independent.

However, if at any time a majority of the Directors are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Director who was an Independent Director, this requirement shall not be applicable for a period of 60 days thereafter, during which time the shareholder of Dream Alternatives Master GP shall appoint a sufficient number of Directors who qualify as "independent" to comply with this requirement.

Independent Director Matters

In addition to requiring the approval of a majority of Directors, the following matters will require the approval of at least a majority of our Independent Directors who have no interest in the matter to become effective:

(a) making any material change to the Management Agreement (for which unanimous approval of the Independent Directors will be required), including any termination thereof or any increase in the fees payable thereunder or any change thereto which has the effect of increasing the fees payable thereunder;

(b) entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;

(c) approving or enforcing any agreement entered into by us with a Related Party;

(d) permitting any of Dream Alternatives Master LP's Subsidiaries to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party; and

(e) making or prosecuting any claim by or against any Related Party.

Meetings of Independent Directors

We expect that private sessions of the Independent Directors will be held after all meetings of the GP Board, chaired by the Chair of the GP Board, who will report back to DREAM on any matters requiring action by DREAM.

Committees of the GP Board

The GP Board will establish two committees: the Audit Committee and the Governance, Compensation and Environmental Committee. The Audit Committee and the Governance, Compensation and Environmental Committee will each be composed of at least three Directors, all of whom must be Independent Directors. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a Director.

The responsibilities of these committees will be set out in written charters, which will be reviewed and approved annually by the GP Board. These charters and the position descriptions of each committee Chair will be posted on the Trust's website at www.dreamalternatives.com following Closing. It will be the GP Board's policy that all members of these committees be independent, as described above. Special committees may be formed from time to time as required to review particular matters or transactions. The members of each committee will be selected by the GP Board on the recommendation of the Governance, Compensation and Environmental Committee. While the GP Board will retain overall responsibility for corporate governance matters in connection with Dream Alternatives Master LP, the Audit Committee and the Governance, Compensation and Environmental Committee will each have specific responsibilities for certain aspects of corporate governance, in addition to their other responsibilities as described below.

Audit Committee

The Audit Committee of the GP Board will be responsible for monitoring Dream Alternatives Master LP's systems and procedures for financial reporting and internal controls and the performance of the external auditors. The Audit Committee of the GP Board will be responsible for recommending to the GP Board the firm of chartered professional accountants to be nominated for appointment as the external auditor, and for approving the assignment of any non-audit work to be performed by the external auditor. The Audit Committee will meet regularly in private session with the external auditors, without any representatives of DREAM present, to discuss and review specific issues as appropriate.

Applicable law requires the GP Board to have an Audit Committee consisting of at least three Directors, each of whom must be independent and "financially literate" within the meaning of NI 52-110. On Closing, the Audit Committee of the GP Board will be comprised of the following three Directors: James Eaton, David Kaufman and Andrew Lapham, each of whom will be an Independent Director and will be "financially literate".

Governance, Compensation and Environmental Committee

On Closing, the Governance, Compensation and Environmental Committee will be comprised of the following Directors: James Eaton, David Kaufman and Andrew Lapham, each of whom will be an Independent Director.

Governance

It will be the responsibility of the Governance, Compensation and Environmental Committee, in consultation with the Chair of the GP Board, to assess from time to time the size and composition of the GP Board and the committees of the GP Board; to review the effectiveness of the GP Board's operations and its relations with DREAM, as asset manager; to organize an orientation program for new Directors, including the creation of a "Director Orientation Binder" to provide a comprehensive understanding of both the underlying principles governing Dream Alternatives Master LP's activities and the role of the GP Board, and an education program that is expected to include regular industry briefings, presentations by industry experts and attendance at industry events to ensure that the Directors maintain the skill and knowledge necessary to meet their obligations as Directors; to assess on not less than an annual basis the performance of the GP Board, the committees of the GP Board and individual Directors; to review from time to time Dream Alternatives Master LP's statement of corporate governance practices; and to review and recommend on an annual basis the compensation for the Directors.

The Governance, Compensation and Environmental Committee will review the performance of the GP Board, the committees of the GP Board and the contribution of individual Directors on an annual basis. The GP Board will adopt a formal procedure for evaluating the performance of the GP Board, the committees of the GP Board and individual Directors, consisting of questionnaires, private interviews by the Chair of the Governance, Compensation and Environmental Committee with each Director, and a report from the Chair of the Governance, Compensation and Environmental Committee to the full GP Board.

The Governance, Compensation and Environmental Committee will be responsible for reviewing the credentials of proposed nominees for election or appointment to the GP Board, and for recommending candidates for the GP Board membership. To do this, the Governance, Compensation and Environmental Committee will maintain an "evergreen" list of candidates to ensure outstanding candidates with the needed skills can be quickly identified to fill planned or unplanned vacancies. Candidates will be assessed in relation to the criteria that will be established by the GP Board to ensure that the GP Board has the appropriate mix of talent, quality, skills and other requirements necessary to promote sound governance and effectiveness of the GP Board. Nominees for election as Directors will be proposed by the Governance, Compensation and Environmental Committee annually, or more frequently as the needs of the GP Board may require.

The Governance, Compensation and Environmental Committee of the GP Board will review, at least once per year, the composition of the GP Board and its committees to ensure that committee membership complies with the relevant governance guidelines, that the workload for its Independent Directors will be balanced, and that committee positions are rotated as appropriate. In doing so, the Governance, Compensation and Environmental Committee will consult with the Chair of the GP Board and make recommendations to the GP Board which appoints committee members.

Environmental

The Governance, Compensation and Environmental Committee will be responsible for reviewing the environmental state of any real property investments owned directly or indirectly by Dream Alternatives Master LP, and for establishing policies and procedures to review and monitor the environmental exposure of Dream Alternatives Master LP.

Compensation

The Governance, Compensation and Environmental Committee will be responsible for reviewing and making recommendations to the GP Board with respect to the compensation of Directors.

The Governance, Compensation and Environmental Committee will review and recommend to the GP Board the terms upon which Directors, the Chair of the GP Board, and the committee Chairs will be compensated (including the level and nature of such compensation) to ensure that such compensation adequately reflects the responsibilities they are assuming.

Access to Outside Advisors

Both the Trust Board and GP Board will have authority to, at any time, retain outside financial, legal or other advisors at the expense of the Trust or Dream Alternatives Master LP, as applicable, and will have the authority to determine the advisors' fees and other retention terms. Each committee of the GP Board and the Trust Board will also have authority to retain outside advisors, at the expense of Dream Alternatives Master LP or the Trust, as applicable, without the GP Board's or Trust Board's approval, as applicable, at any time.

Code of Conduct

All of the Trust's activities will be conducted with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. The Trust Board will annually review and approve the Trust's Code of Conduct for the Trustees and other representatives of the Trust to reflect evolving standards and practices. The Code of Conduct will formally set out guidelines for behaviour and practices and will require all Trustees and other representatives of the Trust to indicate in writing their familiarity with the Code of Conduct and their agreement to comply with it. The Code of Conduct will be given to all Trustees and other representatives of the Trust when they join the Trust and a compliance certification will be required to be executed. All trustees and other representatives of the Trust who, in connection with their duties or as a result of physical location, will have access to or are able to obtain material non-public information concerning investment activities of the Trust, will be required to re-certify their adherence to the Code of Conduct on an annual basis.

The Trust will promote a culture of ethical business conduct compliance with the Code of Conduct that will be monitored by the Trust Board.

The Code of Conduct will be posted on the Trust's website at www.dreamalternatives.com, and will be filed under the Trust's profile on SEDAR at www.sedar.com, following Closing.

Whistleblower Policy

The Trust will adopt a whistleblower policy (the "Whistleblower Policy") that will allow representatives of the Trust who are employees of DREAM, to bring forward, on a confidential and anonymous (if desired) basis, concerns or complaints regarding potential unethical or fraudulent business practices or any activity that could give rise to a financial concern.

We believe that providing forums for such employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness will foster a culture of ethical conduct within the Trust.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust will contain "conflict of interest" provisions similar to those applicable to corporations under Section 132 of the OBCA which serve to protect Unitholders without creating undue limitations on us. Given that our Trustees and other representatives will be engaged in a wide range of real estate and other business activities, the Declaration of Trust will require each of our Trustees and other specified representatives to disclose to us if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such Person is a director or officer of or otherwise has a material interest in any Person who is a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a Trustee: (a) at the first meeting of the Trust Board or the applicable committee thereof, as the case may be, at which a proposed contract or transaction is first considered; (b) if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after a Trustee becomes so interested; (c) if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the Trustee becomes so interested; and (d) at the first meeting after an interested party becomes a Trustee. Disclosure is required to be made by each other Person covered by the policy as soon as such individual becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the Trust Board or applicable committee thereof, as soon as such individual becomes aware of his or her interest in a contract or transaction. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trust Board or Unitholders, that Trustee is required to disclose in writing to the Trust Board or applicable committee thereof or request to have entered into the minutes of the meeting of the Trust Board or applicable committee thereof the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as our Trustee or agent or one for indemnity under the indemnity provisions of the Declaration of Trust or the purchase of liability insurance.

Applicability of Policies to Dream Alternatives Master LP and DREAM

Each of the DALP Limited Partnership Agreement and the Management Agreement will provide that each of Dream Alternatives Master GP and DREAM, as the case may be, will be subject to the Code of Conduct, the Whistleblower Policy and, to the extent applicable and not inconsistent with its other agreements with the Trust, the conflict of interest restrictions and provisions set out above.

Information and Undertakings

We expect that the Trust will prepare financial statements consolidating its results of operations and the DALP Limited Partnership Agreement will provide that Dream Alternatives Master LP will provide the Trust with quarterly unaudited and annual audited financial statements accompanied by management's discussion and analysis of financial condition and results of operations for the period covered by such financial statements, in each case in form and content that it would file with the applicable regulatory authorities as if it were a reporting issuer under applicable securities laws. The DALP Limited Partnership Agreement will also provide Dream Alternatives Master LP will provide the Trust with a report of any material change that occurs in its affairs together with the information that is required to be included in the Trust's annual information form. All such reports, statements and information will be provided to the Trust in a timely manner, so as to permit the Trust to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the preparation and filing of the other documents required for the Trust to comply with its continuous disclosure obligations under applicable securities laws, including the filing and delivery to Unitholders of financial statements.

Dream Alternatives Master LP will undertake to the securities commission or other regulatory authorities in each province and territory of Canada (collectively, the "Commissions") and to the Trust that, following Closing and for as long as the Trust is a reporting issuer in the applicable jurisdiction under applicable securities laws, it will:

- timely deliver to the Trust information relating to any material change in its affairs necessary to allow the Trust to issue a news release and file a material change report, as applicable, in compliance with the Trust's obligations under applicable securities laws; and
- provide to the Trust the information that is required to be included in the Trust's annual information form to permit the Trust to complete and file its annual information form in compliance with its obligations under applicable securities laws.

The Trust will undertake to the Commissions that, following Closing and for so long as the Trust is a reporting issuer in the applicable jurisdiction under applicable securities laws, it will:

- in complying with its reporting issuer obligations, treat Dream Alternatives Master LP as a Subsidiary of the Trust; and
- take the appropriate measures to require each Person who would be an insider of Dream Alternatives Master LP or a Person or company in a special relationship with Dream Alternatives Master LP to: (a) file insider reports about trades of Units; and (b) comply with statutory prohibitions against insider trading.

The Trust will certify annually that it has complied with its undertakings and will file a certificate on SEDAR in accordance with applicable securities laws.

Trustees' Liability Insurance

We will carry trustees' liability insurance with a total annual aggregate policy limit of $40 million (comprised of a $10 million primary policy and three $10 million excess policies). Under this insurance coverage, the Trust will be reimbursed for payments made under indemnity provisions on behalf of Trustees contained in the Declaration of Trust, and pursuant to individual indemnity agreements between the Trust and each Trustee (the "Indemnities") subject to a deductible payable by the Trust of $100,000 for securities claims and all other claims. The Declaration of Trust and the Indemnities will provide for the indemnification in certain circumstances of Trustees from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office.

NAMED EXECUTIVE OFFICER COMPENSATION

Historic Compensation of ROI Capital

For the prior three financial years, the Initial Assets have been held by the ROI Funds. The ROI Funds are non-redeemable investment funds and have been managed by ROI Capital as investment fund manager in accordance with the investment fund regulatory regime under applicable securities laws.

Pursuant to the management agreements between the ROI Funds and ROI Capital, the ROI Funds have been managed by ROI Capital over the past three years. As manager of the ROI Funds, ROI Capital has directed the affairs and managed the business and administered or arranged for the administration of each of the ROI Funds' day-to-day operations. With an investment fund manager in place, the ROI Funds have not had any employees or executive officers, nor has there been any individual who fulfilled an executive officer role for any ROI Fund. There are no employment agreements between employees of ROI Capital and the ROI Funds and the ROI Funds do not pay any compensation to any individual or to ROI Capital in respect of any particular individual. The fees paid to ROI Capital pursuant to the management agreements between the ROI Funds and ROI Capital have been disclosed in the audited financial statements of each of the ROI Funds. See "Index to Financial Statements and Management's Discussion and Analysis".

Compensation of the Trust's Named Executive Officers

Neither the Trust nor Dream Alternatives Master LP will have any executive officers. The "Named Executive Officers" of the Trust, by virtue of the duties each will perform in respect of the Trust as an officer or employee of DREAM, will include Michael J. Cooper and Cecilia Williams, both of whom are employees and officers of DREAM, the asset manager of the Trust and Dream Alternatives Master LP.

The Trust will have no employment agreements with its Named Executive Officers and will not pay any cash compensation to any Named Executive Officers, directly or indirectly. The Trust will pay certain asset management and other fees pursuant to the Management Agreement. See "The Asset Manager and the Management Agreement – Management Agreement". The cash compensation of the Named Executive Officers discussed below represents the cash compensation the Named Executive Officers will receive from DREAM attributable to the services they provide to the Trust. As a result of our arrangements with DREAM, and because we have no employees or executive officers, the Trust Board does not have a compensation committee. Instead, the Trust Board as a whole is responsible for compensation matters, to the extent applicable, including the granting of awards under the Deferred Unit Incentive Plan.

Compensation Components

The compensation of the Trust's Named Executive Officers attributable to the services they provide to the Trust has not yet been determined, but will reflect a balanced approach which will include immediate, short-term and in some cases long-term incentives. This compensation program will be designed to ensure qualified individuals are available to meet the needs of the Trust and to align the interests of such individuals with the interests of the Trust and the Unitholders. Compensation will consist of three principal elements:

- base salary determined with regard to comparative salaries in the industry adjusting for the experience, skill and contribution to the overall well-being of the Trust;
- performance-based annual cash bonus; and
- periodic grants of Deferred Trust Units under the Deferred Unit Incentive Plan.

The Named Executive Officers will not benefit from medium term incentives or pension plan participation paid directly to such individuals by the Trust. Perquisites and personal benefits will not be a significant element of compensation of the Named Executive Officers.

The Trust will not have a unit option plan and options will not be an element of the Trust's Named Executive Officers' compensation.

The specific practices regarding each element of the Named Executive Officers' compensation are described below.

Base Salaries

Base salaries will be intended to provide sufficient annual cash in order for Named Executive Officers to reduce stress and to have flexibility in their personal lives. Base salaries will be typically determined annually on an individual basis, taking into consideration the past, current and potential contribution to the Trust's success, the position and responsibilities of the Named Executive Officers and competitive industry pay practices.

Annual Cash Incentive Bonus

The Named Executive Officers will be entitled, at the discretion of DREAM, to earn annual bonuses depending upon individual performance and the performance of the Trust. Annual cash incentives will be used to motivate and reward the Named Executive Officers for achievements towards annual and long-term individual goals. Awards of cash bonuses will vary based on an individual's position and contributions to the Trust's overall performance.

Annual cash incentive bonus awards will be calculated as a percentage of each Named Executive Officer's base salary based on achievement of predetermined performance goals for the year. The actual cash bonus payable will be based on achievement of individual and corporate goals relating to the Trust. The Named Executive Officer's overall performance will be reviewed against his or her goals in determining the bonus payout.

Long-term Incentives

The Trust's long-term incentive equity-based compensation plan will be its Deferred Unit Incentive Plan.

The Trust Board will award Deferred Trust Units to encourage the Named Executive Officers to own and hold equity and tie their long-term interests directly to Unitholders.

The Trust Board will assess the Named Executive Officer's overall performance against his or her individual and corporate goals relating to the Trust and will determine the amount of any award of Deferred Trust Units taking into account grants in prior years.

Evaluating Performance and Determining Compensation of Named Executive Officers

Performance goals will be a combination of financial objectives that can be achieved in a particular year, financial and non-financial goals that will take more than one year and non-financial goals that will promote good business practices and increase internal and external goodwill. Individual and corporate goals relating to the Trust will be developed annually at the end of each year for the following year.

Each individual and corporate performance goal will not be weighted and there will be no specific formula applied to determine the amount of a Named Executive Officer's annual cash bonus and long-term incentive awards. Discretion will be exercised in evaluating the performance of the Trust in light of the goals and determining whether overall a Named Executive Officer meets his or her goals relating to the Trust. Compensation will be determined based on how well the Named Executive Officers perform towards achieving the individual and corporate goals given the underlying market conditions. In scoring the Named Executive Officer's performance, a number of external factors encountered by the Trust and the Trust's ability to manage and mitigate such factors will be considered, and judgment will be applied in determining whether more weight should be given to certain goals over others in assessing performance or whether performance as originally contemplated by the goals set at the beginning of the year should be considered in determining the Named Executive Officer's compensation.

Incentive Plan Awards

Deferred Unit Incentive Plan

The Trust Board may designate individuals eligible to receive grants of Deferred Trust Units. In determining grants of Deferred Trust Units, an individual's performance and contributions to the Trust's success, relative position, tenure and past grants will be taken into consideration.

Eligible participants who may participate in the Deferred Unit Incentive Plan consist of: (a) the Trustees, officers or employees of the Trust, Dream Alternatives Master LP or any of its Subsidiaries; (b) employees or officers of certain service providers (including DREAM) who spend a significant amount of time and attention on the affairs and business of one or more of the Trust, Dream Alternatives Master LP and its Subsidiaries; and (c) employees, officers and Directors of Dream Alternatives Master GP.

The Deferred Unit Incentive Plan will provide for the grant to eligible participants of Deferred Trust Units. Income Deferred Trust Units will be credited based on distributions paid by the Trust on the Units.

Up to a maximum of 3,000,000 Deferred Trust Units and Income Deferred Trust Units will be issuable under the Deferred Unit Incentive Plan, representing approximately ●% of the outstanding Units upon completion of the Offering. The aggregate of the Units: (a) issued to insiders of the Trust, within any one year period; and (b) issuable to insiders of the Trust, at any time, under the Deferred Unit Incentive Plan, when combined with all of our security based compensation arrangements, shall not exceed 10% of our total issued and outstanding Units.

Under the Deferred Unit Incentive Plan, Deferred Trust Units may be granted from time to time to eligible participants at the discretion of the Trust Board. The number of Income Deferred Trust Units credited to a participant will be calculated by multiplying the aggregate number of Deferred Trust Units and Income Deferred Trust Units held on the relevant Distribution Record Date by the amount of distributions declared and paid by the Trust on each Unit, and dividing the result by the market value of the Units on the distribution payment date. Market value for this purpose will be the volume weighted average closing price of the Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

Except as provided below, Deferred Trust Units will vest on either a five year or a three year vesting schedule. Deferred Trust Units granted to a participant who will be a Director, Trustee or an officer of the Trust, or Dream Alternatives Master LP (a "Five Year Grantee"), will vest on a five year vesting schedule, pursuant to which one-fifth of the Deferred Trust Units granted to such individual will vest on each anniversary of the grant date for a period of five years. Deferred Trust Units granted to any other participants will vest on a three year vesting schedule, pursuant to which one-third of the Deferred Trust Units granted to such individual will vest on each anniversary of the grant date for a period of three years. Income Deferred Trust Units credited to participants vest on the same five or three year schedule as their corresponding Deferred Trust Units and will be issued on the same date as the Deferred Trust Units or Income Deferred Trust Units in respect of which they were credited.

Upon the vesting of Deferred Trust Units and Income Deferred Trust Units, the Trust will issue Units to participants on the basis of one Unit for each Deferred Trust Unit and Income Deferred Trust Unit that has vested. Units will be issued by the Trust at no cost to participants. Five Year Grantees have the ability to elect to defer the issuance of Units to them on the vesting of their Deferred Trust Units and Income Deferred Trust Units in respect of any vesting date. The issuance of Units to Five Year Grantees may be deferred indefinitely, unless the Five Year Grantee's employment or term of office is terminated, in which case Units will be issued on the relevant date of termination of employment or term of office.

Any unvested Deferred Trust Units or Income Deferred Trust Units held by a participant will be forfeited if the employment or term of office of the individual is terminated for any reason, whether voluntarily or involuntarily. However, pursuant to the Deferred Unit Incentive Plan, the Governance, Compensation and Environmental Committee may, in its discretion if the circumstances warrant, accelerate the vesting of such Deferred Trust Units or Income Deferred Trust Units held by an individual whose employment or term of office is terminated. In these circumstances, any unvested Deferred Trust Units or Income Deferred Trust Units will vest effective upon the termination date of the individual, or on such later date or dates determined by the Governance, Compensation and Environmental Committee in their discretion.

Deferred Trust Units and Income Deferred Trust Units will be non-transferable, except to a participant's estate, and the rights of participants under the Deferred Unit Incentive Plan will not be assignable, except as required by law.

The Trust Board may review and confirm the terms of the Deferred Unit Incentive Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the Deferred Unit Incentive Plan in whole or in part as well as terminate the Deferred Unit Incentive Plan without prior notice as it deems appropriate; provided, however, that any amendment to the Deferred Unit Incentive Plan that would, among other things, result in any increase in the number of Deferred Trust Units and Income Deferred Trust Units issuable under the Deferred Unit Incentive Plan or permit Deferred Trust Units or Income Deferred Trust Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes will be subject to the approval of Unitholders. Without limitation, the Trust Board may, without obtaining the approval of Unitholders, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the Deferred Unit Incentive Plan; (b) that are necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements); and (c) to the vesting provisions applicable to Deferred Trust Units and Income Deferred Trust Units. However, subject to the terms of the Deferred Unit Incentive Plan, no amendment may materially adversely affect the Deferred Trust Units or Income Deferred Trust Units previously granted under the Deferred Unit Incentive Plan without the consent of the affected participant.

TRUSTEE AND DIRECTOR COMPENSATION

Trustees' and Directors' Compensation

The Trustees' and Directors' compensation program will be designed to attract and retain the most qualified individuals to serve on the Trust Board and the GP Board. In either case, the compensation program integrates the following objectives: (a) to align the interests of the Trustees and the Directors with the interests of their respective securityholders; (b) to attract, retain and motivate Trustees and Directors who will contribute to the success of the Trust and Dream Alternatives Master LP, respectively; and (c) to provide fair and competitive compensation that takes into account the time commitment and responsibilities of Trustees and the Directors.

The Trustee and Director compensation package will include the following components: (a) an annual retainer; (b) Deferred Trust Units; (c) fees for service as Chair of the Trust Board and/or the GP Board, as a committee chair, and/or as a member of the audit committee of the Trust Board and/or the GP Board; and (d) Trust Board, GP Board and committee meeting attendance fees. The Trust Board will review the adequacy and form of the Trustees' compensation and the Governance, Compensation and Environmental Committee will review the adequacy and form of the Directors' compensation, in each case, on an annual basis. Any individual serving as both a Trustee and a Director in a given year will receive only one annual retainer for such individual's service as a Trustee and a Director, and there will similarly be no duplication of the additional retainer fees for an individual's service as Chair, or as the chair of an audit committee, as applicable. To the extent meetings of the Trust Board, the GP Board and/or their respective audit committees (when applicable) are held on the same date, meeting attendance fees will only be paid for one board meeting and/or one audit committee meeting (as applicable) to those Directors who also serve as Trustees.

Type of Fee	Amount
Annual Retainer	$25,000/year
Chair's Annual Retainer	$80,000/year
Audit Committee Chair Annual Retainer	$10,000/year
Other Committee Chair Annual Retainer	$5,000/year
Meeting Attendance Fee (Trust Board and Board)	$1,500/meeting
Other Committee Meeting Attendance Fee	$1,500/meeting

Trustees and Directors may participate in the Deferred Unit Incentive Plan and may elect to be paid their annual board retainer and/or their Chair and committee chair retainers in cash or in an equivalent value of Deferred Trust Units granted under the Deferred Unit Incentive Plan. If a Trustee or Director elects to be paid an equivalent value of Deferred Trust Units, the Trust will credit to the applicable Trustee's or Director's account such number of Deferred Trust Units equal to the total amount of the retainer(s) deferred, divided by the fair market value of the Units based on the weighted average closing price of the Units on the TSX for five trading days immediately preceding the grant date on the date of the award. In addition, Trustees and Directors will be eligible to receive awards of Deferred Trust Units as designated by the Trust Board. None of the Trustees or Directors currently own any Units. See "Named Executive Officer Compensation - Incentive Plan Awards".

Trustees and Directors will be reimbursed for their out-of-pocket expenses incurred in acting in such capacity. In addition, Trustees and Directors will be entitled to receive remuneration for services rendered to the Trust or Dream Alternatives Master LP in any other capacity, except in respect of their service as directors or trustees of any Subsidiary of the Trust or Dream Alternatives Master LP. Directors who are employees of DREAM will not be entitled to receive any remuneration for their services as Directors, but will be entitled to reimbursement of their out-of-pocket costs incurred in acting as Directors.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Our investment and operating activities are limited because our operating business is carried out by Dream Alternatives Master LP. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our investments are set out below.

Investment Guidelines of the Trust

Our Declaration of Trust and the other documents to govern us following Closing will provide that our assets may be invested only in accordance with the following investment guidelines:

(a) the Trust will only invest in units, notes and securities of Dream Alternatives Master LP, and amounts receivable in respect of such units, notes and securities, cash and similar deposits in a Canadian chartered bank or trust company and, subject to certain limitations summarized in paragraph (b) below, such other investments as the Trustees deem advisable from time to time; and

(b) the Trust will not make any investment that would result in:

 (i) the Units being disqualified for investment by Plans;

 (ii) the Trust being liable under the Tax Act to pay a tax imposed under Part XII.2 of the Tax Act; or

 (iii) the Trust ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act.

The Declaration of Trust will provide that the investment guidelines set forth above may only be amended with the approval of at least 66⅔% of the votes cast at a meeting of Unitholders called for that purpose except for certain amendments that may be undertaken by the Trust Board pursuant to the Declaration of Trust. See "Declaration of Trust and Description of Units - Amendments to the Declaration of Trust and Other Documents".

Investment Guidelines of Dream Alternatives Master LP

The DALP Limited Partnership Agreement will provide for certain restrictions on investments which may be made by or on behalf of Dream Alternatives Master LP. These investment guidelines are set out below:

(a) notwithstanding any of the other guidelines set out below, Dream Alternatives Master LP will not make or permit any of its Subsidiaries to make any investment that would result in:

(i) the Units being disqualified for investment by Plans; or

(ii) the Trust ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;

(b) subject to paragraph (d) below, Dream Alternatives Master LP will focus its investment activities and those of its Subsidiaries on investments relating to real estate, real estate lending and infrastructure, including renewable power; provided, however, Dream Alternatives Master LP and its Subsidiaries may invest in other classes of land or assets if the GP Board determines that it is in the best interests of Dream Alternatives Master LP to do so;

(c) Dream Alternatives Master LP will not invest, or permit its Subsidiaries to invest, an aggregate amount equal to more than 20% of the Adjusted Partners' Equity in any one investment or asset, provided that the foregoing limitation shall only be applied to the ultimate investment or asset, and not to the investment in any Person holding such investment or asset; and

(d) Dream Alternatives Master LP and its Subsidiaries may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by us and secured by a mortgage on such property) in an aggregate amount of up to 25% of the Adjusted Partners' Equity in Dream Alternatives Master LP in investments or transactions which do not otherwise comply with its investment guidelines, so long as the investment does not contravene paragraph (a) above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which we have an interest will be deemed to be those of Dream Alternatives Master LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the DALP Limited Partnership Agreement, no amendment to the investment guidelines set forth above or operating policies set forth below under "Operating Policies of Dream Alternatives Master LP" or any other material change to such agreement may be made without the approval of 66⅔% of the votes cast by the limited partner(s) entitled to vote at a meeting called for such purpose or the written approval of holders holding not less than 66⅔% of the outstanding limited partnership units entitled to vote. The Declaration of Trust will provide that the Trust will not agree to or approve any material change to the DALP Limited Partnership Agreement without the approval of at least 66⅔% of the votes cast at a meeting of Unitholders of the Trust called for such purpose.

Operating Policies of the Trust

The Declaration of Trust and other documents governing us will provide that our operations and affairs must be conducted in accordance with the following operating policies:

(a) (i) any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage; or

(ii) to the extent the members of the Trust Board determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Trust and its Unitholders, any written instrument which in the judgment of our Trustees creates a material obligation;

must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a Trustee or carrier or officers, employees or agents of the Trust, but that only property of ours or a specific portion thereof will be bound; and

(b) the Trust will not directly guarantee the obligations of Dream Alternatives Master LP or any of its Subsidiaries where such guarantee would cause the Trust to cease to qualify as a “mutual fund trust” for the purposes of the Tax Act.

The Declaration of Trust will provide that the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.

Operating Policies of Dream Alternatives Master LP

The DALP Limited Partnership Agreement will provide that the operations and affairs of Dream Alternatives Master LP must be conducted in accordance with the following operating policies and that Dream Alternatives Master LP will not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

(a) Dream Alternatives Master LP will not directly or indirectly guarantee any indebtedness or liabilities of any of its Subsidiaries or any other Person if doing so would contravene paragraph (a) of the investment guidelines of Dream Alternatives Master LP as set forth above under “Investment Guidelines and Operating Policies - Investment Guidelines of Dream Alternatives Master LP”;

(b) Dream Alternatives Master LP may engage in construction or development of real property provided such real property meets our investment guidelines and operating policies;

(c) title to each real property shall be held by and registered in the name of Dream Alternatives Master LP, Dream Alternatives Master GP or a corporation or other entity wholly-owned, directly or indirectly, by a Subsidiary of Dream Alternatives Master LP or jointly-owned, directly or indirectly, by a Subsidiary of Dream Alternatives Master LP with joint venturers; provided that where land tenure will not provide fee simple title, Dream Alternatives Master LP, Dream Alternatives Master GP or a corporation or other entity wholly-owned, directly or indirectly, by Dream Alternatives Master LP or jointly-owned, directly or indirectly, by Dream Alternatives Master LP with joint venturers will hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

(d) for real properties acquired or real estate lending made following Closing, Dream Alternatives Master LP will have conducted or reviewed such diligence as is commercially reasonable in the circumstance on each real property it intends to acquire or finance with respect to the physical condition thereof, including required capital replacement programs;

(e) Dream Alternatives Master LP or its Subsidiaries will obtain and maintain at all times insurance coverage in respect of potential liabilities of Dream Alternatives Master LP and its Subsidiaries and the accidental loss of value of the assets of Dream Alternatives Master LP or its Subsidiaries from risks, in amounts, with such insurers, and on such terms as the GP Board considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and

(f) for real properties acquired or real estate lending made following Closing, Dream Alternatives Master LP will have conducted or reviewed a phase I environmental site assessment of each real property to be acquired or financed by it and, if the phase I environmental site assessment report recommends that further environmental site assessments be conducted, Dream Alternatives Master LP shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant; such site assessment as a condition to any acquisition shall be satisfactory to Dream Alternatives Master GP.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which we have an interest will be deemed to be those of Dream Alternatives Master LP on a proportionate consolidated basis. In addition, any references in the foregoing to investment in property will be deemed to include an investment in a joint venture arrangement.

DISTRIBUTION POLICY OF THE TRUST

The following outlines our expected distribution policy to be contained in the Declaration of Trust, but is not intended to be a complete description. You should refer to the Declaration of Trust for the full text of our distribution policy. The Trust's distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of our Unitholders.

Distribution Policy of the Trust

Following Closing, the Trust anticipates paying a targeted monthly distribution of $0.033 per Unit on each Distribution Date. This equates to an implied cash flow yield of 4.0% per annum, based on an initial price per Unit of $10.00. Unlike fixed income securities, there is no obligation on the Trust to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce the cash flow yield based on the initial price per Unit. The amount of monthly distributions to Unitholders will be determined by the Trust Board based on distributions from Dream Alternatives Master LP, net of general and administrative, operating and other expenses and taxes. The initial distribution level does not take into account our growth strategy, re-positioning capital into higher-returning alternative investment opportunities and does not contemplate any action by DREAM to convert currently non-income-producing, longer-term debt and equity investments owned by us into income-producing investments, given their relative illiquidity.

The initial cash distribution, which will be for the period from and including the date of Closing to July 31, 2014, is expected to be paid on August 15, 2014 to Unitholders of record on July 31, 2014 and is estimated to be $0.025 per Unit (assuming Closing occurs on July 8, 2014). Notwithstanding our distribution policy, the Trust Board retains full discretion with respect to the timing and amount of distributions. The payment of distributions is therefore not guaranteed.

We intend to maintain our 4.0% per annum initial distribution rate for the 12-month period following Closing, unless actual results of operations, economic conditions or other factors result in an impairment to the Trust's cash flow.

Distributions made by us will be authorized by the Trust Board in its sole discretion out of funds legally available for distribution to our Unitholders and will be dependent upon the receipt of distributions from Dream Alternatives Master LP. We believe that our estimated level of distributions constitutes a reasonable basis for setting the initial distribution rate; however, we cannot assure you that the estimate will prove accurate, and actual distributions may therefore be significantly different from the expected distributions. See "Dream Alternatives Master LP - Distributions" and "Risk Factors".

Distributions in respect of a month will be paid on or about each Distribution Date to Unitholders of record as at the close of business on the corresponding Distribution Record Date. This means that the distribution for any month is generally paid to Unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month. Notwithstanding the foregoing, the Trust Board has the right to determine a record date that is other than the last Business Day of each month.

Where the Trust Board determines that we do 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 on the due date for such payment, the payment may, at the option of the Trust Board, include the issuance of additional Units, as the case may be, or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Trust Board equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trust Board to be available for the payment of such distribution in the case of the Units.

Unless the Trust Board determines otherwise, immediately after any *pro rata* distribution of additional Units to Unitholders, the number of outstanding Units will automatically be consolidated such that each of such holders will hold after the consolidation the same number of Units as such holder held before the distribution of additional Units. Each Unit certificate representing the number of Units prior to the distribution of additional Units will be deemed to represent the same number of units after the non-cash distribution of additional Units and the consolidation.

Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in such Unitholder holding that number of Units equal to: (a) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes) multiplied by (b) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding tax was required in respect of any part of the distribution payable to any Unitholder. 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.

Tax Deferral on Distributions

We estimate that, of the monthly cash distributions to be made by us to Unitholders, approximately 80% in 2014 and approximately 90-100% in 2015 will be tax deferred by reason of our ability to claim depreciation and certain other deductions. Such estimate is based on the provisions of the Tax Act in force at the date hereof, current publicly available published administrative policies and assessing practices of CRA and the Tax Proposals. The adjusted cost base of Units held by a Unitholder (as discussed further in "Certain Canadian Federal Income Tax Considerations") will generally be reduced by such non-taxable portion of distributions made to the Unitholder. A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units. The portion of tax deferred distributions may change over time thus affecting the after-tax return to a Unitholder. See "Certain Canadian Federal Income Tax Considerations" and "Risk Factors".

DRIP

We will have a DRIP entitling Unitholders to reinvest all cash distributions made by the Trust in additional Units. The price at which Units are acquired for DRIP participants will be determined by us but will generally be a price per Unit calculated by reference to a five-day volume weighted average closing price of the Units on the stock exchange on which the Units are listed preceding the relevant Distribution Date. Participants electing to reinvest cash distributions in Units pursuant to our DRIP will receive a further "bonus" distribution equal to 4% of the amount of each cash distribution that they reinvest, which further distribution will also be reinvested in Units. Participants may also purchase additional Units pursuant to the optional cash purchase feature of the DRIP, subject to a minimum investment amount of $1,000 and a maximum investment amount of $250,000 per calendar year. Participants in the DRIP will not receive a bonus distribution of Units in connection with any such optional cash purchases. We may amend, suspend or terminate the DRIP at any time.

Participation in the DRIP will be open to Unitholders, other than those who are resident or present in the United States. If a participant in the DRIP is not resident in Canada, participation in the DRIP is subject to applicable withholding tax. In those circumstances, cash that would otherwise be distributed to such participants by us on any given Distribution Date will be reduced by the amount of applicable withholding tax, and then applied towards the purchase of additional Units pursuant to the DRIP. No brokerage commission will be payable in connection with the purchase of Units under the DRIP and all administrative costs will be borne by us. We will use the proceeds received upon the issuance of additional Units under the DRIP for future property acquisitions, capital improvements and working capital.

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

The Trust will be governed by the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, it shall continue in full force and effect so long as any property of the Trust is held by the Trustees. Unitholders will have all of the material protections, rights and remedies that a shareholder would have under the CBCA, except for the right to dissent and be paid the fair value of its Units that would be available if the Trust were a corporation governed by the CBCA and the Trust were to effect certain transactions, including amending its constating documents to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares or to add, change or remove any restriction on the activities that the Trust may carry on; selling, leasing or exchanging all or substantially all of its property; or carrying out a going-private transaction or squeeze-out transaction (as such terms are defined in the CBCA or the regulations thereunder). These protections, rights and remedies will be contained in the Declaration of Trust. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the Units. You should refer to the Declaration of Trust for the full text of its provisions and a complete description of the Units.

The Declaration of Trust authorizes the issuance of an unlimited number of Units. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof.

Issued and outstanding Units may be subdivided or consolidated from time to time by the Trust Board with the approval of a majority of Unitholders entitled to vote. Unitholder approval will not be required for an automatic consolidation as described under "Distribution Policy of the Trust".

No certificates will be issued for fractional Units and such fractional Units will not entitle the holders thereof to vote, except to the extent such fractional Units represent in the aggregate one or more whole Units.

The *Trust Beneficiaries' Liabilities Act*, *2004* (Ontario) provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises: (a) the trust is a reporting issuer under the *Securities Act* (Ontario); and (b) the trust is governed by the laws of the Province of Ontario. The Trust will be a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust.

Units

Each Unit represents an undivided beneficial interest in the Trust and in distributions made by the Trust, whether of net income, net realized capital gains or other amounts and, in the event of the termination or winding-up of the Trust, in its net assets remaining after the satisfaction of all its liabilities. The Units rank among themselves equally and rateably without discrimination, preference or priority. The distribution entitlement of the Units is derived from the securities held by the Trust.

Each Unit entitles the holder thereof to one vote at all meetings of Unitholders.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, we are not a trust company and, accordingly, we are not registered under any trust and loan company legislation as we do not carry on nor intend to carry on the business of a trust company.

Issuance of Units

We may allot and issue new Units from time to time as the Trust Board determines, including for cash, through public offerings, through rights offerings to existing Unitholders (i.e. in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of Units, which rights may be exercised or sold to other investors) or through private placements (i.e. offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, we may issue new Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new Units may be issued will be determined by the Trust Board in its sole discretion. Units are generally issued in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units.

Purchase of Units

We may from time to time purchase for cancellation Units at a price per Unit and on a basis determined by the Trust Board in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

Unit Redemption Right

Units are redeemable at any time on demand by the holders thereof by sending a notice to the Trust at our head office in a form approved by the Trust Board and completed and executed in a manner satisfactory to the Trust Board, who may require supporting documentation as to identity, capacity or authority. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from his or her investment dealer or other intermediary who will be required to deliver the completed redemption form to the Trust. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to the Trust Board, a Unitholder shall cease to have any rights with respect to the tendered Units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice by us, and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

(a) 90% of the "market price" of the Units on the principal exchange or market on which the Units are quoted for trading on the trading day prior to the day on which the Units were surrendered to the Trust for redemption (the "Redemption Date"); and

(b) 100% of the "closing market price" of the Units on the principal exchange or market on which the Units are quoted for trading on the Redemption Date.

For the purposes of this calculation, the "market price" in respect of Units shall be an amount equal to the weighted average closing price of the Units on the principal exchange or market on which the Units are listed or quoted for trading during the period of 20 consecutive trading days ending on such date; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the "market price" as at a specified date will be an amount equal to the weighted average of the highest and lowest prices of the Units on the principal exchange or market on which the Units are listed or quoted for trading during the period of 20 consecutive trading days ending on such date; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the "market price" shall be an amount equal to the weighted average of the following prices established for each of the 20 trading days: (a) the weighted average of the last bid and last asking prices of the Units for each day on which there was no trading; (b) the closing price of the Units for each day on which there was trading if the exchange or market provides a closing price; and (c) the weighted average of the highest and lowest prices of Units for each day that there was trading if the exchange or market provides only the highest and lowest prices of Units traded on a particular day.

The "closing market price" in respect of the Units as at a specified date will be: (a) an amount equal to the closing price of Units if there was a trade on the date and the exchange or market provides a closing price; (b) an amount equal to the weighted average of the highest and lowest prices of Units if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of Units traded on a particular day; or (c) the weighted average of the last bid and last asking price of Units if there was no trading on the date.

The aggregate Redemption Price payable by us in respect of any Units tendered for redemption during any calendar month will be satisfied by way of a cheque drawn on a Canadian chartered bank or a trust company in Canadian funds, payable no later than the last day of the calendar month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

(a) the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000, provided that the Trust Board may, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar month;

(b) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading or quoted on a stock exchange or market which the Trust Board considers, in its sole discretion, provides representative fair market value prices for the Units; or

(c) the normal trading of outstanding Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units of such series are quoted for trading) on the Redemption Date for the Units or for more than five trading days during the ten day trading period commencing immediately after the Redemption Date for the Units.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations in paragraphs (b) and (c) above, then each Unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution *in specie* of Subsidiary Securities. The fair market value of such Subsidiary Securities would be equal to the product of the Redemption Price per Unit payable by us and the number of Units tendered. However, no Subsidiary Securities with a fair market value of less than \$100 will be distributed and, where the fair market value of Subsidiary Securities to be received by the former Unitholder upon redemption *in specie* would otherwise include a Subsidiary Security with a fair market value of less than a multiple of \$100, such amount will be rounded down to the next lowest multiple of \$100 and the excess will be paid in cash.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitation in paragraph (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with the Declaration of Trust.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Subsidiary Securities which may be distributed to Unitholders *in specie* in connection with a redemption will not be listed on any stock exchange, no market is expected to develop and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. The Subsidiary Securities so distributed may not be qualified investments for Plans depending upon the circumstances at the time.

Meetings of Unitholders

The Declaration of Trust will provide that meetings of Unitholders must be called and held for, among other things, the election or removal of Trustees, the appointment or removal of our auditors, the approval of amendments to the Declaration of Trust (except as described below under “Declaration of Trust and Description of Units - Amendments to the Declaration of Trust and Other Documents”), the sale of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by the Trust Board) and the termination of the Trust. Meetings of Unitholders will be called and held annually, commencing in 2015, within 180 days after the end of the fiscal year for the election of the Trust Board, appointment of our auditors and any other business that the Trust Board may determine.

The Trust Board has the power at any time to call special meetings of Unitholders at such time and place in Canada as the Trust Board determines. Unitholders holding in the aggregate not less than 5% of the outstanding Units entitled to vote at such meeting (on a fully-exchanged basis) may requisition the Trust Board in writing to call a special meeting of the Unitholders and the Trust Board shall, subject to certain limitations, call a meeting of Unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at meetings of Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding Units (on a fully-exchanged basis) shall constitute a quorum for the transaction of business at all such meetings. If no quorum is present at any meeting of Unitholders when called, the meeting, if convened on the requisition of Unitholders, will be dissolved, but in any other case will be adjourned for not less than 10 days, and at the adjourned meeting, the Unitholders then present in person or represented by proxy will constitute the necessary quorum.

The Declaration of Trust will contain provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Book-Based System for Units

Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS, as custodian of such certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of Units may be effected through the book-based system administered by CDS.

Limitation on Non-Resident Ownership

In order for the Trust to maintain its status as a "mutual fund trust" under the Tax Act, it must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Declaration of Trust will provide that at no time may Non-Residents be the beneficial owners of more than 49% of the Units then outstanding. The Trust Board may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from Unitholders as to whether such Units are held for the benefit of Non-Residents. We will monitor ownership of Units which are held by Non-Residents by periodically obtaining and reviewing Unit ownership reports from our transfer agent or other service providers.

If the Trust Board becomes aware that the beneficial owners of more than 49% of the Units are, or may be, Non-Residents or that such a situation is imminent, the Trust Board may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a Person unless the Person provides a declaration that he or she is not a Non-Resident and does not hold his or her Units for the benefit of a Non-Resident. If, notwithstanding the foregoing, the Trust Board determines that more than 49% of the Units then outstanding are beneficially owned by Non-Residents, the Trust Board may send a notice to Non-Resident Unitholders and Unitholders for the benefit of Non-Residents, selected in inverse order to the order of acquisition or registration or in such other manner as the Trust Board may consider equitable and practicable, requiring them to sell or redeem, within a specified period of not more than 60 days, all or a portion of their Units. If the Unitholders receiving such notice have not sold or redeemed the specified number of Units or provided the Trust Board with satisfactory evidence that they are not Non-Residents and do not hold their Units for the benefit of a Non-Resident within such period, the Trust Board may, on behalf of such Unitholder, and shall have the power of attorney of such holder to, sell or redeem such Units, and, in the interim, the voting and distribution rights attached to such Units shall be suspended. Upon such sale or redemption, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale upon surrender of the certificates representing such Units.

Amendments to the Declaration of Trust and Other Documents

The Declaration of Trust may be amended or altered from time to time. Certain amendments (including the termination of the Trust) require approval by at least 66⅔% of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The following amendments require the approval of at least 66⅔% of the votes cast by Unitholders at a meeting called for that purpose:

(a) any amendment to the Declaration of Trust (subject to the exceptions outlined in the Declaration of Trust);

(b) the sale of the property or assets of the Trust as an entirety or substantially as an entirety;

(c) the termination of the Trust by the Unitholders;

(d) an exchange, reclassification or cancellation of all or part of the Units;

(e) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including, without limiting the generality of the foregoing:

(i) the removal or change of rights to distributions attached to the Units; or

(ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights attached to the Units;

(f) the creation of new rights or privileges attaching to certain Units;

(g) any change to the existing constraints on the issue, transfer or ownership of the Units; and

(h) the combination, amalgamation, merger or arrangement of the Trust with any other entity.

A majority of the Trust Board may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) to the extent deemed by the Trust Board in good faith to be necessary to remove any conflicts or other inconsistencies which may exist between any of the terms of the Declaration of Trust and the provisions of any applicable law;

(b) which, in the opinion of the Trust Board, acting reasonably, are necessary to maintain the rights of the Unitholders set out in the Declaration of Trust;

(c) to the extent determined by the Trust Board in good faith to be necessary to make any change or correction in the Declaration of Trust which is a typographical change or correction or which the Trust Board has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein;

(d) (i) to create and issue one or more new classes of preferred units (each of which may be comprised of unlimited series) that rank in priority to the Units (in payment of distributions and in connection with any termination or winding-up of the Trust) and/or (ii) to remove the redemption right attaching to the Units and convert the Trust into a closed-end limited purpose trust;

(e) to ensure compliance with applicable laws (including the Tax Act), regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trust Board or the Trust; (ii) the status of the Trust as a “mutual fund trust” under the Tax Act or to otherwise prevent Dream Alternatives Master LP and its Subsidiaries from becoming subject to tax under the SIFT Legislation; or (iii) the distribution of Units;

(f) which are deemed necessary or advisable to ensure that the Trust has not been established nor maintained primarily for the benefit of persons who are not resident in Canada for purposes of the Tax Act; and

(g) as otherwise deemed by the Trust Board in good faith to be necessary or desirable.

Effect of Termination

The Trust will continue in full force and effect until such time as it is terminated by either the Trust Board or Unitholders. The Trust may be terminated by the vote of at least 66⅔% of the votes cast at a meeting of the Unitholders. The Unitholders shall participate *pro rata* in any remaining distributions by the Trust.

Take-Over Bids

The Declaration of Trust will contain provisions to the effect that if a take-over bid, as defined under the *Securities Act* (Ontario), is made for the Units and, within 120 days after the date of such take-over bid, not less than 90% of the Units (including Units issuable upon the surrender or exchange of any securities for Units but not including any Units held at the date of the take-over bid by or on behalf of the Offeror or Affiliates and associates of the Offeror) have been or are legally required to be taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Units held by the remaining Unitholders who did not accept the take-over bid by requiring such Unitholders to elect (a) to transfer their Units to the Offeror on the terms on which the Offeror acquired the Units of the offerees who accepted the take-over bid, or (b) to demand payment of the fair value of the Units.

Information and Reports

We will furnish to Unitholders, in accordance with and subject to applicable securities legislation, our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of Unitholders, the Trust Board will provide Unitholders (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders.

DREAM ALTERNATIVES MASTER LP

General

Dream Alternatives Master LP is a limited partnership formed under the laws of the Province of Ontario on April 28, 2014 pursuant to the Original DALP Limited Partnership Agreement and will be governed by the DALP Limited Partnership Agreement from and after Closing. Dream Alternatives Master LP will acquire, as part of the Reorganization, directly or indirectly, all of the Initial Assets and, following Closing, will own and carry out all activities in connection with or ancillary or incidental to the Initial Assets. At Closing, the sole general partner of Dream Alternatives Master LP will be Dream Alternatives Master GP, which will be a wholly-owned Subsidiary of DREAM, and the sole limited partner of Dream Alternatives Master LP will be the Trust.

Upon Closing, Dream Alternatives Master LP will have outstanding DALP Units, all of which will be held by the Trust and which will represent a 99.999% partnership interest. Dream Alternatives Master GP will have an uncertificated 0.001% partnership interest in Dream Alternatives Master LP (the "GP Interest").

Operation

The business and affairs of Dream Alternatives Master LP will be managed and controlled by Dream Alternatives Master GP and Dream Alternatives Master GP will make all decisions regarding the business and activities of Dream Alternatives Master LP, provided that Dream Alternatives Master GP will be bound by the investment guidelines and operating policies applicable to Dream Alternatives Master LP. See "Investment Guidelines and Operating Policies".

Dream Alternatives Master LP will reimburse Dream Alternatives Master GP for all expenses incurred by Dream Alternatives Master GP in the performance of its duties as general partner of Dream Alternatives Master LP.

The Trust, as limited partner, will not be entitled to take part in the management or control the business or affairs of Dream Alternatives Master LP in a manner that would jeopardize its status as a limited partner of Dream Alternatives Master LP and Dream Alternatives Master LP will operate in a manner to ensure, to the greatest extent possible, the limited liability of the Trust as limited partner. However, the Trust may lose its limited liability in certain circumstances. If the limited liability of the Trust is lost by reason of the negligence of Dream Alternatives Master GP in performing its duties and obligations under the DALP Limited Partnership Agreement, Dream Alternatives Master GP will indemnify the Trust against all claims arising from assertions that its liabilities are not limited as intended by the DALP Limited Partnership Agreement. Dream Alternatives Master GP, however, is not expected to have any significant assets or financial resources other than its distribution entitlements from Dream Alternatives Master LP. Accordingly, this indemnity may only be of nominal value.

The sole shareholder of Dream Alternatives Master GP will elect the GP Board, provided that Dream Alternatives Master GP shall have a majority of directors who are "independent" within the meaning of such term in NI 58-101.

Distributions

The following outlines the expected distribution policy of Dream Alternatives Master LP to be contained in the DALP Limited Partnership Agreement, but is not intended to be a complete description. You should refer to the DALP Limited Partnership Agreement for the full text of our distribution policy.

Dream Alternatives Master LP intends to make monthly cash distributions to its partners within 15 days of the end of each month, such that distributions are received by the Trust prior to its monthly cash distribution to Unitholders. Dream Alternatives Master LP's distribution policy will provide that the intention is to distribute free cash flow from Dream Alternatives Master LP that is not necessary to maintain the value of its assets or investments, implement the then-current approved investment plan or to otherwise fund its ongoing operations. Distributions to the Trust by Dream Alternatives Master LP will be determined by the GP Board having regard to, among other things, the interest income, net rental income and other income earned on the assets held by Dream Alternatives Master LP, net of interest expense, general and administrative expenses, other corporate and servicing costs, taxes, provision for capital expenditures, working capital and reserves, and the Management Fees payable to DREAM. These distributions will be dependent upon a number of factors, including restrictions under applicable law, the actual results of operations and investments in assets held by Dream Alternatives Master LP, economic conditions, debt service requirements and other factors that could differ materially from our expectations. The actual results of operations of Dream Alternatives Master LP will be affected by a number of factors, including the revenue received by Dream Alternatives Master LP, its operating expenses, interest expense, the ability of its tenants and mortgagees to meet their respective obligations and the need to make unanticipated expenditures. See "Risk Factors".

Dream Alternatives Master GP, as sole holder of the GP Interest, will receive distributions from Dream Alternatives Master LP equal to 0.001% of the distributions made by Dream Alternatives LP in a given month in priority to the distributions made to the holders of DALP Units, who will receive the remaining 99.999% of the distributions made by Dream Alternatives LP in such month. Notwithstanding the anticipated distribution policy of Dream Alternatives Master LP, the GP Board will retain full discretion with respect to the timing and amount of distributions made by Dream Alternatives Master LP. The payment of distributions by Dream Alternatives Master LP is therefore not guaranteed.

Allocation of Partnership Net Income

Partnership Net Income will be allocated at the end of each fiscal year in the following manner:

(a) first, an allocation of Partnership Net Income to Dream Alternatives Master GP, as holder of the GP Interest, generally equal to all amounts distributed to the holder of the GP Interest in the fiscal year; and

(b) the balance, first as to an amount necessary to account for expenses incurred by the Trust as determined by Dream Alternatives Master GP and then any residual amount based on other distributions received or receivable for such fiscal year.

Transfer of DALP Units

The transfer of DALP Units will be subject to a number of restrictions, including: (a) DALP Units may not be transferred to a Person or partnership who is a Non-Resident; (b) no partial DALP Units will be transferable; (c) no transfer of DALP Units will be accepted by Dream Alternatives Master GP if such transfer would cause Dream Alternatives Master LP or any of its Subsidiaries to be liable for tax under subsection 197(2) or paragraph 122(1)(b) of the Tax Act; and (d) no transfer of DALP Units will be accepted by Dream Alternatives Master GP unless a transfer form, duly completed and signed by the registered holder of such DALP Units has been remitted to the registrar and transfer agent of Dream Alternatives Master LP, which may be Dream Alternatives Master GP or a trust company or other qualified corporation engaged by Dream Alternatives Master GP for such purpose. In addition, a transferee of DALP Units must provide to Dream Alternatives Master GP such other instruments and documents as Dream Alternatives Master GP may require, in appropriate form, completed and executed in a manner acceptable to Dream Alternatives Master GP. A transferee of a DALP Unit will not become a partner or be admitted to Dream Alternatives Master LP and will not be subject to the obligations and entitled to the rights of a partner under the DALP Limited Partnership Agreement until the foregoing conditions are satisfied and such transferee is recorded on Dream Alternatives Master LP's register of partners.

Amendments to the Limited Partnership Agreement

The DALP Limited Partnership Agreement may be amended with the prior consent of the holders of at least 66⅔% of Dream Alternatives Master LP Units voted on the amendment at a duly constituted meeting of holders of DALP Units or by a written resolution of partners holding more than 66⅔% of DALP Units entitled to vote at a duly constituted meeting of holders of DALP Units, including: (a) changing the liability of any limited partner; (b) changing the right of a limited partner to vote at any meeting of holders of DALP Units; and (c) changing Dream Alternatives Master LP from a limited partnership to a general partnership. Dream Alternatives Master GP may also make amendments to the DALP Limited Partnership Agreement without the approval or consent of the limited partners to reflect, among other things: (v) a change in the name of Dream Alternatives Master LP or the location of the principal place of business or registered office of Dream Alternatives Master LP; (w) the admission, substitution, withdrawal or removal of limited partners in accordance with the DALP Limited Partnership Agreement; (x) a change that, as determined by Dream Alternatives Master GP, is reasonable and necessary or appropriate to qualify or continue the qualification of Dream Alternatives Master LP as a limited partnership in which the limited partners have limited liability under applicable laws; (y) a change that, as determined by Dream Alternatives Master GP, is reasonable and necessary or appropriate to enable Dream Alternatives Master LP to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; or (z) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the DALP Limited Partnership Agreement which may be defective or inconsistent with any other provision contained in the DALP Limited Partnership Agreement or which should be made to make the DALP Limited Partnership Agreement consistent with the disclosure set out in this prospectus. Notwithstanding the foregoing, no amendment which would adversely affect the rights and obligations of Dream Alternatives Master GP, as a general partner, may be made without the consent of Dream Alternatives Master GP.

In addition, the Declaration of Trust will provide that the Trust will not agree to or approve any material amendment to the DALP Limited Partnership Agreement without the approval of not less than two-thirds of the votes cast at a meeting of Unitholders called for such purpose (or by written resolution in lieu thereof).

Removal of General Partner

The DALP Limited Partnership Agreement will provide that Dream Alternatives Master GP will be deemed to resign as general partner upon: (a) ceasing to be a Canadian resident within the meaning of the Tax Act; (b) filing a voluntary petition for bankruptcy; (c) having entered against it an order for relief in a bankruptcy or insolvency proceeding which is not stayed, vacated or dismissed within 120 days; (d) being involuntarily dissolved, liquidated or wound up; or (e) the commencement of any act or proceeding in connection with dissolution, liquidation or winding up and which, if involuntary, is not contested in good faith by Dream Alternatives Master GP. Such deemed resignation shall not be effective until the earlier of the date of appointment of a new general partner by majority vote of the limited partners or 120 days after the occurrence of such event, except a deemed resignation arising as a result of (a), above, which shall be effective immediately before Dream Alternatives Master GP ceased to be a resident of Canada. Dream Alternatives Master GP will be permitted to resign as general partner, or to transfer the GP Interest, only on 45 days' prior written notice to Dream Alternatives Master LP, provided that any resignation by Dream Alternatives Master GP will only be effective following the appointment of a replacement general partner.

Dream Alternatives Master GP may be removed with the prior consent of the holders of at least 66⅔% of DALP Units voted on the amendment at a duly constituted meeting of holders of DALP Units or by a written resolution of partners holding more than 66⅔% of DALP Units entitled to vote at a duly constituted meeting of holders of DALP Units, for fraud, wilful misconduct, breach of its fiduciary duties or for wilful breach of the DALP Limited Partnership Agreement that, in each case, results in material harm to Dream Alternatives Master LP. The Declaration of Trust will provide that the Trust will not request, agree to or approve any removal of Dream Alternatives Master GP without the approval of at least 66⅔% of the votes cast at a meeting of Unitholders of the Trust called for such purpose.

THE DISTRIBUTING ROI FUNDS

Selling Securityholders

As of the date of this prospectus, none of the Distributing ROI Funds currently holds any Units. However, in connection with the Reorganization, which will be completed on or prior to the date on which Closing occurs, we have agreed to issue an aggregate of ● Units to the Distributing ROI Funds in consideration for our indirect acquisition of the Initial Assets (and our assumption of the related property-specific debt and the other liabilities of the Distributing ROI Funds described elsewhere in this prospectus), having an aggregate fair market value of approximately $●. The number of Units to be issued to each such Distributing ROI Fund will be determined by ROI Capital based on the aggregate fair market value of the cash and Initial Assets transferred to us by such Distributing ROI Fund as a fraction of the aggregate fair market value of the cash and Initial Assets. See "Our Structure and Formation – The Reorganization and the Acquisition of the Initial Assets".

Accordingly, immediately prior to Closing, the Distributing ROI Funds are expected to be the beneficial holders of that number of Units set forth in the table below. Upon completion of the Secondary Offering at Closing, all Units held by the Distributing ROI Funds will be distributed by the Distributing ROI Funds to their respective unitholders in connection with the termination of the ROI Funds following the Reorganization. Accordingly, following Closing, the Distributing ROI Funds will no longer be the registered or beneficial holders of any Units.

	Units to be Owned Immediately Prior to the Offering	**Units to be Distributed Pursuant to the Secondary Distribution**	**Units Owned Following the Secondary Distribution**
ROI Canadian High Income Mortgage Fund	●	●	0
ROI Canadian Mortgage Income Fund	●	●	0
ROI Canadian Real Estate Fund	●	●	0
ROI Institutional Private Placement Fund	●	●	0

Indemnity Agreement

It is a condition to the closing of the transactions contemplated by the Purchase Agreement that DREAM and the Trust enter into an indemnity agreement with ROI Capital and each of the Distributing ROI Funds pursuant to which DREAM and the Trust will agree to indemnify each of the Distributing ROI Funds for any misrepresentation contained in this prospectus, other than a misrepresentation contained in the information provided by any of the Distributing ROI Funds or ROI Capital.

CAPITALIZATION

The following table sets forth our pro forma consolidated capitalization as at May 2, 2014, both before and after giving effect to the Offering and the Reorganization. The table should be read in conjunction with the Trust Pro Forma Statements and the notes thereto contained elsewhere in this prospectus.

	As at April 28, 2014(1)	**As at May 2, 2014 after giving effect to the Offering and the Reorganization**
Unitholders' Equity	$10.00	$745,728,000(2)
Indebtedness(3)	$0 .00	$262,920,000
Total Capitalization	$10.00	$1,008,648,000

Notes:

(1) The Trust was initially settled on April 28, 2014 pursuant to the Original Declaration of Trust.

(2) Unitholders' equity is as at May 2, 2014 in accordance with the Trust Pro Forma Statements and is inclusive of fair value adjustments as required by IFRS.

(3) Indebtedness is comprised of mortgages payable, including fair value adjustments.

USE OF PROCEEDS

No cash proceeds will be received by the Trust in connection with the Secondary Distribution of an aggregate of ● Units by the Distributing ROI Funds to the unitholders of the Distributing ROI Funds in connection with the termination of the ROI Funds following the Reorganization. The only proceeds of the Offering (before deducting expenses of the Offering, which are anticipated to be approximately $4.0 million and which will be paid by the Trust) will be $10,000,000, to be received by the Trust from ROI Capital in connection with the Primary Offering. The Trust intends to use these proceeds for investments (see "Investment Guidelines and Operating Policies - Investment Guidelines of the Trust") and general operating and working capital purposes.

PLAN OF DISTRIBUTION

Distributions

Primary Distribution

Under the Purchase Agreement, ROI Capital agreed to subscribe for Units on the date of Closing having an aggregate subscription price equal to $10,000,000 at a price of $10.00 per Unit, for a total of 1,000,000 Units.

Secondary Distribution

In connection with the Reorganization, which will be completed on or prior to the date on which Closing occurs, we have agreed to issue an aggregate of ● Units to the Distributing ROI Funds in consideration for our indirect acquisition of the Initial Assets (and our assumption of the related property-specific debt and the other liabilities of the Distributing ROI Funds described elsewhere in this prospectus), having an aggregate fair market value of approximately $●. The number of Units to be issued to each such Distributing ROI Fund will be determined by ROI Capital based on the aggregate fair market value of the cash and Initial Assets transferred to us by such Distributing ROI Fund as a fraction of the aggregate fair market value of the cash and Initial Assets. See "Our Structure and Formation – The Reorganization and the Acquisition of the Initial Assets".

In connection with the Reorganization, the Distributing ROI Funds will make the Secondary Distribution by distributing an aggregate of ● Units to the unitholders of the Distributing ROI Funds in connection with the termination of the ROI Funds. In connection with such distribution:

(a) each unitholder of ROI Canadian High Income Mortgage Fund will receive ● Units in respect of every unit of ROI Canadian High Income Mortgage Fund held by such unitholder as of 5:00 p.m.

on the Closing Distribution Record Date. Unitholders of ROI Canadian High Income Fund will receive ● Units in the aggregate;

(b) each unitholder of ROI Canadian Mortgage Income Fund will receive ● Units in respect of every unit of ROI Canadian Mortgage Income Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Mortgage Income Fund will receive ● Units in the aggregate;

(c) each unitholder of ROI Canadian Real Estate Fund will receive ● Units in respect of every unit of ROI Canadian Real Estate Fund held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI Canadian Real Estate Fund will receive ● Units in the aggregate; and

(d) each unitholder of ROI IPP will receive: (i) ● Units in respect of every Series A unit of ROI IPP; (ii) ● Units in respect of every Series F unit of ROI IPP; (iii) ● Units in respect of every Series I unit of ROI IPP; (iv) ● Units in respect of every Series O unit of ROI IPP; and (v) ● Units in respect of every Series R unit of ROI IPP, in each case held by such unitholder as of 5:00 p.m. on the Closing Distribution Record Date. Unitholders of ROI IPP will receive ● Units in the aggregate.

Markets

There is currently no market through which the Units may be sold and recipients of Units may not be able to resell the Units distributed to them under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation.

This prospectus is being filed to qualify the distribution of Units in each of the provinces and territories of Canada. Units distributed under the Offering will not be distributed outside of Canada, and Persons not resident in Canada should be aware that the Reorganization may have tax or other implications for them in Canada and/or other jurisdictions that are not described in this prospectus and such Persons should consult with their professional advisors if they have any questions regarding the tax or other implications of the Reorganization.

The Units distributed under this prospectus have not been and will not be registered under the 1933 Act or any securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, or to, or for the account or benefit of, U.S. persons.

Costs of the Offering

In accordance with the provisions of the Purchase Agreement, the costs of the Offering, expected to be approximately $4.0 million, will be borne by the Trust and no costs of the Offering will be borne by the Distributing ROI Funds.

Book-Based System

Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS, as custodian of such certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of Units may be effected through the book-based system administered by CDS. See “Declaration of Trust and Description of Units - Book-Based System for Units”.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP and special tax counsel to the Trust ("Tax Counsel"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units by a holder who acquires Units pursuant to this Offering. This summary is applicable only to a holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm's length with and is not affiliated with the Trust or its affiliates, acquires and holds the Units as capital property, and is not exempt from tax under Part I of the Tax Act (a "Holder"). Generally, Units will be considered to be capital property to a Holder provided that the Holder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make the irrevocable election under subsection 39(4) of the Tax Act to have such Units, and every other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and subsequent taxation years, deemed to be capital property. Such Holders should consult their own tax advisors regarding whether such election is available and advisable in their particular circumstances.

This summary is not applicable to a Holder: (a) that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act; (b) that is a "specified financial institution"; (c) that has an interest which is a "tax shelter investment"; (d) that has elected to report its "Canadian tax results" in a currency other than Canadian currency; or (e) that has entered into or will enter into a "derivative forward agreement" with respect to the Units (as each of those terms is defined in the Tax Act). Any such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units.

This summary is based upon the facts set out in this prospectus, certain representations as to factual matters made in a certificate signed by a representative of DREAM on behalf of the Trust (the "Officer's Certificate"), and provided to Tax Counsel. This summary assumes that the representations made in the Officer's Certificate are true and correct, including the representations that the Trust has and will, at all times, comply with the Declaration of Trust.

This summary is also based on the provisions of the Tax Act and the regulations thereunder (the "Regulations") in force at the date hereof, and Tax Counsel's understanding, based on publicly available published materials, of the administrative policies and assessing practices of the CRA, all in effect as of the date of this prospectus. This summary takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced prior to the date of this prospectus (the "Tax Proposals"). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA's administrative policies and assessing practices, nor does it take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative policies and assessing practices.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Holder's particular circumstances, including the province(s) in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be nor should it be construed to be legal or tax advice to any prospective purchaser of Units. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units in their particular circumstances.

Status of the Trust

Qualification as a Mutual Fund Trust

This summary is based on the assumptions that the Trust will qualify at all times as a ''mutual fund trust'' within the meaning of the Tax Act and that the Trust will validly elect under the Tax Act to be a mutual fund trust from the date it was established.

To qualify as a mutual fund trust, the Trust, among other things, must be a "unit trust" as defined by the Tax Act, must not be established or maintained primarily for the benefit of Non-Residents, and must restrict its undertaking to: (a) the investing of its funds in property (other than real property or an interest in real property or an immovable or real right in an immovable); (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property or of any immovable or real right in immovables) that is capital property of the Trust; or (c) any combination of the activities described in (a) and (b), and the Trust must comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. A representative of DREAM on behalf of the Trust has advised Tax Counsel that the Trust will file an election under subsection 132(6.1) of the Tax Act to be deemed to have been a mutual fund trust from the time of its establishment and that the Trust intends to continue to qualify as a ''mutual fund trust'' under the provisions of the Tax Act at all times thereafter.

In the event that the Trust were not to qualify as a mutual fund trust at any particular time, the Canadian federal income tax consequences described below would, in some respects, be materially different.

SIFT Legislation

Under the taxation regime set out in the SIFT Legislation applicable to a SIFT trust or a SIFT partnership, the Trust is a SIFT trust and will be subject to tax in respect of its "non-portfolio earnings" (as defined in the Tax Act: generally, income (other than certain dividends) from, or taxable capital gains realized on, "non-portfolio properties" (as defined in the Tax Act)) at a rate substantially equivalent to the combined federal and provincial corporate tax rate applicable to taxable Canadian corporations.

A representative of DREAM on behalf of the Trust has advised Tax Counsel that each of Dream Alternatives Master LP and its Subsidiaries expects to qualify at all times as an "excluded subsidiary entity" as defined in the Tax Act. Consequently, none of Dream Alternatives Master LP nor any of its Subsidiaries is expected to be subject to tax under the SIFT Legislation. If any of Dream Alternatives Master LP or any of its Subsidiaries does not so qualify, the income tax considerations described below would, in some respects, be materially different.

Taxation of the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act as described above under "Status of the Trust - SIFT Legislation" generally in respect of its "non-portfolio earnings" for the year. Based on the Officer's Certificate all of the income of the Trust is expected to be "non-portfolio earnings". The Trust will include in its income for each year its allocated share of income and taxable capital gains of Dream Alternatives Master LP for its fiscal period ending in or coinciding with the year-end of the Trust. All of such partnership income and taxable capital gains allocated to the Trust for the year is expected to be considered "non-portfolio earnings" of the Trust for the year for purposes of the SIFT Legislation.

Generally, distributions to the Trust in excess of its allocated share of the income of Dream Alternatives Master LP for a fiscal year will result in a reduction of the adjusted cost base of the Trust's DALP Units by the amount of such excess. If, as a result, the Trust's adjusted cost base at the end of a taxation year of its DALP Units would otherwise be a negative amount, the Trust would be deemed to realize a capital gain equal to the negative adjusted cost base and the Trust's adjusted cost base at the beginning of the next taxation year of its DALP Units would then be reduced to nil. The taxable portion of any such capital gain realized will be included in the Trust's non-portfolio earnings for the taxation year.

In computing its income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The Trust may also deduct from its income for the year a portion of any reasonable expenses incurred by the Trust to issue Units. The portion of the issue expenses deductible by the Trust in a taxation year is 20% of the total issue expenses, pro-rated where the Trust's taxation year is less than 365 days.

Where the Redemption Price for Units is paid and satisfied by way of a distribution *in specie* to the Holder of Subsidiary Securities of the Trust, income or a capital gain realized by the Trust as a result of the redemption will be included in the Trust's non-portfolio earnings.

Losses incurred by the Trust cannot be allocated to Holders, but can be deducted by the Trust in future years in computing its taxable income, and hence, non-portfolio earnings, in accordance with the Tax Act.

Taxation of Dream Alternatives Master LP

The fiscal period of Dream Alternatives Master LP is the calendar year. Dream Alternatives Master LP is expected to qualify as an "excluded subsidiary entity" at all relevant times and, as a result, will not be subject to tax under the Tax Act. Generally, each partner of Dream Alternatives Master LP, including the Trust, is required to include in computing the partner's income, the partner's share of the income (or loss) of Dream Alternatives Master LP for Dream Alternatives Master LP's fiscal year-ending in, or coinciding with, the partner's taxation year-end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income (or loss) of Dream Alternatives Master LP will be computed for each fiscal year as if Dream Alternatives Master LP were a separate person resident in Canada.

In computing the income or loss of DREAM Alternative LP, deductions may generally be claimed in respect of its administrative costs and other reasonable expenses incurred for the purpose of earning income, including available capital cost allowances.

The income or loss of Dream Alternatives Master LP for a fiscal year will be allocated to the partners of Dream Alternatives Master LP, including the Trust, on the basis of their respective share of such income or loss as provided in the DALP Limited Partnership Agreement, subject to the detailed rules in the Tax Act. Generally, distributions to partners in excess of the income of Dream Alternatives Master LP for a fiscal year will result in a reduction of the adjusted cost base of the partner's units in Dream Alternatives Master LP by the amount of such excess, as described above.

Taxation of Holders

Trust Distributions

In general, the amount of distributions paid or made payable by the Trust to Holders of Units in respect of the Trust's non-portfolio earnings will be deemed to be received by such Holders as "eligible dividends" (as defined in the Tax Act) paid by a taxable Canadian corporation. Eligible dividends received or deemed to be received by an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules applicable under the Tax Act. Such dividends received by a corporation will be included in computing the corporation's income and will generally be deductible in computing its taxable income. A corporation that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax at a rate of 33⅓% on such dividends to the extent that such dividends are deductible in computing the corporation's taxable income. Distributions that do not result in the Trust being subject to the SIFT Legislation will be taxed as described below.

Any other amount in excess of the non-portfolio earnings of the Trust that is paid or payable, or deemed to be paid or payable, by the Trust to a Holder in a taxation year, will not generally be included in the Holder's income for the year. A Holder will be required to reduce the adjusted cost base of its Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Units) paid or payable to such Holder that was not included in computing the Holder's income and will realize a net capital gain to the extent that the adjusted cost base of the Holder's Units would otherwise be a negative amount.

Disposition of Units

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

For the purpose of determining the adjusted cost base to a Holder, 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 immediately before that acquisition. The adjusted cost base of a Unit to a Holder will include all amounts paid by the Holder for the Unit, with certain adjustments. The cost to a Holder of Units received in lieu of a cash distribution of income of the Trust will be equal to the amount of such distribution that is satisfied by the issuance of such Units.

Where the redemption price for Units is paid and satisfied by way of a distribution *in specie* to the Holder of Subsidiary Securities of the Trust, the proceeds of disposition to the Holder will be equal to the fair market value of the property so distributed. The cost of any Subsidiary Security distributed *in specie* by the Trust to a Holder upon redemption of Units will generally be equal to the fair market value of that property at the time of the distribution.

Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized by a Holder on a disposition or deemed disposition of Units will be included in the Holder's income as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized by a Holder on a disposition or deemed disposition of Units must generally be deducted from taxable capital gains of the Holder in the year of disposition as an allowable capital loss. Allowable capital losses realized in excess of taxable capital gains in a particular taxation year may generally be deducted against taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

Where a Holder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Holder's capital loss from the disposition will generally be reduced by the amount of any dividends paid by the Trust to the Holder, to the extent and under the circumstances prescribed in the Tax Act. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units. Holders to whom these rules may be relevant should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP and special tax counsel to the Trust, based on representations of a representative of DREAM on behalf of the Trust as to certain factual matters and subject to the qualifications and assumptions given under "Certain Canadian Federal Income Tax Considerations" and below, the Units will be qualified investments under the Tax Act for Plans. If the Trust ceases to qualify as a mutual fund trust under the Tax Act and the Units cease to be listed on a designated stock exchange (which includes the TSX), the Units will not be qualified investments under the Tax Act for Plans. Subsidiary Securities received as a result of a redemption *in specie* of Units may not be qualified investments for Plans, and this may give rise to adverse consequences to a Plan or the holder of or the annuitant or beneficiary under that Plan. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Notwithstanding that the Units may be qualified investments for a TFSA, RRSP or RRIF, a holder of a TFSA or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units held in the TFSA, RRSP or RRIF are a "prohibited investment" as defined in the Tax Act for the TFSA, RRSP or RRIF. The Units will generally not be a "prohibited investment" for trusts governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable: (a) deals at arm's length with the Trust for the purposes of the Tax Act; and (b) does not have a "significant interest", as defined in the Tax Act, in the Trust. In addition, the Units will generally not be a "prohibited investment" if the Units are "excluded property", as defined in the Tax Act, for trusts governed by a TFSA, RRSP or RRIF. Prospective investors who intend to hold Units in a TFSA, RRSP or RRIF should consult their own tax advisors in regards to the application of these rules in their particular circumstances.

RISK FACTORS

Investing in Units involves a high degree of risk. In addition to the other information contained in this prospectus, you should carefully consider the following risk factors. The occurrence of any of the following risks could materially and adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders. In that event, the value of Units could decline and investors may lose all or part of their investment. Although we believe that the risk factors described below are the most material risks that we will face, they are not the only risks. Additional risk factors not presently known to us or that we currently believe are immaterial could also materially adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders and thereby adversely affect the value of our Units.

Risks Relating to the Trust and Our Investments

Risks inherent in the real estate industry may adversely affect our financial performance

Returns on real estate and real estate related assets and investments are generally subject to a number of factors and risks, including changes in general economic conditions (which could affect the availability, terms and cost of mortgage financings and other types of credit), changes in local economic conditions (such as an oversupply of properties or a reduction in demand for real estate in a particular area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

These factors and risks could cause fluctuations in the value of the real estate and real estate related assets and investments owned by us, or in the value of the real estate securing mortgage loans to us. These fluctuations could materially adversely affect us.

The income-producing properties in our investment portfolio generate income through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. The Trust's income and funds available for distribution to its Unitholders would be adversely affected if we were unable to lease a significant amount of the available space in the particular property on economically favourable lease terms. In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as lessor and incur substantial costs in protecting our investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to us which may adversely affect us.

Risks inherent in certain of our investments may adversely affect our financial performance

Our investments include direct and indirect investments in real estate, mortgages and other loans and securities of private companies, each of which can be relatively illiquid. While investments in illiquid assets have the potential to produce above-average growth opportunities, they may be difficult to value or sell at the time and price preferred by the owner. Accordingly, there is a risk that we would be unable to dispose of our illiquid assets in a timely way in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain of our assets, including of certain types of real estate. The costs of holding certain of our assets, including real estate, are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of rental income. In such circumstances, it may be necessary for us to dispose of properties, or interests in properties, at discounted prices in order to generate sufficient cash for operations and making distributions. Where we are unable to dispose of illiquid assets or we are forced to sell such assets at a discounted price, our ability to make cash distributions, our financial results and the value of our Units may be adversely affected.

The illiquidity of certain of our investments may also delay or prevent the repositioning of our portfolio as we currently intend and such delays or inability to implement these plans could materially adversely affect our financial results and the value of our Units.

Investments in certain assets carry credit risk and administrative costs

There is a risk that the issuer of an investment security or a tenant of a property in our investment portfolio will not make a payment on debt securities or in respect of rent payable, or that an originating lender will not make its payment on a loan participation interest purchased by us or that an issuer or an investment security or an originating lender retaining the original loan in which it grants participations may suffer adverse changes in financial condition lowering the credit quality of its security or participation and increasing the volatility of the security or participation price. Such changes in the credit quality of a security or participation can affect its liquidity and make it more difficult to sell if we wish to do so. In addition, with respect to loans made or held by us, a change in the financial condition of a borrower could have a negative financial impact on us.

Investments in participating loans may expose us to additional credit risk relative to holding an interest in the underlying loan directly

An investment in a participation interest that is granted by an originating lender that retains the actual loan, rather than having us obtain an interest in the loan itself, gives us a contractual relationship with the lender and not with the underlying borrower. As a result, we are exposed to the credit risk of each such originating lender in respect of payments of principal, interest and any fees to which we are entitled as a result of our participating interest and we are entitled to such amounts only upon receipt by the originating lender of such payments from the underlying borrower. This means that, in the event of the bankruptcy or insolvency of the originating lender, our claim would be as a creditor of the originating lender rather than as a party to the underlying loan. We may also be unable to exercise any remedies that the originating lender would have in respect of such loan.

The nature of our investments may expose us to sector, concentration and other similar risks

While our intention is to diversify our investments, our current investments are relatively concentrated in a limited number of market sectors or asset types or in a limited number of issuers. An investment in the Trust may therefore involve greater risk and volatility than an investment in an issuer with a broader portfolio of assets since the performance of one particular industry, market or issuer could significantly and adversely affect the overall performance of the Trust.

Competition for investment opportunities may adversely affect our financial performance

Our performance depends on our ability to source or acquire assets including mortgage loans, real estate and other investment opportunities at favourable yields or potential rates of return. We will compete with other investors, managers, corporations, institutions and owners of real estate for investment opportunities in the financing and/or acquisition of assets, including real estate and real estate loans. Certain competitors may have a higher risk tolerance, greater financial and other resources and greater operating flexibility than us, allowing these competitors to more aggressively pursue investment opportunities. Accordingly, we may be unable to acquire sufficient real property and real property lending assets or other assets or investment opportunities at favourable yields or terms or at all.

We may not be able to source suitable investments

Our strategy involves investing and re-investing in suitable investment opportunities, pursuing such opportunities, consummating investments and, in the case of real estate assets, effectively operating and leasing such properties. There can be no assurance as to the pace of growth through investments and/or acquisitions or that we will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase in the future.

Environmental contamination at properties may expose us to liability and adversely affect our financial performance

Our assets may include real estate that contains ground contamination, hazardous substances, and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous substances such as polychlorinated biphenyl, dichlordiphenyltrichlorethan, pentachlorphenol or lindane above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings in our investment portfolio.

To the extent that this is the case, we will bear the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances or other residual pollution. The discovery of any such residual pollution on the real estate and/or in the buildings in which we have an interest, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures we would have to undertake could have a materially adverse effect on us and could involve considerable additional costs that we may have to bear. We will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and therefore our ability to lease or sell such a property or our interest in such a property and any such pollution on a property which secures a mortgage investment or on a neighbouring property may also have an adverse effect on us.

As an owner of real estate, we will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances or ground contamination. The presence of such substances, if any, could materially adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental site assessment to be conducted. Although such an assessment provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We will have formal policies and procedures to review and monitor environmental exposure. These policies will include the requirement to conduct a phase I environmental site assessment before acquiring real properties or originating any real estate lending.

Some of our real estate assets may, from time to time, have tenants that use or create hazardous or toxic substances. In addition, asbestos containing materials, underground storage tanks, petroleum hydrocarbons and lead paint may be present at certain of our real estate assets. Where circumstances so warrant, designated substance surveys and/or Phase II environmental site assessments have been or will be conducted to determine the presence and/or extent of these or any other materials or potential environmental hazards. If appropriate, we will remediate such situations. Notwithstanding the above, we are not aware of any environmental conditions with respect to any of our real estate assets that we believe would involve material expenditure by us.

At Closing, we will have insurance in place to mitigate against certain environmental liabilities in respect of our real estate assets, with limits which we believe are customary for portfolios similar to our real estate assets. In addition, certain of the existing tenant leases in respect of our real estate assets specify that the tenant will conduct its business in accordance with applicable environmental laws and regulations and will be responsible for any liabilities arising out of infractions to such laws and regulations.

Environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations (or more stringent enforcement or administration of existing requirements) in the future.

We may incur significant capital expenditures and other fixed costs

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 property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long-term, the condition of the properties in which we have an interest must be maintained or, in some cases, improved to meet market demand. Maintaining or upgrading a rental property in accordance with market standards can entail significant costs, which we may not be able to pass on to our tenants.

Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading a property in which we have an interest exceeds our estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if we are not permitted to raise rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced.

Any failure to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that we earn from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing leases. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on Units.

Financing risks, leverage and restrictive covenants may limit our ability for growth

Ownership of certain of our assets, and the real estate industry generally, is capital intensive. We will require access to capital to maintain the real estate and other assets in which we have an interest, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Our failure to access required capital could materially adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the Units and our ability to implement our growth strategy.

We may borrow from third-parties from time to time to finance or otherwise leverage our assets and any such borrowing adds leverage to the investments made by us. The obligations under the resulting loans may be secured by our assets. The addition of leverage has the potential to enhance our returns but also involves additional risks, and there can be no assurance that the leveraging employed by us will enhance returns. The use of leverage may reduce returns (both distributions and capital) to Unitholders.

Our access to third-party financing will be subject to a number of factors, including:

(a) general market conditions;

(b) the market's perception of our growth potential;

(c) our current and expected future earnings;

(d) our cash flow and cash distributions; and

(e) the market price of our Units.

Upon Closing, we will have third-party debt service obligations. The degree to which we are leveraged could have significant consequences to Unitholders. Such factors include:

(a) a significant portion of our cash flow may be dedicated to the payment of the principal of, and interest on, our indebtedness, thereby reducing the amount of funds available for the payment of cash distributions to Unitholders;

(b) certain of our borrowings will be at variable rates of interest which exposes us to the risk of increased interest rates;

(c) a high level of debt would increase vulnerability to general adverse economic and industry conditions;

(d) covenants contained in debt facilities will limit our ability to borrow additional funds, dispose of assets, encumber our assets, pay distributions and make potential investments;

(e) a high level of debt may place us at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;

(f) our debt covenants may affect flexibility in planning for, and reacting to, changes in the economy and in the industry;

(g) a high level of debt may make it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then-outstanding borrowings; and

(h) a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other purposes.

Certain of our competitors may operate on a less leveraged basis, and therefore could have greater financing flexibility than us. Our ability to make scheduled payments of the principal of, or interest on, and to otherwise satisfy our debt obligations depends on future performance, which is subject to the financial performance of our assets, including our investments in real estate and real estate loans, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control. These factors might inhibit us from refinancing indebtedness at all or on favourable terms, which could have a materially adverse effect on our value and our ability to make distributions on the Units.

Upon the expiry of the term of the financing or refinancing of any particular debt facility we may need to refinance, and there can be no assurance that we will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. Future financing may take many forms, including debt or equity financing which could alter our debt-to-equity ratio or which could be dilutive to our Unitholders. If we are unable to refinance our indebtedness, or are only able to refinance our indebtedness on less favourable terms, this may have a material adverse effect on us. Similarly, if we were to be in default under the terms of our indebtedness, the applicable lender could foreclose on the real property on which the lender took security to satisfy our obligations under our indebtedness. In either case, this could result in the reduction or suspension of cash distributions to Unitholders.

Certain of our indebtedness contains restrictive covenants that may limit our discretion with respect to certain business matters. These covenants place restrictions upon, among other things, our ability to: (a) incur additional indebtedness; (b) create liens or other encumbrances; (c) pay distributions or certain other payments, investments, loans and guarantees; (d) sell or otherwise dispose of assets; and (e) merge or consolidate with another entity. In addition, our indebtedness may contain financial covenants that require us to maintain certain financial ratios and financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured by us or waived by the lender, could result in acceleration of the relevant indebtedness. If any indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay that indebtedness in full. If an event of default under any indebtedness were to occur, we could be materially adversely affected.

Changes in government regulations may affect our investments

We are subject to laws and regulations governing the ownership and leasing of certain of our assets (including our real estate), employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). Any changes in the laws to which we are subject could materially adversely affect the distributions received by the Trust from Dream Alternatives Master LP or by Unitholders from the Trust. It is not possible to predict whether there will be any further changes in any regulatory regime to which we are subject or the effect of any such change on our investments.

An investment in the Trust is subject to certain Canadian tax risks

We intend to continue to qualify as a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of "mutual fund trusts" will not be changed in a manner that adversely affects Unitholders. If we cease to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations applicable to us, including the income tax considerations described under "Certain Canadian Federal Income Tax Considerations", would be materially and adversely different in certain respects, including that Units may cease to be qualified investments for Plans.

Although we are of the view that all expenses to be claimed by us will be reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by us will have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the CRA will agree with our determinations. If the CRA successfully challenges the deductibility of such expenses, our taxable income will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by us are able to deduct depreciation, interest and loan expenses relating to our investments for purposes of the Tax Act.

We will endeavour to ensure that Units continue to be qualified investments for Plans; however, there can be no assurance that this will occur. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Changes in interest rates could adversely affect our cash flows and our ability to pay distributions

When concluding financing agreements or extending such agreements, we will depend on our ability to agree on terms, including in respect of interest payments and amortization that do not restrict our ability to pay distributions. In addition, we may enter into future financing agreements with variable interest rates if the current historical low level of interest rates continue. Given the historically low interest rates, there is a risk that interest rates will increase. An increase in interest rates could result in a significant increase in the amount paid by us to service debt, resulting in a decrease in distributions to Unitholders, and could materially adversely affect the trading price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income paid by us to Unitholders, increasing the level of competition for capital faced by us, which could have a material adverse effect on the trading price of the Units.

We may implement hedging programs in order to offset the risk of revenue losses and to provide more certainty regarding the payment of distributions to Unitholders should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, our financial results, and our ability to pay distributions to Unitholders and interest payments under future financings may be adversely affected. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by financial institutions, could have a material adverse effect on our ability to sell any of our investments.

Acquisitions of real estate may expose us to undisclosed defects and obligations

Our external growth prospects depend in large part on identifying suitable investment opportunities, pursuing such opportunities and consummating acquisitions, including direct or indirect acquisitions of real estate.

Notwithstanding pre-acquisition due diligence, it is not possible to fully understand a property before it is owned and operated for an extended period of time. For example, we could directly or indirectly acquire a property that contains undisclosed defects in design or construction. Furthermore, we are not always able to obtain from the seller the records and documents that we need in order to fully verify that the buildings we acquire were constructed in accordance with, and that their use complies with, planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. Thus, we could have overlooked or misjudged legal and/or economic liabilities. These circumstances could lead to additional costs and could have a material adverse effect on our proceeds from sales and rental income of the relevant properties. In addition, after the acquisition of a property by us, the market in which the acquired property is located may experience unexpected changes that materially adversely affect the property's value. The occupancy of properties that we acquire may decline during its ownership, and rents that are in effect at the time a property is acquired may decline thereafter. For these reasons, among others, our property acquisitions may cause us to experience significant losses.

Interests in real estate that are under development may not be completed on the anticipated timelines, budgets or at all

Our assets may include interests in real estate under construction or held for development. We may commit to making further investments in respect of our interest in these types of properties, including through the provision of construction and completion guarantees by the co-owners to project lenders or otherwise. Our involvement in such development activities is subject to related risks that include:

(a) the potential insolvency of a developer;

(b) the developer's failure to use advanced funds in payment of construction costs;

(c) construction or unanticipated delays;

(d) incurring construction costs before ensuring rental revenues will be earned from a project;

(e) cost over-runs on a project; and

(f) the failure of tenants to occupy and pay rent in accordance with lease arrangements.

Such risks are minimized by generally not commencing construction until satisfactory levels of preleasing or sales, as applicable, are achieved.

Investments in, and profits and cash flows from, properties or other assets may be lost in the event of uninsured or underinsured losses to properties or other assets or losses from title defects

We will carry general liability, umbrella liability and excess liability insurance with limits which are typically obtained for similar real estate portfolios in Canada and otherwise acceptable to the Trust Board on the recommendation of DREAM. For the property risks we intend to carry "All Risks" property insurance including but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24 month indemnity period). We also intend to carry boiler and machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. We will have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We may carry title insurance on certain of our real estate assets but will not necessarily insure all titles. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

Risks Relating to Real Estate Lending

Nature of investments in mortgages

Investments in mortgages are affected by general economic conditions, local real estate markets, demand for leased premises, new supply, occupancy rates, operating expenses, prevailing interest rates and various other factors. The value of a real estate property may ultimately depend on the credit and financial stability of its tenants.

Investments in mortgages are relatively illiquid. This limited liquidity will tend to limit our ability to vary our mortgage portfolio promptly in response to changing economic or investment conditions.

Investments in mortgages relating to development or renovations may be riskier than investments in mortgages relating to income-producing commercial property or mortgage receivables. Land mortgages pose a risk in the event of default in that the asset has no capacity to generate cash flow. Our mortgages will not usually be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which we may not be able to insure against or which we may elect not to insure due to the cost of such insurance. Any or all of these factors could materially adversely affect us.

Sensitivity to interest rates on mortgage portfolio

The market price for our Units and the value of our mortgage portfolio at any given time may be affected by the level of interest rates prevailing at such time. Our income includes interest payments on the mortgages comprising our real estate lending portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of our mortgages are based), we may find it difficult to make additional mortgages bearing rates sufficient to achieve our investment objectives and to support our rate of distributions. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect our ability to maintain our distributions at a consistent level. As well, if interest rates increase, the value of our real estate lending portfolio may be negatively impacted.

Changes in real estate values of secured real estate

Our mortgage loans are secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants (where applicable), competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting the ability of the borrower to service the debt and/or repay the loan based on the property income. A substantial decline in value of real property provided as security for a mortgage loan may cause the value of the property to be less than the outstanding principal amount of the mortgage loan. Foreclosure or power of sale by us on any such mortgage loan might not provide us with proceeds sufficient to satisfy the outstanding principal amount of the mortgage loan.

Risks related to mortgage defaults

If a borrower under a mortgage loan defaults under any terms of the loan, we may have the ability to exercise our mortgage enforcement remedies in respect of the mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact our cash flow. In addition, as a result of potential declines in real estate values, there is no assurance that we will be able to recover all or substantially all of the outstanding principal and interest owed to us in respect of such mortgages by exercising our mortgage enforcement remedies. Our inability to recover all or substantially all of the principal and interest owed to us in respect of such mortgage loans could materially adversely affect us.

Foreclosure and related costs

One or more borrowers could fail to make payments according to the terms of their mortgage loan, and we could therefore be forced to exercise our rights as mortgagee. The recovery of a portion of our assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of our rights as mortgagee. Legal fees and expenses and other costs incurred by us in enforcing our rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there can be no assurance that such expenses will actually be recovered. In the event that these expenses are not recoverable, they will be borne by us.

Furthermore, certain significant expenditures, including real estate taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real estate regardless of whether the property is producing income or whether mortgage payments are being made. We may therefore be required to incur such expenditures to protect our investment, even if the borrower is not honouring its contractual obligations.

Renewal of mortgages comprising the mortgage portfolio

There can be no assurance that any of the mortgages comprising our mortgage portfolio can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. The mortgagor, the mortgagee or both, may elect to not renew any mortgage. If mortgages are renewed, the principal balance, the interest rates and the other terms and conditions will be subject to negotiation between the mortgagors and the mortgagees at the time of renewal.

Composition of the mortgage portfolio

The composition of our mortgage portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in it being less diversified at some times than at other times. A lack of diversification may result in us being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of securities, industries or geographies.

Value of assets underlying our investments in mortgages may fall and be insufficient to repay amounts outstanding

We could lose some or all of our investment in a mortgage if the value of the assets securing the mortgage is insufficient on a realization to repay in full the amount owing by the borrower on the mortgage. As part of evaluating an investment for us, we expect that DREAM will analyze the risk of loss should a default ever occur, including evaluating the security or collateral for the investment in the mortgage to determine the likelihood of the value of the assets securing the debt covering the amount that would be owed to Dream Alternatives Master LP or its Subsidiaries. However, there can still be no assurance that such analysis will be correct or that the value of such collateral will not decline.

Risks Relating to our Relationship with DREAM and Others

Reliance on DREAM for management services

We will rely on DREAM with respect to the asset management of our investments. Consequently, our ability to achieve our investment objectives depends in large part on DREAM and its ability to properly advise us. Although the Management Agreement does not have a fixed term, DREAM has the right to terminate the Management Agreement with 180 days' prior written notice if Dream Alternatives Master LP and/or the Trust defaults in the performance or observance of any material term, condition or agreement of the Management Agreement in a manner that results in material harm and such default continues unremedied for a period of 60 days. The Management Agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default or insolvency of DREAM within the meaning of such agreement. Accordingly, there can be no assurance that DREAM will continue to be our asset manager. If DREAM should cease for any reason to be our asset manager, our ability to meet our objectives and execute our strategy may be adversely affected. We may be unable to duplicate the quality and depth of management available to DREAM by becoming a self-managed company or by hiring another asset manager. In addition, the cost of obtaining substitute services may be greater than the fees we will pay DREAM under the Management Agreement.

DREAM will exercise substantial influence over Dream Alternatives Master LP and we are highly dependent on DREAM

DREAM is the sole shareholder of Dream Alternatives Master GP. As a result of its ownership of Dream Alternatives Master GP, DREAM will be able to control the appointment and removal of the Directors and, accordingly, exercise substantial influence over Dream Alternatives Master LP. In addition, the Trust holds its interest in our assets through its limited partnership interest in Dream Alternatives Master LP. As a limited partner, the Trust will not have a right to participate in the management or activities of Dream Alternatives Master LP.

We depend on the management and administration services provided by DREAM under the Management Agreement. DREAM personnel and support staff that provide services to us under the Management Agreement are not required to have as their primary responsibility the management and administration of the Trust or Dream

Alternatives Master LP or to act exclusively for either of us and the Management Agreement does not require that the services we receive be provided to us by any specific individuals employed by DREAM. Any failure to effectively manage our operations or to implement our strategy could materially adversely affect us.

Reliance on Dream Alternatives Master LP to provide us with the funds necessary to pay distributions and meet our financial obligations

The Trust's sole material asset is its limited partnership interest in Dream Alternatives Master LP. The cash distributions to Unitholders are dependent on the ability of Dream Alternatives Master LP to pay distributions in respect of our DALP Units. The ability of Dream Alternatives Master LP to pay distributions or make other payments or advances to us may be subject to contractual restrictions contained in any instruments governing the indebtedness of Dream Alternatives Master LP or investments held by it. The ability of Dream Alternatives Master LP to pay distributions or make other payments or advances is also dependent on the ability of Dream Alternatives Master LP's Subsidiaries to pay distributions or make other payments or advances to Dream Alternatives Master LP. The Trust depends on distributions and other payments from Dream Alternatives Master LP and, indirectly, its Subsidiaries and investments, to provide the Trust with the funds necessary to pay distributions to its Unitholders and to meet its financial obligations.

Dream Alternatives Master GP, Dream Alternatives Master LP and its Subsidiaries are legally distinct from us and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to us pursuant to law, regulatory requirements and their respective contractual agreements. Any other Persons through which we may conduct operations in the future will also be legally distinct from us and may be similarly restricted in their ability to pay dividends and distributions or otherwise make funds available to us under certain conditions.

We anticipate that the only distributions we will receive in respect of our limited partnership interest in Dream Alternatives Master LP will consist of amounts that are intended to assist us in making distributions to our Unitholders in accordance with our distribution policy and to allow us to pay our expenses and other costs as they become due. While we plan to review our distributions to Unitholders periodically, there is no guarantee that we will be able to increase, or even maintain, the level of distributions that are paid.

Third-party risks

We rely on third-parties to, among other things, act as partners in investments as well as to actively manage real estate in which we directly or indirectly invest. The loss of, or degradation in, relationships with one or more of these third-parties could adversely affect the availability of investments to the Trust or the return generated by the investments of the Trust. Furthermore, these third-parties are independent of the Trust and may act in a manner that is contrary to its wishes or best interests.

Our Trustees, Directors and DREAM may be put in a position of conflict as a result of their positions held and interests in other businesses

The Trustees and the Directors may also be trustees, directors and/or officers of other entities, including DREAM, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with our investment strategy. Consequently, these positions could create, or appear to create, conflicts of interest with respect to matters involving us. Pursuant to the Declaration of Trust, all decisions to be made by the Trust Board which involve us will be required to be made in accordance with the Trustee's duties and obligations to act honestly and in good faith with a view to the best interests of the Trust and the Unitholders. In addition, our Trustees are required to declare their interests in, and such Trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest. Applicable corporate law imposes similar obligations on the Directors. However, there can be no assurance that potential conflicts of interest or that such actual or potential conflicts of interest will be adequately addressed or be resolved in our favour.

DREAM acts as the asset manager for three publicly-traded REITs and also provides management services to other public and private companies. As asset manager for other entities and on its own behalf, DREAM will pursue other business opportunities, including but not limited to real estate and development business opportunities outside of the Trust and Dream Alternatives Master LP. These multiple responsibilities to public entities and other businesses could create competition for the time and efforts of DREAM which could materially adversely affect us.

Risks Relating to the Reorganization and the Acquisition of the Initial Assets

Historical financial information and pro forma financial information may not be indicative of future results

The Trust Pro Forma Statements included in this prospectus have been derived from the historical accounting records and audited financial statements of the ROI Funds, which were prepared by the respective ROI Funds and not by us. We have relied on these accounting records and audited financial statements, and believe that we have made reasonable assumptions, in preparing the Trust Pro Forma Statements. However, the Trust Pro Forma Statements may not reflect what our financial position, results of operations or cash flows would have been had we owned the Initial Assets during the historical periods presented or what our financial position, results of operations or cash flows will be in the future.

In preparing the Trust Pro Forma Financial Statements included in this prospectus, we have given effect to, among other items, the Reorganization and the Offering. The estimates used in the financial information may not be similar to our actual experience.

We may assume unknown liabilities in connection with the acquisition of the Initial Assets

We will assume liabilities arising out of or related to our business in connection with the Reorganization and the acquisition of the Initial Assets which may include unknown liabilities that could be significant. Although DREAM has obtained certain representations and warranties in the Purchase Agreement with respect to the Initial Assets, there can be no assurance that these representations are true and correct or that DREAM will be fully protected in the event of a breach of such representations and warranties. Although ROI Capital has agreed to indemnify DREAM in connection with matters under the Purchase Agreement, including for breaches of representations and warranties relating to the Initial Assets, we are not a party to the Purchase Agreement and so there can be no assurance that we would receive any benefit from any claim made by DREAM pursuant to such indemnity for a breach of any representations or warranties relating to the Initial Assets or otherwise.

Risks Relating to the Offering and the Units

Absence of a prior public market and determination of offering price

As at the date of this prospectus, there is no public market for the Units. We cannot predict the prices at which the Units will trade and there can be no assurance that an active trading market will develop after Closing or, if developed, that such market will be sustained at a particular price or at all.

A publicly-traded mutual fund trust will not necessarily trade at values determined solely by reference to the net asset value of its underlying assets. Accordingly, Units may trade at a premium or a discount to values implied by the valuation of our assets. The market price of the Units could be subject to wide fluctuations.

The market price of Units may be affected by the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could materially adversely affect the market price of the Units. In addition, general market conditions, fluctuations in the markets for equity or debt securities, short-term supply and demand factors for issuers such as the Trust and numerous other factors beyond our control could materially adversely affect the trading value of the Units.

Ability of Unitholders to redeem Units is subject to restrictions on redemption

It is anticipated that the redemption right attached to Units will not be the primary mechanism by which Unitholders will liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (a) the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitations may be waived at the discretion of the Trust Board); (b) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market that the Trust Board believes, in its sole discretion, is able to provide representative fair market value prices for such Units; and (c) the normal trading of Units is not suspended or halted on any stock exchange on which such Units are listed (or, if not listed on a stock exchange, on any market on which such Units are quoted for trading) on the Redemption Date or for more than five trading days during the 20-day trading period commencing immediately after the Redemption Date.

Cash distributions are not guaranteed and may fluctuate with our financial performance

The Trust's distribution policy will be established in the Declaration of Trust and may only be changed with the approval of a majority of Unitholders. However, the Trust Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of Units.

Although we intend to make cash distributions in accordance with our distribution policy, the amount of monthly distributions to Unitholders will be determined by the Trust Board based on distributions received from Dream Alternatives Master LP and the amount of the Trust's general and administrative, operating and other expenses and taxes. Dream Alternatives Master LP's distribution policy will provide that the intention is to distribute free cash flow from Dream Alternatives Master LP that is not necessary to maintain the value of its assets or investments, implement the then-current approved investment plan or to otherwise fund its ongoing operations. However, distributions to the Trust by Dream Alternatives Master LP will be determined by the GP Board and will be dependent on, among other things, the interest income, net rental income and other income earned on the assets held by Dream Alternatives Master LP, interest expenses, general and administrative expenses, other corporate and servicing costs, taxes, provisions for capital expenditures, working capital and reserves, and the Management Fees payable to DREAM. The actual cash flow available for distribution to Unitholders is therefore dependent on the amount of cash flow paid to us by our operating entities and can vary significantly from period to period, including as a result of other factors that may be beyond our control.

Distributions may be increased, reduced or suspended entirely depending on our operations and the performance of our assets. The market value of Units may materially deteriorate if we are unable to meet distribution expectations in the future.

Unitholders do not have legal rights normally associated with ownership of shares of a corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against us.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any Person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario that is intended to provide Unitholders with limited liability. However, there remains risk, which is considered by the Trust to be remote in the circumstances, that a Unitholder could be held personally liable for the obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust. It is intended that the affairs of the Trust will be conducted to seek to minimize such risk wherever possible.

Regulatory approvals may be required in connection with a distribution of securities on a redemption of Units or our termination

Upon a redemption of Units or termination of the Trust, the Trust Board may distribute securities directly to the Unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

MATERIAL CONTRACTS

The material contracts entered into or to be entered into by the Trust are as follows:

(a) the Declaration of Trust described under "Declaration of Trust and Description of Units";

(b) the DALP Limited Partnership Agreement described under "Dream Alternatives Master LP"; and

(c) the Management Agreement described under "The Asset Manager and the Management Agreement - Management Agreement".

Copies of the foregoing documents will be available following Closing under the Trust's profile on SEDAR at www.sedar.com.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described in this prospectus, no Trustee of the Trust, or Unitholder that beneficially owns, or controls or directs more than 10% of the Units, or any associate or Affiliate of any of the foregoing persons, has or has had any material interest in any transaction within the last three years, or any proposed transaction, that has materially affected or would materially affect the Trust, Dream Alternatives Master LP or any of its Subsidiaries.

Dream Office REIT is a co-owner of the Co-owned Properties and provides certain property management services in connection with the Co-owned Properties.

PROMOTER

DREAM has taken the initiative in founding and organizing the Trust and is therefore a promoter of the Trust for the purposes of applicable securities legislation. We will reimburse DREAM for all reasonable expenses incurred by it in connection with the founding and organizing of the Trust, including financial, legal, accounting, tax, travel, filing and printing fees, which we expect to be approximately $4.0 million in the aggregate, and we will not be reimbursing DREAM for its costs incurred in connection with the negotiation of the Purchase Agreement. DREAM will be a party to the Management Agreement as of Closing, but will not receive any acquisition or other fees in connection with the founding and organization of the Trust or the completion of the Reorganization. See "The Asset Manager and the Management Agreement - Management Agreement".

LEGAL PROCEEDINGS

None of the Trust nor Dream Alternatives Master LP or any of its Subsidiaries is currently involved in any outstanding, threatened or pending litigation that would have a material adverse effect on the Trust.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters relating to the issue and sale of the Units will be passed upon on our behalf by Osler, Hoskin & Harcourt LLP and Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, with respect to certain tax matters.

As of the date of this prospectus, none of the partners or associates of Osler, Hoskin & Harcourt LLP or the partners or associates of Wilson & Partners LLP, beneficially own, directly and indirectly, any securities of the Trust. Upon Closing, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, and the partners and associates of Wilson & Partners LLP, as a group, will each beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Trust.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Trust are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, located at 18 York Street, Toronto, Ontario, M5J 0B2, who were appointed as the Trust's auditors on April 28, 2014 and are independent in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants in Ontario.

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office located in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

Units will be distributed to the unitholders of the Distributing ROI Funds by the applicable Distributing ROI Fund pursuant to the Secondary Offering in connection with the termination of the Distributing ROI Funds. Such distribution may not constitute a purchase of Units and, accordingly, the foregoing remedies may not be available to such unitholders.

GLOSSARY OF TERMS

"**1933 Act**" means the *United States Securities Act of 1933*, as amended;

"**Adjusted Partners' Equity**" means, at any time, the aggregate of: (a) the amount of the partners' equity in Dream Alternatives Master LP; and (b) the amount of accumulated depreciation and amortization recorded on the books and records of Dream Alternatives Master LP in respect of the properties held by Dream Alternatives Master LP and its Subsidiaries, in each case calculated in accordance with IFRS;

"**Affiliate**" has the meaning given in NI 45-106;

"**annuitant**" means any plan of which a holder of Units acts as a trustee or a carrier;

"**Bayfield LP Investments**" has the meaning given under "The Trust - Investment Objectives";

"**Bayfield LPs**" has the meaning given under "The Initial Assets - Bayfield Limited Partnership (LP) Investments";

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, on which Canadian chartered banks are generally open in the City of Toronto in the Province of Ontario for the transaction of banking business;

"**Castlepoint**" has the meaning given under "The Initial Assets - Participating Mortgages and Co-ownership Investments";

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time;

"**CDS**" means Clearing and Depository Services Inc.;

"**Closing**" means the closing of the Offering;

"**Closing Date**" means the date on which Closing occurs;

"**Closing Distribution Record Date**" means the date that is two Business Days prior to the Closing Date;

"**closing market price**" has the meaning given under "Declaration of Trust and Description of Units - Unit Redemption Right";

"**CMCC**" means, collectively, Canadian Mortgage Capital Corporation and its servicing division, Canadian Mortgage Servicing Corporation;

"**CMHC**" means the Canada Mortgage and Housing Corporation;

"**Code of Conduct**" has the meaning given under "Corporate Governance Matters - Code of Conduct";

"**Co-owned LPs**" means, collectively, those limited partnerships which hold an interest in the Co-owned Properties;

"**Co-owned Properties**" has the meaning given under "The Trust - Investment Objectives";

"**CRA**" means the Canada Revenue Agency;

"**CSA Modernization**" means the series of rule amendments proposed by the CSA in *CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 Mutual Funds, Companion Policy 81-102CP Mutual Funds and Related Consequential Amendments*, that, among other things, aim to subject closed-end funds to some of the rules applicable to traditional mutual funds;

"**DALP Limited Partnership Agreement**" means the amended and restated limited partnership agreement between Dream Alternatives Master GP and the Trust to be entered into at Closing, as described under "Dream Alternatives Master LP";

"**DALP Units**" has the meaning given under "Our Structure and Formation - Dream Alternatives Master LP";

"**Declaration of Trust**" means the amended and restated declaration of trust of the Trust to be entered into at Closing, as described under "Declaration of Trust and Description of Units";

“**Deferred Trust Units**” means deferred trust units issued pursuant to the Deferred Unit Incentive Plan;

“**Deferred Unit Incentive Plan**” means the deferred unit incentive plan to be adopted by the Trust at Closing;

“**Directors**” means the directors of the GP Board from time to time, and “**Director**” means any one of them;

“**Disclosure Policy**” has the meaning given under “Corporate Governance Matters - Communication and Disclosure Policies”;

“**Distributing ROI Funds**” means, collectively, the ROI Public Funds and ROI IPP;

“**Distribution**” means the distribution of the Units under this prospectus;

“**Distribution Date**” means each date on which the Trust Board has determined that a distribution will be made by the Trust to the Unitholders;

“**Distribution Record Date**” means, unless otherwise determined by the Trust Board, the last Business Day of each month of each year, except for the month of December where the Offering Record Date shall be December 31;

“**DREAM**” means DREAM Asset Management Corporation, a corporation governed by the laws of the Province of British Columbia, a Subsidiary of DREAM Unlimited Corp.;

“**Dream Alternatives Master GP**” means Dream Alternatives Master GP Inc., a corporation governed by the laws of the Province of Ontario and a Subsidiary of DREAM;

“**Dream Alternatives Master LP**” means Dream Alternatives Master LP, a limited partnership formed under the laws of the Province of Ontario;

“**DREAM CMCC Capital Fund**” means the DREAM CMCC Capital Fund Limited Partnership, a mezzanine and equity fund co-managed by DREAM and CMCC;

“**Dream Global REIT**” means Dream Global Real Estate Investment Trust (formerly Dundee International Real Estate Investment Trust), an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario;

“**Dream Industrial REIT**” means Dream Industrial Real Estate Investment Trust (formerly Dundee Industrial Real Estate Investment Trust), an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario;

“**Dream Office REIT**” means Dream Office Real Estate Investment Trust (formerly Dundee Real Estate Investment Trust), an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario;

“**Dream REITs**” means, collectively, Dream Global REIT, Dream Industrial REIT and Dream Office REIT;

“**DRIP**” means the distribution reinvestment plan to be adopted by the Trust on or after Closing;

“**DRMC**” means Dundee Realty Management Corp., a corporation governed by the laws of the Province of Ontario and a Subsidiary of Dream Office REIT;

“**Empire**” has the meaning given under “The Initial Assets - Participating Mortgages and Co-ownership Investments”;

“**Firelight**” has the meaning given under “The Asset Manager and the Management Agreement - DREAM’s Expertise and Track Record in Alternative Investments”;

“**GDP**” means gross domestic product;

“**GLA**” means gross leasable area, but excludes gross leasable area resulting from parking space, where applicable;

“**GP Board**” has the meaning given under “Corporate Governance Matters - Directors of Dream Alternatives Master GP”;

“**GP Interest**” has the meaning given under “Dream Alternatives Master LP - General”;

"**Gross Asset Value**" has the meaning given under "The Asset Manager and the Management Agreement - Management Agreement";

"**GTA**" means the Greater Toronto Area;

"**Holder**" has the meaning given under "Certain Canadian Federal Income Tax Considerations";

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants in Part I of The Canadian Institute of Chartered Accountants Handbook - Accounting, as amended from time to time;

"**Income Deferred Trust Units**" means income deferred Deferred Trust Units issued pursuant to the Deferred Unit Incentive Plan;

"**Indebtedness**" means all indebtedness of Dream Alternatives Master LP and its Subsidiaries and its proportionate share of all indebtedness relating to assets in which Dream Alternatives Master LP or any of its Subsidiaries owns or has an interest, whether or not such indebtedness is required to be reflected on Dream Alternative Master LP's financial statements in accordance with IFRS;

"**Independent Directors**" has the meaning given under "Corporate Governance Matters - Governance Practices of GP Board - Independent Directors";

"**Initial Assets**" means the real property, mortgages secured by real property, loans secured by, or that provide a participating interest in, real property or participations in such mortgages or loans, together with partial ownership positions in real property by way of a limited partnership or co-ownership investment or otherwise, and such other assets that Dream Alternatives Master LP will acquire, directly or indirectly, pursuant to the Reorganization, as described more fully under "The Trust - Investment Objectives" and "The Initial Assets";

"**Loan Portfolio**" has the meaning given under "The Trust - Investment Objectives";

"**Management Agreement**" has the meaning given under "The Asset Manager and the Management Agreement - Management Agreement";

"**Management Fees**" has the meaning given under "The Asset Manager and the Management Agreement - Management Agreement";

"**market price**" has the meaning given under "Declaration of Trust and Description of Units - Unit Redemption Right";

"**MIC**" has the meaning given under "Investment Strategies - Trust Strategy and Opportunity";

"**MI 61-101**" means Multilateral Instrumental 61-101 - *Protection of Minority Security Holders in Special Transactions*;

"**Named Executive Officers**" has the meaning given under "Named Executive Officer Compensation - Compensation of the Trust's Named Executive Officers";

"**New Real Estate LPs**" means those limited partnerships formed under the laws of the Province of Ontario which, upon commencement of the Reorganization, will have as their respective limited partners one of more of the ROI Funds and a wholly-owned subsidiary of Dream Alternatives Master LP as general partner;

"**NI 45-106**" means National Instrument 45-106 - *Prospectus and Registration Exemptions*;

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*;

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*;

"**Non-Resident**" means a non-resident of Canada within the meaning of the Tax Act;

"**OBCA**" means the *Ontario Business Corporations Act*, as amended from time to time;

"**Offering**" means, collectively, the Primary Distribution and the Secondary Distribution;

"**Offeror**" means any Person making a take-over bid for Units;

“**Officer’s Certificate**” has the meaning given under “Certain Canadian Federal Income Tax Considerations”;

“**Original Declaration of Trust**” means the declaration of trust of the Trust dated April 28, 2014;

“**Original DALP Limited Partnership Agreement**” means the limited partnership agreement between the Trust and Dream Alternatives Master LP dated April 28, 2014, pursuant to which Dream Alternatives Master LP was formed;

“**Participating Mortgages and Co-ownership Investments**” has the meaning given under “The Initial Assets - Participating Mortgages and Co-ownership Investments”;

“**Partnership Net Income**” means the amount of net income (or loss) of Dream Alternatives Master LP before income taxes computed in accordance with IFRS, adjusted to exclude all fair value adjustments to the carrying-value of assets and liabilities and to include realized gains and losses on the disposition of assets, computed with reference to the historical cost of the assets disposed of and to exclude distributions to Dream Alternatives Master GP and by any other adjustments as may be determined by Dream Alternatives Master GP, acting reasonably;

“**Person**” includes an individual, body corporate, partnership, limited partnership, joint venture, trust or unincorporated organization, the Crown or any agency or instrumentality thereof, or any other entity recognized by law;

“**Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans under the Tax Act;

“**PPA**” has the meaning given in “Overview of the Sectors in which the Trust Invests - Canadian Renewable Power Industry”;

“**Primary Distribution**” has the meaning given on the cover page of this prospectus;

“**Purchase Agreement**” means the asset purchase agreement between, among others, DREAM and ROI Capital made as of April 2, 2014, as the same may be amended from time to time;

“**Redemption Date”** has the meaning given under “Declaration of Trust and Description of Units - Unit Redemption Right”;

“**Redemption Price”** has the meaning given under “Declaration of Trust and Description of Units - Unit Redemption Right”;

“**Regulations**” has the meaning given under “Certain Canadian Federal Income Tax Considerations”;

“**REIT**” means real estate investment trust;

“**Related Party**” means, with respect to any Person, a Person who is a “related party”, as that term is defined in MI 61-101, as such rule may be amended from time to time (and including any successor rule or policy thereto, but shall not include a wholly-owned Subsidiary of the person);

“**Reorganization**” means the multi-stage transaction involving the reorganization of the ROI Funds to be completed prior to Closing and pursuant to which, among other things, Dream Alternatives Master LP will acquire the Initial Assets and following the completion of which Closing will occur;

“**ROI Capital**” means Return On Innovation Advisors Ltd.;

“**ROI Funds**” means, collectively, ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund, ROI Institutional Private Placement Fund, ROI Private Trust, ROI Private Capital Trust, ROI Strategic Capital Trust and ROI IPP, and “**ROI Fund**” means any one of them;

“**ROI IPP**” means ROI Institutional Private Placement Fund;

“**ROI Public Funds**” means, collectively, ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund and ROI Canadian Real Estate Fund, and “**ROI Public Fund**” means any one of them;

"**ROI Reference Funds**" means, collectively, ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust, and "**ROI Reference Fund**" means any one of them;

"**RRIF**" means a trust governed by a registered retirement income fund;

"**RRSP**" means a trust governed by a registered retirement savings plan;

"**Secondary Distribution**" has the meaning given on the cover page of this prospectus;

"**SEDAR**" means the System for Electronic Documents Analysis and Retrieval;

"**Services Agreement**" means the services agreement to be entered into at Closing between the Trust, Dream Alternatives Master LP and DRMC, as described under "Management and Advisory Services - Other Services";

"**SIFT Legislation**" means the provisions of the Tax Act that apply to a SIFT, taking into account all Tax Proposals with respect to such provisions;

"**SIFT partnership**" means a specified investment flow-through partnership for the purpose of the Tax Act;

"**SIFT trust**" means a specified investment flow-through trust for the purpose of the Tax Act;

"**Subsidiary**" has the meaning given in NI 45-106;

"**Subsidiary Securities**" means the securities of Dream Alternatives Master LP or the securities of a Subsidiary of Dream Alternatives Master LP, as the Trust Board may determine from time to time;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time, and the *Income Tax Regulations* (Canada), as amended from time to time, as applicable;

"**Tax Counsel**" has the meaning given under "Certain Canadian Federal Income Tax Considerations";

"**Tax Proposals**" has the meaning given under "Certain Canadian Federal Income Tax Considerations";

"**TFSA**" means a trust governed by a tax-free savings account;

"**Trust**" means Dream Hard Asset Alternatives Trust, an unincorporated open-ended trust formed under the laws of the Province of Ontario;

"**Trust Board**" has the meaning given under "Corporate Governance Matters - Trustees of the Trust";

"**Trust Pro Forma Statements**" has the meaning given under "Unaudited Pro Forma Financial Information";

"**Trustees**" means the trustees of the Trust from time to time, and "**Trustee**" means any one of them;

"**TSX**" means the Toronto Stock Exchange;

"**Unit**" means a unit representing an interest in the Trust authorized and issued under the Declaration of Trust;

"**Unitholders**" means holders of Units;

"**U.S.**" **or** "**United States**" means the United States of America;

"**U.S. person**" has the meaning given under Regulation S of the 1993 Act;

"**Villarboit**" has the meaning given under "The Initial Assets - Participating Mortgages and Co-ownership Investments"; and

"**Whistleblower Policy**" has the meaning given under "Corporate Governance Matters - Whistleblower Policy".

APPENDIX A

DREAM HARD ASSET ALTERNATIVES TRUST

(THE "TRUST")

MANDATE FOR THE BOARD OF TRUSTEES

Overview

The board of trustees (the "Trust Board") of the Trust is elected by the holders of the units of the Trust (the "Unitholders"). The Board is responsible for the stewardship of the activities and affairs of the Trust. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Trust's strategic planning and organizational structure and supervising the asset manager of the Trust to oversee that the strategic planning and organizational structure enhance and preserve the business of the Trust and the underlying value of the Trust. The asset manager of the Trust, DREAM Asset Management Corporation (the "Asset Manager"), provides asset management and other services to the Trust. Although trustees may be elected by the Unitholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Trust must be paramount at all times.

Meetings

The Trust Board shall meet at least once in each quarter, with additional meetings held as necessary to carry out its duties effectively. The Trust Board will hold a special meeting at least once a year to specifically discuss strategic planning and to review, discuss and approve the annual investment plan, which will be presented to the Trust by the Asset Manager. At the conclusion of every meeting of the Trust Board, the Trustees shall have an "in camera" session without any representatives of the Asset Manager present, with such meetings to be chaired by the chair of the Trust Board. The procedures for meetings of the Trust Board shall be determined by the chair, unless otherwise determined by the declaration of trust of the Trust, as amended and restated from time to time or a resolution of the Trust Board.

Duties of Trustees

The Trust Board discharges its responsibility for overseeing the management of the Trust's activities and affairs by delegating to representatives of the Asset Manager the responsibility for day-to-day activities of the Trust. The Trust has also engaged the Asset Manager to provide certain services to the Trust. The Trust Board discharges its responsibilities both directly and by delegation through its standing Audit Committee. In addition to this regular committee, the Trust Board may appoint *ad hoc* committees periodically to address certain issues of a more short-term nature.

The Trust Board's primary role is overseeing the performance of the Asset Manager.

Other principal duties of the Trust Board include, but are not limited to the following categories:

Appointment of Management

1. The Trust Board is responsible for overseeing the Trust's relationship with the Asset Manager.

2. The Trust Board may consider the appointment of executive officers and other senior management, and, should it do so, the Trust Board will, to the extent feasible, satisfy itself as to the integrity of these individuals and that they create a culture of integrity throughout the Trust.

3. The Trust Board oversees that succession planning programs, where applicable, are in place.

Trust Board Organization

4. The Trust Board is responsible for managing its own affairs by giving its approval for its composition and size, the selection of the chair of the Trust Board, candidates nominated for election to the Trust Board, committee and committee chair appointments, committee charters and compensation of the Trustees. At all times, a majority of the Trustees shall be resident Canadians.

5. The Trust Board may establish committees of the Trust Board, where required or prudent, and define their mandate. The Trust Board may delegate to committees of the Trust Board matters it is responsible for, including the approval of compensation of the Trustees, the conduct of performance evaluations and oversight of internal controls systems, however, the Trust Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

6. The Trust Board will organize a program providing for the orientation of new Trustees and an education program to ensure that the Trustees maintain the skill and knowledge necessary to meet their obligations as Trustees.

7. The Trust Board will review and assess, from time to time, but on not less than an annual basis, its size and composition and review the effectiveness of its operations and its governance policies and procedures. The Trust Board will also review its performance, that of its committees and the contribution of individual Trustees on an annual basis. The Trust Board will adopt and adhere to a formal procedure for evaluating the performance of the Trust Board and the committees of the Trust Board.

Strategic Planning

8. The Trust Board has oversight responsibility to participate directly, and through any committees of the Trust Board, in reviewing, questioning and approving the objectives and strategy of the Trust, including approving major decisions of the Trust and reviewing major strategic initiatives proposed by the Asset Manager to determine whether these accord with the long-term goals of the Trust.

9. The Trust Board is responsible for participating in the development of, and reviewing and approving, the business, financial and strategic plans by which it is proposed that the Trust may reach those goals, including reviewing and approving the annual investment plan presented to the Trust Board by the Asset Manager.

10. The Trust Board is responsible for supervising the activities, managing the investments and affairs of the Trust, including assessing performance of the Trust's investments against the approved annual investment plan.

11. The Trust Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for Unitholders.

12. The Trust Board is responsible for monitoring and assessing the resources required to implement the Trust's business, financial and strategic plans and for safeguarding the Trust's equity interests, including through approving issuances of debt and equity securities, periodically reviewing the debt strategy of the Trust and the setting of an appropriate distribution policy for the Trust.

Monitoring of Financial Performance and Other Financial Reporting Matters

13. The Trust Board is responsible for enhancing congruence between expectations of the Unitholders, the plans of the Trust and the performance of the Asset Manager.

14. The Trust Board is responsible for adopting processes for monitoring the Trust's progress toward its strategic and operational goals, and to revise and alter its direction to senior management of the Asset Manager in light of changing circumstances affecting the Trust.

15. The Trust Board is responsible for reviewing and approving the reports issued to Unitholders, including annual financial statements, interim financial statements and the notes accompanying such financial statements.

16. The Trust Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Trust Board is required to approve under the Declaration of Trust and other governing documents, including the payment of distributions, purchase and redemptions of securities, acquisitions and dispositions.

17. The Trust Board is responsible for reviewing and making recommendations with respect to any equity compensation plans of the Trust or changes to such plans, including, in particular, the Trust's Deferred Unit Incentive Plan, including recommendations as to whom should receive grants of deferred units, the terms of such grants and the overall level of outstanding deferred units.

Risk Management

18. The Trust Board is responsible for overseeing the identification of the principal risks of the business of the Trust and the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Trust and achieving a proper balance between the risks incurred and the potential return to Unitholders.

Corporate Governance

19. The Trust Board is generally responsible for promoting effective governance of the Trust, including developing the Trust's approach to corporate governance and for approving policies and procedures to ensure the Trust has appropriate structures in place to permit the Trust Board to effectively discharge its duties and responsibilities.

Policies and Procedures

20. The Trust Board is responsible for:

    (a) approving and assessing compliance with all significant policies and procedures by which the Trust is operated; and

    (b) approving policies and procedures designed to ensure that the Trust operates at all times within applicable laws and regulations and in accordance with ethical and moral standards, including complying with the policies of the Trust.

21. The Trust Board is responsible for supporting a corporate culture of integrity and responsible stewardship and overseeing the discharge by the Trust of its responsibilities as a good corporate citizen, including environmental health and safety and social responsibility.

22. The Trust Board shall enforce its policy respecting confidential treatment of the proprietary information of the Trust and the confidentiality of the deliberations of the Trust Board.

Miscellaneous

23. The Trust Board is responsible for:

    (a) overseeing the accurate reporting of the financial performance of the Trust to Unitholders, other securityholders and regulators on a timely and regular basis;

    (b) overseeing that the financial results are reported fairly and in accordance with International Financial Reporting Standards and related legal disclosure requirements;

(c) encouraging effective and adequate communication with Unitholders, other stakeholders and the public;

(d) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Trust;

(e) overseeing the Trust's implementation of systems which accommodate feedback from Unitholders;

(f) ensuring the integrity and adequacy of internal controls and management information systems;

(g) maintaining records and providing reports to Unitholders; and

(h) setting an appropriate distribution policy, including determining the amount and timing of distributions to Unitholders.

Advisors

The Trust Board may, at the Trust's expense, engage such outside financial, legal or other advisors as it determines necessary or advisable to permit it to carry out its duties and responsibilities, including approving any such advisor's fees and other retention terms.

APPENDIX B

DREAM HARD ASSET ALTERNATIVES TRUST

(THE “TRUST”)

AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (the “Committee”) is a standing committee appointed by the board of trustees of the Trust (the “Trust Board”). The Committee is established to fulfill applicable securities law obligations respecting audit committees and to assist the Trust Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

(a) oversee the integrity of the Trust’s financial statements and financial reporting process, including the audit process and the Trust’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;

(b) oversee the work, qualifications and independence of the external auditors; and

(c) provide an open avenue of communication between the external auditors, the Trust Board, the asset manager of the Trust and any of its representatives in the course of performing their duties for or on behalf of the Trust.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members: (a) to plan or conduct audits; (b) to determine that the Trust’s financial statements are complete and accurate and are in accordance with International Financial Reporting Standards; or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its audit committee financial expert members are members of the Trust Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Trust’s financial information.

Representatives of the Trust’s asset manager are responsible for the preparation, presentation and integrity of the Trust’s financial statements. Representatives of the Trust’s asset manager are also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. Representatives of the Trust’s asset manager are also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Trust’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

Procedures, Powers and Duties

The Committee shall have the following procedures, powers and duties:

General

(a) *Composition* – The Committee shall consist of at least three members, all of whom shall be independent within the meaning of that term in National Instrument 52-110 – *Audit Committees*. All members of the Committee must be or, within a reasonable period following appointment, become financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.

(c) *Separate Meetings* – The Committee shall meet periodically with representatives of the Trust's asset manager with responsibility for financial and internal audit matters ("internal auditors") and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without representatives of the Trust's asset manager present.

(d) *Professional Assistance* – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at the Trust's expense.

(e) *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Trust Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Trust, including representatives of the Trust's asset manager, from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by representatives of the Trust's asset manager and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Trust.

(f) *Reporting to the Trust Board* – The Committee will report through the chair of the Committee to the Trust Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

(g) *Procedure* – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not less than 48 hours notice, unless such notice requirement is waived by the Committee members. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

(h) *Information* – the Committee will have unrestricted access to representatives of the Trust's asset manager who provide services to the Trust and to Trust information.

Audit Responsibilities of the Committee

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Trust Board as the representatives of the unitholders of the Trust and shall report to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Trust Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Trust Board.

2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, including *de minimis* exceptions, which policies and

procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the external auditors for audit and non-audit services. Any services under pre-approval will be reported at the following meeting.

3. The Committee shall review the independence of the external auditors and shall make recommendations to the Trust Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:

    (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;

    (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust, on the one hand, and the external auditors and their affiliates on the other hand;

    (c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies; and

    (d) ensure periodic rotation of the lead audit partner.

4. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Trust Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.

5. The Committee is responsible for resolving disagreements between representatives of the Trust's asset manager and the external auditors regarding financial reporting and the application of any accounting principles or practices. The Committee shall discuss with the external auditors any difficulties that arose with such representatives during the course of the audit and the adequacy of such representatives' responses in correcting audit-related deficiencies.

Appointment and Oversight of Internal Auditors

6. The Committee shall obtain from the internal auditors and shall review summaries of the significant reports to senior management of the Trust's asset manager, prepared by the internal auditors, or the actual reports if requested by the Committee, and any responses to such reports.

7. The Committee shall, as it deems necessary, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditors bring to the attention of the Committee. The head of the internal audit function for the Trust shall have unrestricted access to the Committee.

8. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors including their activities, organizational structure and qualifications and effectiveness and communicate the results of such review to the Trust Board and to the Trust's asset manager.

Oversight and Monitoring of Audits

9. The Committee shall review with the external auditors, the internal auditors and senior management of the Trust's asset manager, the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon representatives of the Trust's asset manager and internal audit and general audit approach and scope of proposed audits of the financial statements of the Trust, the overall audit plans, the responsibilities of the senior management of the Trust's asset manager, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

10. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with

other representatives of the Trust's asset manager and the adequacy of such representatives' responses in correcting audit-related deficiencies.

11. The Committee shall review with senior management of the Trust's asset manager the results of internal and external audits.

12. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

13. The Committee shall, as it deems necessary, oversee, review and discuss with senior management of the Trust's asset manager, the external auditors and the internal auditors:

    (a) the quality, appropriateness and acceptability of the Trust's accounting principles and practices used in its financial reporting, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

    (b) all significant financial reporting issues and judgements made in connection with the financial statements, including the effect of any alternative treatment within International Financial Reporting Standards;

    (c) any material change to the Trust's auditing and accounting principles and practices as recommended by senior management of the Trust's asset manager, the external auditors or the internal auditors or which may result from proposed changes to applicable International Financial Reporting Standards;

    (d) the effect of regulatory or accounting limitations on the Trust's financial reporting;

    (e) any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;

    (f) any legal matter, claim or contingency that could have a significant impact on the financial statements and any material reports, inquiries or correspondence from regulators or governmental authorities regarding compliance with applicable requirements and any analysis respecting disclosure with regard to any such legal matter, claim or contingency in the financial statements;

    (g) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust's operations;

    (h) the use of any "pro-forma" or "adjusted" information not in accordance with International Financial Reporting Standards; and

    (i) determinations of goodwill impairment, if any, as required by applicable accounting standards.

Oversight and Monitoring of Internal Controls

14. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with senior management of the Trust's asset manager, the external auditors and the internal auditors:

    (a) the adequacy and effectiveness of the Trust's internal accounting and financial controls and the recommendations of senior management of the Trust's asset manager, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;

    (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and

(c) the Trust's asset manager's compliance with the Trust's processes, procedures and internal controls.

Communications with Others

15. The Committee shall establish and monitor procedures, such as a Whistleblower Policy for the receipt and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of the Trust's asset manager of concerns regarding questionable accounting or auditing matters and review periodically with senior management of the Trust's asset manager and the internal auditors these procedures and any significant complaints received.

Oversight and Monitoring of the Trust's Financial Disclosures

16. The Committee shall:

(a) review with the external auditors and senior management of the Trust's asset manager and recommend to the Trust Board for approval the audited annual financial statements and the notes and management's discussion and analysis accompanying such financial statements, and the Trust's annual report;

(b) review with the external auditors and senior management of the Trust's asset manager each set of interim financial statements and the notes and management's discussion and analysis accompanying such financial statements; and

(c) review with the external auditors and senior management of the Trust's asset manager any financial statements included or to be included in a prospectus, any financial information of the Trust contained in any management information circular of the Trust, and any other disclosure documents or regulatory filings of the Trust containing or accompanying financial information of the Trust.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

17. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e. by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives earning guidance.

18. The Committee shall review with senior management of the Trust's asset manager the assessment of the Trust's disclosure controls and procedures and material changes in their design

Oversight of Finance Matters

19. The Committee shall receive and review:

(a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the plan and timetable of senior management of the Trust's asset manager to correct any deficiencies;

(b) material policies and practices of the Trust respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust; and

(c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

20. The Committee shall meet periodically with senior management of the Trust's asset manager to review and discuss the Trust's major financial risk exposures and the policy steps the Trust's asset manager has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

21. The Committee shall meet with senior management of the Trust's Asset Manager to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Business and Ethical Conduct

22. The Committee shall:

    (a) periodically review and approve any changes to the code of conduct or similar document for any trustees, officers, and representatives of the Trust and be responsible for granting any waivers from the application of such code; and

    (b) review the monitoring of compliance with such code.

Additional Responsibilities

23. The Committee shall review any significant or material transactions outside the Trust's ordinary activities.

24. The Committee shall review and make recommendations to the Trust Board concerning the financial condition of the Trust, including with respect to annual budgets, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.

25. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Trust Board and undertake on behalf of the Trust Board such other activities as may be necessary or desirable to assist the Trust Board in fulfilling its oversight responsibilities with respect to financial reporting.

Audit Committee Charter

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Trust Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual information form of the Trust.

APPENDIX C

DREAM ALTERNATIVES MASTER GP INC.

(THE "CORPORATION")

MANDATE FOR THE BOARD OF DIRECTORS

Dream Alternatives Master LP and the Corporation

Dream Alternatives Master LP is governed by the amended and restated limited partnership agreement between the Corporation, as general partner, and Dream Hard Asset Alternatives Trust (the "Trust") dated ●, 2014 (the "Partnership Agreement"), as the same may be amended from time to time.

The board of directors of the Corporation (the "Board") is responsible for the stewardship of the activities and affairs of the Corporation and, by virtue of the Corporation's role as the general partner of Dream Alternatives Master LP, is also responsible for conducting, directing and managing all activities of Dream Alternatives Master LP subject to and in accordance with the terms and conditions of the Partnership Agreement.

The Board seeks to discharge such responsibilities by reviewing, discussing and approving the strategic planning and organizational structure of the Corporation and Dream Alternatives Master LP and by supervising DREAM Asset Management Corporation (the "Asset Manager"), the asset manager of Dream Alternatives Master LP, to oversee that the strategic planning and organizational structure enhance and preserve the business and underlying value of Dream Alternatives Master LP and the Corporation. The Asset Manager provides asset management and other services to Dream Alternatives Master LP and its subsidiaries.

The Corporation's articles of incorporation provide that the Board consist of not fewer than one, but not more than 10 directors. The Corporation's Governance, Compensation and Environmental Committee proposes nominees for election as director and the directors of the Corporation are ultimately elected by DREAM Asset Management Corporation, the sole shareholder of the Corporation.

Meetings

The Board shall meet at least once in each quarter, with additional meetings held as necessary to carry out its duties effectively. The Board will hold a special meeting at least once a year to specifically discuss strategic planning and to review, discuss and approve Dream Alternatives Master LP's annual investment plan, which will be presented by the Asset Manager. At the conclusion of every Board meeting, the independent directors shall have an in camera session without any representatives of the Asset Manager present, chaired by the Chair of the Board. The procedures for meetings of the Board shall be determined by the Chair, unless otherwise determined by a resolution of the Board.

Duties of Directors

The Board discharges its responsibility for overseeing the management of the Corporation's and Dream Alternatives Master LP's activities and affairs by delegating to representatives of the Asset Manager responsibility for day-to-day activities of the Corporation and Dream Alternatives Master LP. The Asset Manager also provides certain other services to the Trust. The Board discharges its responsibilities both directly and by delegation through its standing committees, the Audit Committee, and the Governance and Environmental Committee. In addition to these regular committees, the Board may appoint *ad hoc* committees periodically to address certain issues of a more short-term nature.

The Board's primary role is overseeing the performance of the Asset Manager.

Other principal duties include, but are not limited to the following categories:

Appointment of Management

1. The Board is responsible for overseeing Dream Alternatives Master LP's relationship with the Asset Manager, and reviewing matters relating to management of the Corporation and succession planning.

2. The Board may consider the appointment of executive officers and other senior management, and, should it do so, the Board will, to the extent feasible, satisfy itself as to the integrity of these individuals and that they create a culture of integrity throughout the Corporation and Dream Alternatives Master LP.

3. The Board oversees that succession planning programs, where applicable, are in place.

Board Organization

4. The Board will respond to recommendations received from the Governance and Environmental Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the chair of the Board, the selection of the lead director of the Board, if applicable, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation. At all times, not less than 25% of the Board shall be resident Canadians.

5. The Board may establish committees of the Board, where required or prudent, and define their mandate. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and any internal senior management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

6. The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the objectives and strategy of the Corporation and Dream Alternatives Master LP, including, subject to the Partnership Agreement, approving major decisions of Dream Alternatives Master LP, and reviewing major strategic initiatives proposed by the Asset Manager to determine whether these accord with the long-term goals of Dream Alternatives Master LP.

7. The Board is responsible for participating in the development of, and reviewing and approving, the business, financial and strategic plans by which it is proposed that the Corporation or Dream Alternatives Master LP may reach those goals, including reviewing and approving the annual investment plan of Dream Alternatives Master LP presented to the Board by the Asset Manager.

7. The Board is responsible for supervising the activities, managing the investments and affairs of the Corporation and Dream Alternatives Master LP, including assessing performance of Dream Alternatives Master LP's investments against the approved annual investment plan.

8. The Board is responsible for monitoring and assessing the resources required to implement Dream Alternatives Master LP's business, financial and strategic plans and for safeguarding Dream Alternatives Master LP's equity interests through the optimum utilization of Dream Alternatives Master LP's capital resources, including through approving issuances of debt and equity securities and periodically reviewing the debt strategy of Dream Alternatives Master LP.

Monitoring of Financial Performance and Other Financial Reporting Matters

9. The Board is responsible for enhancing congruence between expectations of the partners of Dream Alternatives Master LP, its plans and management performance, including the performance of the Asset Manager.

10. The Board is responsible for adopting processes for monitoring Dream Alternatives Master LP's progress toward its strategic and operational goals, and to revise and alter its direction to senior management of the Asset Manager in light of changing circumstances affecting Dream Alternatives Master LP.

11. The Board is responsible for reviewing and approving the reports issued to the Trust, including annual financial statements, interim financial statements and the notes accompanying such financial statements.

12. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Corporation, as general partner, is required to approve under the Partnership Agreement, including the payment of distributions, purchase and redemptions of securities, acquisitions and dispositions.

Risk Management

13. The Board is responsible for overseeing the identification of the principal risks of the investments being made by Dream Alternatives Master LP and the implementation and periodic review, approval of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of Dream Alternatives Master LP and achieving a proper balance between the risks incurred and the potential return to the partners of Dream Alternatives Master LP.

Corporate Governance

14. The Board is responsible for developing the Corporation's and Dream Alternatives Master LP's approach to corporate governance and for approving policies and procedures to ensure the Corporation and Dream Alternatives Master LP each have appropriate structures in place to permit the Board to effectively discharge its duties and responsibilities.

Policies and Procedures

15. The Board is responsible for:

    (a) approving and assessing compliance with all significant policies and procedures by which the Corporation or Dream Alternatives Master LP is operated; and

    (b) approving policies and procedures designed to ensure that Dream Alternatives Master LP operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.

16. The Board is responsible for supporting a corporate culture of integrity and responsible stewardship and overseeing the discharge by Dream Alternatives Master LP of its responsibilities as a good corporate citizen, including environmental health and safety and social responsibility.

17. The Board shall enforce its policy respecting confidential treatment of the proprietary information of the Corporation, and Dream Alternatives Master LP, and the confidentiality of Board deliberations.

Miscellaneous

18. The Board is responsible for:

    (a) overseeing the accurate reporting of the financial performance of Dream Alternatives Master LP to the partners of Dream Alternatives Master LP, other securityholders and regulators on a timely and regular basis;

    (b) overseeing that the financial results are reported fairly and in accordance with International Financial Reporting Standards and related legal disclosure requirements applicable to Dream Alternatives Master LP;

    (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on Dream Alternatives Master LP;

(d) ensuring the integrity and adequacy of internal controls and management information systems;

(e) maintaining records and providing reports to the partners of Dream Alternatives Master LP; and

(f) setting an appropriate distribution policy, including determining the amount and timing of distributions to the partners of Dream Alternatives Master LP.

Advisors

The Board may, at Dream Alternatives Master LP's expense, engage such outside financial, legal or other advisors as it determines necessary or advisable to permit it to carry out its duties and responsibilities, including approving any such advisor's fees and other retention terms.

INDEX TO FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Statements of Dream Hard Asset Alternatives Trust

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Dream Hard Asset Alternatives Trust

We have audited the accompanying financial statements of Dream Hard Asset Alternatives Trust, which comprise the balance sheet as at April 28, 2014, and the statement of changes in unitholder's equity and the statement of cash flows for the one day period ended April 28, 2014, and the related notes including 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 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 Dream Hard Asset Alternatives Trust as at April 28, 2014 and its financial performance and its cash flows for the one day period ended April 28, 2014 in accordance with International Financial Reporting Standards.

●

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

●, 2014

Dream Hard Asset Alternatives Trust
Balance Sheet
As at April 28, 2014

ASSET	
Cash	$10
Total Assets	**$10**
UNITHOLDER'S EQUITY	**$10**

Dream Hard Asset Alternatives Trust
Statement of Changes in Unitholder's Equity
For the one day period ended April 28, 2014

ISSUANCE OF UNIT ON FORMATION	$10
Comprehensive income	-
UNITHOLDER'S EQUITY, END OF PERIOD	$10

Dream Hard Asset Alternatives Trust
Statement of Cash Flows
For the one day period ended April 28, 2014

FINANCING ACTIVITIES	
Issuance of Unit	$10
Net increase in cash	$10
Cash, beginning of period	-
CASH, END OF PERIOD	$10

NOTES TO THE FINANCIAL STATEMENTS OF DREAM HARD ASSET ALTERNATIVES TRUST

(A) Organization

Dream Hard Asset Alternatives Trust (the "Trust") is an unincorporated open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014. In connection with DREAM Asset Management Corporation's ("DREAM") formation of the Trust, DREAM contributed $10.00 in cash to the Trust for one unit of the Trust.

The address of the Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada, M5C 3H1. The Trust's financial statements as at April 28, 2014 were authorized for issue by the Board of Trustees of the Trust (the "Trustees") on ●, 2014, after which date the financial statements may be amended with Trustee approval.

(B) Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting standards Board ("IFRS"). All amounts are in Canadian Dollars.

Unitholder's Equity

The Trust is authorized to issue an unlimited number of units ("Units"), and classifies issued Units as equity in the balance sheet pursuant to the provisions of IAS 32, Financial Instruments: Presentation, on the basis that the Units meet all of the criteria in IAS 32 for such classification.

The criteria in IAS 32 are as follows:

- The Units entitle the unitholder to a *pro rata* share of the Trust's net assets in the event of the Trust's liquidation. The Trust's net assets are those assets that remain after deducting all other claims on its assets;
- The Units are in the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the Trust on liquidation, and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments (including these Units) in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Trust to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under condition that are potentially unfavourable to the Trust, and it is not a contract that will or may be settled in the Trust's own instruments; and
- The total expected cash flows attributable to the Units over their life is based substantially on the profit or loss, the change in the recognized net assets and unrecognized net assets of the Trust over the life of the Units.

Units are initially recognized at the fair value of the consideration received by the Trust. Any transaction costs arising from the issue of Units are recognized directly in unitholder's equity as a reduction of the proceeds received.

(C) Subsequent events

The Trust has filed a prospectus dated ●, 2014 (the "Prospectus") to qualify Units for distribution in connection with the reorganization and other transactions (the "Reorganization") contemplated by the purchase agreement between, among others, Return On Innovation Advisors Ltd. ("ROI Capital") and DREAM made as of April 2, 2014 (the "Purchase Agreement"). Pursuant to the Reorganization, Units will be distributed through a series of transactions to unitholders of each of ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (collectively, the "Distributing

ROI Funds"), which are managed by ROI Capital. In connection with the Reorganization, the Trust will indirectly acquire the assets of the Distributing ROI Funds together with the assets of the associated ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust (the "Initial Assets") and assume the related property-specific debt in consideration for the issuance of Units to the Distributing ROI Funds. The Trust will also assume all of the liabilities of the Distributing ROI Funds (but, for the avoidance of doubt, not those of any subsidiary of any fund unless specifically relating to the Initial Assets being acquired, or those to be discharged or released on the date of closing in accordance with the Purchase Agreement). Concurrent with completion of the Reorganization, the Trust along with Dream Alternatives LP and its Subsidiaries will enter into a management agreement with Dream replacing the existing management agreement with ROI Capital. In accordance with the Purchase Agreement, $10 million will be used by ROI Capital to purchase 1,000,000 Units. Such Units will be purchased at an agreed price of $10.00 per Unit on the closing date of the Reorganization.

Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations of ROI Canadian High Income Mortgage Fund

ROI Canadian High Income Mortgage Fund™

ANNUAL REPORT 2013

As at December 31, 2013

ROI Capital™

roicapital.ca

May 6, 2014

The accompanying financial statements have been prepared and approved by Return On Innovation Advisors Ltd., the manager of the Fund. The Fund's manager is responsible for the information and representations contained in these financial statements.

Return On Innovation Advisors Ltd. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Fund, are described in note 4 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the next page.

Wilfred Vos
President

Return On Innovation Advisors Ltd.

David Dundas
Chief Financial Officer

Return On Innovation Advisors Ltd.

To the Unitholders of
ROI Canadian High Income Mortgage Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2013 and 2012, and the schedule of investment portfolio as at December 31, 2013, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 audits 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 the Fund as at December 31, 2013, December 31, 2012 and January 1, 2012 and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

May 6, 2014

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Investments at fair value [note 6 and 7]	326,690,753	366,128,365	419,625,460
Short-term investments	2,378,386	38,740,178	–
Interest and dividends receivable	391,494	613,269	758,796
Subscriptions receivable	–	–	5,219,995
Receivable for investments sold	43,908	1,568,992	47,375
Unrealized gain on forward contract [note 10 and 17]	29,429,111	62,814,178	62,004,927
HST receivable	122,628	384,339	217,710
	359,056,280	470,249,321	487,874,263
Liabilities			
Current liabilities			
Bank overdraft	–	–	800,512
Distributions payable	1,865,407	2,342,344	314,444
Payable for investments purchased	–	1,509,623	–
Revolving loan facility [note 13]	–	–	13,100,000
Unearned venture capital income	2,328	4,083	1,375
Performance fee payable	–	–	24,754
Redemptions payable	3,036	1,880,969	511,953
Accrued expenses	657,826	1,012,182	758,773
	2,528,597	6,749,201	15,511,811
Net assets attributable to holders of redeemable units	356,527,683	463,500,120	472,362,452
Net assets attributable to holders of redeemable units per series			
Series A	–	–	240,354,471
Series 5	–	–	24,746,577
Series 7	–	–	80,834,149
Series F	–	–	43,968,689
Series F-5	–	–	5,485,119
Series F-7	–	–	14,639,814
Series O	–	–	53,357,439
Series R[1] (renamed as Class A)	356,527,683	463,500,120	8,976,194
Net assets attributable to holders of redeemable units per series per unit			
Series A	–	–	140.53
Series 5	–	–	110.96
Series 7	–	–	99.55
Series F	–	–	147.84
Series F-5	–	–	117.85
Series F-7	–	–	106.16
Series O	–	–	148.96
Series R[1] (renamed as Class A)	9.56	9.94	141.77

[1] Series A, 5, 7, F, F-5, F-7 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	31,170,487	54,845,497
Net change in unrealized appreciation (depreciation) in investments	(17,478,416)	(2,433,578)
Net gains on investments	13,692,071	52,411,919
Securities lending income [note 12]	–	710,979
Total income (net)	13,692,071	53,122,898
Expenses		
Audit fees	91,499	106,694
Custodian fees	80,457	96,751
Independent review committee fees	1,512	2,841
Interest expense [note 13]	44	94,437
Legal fees	39,217	18,094
Loan commitment fees [note 13]	70,000	–
Management fees [note 9]	4,878,412	5,700,434
Operating services [note 9]	–	431,667
Performance fees [note 9]	–	11,005,608
Shareholder reporting costs	103,292	68,921
Transaction costs	–	4,622
Transfer agent fees	184,765	209,307
Total Expenses	5,449,198	17,739,376
Increase in net assets attributable to holders of redeemable units [note 14]	8,242,873	35,383,522
Increase in net assets attributable to holders of redeemable units per unit [note 14]		
Class A	0.19	0.67

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Class A ($)
Increase in net assets attributable to holders of redeemable units	8,242,873
Distributions to Unitholders	
From net investment income	–
From capital gains	–
From return of capital	(25,995,185)
	(25,995,185)
Redeemable Unit Transactions	
Units issued on reinvestment of distributions	355,949
Units redeemed	(63,136,385)
Units redeemed for mandatory market repurchase program [note 8]	(26,439,689)
	(89,220,125)
Decrease in net assets attributable to holders of redeemable units for the year	(106,972,437)
Net assets attributable to holders of redeemable units – beginning of year	463,500,120
Net assets attributable to holders of redeemable units – end of year	356,527,683

For the year ended December 31, 2012

	Series ($)								
	A	5	7	F	F-5	F-7	O	R[1]	Total
Increase in net assets attributable to holders of redeemable units	16,894,624	1,580,516	5,673,670	3,667,640	392,233	897,873	3,671,714	2,605,252	35,383,522
Distributions to Unitholders									
From net investment income	–	–	–	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–	–	–	–
From return of capital	–	(802,374)	(4,454,377)	–	(159,777)	(541,009)	–	(2,342,344)	(8,299,881)
	–	(802,374)	(4,454,377)	–	(159,777)	(541,009)	–	(2,342,344)	(8,299,881)
Redeemable Unit Transactions									
Sales of units	35,906,406	1,577,939	11,671,799	9,918,620	170,681	686,142	3,333,557	17,202,398	80,467,542
Units issued on reinvestment of distributions	–	334,757	2,137,285	–	5,898	155,156	–	–	2,633,096
Units redeemed	(16,231,904)	(2,705,613)	(3,973,908)	(5,241,127)	(682,585)	(4,653,823)	(14,333,246)	(31,292)	(47,853,498)
Units redeemed for mandatory market repurchase program [note 8]	–	–	–	–	–	–	–	(71,193,113)	(71,193,113)
Units conversion [note 8]	(276,923,597)	(24,731,802)	(91,888,618)	(52,313,822)	(5,211,569)	(11,184,153)	(46,029,464)	508,283,025	–
	(257,249,095)	(25,524,719)	(82,053,442)	(47,636,329)	(5,717,575)	(14,996,678)	(57,029,153)	454,261,018	(35,945,973)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	(240,354,471)	(24,746,577)	(80,834,149)	(43,968,689)	(5,485,119)	(14,639,814)	(53,357,439)	454,523,926	(8,862,332)
Net assets attributable to holders of redeemable inits – beginning of year	240,354,471	24,746,577	80,834,149	43,968,689	5,485,119	14,639,814	53,357,439	8,976,194	472,362,452
Net assets attributable to holders of redeemable units – end of year	–	–	–	–	–	–	–	463,500,120	463,500,120

[1] Series A, 5, 7, F, F-5, F-7 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	8,242,873	35,383,522
Non-cash items		
Net realized loss on sale of investments and partial settlement of forward contract	(26,966,415)	(47,873,252)
Net change in unrealized depreciation on investments and forward contract	15,507,741	2,166,250
Net change in non-cash balances related to operations	142,836	198,267
Proceeds from the sale of marketable securities	615,482,093	387,819,771
Proceeds from the sale short-term investments	155,447,426	199,448,468
Proceeds from the sale and principal receipts of private investments	43,803,092	61,687,459
Purchase of marketable securities	(574,596,995)	(320,048,591)
Purchase of short-term investments	(119,085,634)	(238,182,656)
Purchase of private investments	(406,837)	(31,069,783)
Net cash from operating activities	117,570,180	49,529,455
Financing activities		
Proceeds from issuance of units	–	85,687,537
Amounts redeemed	(91,454,007)	(117,677,595)
Distributions paid	(26,116,173)	(3,638,885)
Revolving loan facility	–	(13,100,000)
Net cash from financing activities	(117,570,180)	(48,728,943)
Increase in cash during the year	–	800,512
Cash (bank overdraft) – beginning of year	–	(800,512)
Cash (bank overdraft) – end of year	–	0
Supplemental cash flow information:		
Interest paid	44	96,931
Interest received	4,213,382	6,710,321
Dividends received	73,755	976,379

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

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average Cost $	Fair Value $
Common Share Portfolio – 75.17%			
Energy – 13.84%			
Legacy Oil & Gas Inc., Class 'A'	969,636	6,438,383	5,943,869
MEG Energy Corp.	532,000	19,215,840	16,284,520
Tourmaline Oil Corp.	607,000	19,339,020	27,132,900
		44,993,243	49,361,289
Financials – 17.54%			
Bank of Montreal	284,000	20,874,000	20,104,360
Bank of Nova Scotia	323,000	20,852,880	21,447,200
Royal Bank of Canada	293,907	20,858,580	20,979,082
		62,585,460	62,530,642
Health Care – 18.50%			
Catamaran Corp.	337,618	7,311,331	17,019,323
Valeant Pharmaceuticals International Inc.	392,697	22,079,786	48,937,900
		29,391,117	65,957,223
Materials – 15.60%			
Lundin Mining Corp.	3,788,000	19,205,160	17,386,920
New Gold Inc.	846,234	8,191,545	4,705,061
Osisko Mining Corp.	2,435,086	15,560,200	11,444,904
Teck Resources Ltd., Class 'B'	800,000	20,456,000	22,088,000
		63,412,905	55,624,885
Technology – 4.94%			
CGI Group Inc., Class 'A'	495,839	6,422,804	17,612,201
		6,422,804	17,612,201
Telecommunications – 4.75%			
BCE Inc.	368,709	16,724,640	16,945,866
		16,724,640	16,945,866
Total Common Share Portfolio		223,530,169	268,032,106
Other Securities – 3.27%			
ROI Canadian Real Estate Fund, Class A	1,475,099	10,869,840	11,653,282
		10,869,840	11,653,282
Private Investment Portfolio – 13.19%			
Limited Partnerships – 6.16%			
219 Laurier Avenue West LP	7,707,211	6,894,799	10,940,260
2810 Matheson Boulevard LP	3,336,920	3,022,546	3,553,522
460 Two Nations Fredericton Inc., LP	1,600,531	1,453,987	1,521,048
49 Ontario Street LP	2,672,731	2,272,757	5,936,355
		13,644,089	21,951,185

Description	Par Value $ (or number of shares)	Average Cost $	Fair Value $
Debt – 7.03%			
Mortgages – 7.02%			
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	3,359,312	3,359,312	3,327,586
1659139 Ontario Inc. (Maystar), March 2014	2,760,000	2,760,000	2,760,073
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	3,475,912	3,475,912	3,495,986
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	3,557,601	3,557,601	3,553,180
Frontenac Shopping Centre Inc., November 2014	686,521	686,521	693,501
Gulf & Pacific Equities Corp., February 2017	4,390,836	4,390,836	4,259,111
Hotel 550 Wellington LP (Thompson), August 2016	2,942,525	2,942,525	2,925,696
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	2,703,912	2,703,912	2,695,039
SPN Group Inc., June 2015	478,284	478,284	478,284
The Storage Zone, April 2015	838,120	838,120	839,724
		25,193,023	25,028,180
Senior Secured Debenture – 0.01%			
Vickers-Warnick Financial Ltd., December 2014	27,747	22,100	26,000
		22,100	26,000
Total Private Investment Portfolio		38,859,212	47,005,365
Short-Term Investments – 0.67%			
CIBC Mellon Trust Demand Deposit,Variable Rate	2,378,386	2,378,386	2,378,386
		2,378,386	2,378,386
Total Investments – 92.30%		275,637,607	329,069,139
Unrealized Gain on Forward Contract – 8.25% (note 10)			29,429,111
Liabilities, Net of Other Assets – (0.55)%			(1,970,567)
Net assets attributable to holders of redeemable units			356,527,683

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

1. THE FUND

ROI Canadian High Income Mortgage Fund (the "Fund") (formerly ROI High Income Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the province of Ontario. The units of the Fund trade on the Toronto Stock Exchange (the "TSX") under the symbol RIH.UN. The Fund's principal office is located at 37 Front Street East, Fourth floor, Toronto, Ontario M5E 1B3.

Restructuring of the Fund

The Fund changed its name from ROI High Income Private Placement Fund to ROI Canadian High Income Mortgage Fund on November 7, 2012. On November 10, 2012, with the approval of the unitholders, Series A, 5, 7, F, F-5, F-7 and O of the Fund were redesignated to Series R of the Fund. Series R was subsequently renamed as Series A. On November 29, 2012 the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") in order to become a reporting issuer. As a result, the Fund is no longer exempt from filing its financial statements with the regulatory authorities under section 2.11 of National Instrument 81-106. On December 7, 2012 the Fund listed its Class A units on the TSX. The cost associated with the restructuring have been borne by the Manager.

Reorganization of the Manager

Effective September 1, 2012, Return On Innovation Management Ltd., amalgamated with two affiliated entities, Return On Innovation Advisors Ltd., and Return On Innovation Capital Ltd., under the provisions of the Canada Business Corporations Act, the name of the amalgamated corporation being Return On Innovation Advisors Ltd. (the "Manager").

Regulatory field audit

As a result of a field audit by the regulator, on February 15, 2012, the OSC placed "terms and conditions" on Return on Innovation Management Ltd. and Return On Innovation Advisors Ltd (the "Management Entities"). The terms and conditions included the requirement to report working capital on a monthly basis for a minimum six-month period and the requirement to retain an independent consultant to prepare and assist in implementing a plan to strengthen the compliance systems of the Management Entities (the "Plan"). The Management Entities appointed an independent consultant and submitted the Plan to the OSC prior to the March 30, 2012 deadline. The Management Entities were required to provide ongoing regular reports to the OSC on the status of the implementation of the Plan. Subsequent to the amalgamation of the Management Entities, on October 2, 2012, the "terms and conditions" that were placed on the Management Entities by the OSC were removed.

Subsequent to the reporting of terms and conditions, there was an abnormal inflow of redemption requests. As a result, on March 9, 2012, the Manager had temporarily halted redemptions of the Fund (other than in respect of any redemptions set up pursuant to registered retirement income funds and pre-authorized withdrawal plans established prior to the suspension). The redemptions of $21,195,698 processed on March 8, 2012, were postponed. These redemptions were subsequently paid on June 1, 2012. Notwithstanding the above, the Manager continued to operate the Fund as before. On August 24, 2012, the unitholders approved resolutions authorizing the restructuring of the Fund.

2. INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's investment objective is to provide unitholders of the Fund with attractive risk adjusted, monthly, tax advantaged cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through the forward contract to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund restated its historical financial statements for the year ended December 31, 2013 with comparative information for the year ended December 31, 2012. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Part V of the CICA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the years ended December 31, 2013 and 2012 prepared under Canadian GAAP.

These financial statements were authorized for issue by the Manager on May 6, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Fund are as follows:

Investments and Financial Instruments

The Fund's financial instruments consist primarily of short-term investments, marketable securities, private investments, interest and dividends receivable, subscriptions receivable, receivable for investment sold, bank overdraft, performance fee payable, distributions payable, redemptions payable, payable for investments purchased, accrued expenses and unrealized gain on the forward contract. The Fund recognizes financial instruments at fair value upon initial recognition.

The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of 'investment entity'. As a result, it measures subsidiaries, other than those which provide services to the Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provide services to the Fund are consolidated. 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 most significant judgment that the Fund has made in determining that it meets this definition is that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Fund's investments in financial instruments, associates and joint ventures are designated at FVTPL. The unrealized gain on the forward contract is a derivative asset and therefore is classified as "held for trading" financial assets measured at FVTPL. On cash settlement, the fair value of the forward contract shall equal the difference between the fair value of the Fund's common share portfolio, and the net asset value ("NAV") of the ROI Private Trust, Series A (the "Reference Fund") as specified in the forward contract.

Receivables represent loans and receivables, and are initially recognized at fair value and subsequently measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's units contain multiple contractual obligations in addition to the ongoing redemption obligation and therefore, have been classified as financial liabilities presented at the value of the net assets to which unitholders are entitled, which also represents the annual redemption amount.

Bank overdraft, distributions payable, payable for investments purchased, performance fee payable, accrued expenses and redemptions payable are designated as other financial liabilities, and are measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with unitholders except for marketable securities which are recorded at fair value, established as the last bid price for the security on the recognized exchange on which it is principally traded for financial reporting but using closing prices for transactional NAV.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Short-term investments represent overnight cash deposits and their fair value approximate amortized cost due to their short-term nature.

Marketable securities held in the Common Share Portfolio are recorded at fair value, established as the last bid price for the security on the recognized exchange on which they are principally traded. Where securities are not traded on that date, a valuation adjustment may be applied by the Manager acting in good faith.

Investments that are not publicly traded or other assets for which no public market exists are valued at estimated fair value. The fair values of investments are determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; current market yields; macroeconomic conditions and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager. Fair value presents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation procedures relating to private company investments include preparation by management, on at least a quarterly basis, of a comprehensive valuation report.

Investment Transactions, Income Recognition and Transaction Costs

Investment transactions are accounted for on the trade date.

Realized gains and losses from the sales of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments, which excludes brokerage commissions, other trading expenses and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the statements of comprehensive income as they arise.

Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable Class A units divided by the weighted average number of such units outstanding during the year. Refer to note 14 for the calculation.

Income Taxes

The Fund is a mutual fund trust and a specified investment flow-through trust ("SIFT") pursuant to the Income Tax Act (Canada) and became subject to SIFT tax commencing in fiscal 2012. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

Interests in Investments

Information about the Fund's interests in private investments as at December 31, 2013, December 31, 2012 and January 1, 2012 is as follows:

as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,940,260	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,553,522	Office	50.10%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,521,048	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 5,936,355	Office	60.00%	9.50%	–
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$ 3,327,586	Hospitality	n/a	n/a	–
1659139 Ontario Inc. (Maystar), March 2014	Ontario	Canada	1st Mortgage	$ 2,760,073	Retail – Consumer Discretionary	n/a	n/a	–
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	Ontario	Canada	1st Mortgage	$ 3,495,986	Hospitality	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$ 3,553,180	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 693,501	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$ 4,259,111	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 2,925,696	Hospitality	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 2,695,039	Hospitality	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 478,284	Hospitality	n/a	n/a	–
The Storage Zone, April 2015	Ontario	Canada	1st Mortgage	$ 839,724	Self Storage	n/a	n/a	–
Vickers-Warnick Financial Ltd., December 2014	Ontario	Canada	Senior Secured Debenture	$ 26,000	Industrial	n/a	n/a	–

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,211,596	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,696,915	Office	50.10%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,716,535	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 5,872,481	Office	60.00%	9.50%	–
2093755 Ontario Ltd., (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 1,496,691	Hospitality	n/a	n/a	–
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	Ontario	Canada	1st Mortgage	$ 3,560,740	Hospitality	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, April 2016	Ontario	Canada	1st Mortgage	$ 3,639,137	Hospitality	n/a	n/a	–
Dartmouth Crossing Hotel Ownership Trust et. al., December 2014	Nova Scotia	Canada	2nd Mortgage	$ 1,123,452	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 2,846,476	Hospitality	n/a	n/a	–
Empire Communities (Stoney Creek) Ltd., and Empire Communities (Stoney Creek) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 4,739,912	Real Estate Development	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 714,233	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$ 4,527,873	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 2,983,869	Hospitality	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$11,160,417	Industrial	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 2,758,545	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 5,919,935	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$ 4,073,165	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Silverfox Plaza), November 2020	Nova Scotia	Canada	1st Mortgage	$ 2,202,342	Retail – Consumer Discretionary	n/a	n/a	–
The Storage Zone, April 2015	Ontario	Canada	1st Mortgage	$ 853,192	Self Storage	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 486,097	Hospitality	n/a	n/a	–
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$ 3,449,611	Hospitality	n/a	n/a	–
Depotium Self Stockage Inc. (340 St-Maurice), February 2015	Quebec	Canada	1st Mortgage	$ 707,356	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (15949 Sherbrooke East), February 2015	Quebec	Canada	1st Mortgage	$ 1,607,626	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (8469 – 8th Ave), February 2015	Quebec	Canada	1st Mortgage	$ 835,966	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2871 deMeunier), February 2015	Quebec	Canada	1st Mortgage	$ 417,983	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (1819 Montcalm St.), February 2015	Quebec	Canada	1st Mortgage	$ 112,534	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2150 Chicone Rd.), February 2015	Quebec	Canada	1st Mortgage	$ 819,890	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (165 Royal Street), February 2015	Quebec	Canada	1st Mortgage	$ 1,189,644	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (3350 Sir Wilfred Laurier Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 2,331,058	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (150 Mon-Tor Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 675,203	Self Storage	n/a	n/a	–

as at December 31, 2012 (continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Depotium Self Stockage Inc. (260 Murray St.), February 2015	Quebec	Canada	1st Mortgage	$ 1,446,864	Self Storage	n/a	n/a	–
1659139 Ontario Inc. (Maystar), March 2014	Ontario	Canada	1st Mortgage	$ 2,765,875	Retail – Consumer Discretionary	n/a	n/a	–
Lind Equipment Ltd., November 2013	Ontario	Canada	Senior Secured Debenture	$ 674,619	Industrial	n/a	n/a	–
Vickers-Warnick Financial Ltd., April 2013	Ontario	Canada	Senior Secured Debenture	$ 24,560	Industrial	n/a	n/a	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
1900 Dickson Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,499,454	Industrial	80.00%	9.50%	–
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,975,124	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,917,417	Office	50.10%	9.50%	–
310 Hoffer Drive LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 669,512	Industrial	60.00%	9.50%	–
402 McDonald Street LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,228,578	Office	60.00%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,809,264	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,591,132	Office	60.00%	9.50%	–
651 Henderson Drive LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,450,375	Industrial	60.00%	9.50%	–
2093755 Ontario Ltd. (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 1,500,000	Hospitality	n/a	n/a	–
7936273 Canada Inc., December 2012	Quebec	Canada	1st Mortgage	$ 4,000,000	Retail – Consumer Staples	n/a	n/a	–
96 Spadina Avenue Inc., January 2015	Ontario	Canada	1st Mortgage	$ 2,014,690	Office	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$ 3,705,683	Hospitality	n/a	n/a	–
Dartmouth Crossing Hotel Ownership Trust et al., December 2014	Nova Scotia	Canada	2nd Mortgage	$ 1,121,341	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 2,930,465	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 1,007,833	Retail – Consumer Discretionary	n/a	n/a	–
Hastings (Bancroft) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,519,349	Retail – Consumer Staples	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 3,000,000	Hospitality	n/a	n/a	–

as at January 1, 2012 (continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Main Lanes (Alexandria) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,519,349	Retail – Consumer Staples	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$11,232,312	Industrial	n/a	n/a	–
Northumberland Shopping Centre Inc., October 2013	Ontario	Canada	1st Mortgage	$11,049,139	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 2,452,623	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 5,887,945	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$ 4,027,855	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Silverfox Plaza), November 2020	Nova Scotia	Canada	1st Mortgage	$ 2,171,726	Retail – Consumer Discretionary	n/a	n/a	–
Sadler (Almonte) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,519,349	Retail – Consumer Staples	n/a	n/a	–
Skyline – 66 Temperance Inc., January 2012	Ontario	Canada	1st Mortgage	$ 2,702,250	Real Estate Development	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 493,321	Hospitality	n/a	n/a	–
Taurus Cookstown Partners Ltd., June 2014	Ontario	Canada	1st Mortgage	$13,050,976	Retail – Consumer Discretionary	n/a	n/a	–
Whiterock 580 Grande Allee Inc., November 2016	Quebec	Canada	1st Mortgage	$ 3,909,799	Office	n/a	n/a	–
Whiterock Girouard St-Joseph Quebec Inc., April 2014	Quebec	Canada	2nd Mortgage	$ 5,998,864	Office	n/a	n/a	–
Lind Equipment Ltd., November 2013	Ontario	Canada	Senior Secured Debenture	$ 886,484	Industrial	n/a	n/a	–
Vickers-Warnick Financial Ltd., April 2013	Ontario	Canada	Senior Secured Debenture	$ 27,734	Industrial	n/a	n/a	–
Whiterock REIT, Series 'F', Convertible Debenture, 6.00%, July 2012	Ontario	Canada	Convertible Debenture	$ 5,281,214	Financials	n/a	n/a	–

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates and those differences could be significant. The most significant estimates are made on the valuation of private investments, which are further discussed in note 6 and 7.

The most significant judgments made in preparing the Fund's financial statements relate to the determination that the Fund is an investment entity, including that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Fund is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

6. FINANCIAL INSTRUMENTS

The investments in private companies consist of debt and equity instruments and are typically illiquid. The Fund seeks to reduce the risk typically associated with such investments by diversifying the investment portfolio by investing in companies that are in differing stages of development in a variety of high-growth-potential industries and by working with investee companies through, among other things, providing business advice and other services, aiding in the recruitment process and helping in the process of raising additional capital.

Financial Instrument Risk

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, currency risk and other price risk) and valuation risk of private investments. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional experience, daily monitoring of the Fund's positions and market events, by structuring investments to provide the Fund with the maximum protection in the event of problems with the issuer of the security.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investments in debt instruments and derivatives represent the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the creditworthiness of the issuer.

The Fund is exposed to credit risk through a forward contract (see note 10). Credit risk arises from the potential inability of the counterparties to meet the terms of the contract. The maximum credit risk exposure is the aggregate carrying value of the assets as disclosed in the schedule of investment portfolio.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. Should either party not meet its obligation, the trade will fail.

The credit risk related to interest and dividends receivable is subject to the creditworthiness of the underlying investees.

The Fund and the Reference Fund invest in debt obligations that are secured, unsecured or subordinated to senior creditors. The risks of debt obligations arise from the potential inability of the issuer to make payments on the debt securities. The inability of the issuer to meet its obligations will affect the fair value of the investment and the Fund may suffer a loss.

If the Fund invests in underlying funds, the Fund is exposed to indirect credit risk in the event that the underlying fund invests in debt securities and derivatives.

As at December 31, 2013, the Fund held 7.03% (December 31, 2012 – 15.13%, January 1, 2012 – 18.57%) of its net assets in debt securities through its private investment portfolio, and 8.25% (December 31, 2012 – 13.55%, January 1, 2012 – 13.13%) of its net assets in a forward contract. There is additional credit rate risk through the forward contract of the Reference Fund, ROI Private Trust. As at December 31, 2013, ROI Private Trust held 18.22% (December 31, 2012 – 61.52%, January 1, 2012 – 89.93%) of its net assets in debt securities through its private investment portfolio.

Liquidity Risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to monthly and annual redemptions of redeemable units.

There is no assurance that the units will trade in the secondary market at a price equal to the applicable net asset value per unit ("NAVPU") or that a liquid market will develop. The Fund anticipates that the market price of the units will vary from the NAVPU. The market price of the units will be determined by factors including, but not limited to, the relative supply and demand of units, the yield on the units, trading liquidity and the Fund's investment performance. The units may trade at a premium or discount to the applicable NAVPU. The redemption terms (note 8) attached to the units have been designed to attempt to reduce or eliminate a market value discount from the NAVPU.

As at December 31, 2013, the Fund held 13.19% (December 31, 2012 – 19.77%, January 1, 2012 – 23.89%) of net assets in private investments, which are considered illiquid. It also had 79.11% (December 31, 2012 – 67.58%, January 1, 2012 – 63.82%) of net assets in cash, marketable securities, other securities and short-term investments that are traded in active markets and/or can be readily disposed of. There is additional liquidity risk through the forward contract of the Reference Fund, ROI Private Trust. As at December 31, 2013, ROI Private Trust held 82.77% (December 31, 2012 – 95.51%, January 1, 2012 – 93.76%) of net assets in private investments which are considered illiquid. It also had 16.90% (December 31, 2012 – 3.86%, January 1, 2012 – 5.80%) of net assets in cash, investments in underlying funds and short-term investments that are traded in active markets and can be readily disposed of.

The following table summarizes the maturity profile, as at December 31, 2013, December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

December 31, 2013

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	391,494	–	–	–	–	391,494
Receivable for investments sold	43,908	–	–	–	–	43,908
Unrealized gain on forward contract	–	–	29,429,111	–	–	29,429,111
Private investments	3,453,574	10,517,923	11,082,683	–	21,951,185	47,005,365
Short-term investments	2,378,386	–	–	–	–	2,378,386
Marketable securities	268,032,106	–	–	–	–	268,032,106
Other securities	11,653,282	–	–	–	–	11,653,282
	285,952,750	**10,517,923**	**40,511,794**	**–**	**21,951,185**	**358,933,652**
Liabilities						
Redemptions payable	3,036	–	–	–	–	3,036
Distributions payable	1,865,407	–	–	–	–	1,865,407
Accrued expenses	657,826	–	–	–	–	657,826
	2,526,269	**–**	**–**	**–**	**–**	**2,526,269**

December 31, 2012

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	613,269	–	–	–	–	613,269
Receivable for investments sold	1,568,992	–	–	–	–	1,568,992
Unrealized gain on forward contract	–	–	62,814,178	–	–	62,814,178
Private investments	3,545,655	20,826,885	33,576,883	12,195,442	21,497,527	91,642,392
Short-term investments	38,740,178	–	–	–	–	38,740,178
Marketable securities	274,485,973	–	–	–	–	274,485,973
	318,954,067	**20,826,885**	**96,391,061**	**12,195,442**	**21,497,527**	**469,864,982**
Liabilities						
Redemptions payable	1,880,969	–	–	–	–	1,880,969
Distributions payable	2,342,344	–	–	–	–	2,342,344
Securities purchased payable	1,509,623	–	–	–	–	1,509,623
Accrued expenses	1,012,182	–	–	–	–	1,012,182
	6,745,118	**–**	**–**	**–**	**–**	**6,745,118**

January 1, 2012

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	758,796	–	–	–	–	758,796
Subscription receivable	5,219,995	–	–	–	–	5,219,995
Receivable for investments sold	47,375	–	–	–	–	47,375
Unrealized gain on forward contract	–	–	–	62,004,927	–	62,004,927
Private investments	6,702,250	34,951,495	29,429,769	16,645,573	25,140,856	112,869,943
Underlying fund	27,994,348	–	–	–	–	27,994,348
Marketable securities	273,479,955	–	–	–	–	273,479,955
Convertible bond	5,281,214	–	–	–	–	5,281,214
	319,483,933	**34,951,495**	**29,429,769**	**78,650,500**	**25,140,856**	**487,656,553**
Liabilities						
Bank overdraft	800,512	–	–	–	–	800,512
Performance fee payable	24,754	–	–	–	–	24,754
Redemptions payable	511,953	–	–	–	–	511,953
Distributions payable	314,444	–	–	–	–	314,444
Revolving loan facility	13,100,000	–	–	–	–	13,100,000
Accrued expenses	758,773	–	–	–	–	758,773
	15,510,436	**–**	**–**	**–**	**–**	**15,510,436**

Market Risk

Market risk comprises three main components: interest rate risk, foreign currency risk and other price risk.

As at December 31, 2013, the Fund held 78.44% (December 31, 2012 – 59.21%, January 1, 2012 – 57.89%) of net assets in equities.

While the Fund has significant equity holdings in its common share portfolio, the fair value fluctuations are driven by the forward contract (see note 10).

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments. The Fund's exposure to interest rate risk is concentrated in its direct investments in debt instruments and indirectly through its investment in the forward contract which exposes it to the Reference Fund. The forward contract has interest rate risk as it references the returns of the underlying investments in the Reference Fund (see note 10). Short-term investments, currencies, and other financial assets and liabilities are short term in nature and/or non-interest bearing and are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If the Fund invests in underlying funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the underlying funds.

The Fund held 0.67% (December 31, 2012 – 8.36%, January 1, 2012 – nil%) of its net assets in short-term investments, which earn a variable rate of interest. The private investments held by the Fund generate interest income with varying rates of interest from 4.66% to 12.00%.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional and presentation currency of the Fund.

The Fund may enter into foreign exchange contracts for hedging purposes to reduce foreign currency exposure, or to establish exposure to foreign currencies.

The Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Fund did not have any significant exposure to currency risk. The Reference Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1,2012, the Reference Fund did not have any exposure to currency risk.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market segment. All equity securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

When the Fund invests in underlying funds, it has the same risks as the underlying fund in which it invests. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

As at December 31, 2013, 75.17% (December 31, 2012 – 59.21%, January 1, 2012 – 59.01%) of the Fund's net assets were traded on the Canadian stock exchange; however the Fund is not exposed to other price risk on its common share portfolio, given the nature of the forward contract (note 10).

As of December 31, 2013, 3.27% (December 31, 2012 – 3.05%, January 1, 2012 – nil%) of the Fund's net assets had other price risk through their investment in ROI Canadian Real Estate Fund, Class A.

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Fund did not have any exposure to other price risk.

Valuation of Private Investments

The Fund invests a substantial portion of its net assets in private investments. Generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective to a degree and to the extent that these valuations differ from the amount ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units.

The total amount of the changes in fair value, recognized in net income during the year that was estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates was an decrease of $462,850 (December 31, 2012 – increase of $4,780,702).

Valuation processes

The Manager is responsible for determining recurring fair value measurements included in the financial statements, including fair value of Level 3 investments. The Manager's valuations team prepares a valuation for each investment at least quarterly; however, any new information that may impact the valuation of investments is addressed when known. The reports are reviewed and approved by senior members of the valuations team.

The Level 3 investments in the Fund include debt and equity securities. The debt securities are comprised of mortgages and subordinated debentures. The equity securities are comprised of interests in income producing commercial private real estate, commercial development private real estate and residential development private real estate. Equity investments are made in various forms, including ownership interests in real property and loans secured by, or that provide a participating interest in, real property.

The following is a summary by investment type of the valuation techniques and key inputs used by the Manager:

Investment type	Valuation method	Inputs
Mortgage debt/subordinated debentures	Yield to maturity	Risk premium Risk free rate Time to maturity
Income producing commercial private real estate (commercial real estate assets fully built and producing income)	Direct income capitalization	Capitalization rate Stabilized net operating income
Commercial development private real estate (commercial real estate assets in development)	Discounted cash flow	Completion date Discount rate Capitalization rate Stabilized net operating income
Residential development private real estate (residential real estate assets in development)	Discounted cash flow	Completion date Discount rate Expected selling price (realizable value)
	Direct comparison	Comparable property sales

The yield to maturity method applies an appropriate discount rate to all future cash flows of a security. The discount rate is comprised of a risk-free rate plus a risk premium. The risk premium associated with a security is security specific and is determined mainly by the credit quality of the investment, the loan-to-value ratio (a measure of risk for debt investments, represented by the ratio of the loan outstanding divided by the current property value), and time to maturity.

The direct income capitalization method involves identifying the stabilized net operating income of a property and dividing it by an appropriate capitalization rate to determine a gross asset value. Stabilized net operating income is defined as revenues less property operating expenses adjusted for items such as average lease up costs, long term vacancy rates, non-recoverable capital expenditures, and market rental rates. The capitalization rate is the current required rate of return based on location and quality of the property and its income.

The discounted cash flow method applies an appropriate discount rate to the expected future value of the completed development (on a direct income capitalization or realizable value basis). The discount rate is determined by analyzing the risk to completion which, amongst other measures, involves analysis of the current progress, loan-to-value and time to delivery of the future developments.

The direct comparison method involves analysis of recent similar transactions, adjusted for any differences, to determine the current net realizable value of an asset.

Select significant unobservable inputs used in level 3 valuations are as follows:

	Capitalization rates			Net operating income per square foot			Time to completion (Yrs)		
	High	Low	Weighted average	High	Low	Weighted average	High	Low	Weighted average
ROI Canadian High Income Mortgage Fund									
2013	7.30%	5.46%	6.21%	18.62	13.79	17.24	n/a	n/a	n/a
2012	7.00%	5.46%	6.26%	18.54	13.67	17.11	n/a	n/a	n/a
Reference Fund: ROI Private Trust									
2013	7.35%	6.25%	6.65%	19.22	9.87	16.25	4.67	0.75	2.65
2012	7.40%	6.15%	6.56%	19.26	9.70	16.42	3.50	1.33	2.55

The following tables illustrate the fair value sensitivity of level 3 investments due to changes in key input assumptions in the valuation process:

Investments in Equity Securities:

	Impact of changes to Capitalization rates		Impact of change to Net Operating Income		Impact of change in Time to Completion
	Increase +0.25%	Decrease −0.25%	Increase +1%	Decrease −1%	Increase by 1 year
ROI Canadian High Income Mortgage Fund					
Increase/(decrease) in fair value as at December 31, 2013	$(1,525,971)	$1,704,895	$420,863	$(420,863)	n/a
Increase/(decrease) in fair value as at December 31, 2012	$(1,389,774)	$1,586,256	$367,839	$(367,839)	n/a
Reference Fund: ROI Private Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(9,858,026)	$10,164,930	$1,784,106	$(1,901,254)	$(9,428,694)
Increase/(decrease) in fair value as at December 31, 2012	$(9,002,115)	$10,288,047	$1,841,442	$(1,748,075)	$(6,748,338)

Investments in Debt Securities:

	Impact of changes to interest rates	
	Increase +1%	Decrease −1%
ROI Canadian High Income Mortgage Fund		
Increase/(decrease) in fair value as at December 31, 2013	$ (724,929)	$ 724,929
Increase/(decrease) in fair value as at December 31, 2012	$(2,568,760)	$2,568,760
Reference Fund: ROI Private Trust		
Increase/(decrease) in fair value as at December 31, 2013	$ (648,972)	$ 648,972
Increase/(decrease) in fair value as at December 31, 2012	$(2,780,706)	$2,780,706

Investment Portfolio Concentration (%)

The Fund's investment portfolio is concentrated in the following segments as at

	December 31, 2013	December 31, 2012	January 1, 2012
COMMON SHARE PORTFOLIO			
Consumer Discretionary	–	–	7.70%
Energy	13.84%	18.95%	15.69%
Financials	17.54%	7.66%	3.39%
Health Care	18.50%	8.05%	2.25%
Industrial	–	–	4.22%
Materials	15.60%	17.74%	11.87%
Technology	4.94%	6.82%	12.77%
Telecommunications	4.75%	–	–
OTHER SECURITIES	3.27%	–	–
PRIVATE INVESTMENTS PORTFOLIO			
Limited Partnerships	6.16%	4.64%	5.32%
Mortgages	7.02%	14.98%	18.38%
Subordinated Secured Debentures	0.01%	0.15%	0.19%
CONVERTIBLE BOND	–	–	1.12%
INVESTMENT IN UNDERLYING FUND	–	–	5.93%
SHORT TERM INVESTMENTS	0.67%	8.36%	–
UNREALIZED GAIN ON FORWARD CONTRACT	8.25%	13.55%	13.13%
LIABILITIES, NET OF OTHER ASSETS	(0.55)%	(0.90)%	(1.96)%
	100.00%	100.00%	100.00%

7. FAIR VALUE HIERARCHY

The Fund provides disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 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 that are unobservable for the asset and liability.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2013, December 31, 2012 and January 1, 2012:

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Marketable securities	268,032,106	–	–	268,032,106
Other securites	–	11,653,282	–	11,653,282
Short-term investments	–	2,378,386	–	2,378,386
Private investments	–	–	47,005,365	47,005,365
Unrealized gain on forward contract	–	–	29,429,111	29,429,111
	268,032,106	14,031,668	76,434,476	358,498,250

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	260,339,774	14,146,199	–	274,485,973
Short-term investments	–	38,740,178	–	38,740,178
Private investments	–	–	91,642,392	91,642,392
Unrealized gain on forward contract	–	–	62,814,178	62,814,178
	260,339,774	**52,886,377**	**154,456,570**	**467,682,721**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	301,474,303	–	–	301,474,303
Private investments	–	–	112,869,943	112,869,943
Convertible bond	–	5,281,214	–	5,281,214
Unrealized gain on forward contract	–	–	62,004,927	62,004,927
	301,474,303	**5,281,214**	**174,874,870**	**481,630,387**

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Fund's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. There were no transfers between levels during the years ended December 31, 2013 and December 31, 2012.

Marketable Securities

The Fund's marketable securities include publicly traded equities and investments in listed funds. Publicly traded equities are classified as Level 1 as the securities are actively traded and reliable quotes are available.

Other Securities

Investments in listed funds are classified as Level 2 as they are thinly traded and are subject to monthly and/or annual redemption terms.

Short-Term Investments

The Fund's short-term investments are classified as Level 2 as they represent overnight cash deposits that are not traded.

Private Investments

The Fund's private investments are classified as Level 3 as the determination of fair value requires significant unobservable data and the application of valuation techniques. Private investments include investments that are not publicly traded or other assets for which no public market exists.

Forward Contract

The Fund's forward contract is classified as Level 3 as the determination of fair value is based on the Reference Fund which invests only in private investments.

The following is a reconciliation of Level 3 fair value measurements for the years ended December 31, 2013 and 2012:

Fair value measurements using level 3 inputs	*Private Investments*
Balance at December 31, 2012	**$91,642,392**
Purchases	406,837
Sales and principal payments	(43,803,092)
Realized losses	(777,922)
Change in unrealized loss	(462,850)
Balance at December 31, 2013	**$47,005,365**

The change in unrealized loss recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2013 is $49,555.

	Unrealized Gain on Forward Contract
Balance at December 31, 2012	**$62,814,178**
Change in unrealized loss	(33,385,067)
Balance at December 31, 2013	**$29,429,111**

For disclosure regarding sensitivity analysis on private investments refer to note 6.

Fair value measurements using level 3 inputs	*Private Investments*
Balance at December 31, 2011	**$112,869,943**
Purchases	31,069,783
Sales and principal payments	(61,687,459)
Realized gain	4,609,423
Change in unrealized gain	4,780,702
Balance at December 31, 2012	**$91,642,392**

The change in unrealized gain recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2012 is $6,356,912.

	Unrealized Gain on Forward Contract
Balance at December 31, 2011	**$62,004,927**
Change in unrealized gain	809,251
Balance at December 31, 2012	**$62,814,178**

8. UNITS OF THE FUND

Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The objective when managing the capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Manager monitors the capital on the basis of the value of the net assets attributable to holders of redeemable units.

Prior to November 10, 2012, the authorized capital of the Fund was represented by issued redeemable units with no par value. The unitholders had the right to require the Fund to repurchase their units at the daily priced NAVPU. Distributions were reinvested in additional units at the current NAVPU or in cash, at the discretion of the unitholders, without an acquisition charge.

Restructuring of the Fund

In 2012, the Fund reorganized itself as a closed-end investment fund established as a trust under the laws of the Province of Ontario. On November 10, 2012, Series R Units had a unit split based on a ratio of 15.85. Following this capital change, series A, 5, 7, F, F-5, F-7 and O units of the Fund were redesignated to series R units of the Fund. The units were converted to series R at the following ratios:

Series	A	5	7	F	F-5	F-7	O
Ratio	15.17	11.59	10.23	16.12	12.47	11.05	16.28

Series R was subsequently renamed as Class A.

As a result, the increase in net assets attributable to the holders of redeemable units per unit, in the statement of comprehensive income, for the period from January 1, 2012 to December 31, 2012, was adjusted to reflect the restructuring of the Fund.

On November 29, 2012, the Fund filed a non-offering prospectus to become a reporting issuer under the Securities Act (Ontario). On December 7, 2012, the Fund listed 54,199,057 existing Class A units ("initial public float"), at a value per unit of $9.8896 ($536,006,994) on the TSX under the symbol RIH.UN. The initial public includes related party holdings of 4.67% (2012 – 3.22%).

Redemptions

Units may be redeemed on a monthly basis for a redemption price per unit equal to the lesser of: (i) 95% of the Market Price (as defined below) per unit as at the Monthly Redemption Date (as defined below) and (ii) 100% of the Closing Market Price (as defined below) per unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the Forward Contract (note 10) to fund such redemption. As at December 31, 2013, the fund had $3,036 in monthly redemptions payable.

The Market Price is the volume weighted average trading price of the units on the TSX for the 10 trading days immediately preceding the relevant Monthly Redemption Date. The Monthly Redemption Date is the second to last business day of each month, other than the month during which the Annual Redemption Date (as defined below) occurs, commencing in January 2013. The Closing Market Price is (i) the closing price of the units on the TSX on such Monthly Redemption Date if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the units on the TSX on such Monthly Redemption Date if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the units traded on a particular day; or (iii) the average of the last bid and the last asking prices of the units on the TSX on such Monthly Redemption Date if there was no trading on the applicable Monthly Redemption Date.

Units may also be redeemed on an annual basis for a redemption price per units that is equal to the NAVPU of such unit as at the Annual Redemption Date, less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the Forward Contract to fund such redemption. The Annual Redemption date is the last business day of November of each year beginning in November 2013.

In order to effect a redemption, units must be surrendered on or before 5:00 p.m. (Toronto time) on the date which, in the case of a Monthly Redemption, is the last business day of the month preceding the Monthly Redemption Date and, in the case of an Annual Redemption, is the last business day of October immediately preceding the Annual Redemption Date. The unitholder will receive payment in respect of any units redeemed on the Annual Redemption Payment Date (as defined below) or Monthly Redemption Payment Date (as defined below), as applicable, subject to the Fund's right to suspend redemptions in certain circumstances. The Annual Redemption Payment Date is the business day that precedes December 15 immediately following an Annual Redemption Date. The Monthly Redemption Payment Date is the 15th day of the month is not a Business Day, the next day that is a Business Day. The Fund will not accept for redemption on a given Annual Redemption Date, units representing more than 15% of the average number of units of the Fund outstanding for the 180-day period immediately preceding such Annual Redemption Date, being defined as the Annual Redemption Limit. In the event that the number of units surrendered for redemption exceeds the Annual Redemption Limit, the Fund will redeem such units surrendered for redemption on a pro rata basis. Notwithstanding the foregoing limitations on redemption, the Manager may, in its sole discretion, waive the limitation in respect of all units of the Fund surrendered in respect of any Annual Redemption Date. For the year ended December 31, 2013, the fund paid out an annual redemption of $63,133,349.

Mandatory Market Repurchase Program

Beginning on December 7, 2012, the Fund has undertaken a mandatory market repurchase program ("MMRP"). As part of the MMRP, the Fund had committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed on the TSX, 10,345,180 Class A units representing 19.72% of its initial public float, at a price that is less than 95% of the latest NAV per Class A unit. On January 23, 2013, the Fund announced the completion of the MMRP at a cost of $97,632,802.

Normal Course Issuer Bid

Also, on December 5, 2012, the Fund received approval from the TSX to make a normal course issuer bid (NCIB) for the outstanding Class A units, for the period from December 7, 2012 to December 6, 2013. Although this NCIB approval has lapsed, the Fund continues to be entitled to purchase up to 10% of its initial public float, for cancellation and may reapply with the TSX for approval at any time to engage in an NCIB. The Fund did not purchase any shares under the NCIB for the year ended December 31, 2013.

Changes in redeemable units per series are summarized as follows:

For the year ended December 31, 2013

	Class A
	# of units
Balance – beginning of year	46,647,877
Issued:	
For cash	–
On reinvestment of distributions	36,209
Redemption of units	(6,582,344)
Repurchase of units under the mandatory market repurchase program	(2,794,000)
Balance – end of year	37,307,742

For the year ended December 31, 2012

	Series A	Series 5	Series 7	Series F	Series F-5	Series F-7	Series O	Series R[1]
	# of units	# of units	# of units	# of units	# of units	# of units	# of units	# of units
Balance – beginning of year	1,710,297	223,021	811,968	297,408	46,543	137,906	358,204	63,316
Issued:								
For cash	251,747	14,083	115,995	66,031	1,425	6,377	22,118	1,742,529
On reinvestment of distributions	–	2,944	21,142	–	48	1,427	–	–
Unit split	–	–	–	–	–	–	–	934,353
Redemption of units	(113,540)	(24,053)	(39,449)	(34,807)	(5,696)	(43,242)	(93,984)	(2,938)
Redesignation of units	(1,848,504)	(215,995)	(909,656)	(328,632)	(42,320)	(102,468)	(286,338)	51,461,797
Repurchase of units under the mandatory market repurchase program	–	–	–	–	–	–	–	(7,551,180)
	–	–	–	–	–	–	–	46,647,877

[1] Series A, 5, 7, F, F-5, F-7 and O were redesignated to Series R and renamed to Class A.

Valuation of Class and Units

A net asset value ("NAV") is calculated for class A units of the Fund daily. The NAV is computed by calculating the assets and liabilities of the Fund, less the liabilities of the Fund. Other expenses, net gains and losses on investments and securities lending income are allocated to the Fund. A valuation date is each day on which the TSX is open for business. The NAVPU of the class for the purposes of redemption or reinvestments is computed by dividing the NAV of the Fund attributable to the class by the total number of units of the class of the Fund outstanding at such time. Refer to the liquidity risk disclosure in note 6 for additional details.

9. FEES AND EXPENSES OF THE FUND

Management and Performance Fees

The Manager is responsible for the day-to-day management of the Fund. In consideration, prior to November 10, 2012, the Manager was entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A, 5 and 7 – 1.30%; and Series F, F-5, F-7, O and R – nil%. In addition, the Manager was entitled to a performance fee of up to the aggregate of 25% of the increase in the NAVPU of each series (excluding Series R) over the relevant year (after deducting all management fees and other expenses charged to the Fund and adding any distributions of income and capital during the relevant year), calculated daily and payable monthly.

Effective November 10, 2012, the overall structure of the management and performance fees changed. The Manager receives a management fee from the Fund equal to the aggregate of (i) 0.35% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily Direct Assets ("Direct Assets" – NAV excluding the value of the forward contract that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward agreement that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable (as defined as below) by the Manager. The Manager will be entitled to a performance fee from the Fund on a per unit outstanding basis equal to 20% of the amount by which the sum of (i) any increase in the Direct Assets NAVPU (without taking into account the performance fee), and (ii) the distributions paid on such units during the previous 12 months, exceeds the benchmark (expressed as a dollar amount per unit) for the year, calculated and accrued daily and payable annually in arrears.

During the year ended December 31, 2013, the Fund incurred $4,878,412 (2012 – $5,700,434) in management fees and $nil (2012 – $11,005,608) in performance fees, with $327,836 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $533,383, January 1, 2012 – $453,610). In 2013, certain performance fees were unconditionally waived where the Manager has elected to receive less than its allowable maximum; these amounts cannot be collected in the future.

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Operating Expenses

The operating expenses of the Fund, which include, but are not limited to, legal, audit, custodial, transfer agency, independent review committee and fund administration expenses and the cost of financial statements and other reports, are the direct responsibility of the Fund. The Manager pays certain of these expenses on behalf of the Fund and is then reimbursed by the Fund.

The Manager may waive or absorb certain expenses of the Fund. The decision to do so is reviewed annually and determined at the sole discretion of the Manager.

The Manager may be paid work fees ("Work Fees") by companies in which the Fund invests. The Work Fees are paid for work done in connection with the financing of such companies. Such financing work may include sourcing investment opportunities, structuring investments, due diligence and preparation of loan participation agreements or other investment documentation. Beginning March 14, 2012, the Manager elected to direct all Work Fees received to the applicable fund or funds under management. The Work Fees are recognized in net realized gain on investments in the statements of comprehensive income.

In addition, the Manager may be paid a monitoring fee or commitment, renewal, extension, discharge, prepayment or other administrative fee by companies in which the Fund invests. Beginning March 14, 2012, the Manager elected to direct all of such fees received to the applicable fund or funds under management. These fees are included in net realized gain on investments in the statements of comprehensive income.

Prior to the restructuring of the Fund (see note 1) the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.10% of the weighted NAV of a series during the applicable month. The operating service charge was calculated daily and payable monthly for providing certain administrative services to the Fund. During the year ended December 31, 2013, the Fund incurred $nil (2012 – $431,667) of operating service fees. This charge is no longer applicable since the effective date of the fund's restructuring.

Forward fees

Prior to November 10, 2012, the fees on the forward contract were paid by the Reference Fund. Effective November 10, 2012, the Fund pays to the Counterparty (see note 10) an amount under the Forward Contract up to 0.55% per annum of the notional amount of such forward contract (being effectively equal to the NAV of the Reference Fund subject to the Forward Contract) plus a hedging fee, which is approximately 0.35% per annum of the notional amount of the Forward Contract. Forward fees are recognized in net change in unrealized depreciation in investments in the statements of comprehensive income. During the year ended December 31, 2013, the Fund incurred $1,970,676 (2012 – $267,327) of forward fees.

Sales Charges

Prior to the restructuring of the Fund, the sales charge incurred by unitholders was dependent on the purchase option selected at the time of purchase. Series A, 5 and 7 were purchased on one of three options: the Initial Sales Charge Option ("ISC"), Low Load Sales Charge Option ("LL") or Super Low Load Sales Charge Option ("SLL"). Under the ISC option, a negotiable fee of up to 5% of the purchase price was payable by Series A, 5 and 7 investors to their dealer. No redemption fee was payable when investors redeem Series A, 5 and 7 units purchased under the ISC option (subject to a short-term trading fee, where applicable). Under the LL and SLL options, no fee was payable by Series A, 5 and 7 investors to their dealer. Investors were subject to a redemption fee if they redeemed Series A, 5 and 7 units purchased under the LL or SLL options, depending on how long they held the units to be redeemed. No sales charges were payable in respect of Series F, F-5, F-7, O and R units of the Fund. Since the effective date of the Fund's restructuring, these fees are no longer applicable.

10. FORWARD CONTRACT ("the Forward Contract")

The Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of February 14, 2017. The Fund has purchased and pledged to the Counterparty the common share portfolio listed on the statement of investments except for the ROI Canadian Real Estate Fund, Class A investment. Under the terms of the Forward Contract, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of units of ROI Private Trust Series A specified in the Forward Contract, in exchange for the Fund's common share portfolio at fair market value. As at December 31, 2013, the NAV of the Reference Fund was $297,462,800 (Series A – $297,461,217 and Series R – $1,583) (December 31, 2012 – $323,161,442: Series A – $323,159,948 and Series R – $1494, January 1, 2012 – $335,486,224: Series A – $335,484,880 and Series R -$1,344), consisting mainly of private placement investments with a fair value of $246,198,531 (December 31, 2012 – $308,656,015, January 1, 2012 – $314,573,504).

The common share portfolios subject to the Forward Contract are agreed to between the Fund and the Counterparty and are pledged to the Counterparty as security for the Fund's obligations under the Forward Contract. In order to permit the Fund to pay monthly distributions, redemptions of units, operating expenses or other liabilities of the Fund, the terms of the Forward Contract provide that the Forward Contract may be settled in whole or in part at any time prior to the settlement date by the Fund, either in cash or by tendering to the Counterparty securities in the common share portfolio at the Fund's discretion.

The Fund is exposed to the credit risk of the Counterparty. If the Counterparty to the forward contract is unable to meet the terms of the Forward Contract, a loss may occur. The Counterparty to the Frward Contract has a credit rating of AA (DBRS). The creditworthiness of the Counterparty was reviewed prior to entering into the Forward Contract and is monitored on a regular basis.

Private investments held in the ROI Private Trust as at December 31, 2013 were as follows:

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 36.40%			
10 Lower Spadina LP	1,607,875	1,348,253	2,127,680
117 Kearney Lake Road LP	700,383	583,758	906,345
181, 191 & 195 The West Mall LP	15,153,259	13,346,640	25,286,506
2261 Keating Cross Road LP	3,854,819	3,504,807	4,241,146
300, 302 & 304 The East Mall LP	10,252,354	9,191,610	11,727,761
350-450 Lansdowne Street LP	3,977,640	3,608,183	4,091,188
401 & 405 West Mall LP	9,875,845	8,771,674	16,310,520
55 Northfolk Street South LP	241,907	198,400	267,617
6501-6523 Mississauga Road LP	1,525,463	1,336,793	1,679,744
6531-6559 Mississauga Road LP	1,414,959	1,244,863	1,470,023
80 Whitehall Drive LP	1,322,312	1,128,741	1,671,996
Bayfield Mill Woods Limited Partnership	2,550,000	2,473,500	3,835,958
Bayfield Retail (2009) LP	1,870,000	1,813,900	3,041,886
London City Centre LP	7,449,806	6,718,906	10,653,412
Sussex Centre LP	17,695,008	15,940,864	20,202,505
Tillsonburg Gateway Centre LP	666,672	547,069	747,855
		71,757,961	108,262,142
Mortgages – 45.69%			
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	28,750	28,750	29,107
2088013 Ont. Inc., (Empire Communities – Brampton), Equity[1]	11,872,463	11,595,999	15,885,809
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	4,825,282	4,825,282	4,752,903
2276844 Ontario Limited (Villarboit – Brantford), Equity[1]	3,656,718	3,626,700	4,531,713
2284477 Ontario Limited (Villarboit North Bay), Equity[1]	9,672,935	9,600,000	9,756,868
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	4,482,207	4,482,207	4,549,440
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	953,707	953,707	953,707
77-79 EDR Inc., February 2014	6,750,000	6,750,000	6,749,474
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Castlepoint Studio Partners Limited, Equity[1]	3,242,468	3,242,468	3,458,883
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	1,947,998	1,947,998	1,959,319
Empire (Estates of Wyndance) Ltd. (Loan 2), February 2014	671,000	671,000	669,757
Empire (Estates of Wyndance) Ltd., February 2014	1,032,426	1,032,426	1,031,296
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity[1]	15,364,019	14,843,853	17,498,749
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	2,028,096	2,028,096	2,028,096
Gerrard House Inc., January 2014	1,000,000	1,000,000	1,000,000
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity[1]	7,248,292	7,204,325	7,712,676
Hilldale Gardens Developments, September 2015	7,226,116	7,226,116	6,325,616
Marquee Hotels, Brampton Inc., October 2015	3,735,435	3,735,435	3,791,973
McLeod Square Inc., March 2022	4,528,712	4,482,973	3,829,520
Richard Gianchetti, August 2014	7,500,000	7,500,000	7,500,000
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	4,800,000	4,800,000	4,770,277
Uxbridge Industrial Ltd., February 2014	499,359	499,359	500,082
Villarmark Inc. (Villarboit – Markham), Equity[1]	21,356,017	21,125,852	21,075,648
Whitetail Properties Inc., April 2017	607,825	607,825	609,882
		128,727,038	135,900,548
Subordinated Secured Debentures – 0.68%			
Digital Specialty Chemicals Limited, October 2013			
Masterfile Corporation, January 2015	117,936	117,936	84,397
McCowan Manufacturing Ltd., January 2016	3,000,000	3,000,000	1,951,444
		3,117,936	2,035,841
Total Private Investments – 82.77%		203,602,935	246,198,531
Investments in Underlying Fund – 3.18%			
ROI Strategic Capital Trust, Series R	75,423	10,812,059	9,462,714
		10,812,059	9,462,714
Short-Term Investment – 13.72%			
CIBC Mellon Trust Demand Deposit,Variable Rate	40,821,880	40,821,880	40,821,880
Total Investments – 99.67%		255,236,874	296,483,125
Other Assets, Net of Liabilities – 0.33%			979,675
Net assets attributable to holders of redeemable units			297,462,800

[1] This is a participating mortgage investment.

11. INCOME TAXES

Non-capital losses are available to be carried forward for 20 years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forward will expire, if not applied, as follows: 2028 – $602,890; 2029 – $83,326 and 2031 – $2,672,509. No benefit has been recognized for these unused losses in these financial statements as the Fund does not record income taxes.

As at December 31, 2013, December 31, 2012 and January 1, 2012 the Fund had non-capital and net capital losses available for carryforward as follows.

	December 31, 2013	December 31, 2012	January 1, 2012
Non-Capital Losses	**$3,358,725**	$3,358,725	$3,358,725
Allowable Capital Losses	**$25,563,326**	$26,644,646	$26,644,646

12. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with a Canadian chartered bank. The aggregate market value of all securities loaned cannot exceed 100% of the net assets of the Fund. The Fund receives collateral in the form of debt obligations issued by the U.S. Treasury against the loaned securities and maintain such collateral in an amount equal to or greater than 105% of the market value of the loaned securities during the period of the loan. Effective November 20, 2012, the Fund chose not to participate in its securities lending program. However, this is subject to change at the discretion of the Manager. The securities loaned to the Canadian chartered bank are not derecognized because the Fund retains substantially all the risks and rewards of ownership. The carrying value and fair value of the securities loaned and the collateral for such loans as at January 1, 2012 are presented below. Under the terms of the program, the Fund may instruct that securities to be returned within three days.

	Financial assets at FVTPL
Carrying amount of assets	$ 274,163,758
Carrying amount of associated liabilities	–

13. REVOLVING LOAN FACILITIES

In 2013, the Fund had access to a credit facility in the amount of $3,500,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the underlying mortgages as well as a general security agreement over all of the Fund's assets. The Fund paid a $70,000 loan commitment fee in connection with this facility. The Fund did not use the credit facility and terminated the loan by year end. The Fund may seek to obtain a new credit facility at the Manager's discretion.

In 2012, the Fund had access to a revolving loan facility. The revolving loan facility commitment, in the maximum amount of $40,000,000 was shared across four Funds formerly known as (ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund and ROI Institutional Private Placement Fund) managed by the Manager. Each Fund was subject to certain margin requirements with the total amount for all funds available under the loan facility capped at $40,000,000. Interest on the loan was charged on the outstanding principal amount by a Canadian chartered bank at the rate per annum equal to the prime rate plus 0.75%. There was a standby fee charged of 0.20% per annum to the Funds, calculated and accrued daily for the unused amount borrowed. The loan was secured by certain assets of the Funds and matured on July 27, 2012.

14. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

	2013	2012
Increase in net assets attributable to holders of redeemable units	8,242,873	35,383,522
Weighted average units outstanding during the year	43,419,864	52,811,227
Increase in net assets attributable to holders of redeemable units per unit	0.19	0.67

15. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. The Fund has determined that it meets the definition of 'investment entity' and as a result, it measures subsidiaries, other than those which provide services to the Fund, at FVTPL. The Fund accounts for investments in associates and joint ventures at FVTPL, rather than applying the equity method and accounts for all investments that are financial instruments at FVTPL. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Classification of redeemable units issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

In addition to the adjustments above, the Fund has reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS, including adjustments to presentation resulting from the fact that these financial statements have not been prepared to comply with the requirement of National Instrument 81-106, Investment Fund Continuous Disclosure. There were no measurement adjustments which arose as a result of the Fund's transition to IFRS.

16. ACCOUNTING STANDARDS, INTERRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

17. LEGISLATIVE CHANGES AND SUBSEQUENT EVENT

In the March 21, 2013, Federal budget, the government changed the treatment of the return from the derivative investment portion of character conversion transaction, such as those employed by the Fund (see note 10), as ordinary income rather than capital gains. The changes apply to agreements entered into, or amended, after March 20, 2013.

On July 11, 2013, the Department of Finance announced an extension to the transition relief period for character conversion transactions announced in the March 2013 federal budget to December 31, 2014.

Based on the Fund's legal structure and forward contract in place, the Manager does not currently expect any impact of these changes on the Fund, prior to the maturity of its existing derivative agreement on January 16, 2017.

On April 2, 2014 the Manager entered into an agreement (the "Purchase Agreement") with DREAM Asset Management Corporation ("DREAM"), whereby DREAM will acquire the rights to manage ROI Canadian High Income Mortgage Fund, as well as ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (together the "ROI Funds").

In connection with the Purchase Agreement, it is proposed that the ROI Funds will complete a reorganization involving, among other things, the transfer of the assets of each ROI Fund and its respective reference fund of each ROI Fund to a newly-formed, open-ended trust which will be managed by DREAM. In connection with the termination of the ROI Funds, unitholders of the ROI Funds will receive units in DREAM Hard Asset Alternatives Trust.

The transaction is subject to, among other things, the approval by the unitholders of the ROI Funds at the meeting of the unitholders expected to take place in June 2014. In addition to such unitholder approval, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Subject to the satisfaction of these conditions, the transaction is expected to close in July 2014.

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ROI CANADIAN HIGH INCOME MORTGAGE FUND

Management Discussion and Analysis

For the year ended
December 31, 2013

Dated: May 6, 2014

FORWARD LOOKING STATEMENTS

Caution regarding forward-looking statements

In this Management Discussion & Analysis ("MD&A"), the terms, "we", "us", "our", the "Manager", "Management" and "ROI Capital" refer to Return On Innovation Advisors Ltd. and the "Fund" refers to the ROI Canadian High Income Mortgage Fund and its financial position and results of operations for the year ended December 31, 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except as otherwise noted. This MD&A should be read in conjunction with the Fund's audited annual Financial Statements, which have been prepared in accordance with IFRS. Copies of these documents have been included in the prospectus of Dream Hard Asset Alternatives Trust and the management information circular of the Fund dated May 6, 2014, each of which is expected to be filed electronically with the securities regulators in Canada through the SEDAR website at www.sedar.com.

Forward-looking statement advisory

This MD&A may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar terminology. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

The MD&A is dated May 6, 2014. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information about the Fund and its investment portfolio is available on the ROI Capital website at www.roicapital.ca. Additional information about the Fund, including its Annual Information Form ("AIF"), can be found on the SEDAR website at www.sedar.com.

PROPOSED REORGANIZATION

On April 2, 2014, ROI Capital announced that it would submit a proposed reorganization ("Proposed Reorganization") to unitholders of the Fund for their approval, pursuant to which DREAM Asset Management Corporation ("DREAM") would acquire the rights to manage the Fund, ROI Canadian Real Estate Fund, ROI Canadian Mortgage Income Fund and ROI Institutional Private Placement Fund (collectively, the "ROI Funds") and the ROI Funds would undergo a reorganization whereby the ROI Funds and their respective reference funds would transfer substantially all of their assets to Dream Hard Asset Alternatives Trust and unitholders of the ROI Funds would become holders of units of Dream Hard Asset Alternatives Trust, a newly-formed Ontario trust managed by DREAM.

The Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario. The Fund has its units listed on the Toronto Stock Exchange ("TSX") and is considered an investment fund that is subject to the Canadian securities regulatory regime for investment funds (the "Investment Fund Regime"). The Fund invests, directly and indirectly, in a diversified portfolio of commercial mortgages and loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Fund gains exposure for a portion of its portfolio through a Forward Agreement with its Reference Fund – ROI Private Trust (the "Reference Fund"). The Fund has a Forward Agreement in place that will mature on January 16, 2017.

On March 27, 2013, the CSA issued CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 Mutual Funds, Companion Policy 81-102CP Mutual Funds and Related Consequential Amendments (the "CSA Notice"). The CSA Notice proposes to restrict mortgage investments by investment funds in mortgages other than mortgages that are guaranteed by a government or government agency ("guaranteed mortgages"). The CSA Notice also proposes to restrict investments by an investment fund in certain illiquid investments. Investment funds that do not meet these new investment restrictions are expected to be given a transition period to either divest their holdings or to transition into the regulatory regime for issuers that are not investment funds (the "Public Company Regime"). On September 12, 2013, the Ontario Securities Commission further stated that it would not permit an investment fund that invests in non-government guaranteed mortgages to raise capital by public offering in Ontario.

As an investment fund, the Fund would need to comply with these proposed restrictions in the near term, which will require that the Fund either divest a significant portion of its portfolio assets or transition out of the Investment Fund Regime and into the Public Company Regime.

First introduced in the March 21, 2013 Federal Budget, the government amended the Tax Act to eliminate the ability of investment funds to use forward contracts like the one used by the Fund to convert fully-taxable ordinary income to capital gains ("character conversion transactions").

The decision to pursue the Proposed Reorganization was based on the research and analysis undertaken by ROI Capital in the face of significant tax changes, regulatory changes associated with CSA Notice and character conversion transactions. Together these changes are expected to have a profound impact on the Fund in meeting its investment objectives, pursuing and fulfilling its investment strategy, concentration, restrictions, diversification and liquidity requirements on a going forward basis.

ROI Capital discussed and sought consultation from external legal counsel on the impacts of CSA Notice and the character conversion transactions and the most appropriate course of action for the Fund. Based on this assessment, the Manager determined that an assignment of the Fund's management agreement as part of a broader reorganization offered the best alternative to address all aspects of investor needs.

The Proposed Reorganization is, among other things, conditional upon approval by a majority of votes cast by unitholders of the Fund. As such, the Manager has called a meeting of unitholders of the Fund (the "Meeting"). At the Meeting, unitholders will be asked to vote in favour of a resolution approving the Proposed Reorganization, including without limitation the change of manager to DREAM and the direct and/or indirect transfer of all or substantially all of the ROI Funds' and their respective Reference Funds' assets to Dream Hard Asset Alternatives Trust. Unitholders will also be authorizing any director or officer of the Manager to take all such steps as may be necessary or desirable to give effect to the Proposed Reorganization.

Under the Proposed Reorganization, Dream Hard Asset Alternatives Trust would comply with National Instrument 51-102 continuous disclosure requirements, as opposed to the Fund's current disclosure requirements under National Instrument 81-106 ("NI 81-106"). If the Proposed Reorganization is approved, Dream Hard Asset Alternatives Trust will be subject to IFRS as issued by the IASB and prepare financial statements and related disclosures in accordance with IFRS, along with Management's Discussion and Analysis.

Audited financial statements for the year ended December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS.

The Fund has previously filed audited annual financial statements in accordance with Part V of the CPA Canada Handbook – Accounting ("Canadian GAAP") and its Management Report of Fund Performance for the years ended December 31, 2013 and December 31, 2012 in accordance NI 81-106. The Fund's transition to IFRS resulted in presentation and disclosure differences, but there was a measurement adjustment, which arose as a result of the transition. An explanation of the effect of the transition from previous Canadian GAAP to IFRS is set out in note 15 to the financial statements.

BASIS OF PRESENTATION

The Fund adopted IFRS as issued by the IASB as its basis of financial reporting commencing with the audited annual financial statements for the year ended December 31, 2013. The Fund's date of transition to IFRS was January 1, 2012. Financial data provided in this MD&A, for the years ended December 31, 2013 and December 31, 2012, has been prepared in accordance with IFRS. The Fund has consistently applied the accounting policies used in the preparation of statement of

financial position as at December 31, 2013 and throughout all years presented, as if these policies had always been in effect. The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements.

The Fund's reporting currency is the Canadian dollar.

BUSINESS OVERVIEW

The Fund (formerly ROI High Income Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the province of Ontario. The units of the Fund trade on the TSX under the symbol RIH.UN.

The Fund changed its name from ROI High Income Private Placement Fund to ROI Canadian High Income Mortgage Fund on November 7, 2012. On November 10, 2012, with the approval of unitholders, Series A, 5, 7, F, F-5, F-7 and O of the Fund were redesignated to Series R of the Fund. Series R was subsequently renamed as Series A. On November 29, 2012 the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") and became a reporting issuer. On December 7, 2012 the Fund listed its Class A units on the TSX. Concurrent with the listing, the Fund undertook a mandatory market repurchase program ("MMRP") whereby the Fund committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed, up to 10,345,180 Class A units (representing 19.72% of its initial public float). In addition, a further 6,581,944 Class A units were redeemed at the unit's net asset value ("NAV") during the Fund's annual redemption period in November 2013.

Prior to the restructuring of the Fund, the Fund operated as an open-ended mutual fund trust with eight series – A, 5, 7, F, F-5, F-7, O and R.

The Manager is the manager and Investment Advisor of the Fund. Equity Financial Trust Company is the Trustee of the Fund.

RECENT DEVELOPMENTS

Throughout 2013, the Manager has continued to view Canadian real estate fundamentals as being stable and sustainable, contributing to an overall attractive lending and investing market.

From April 2013 to August 2013 the share prices of the Canadian public REITs declined, limiting their ability to raise new equity capital on accretive terms and, in turn, limiting their ability to pursue real estate acquisitions. However, the demand from institutional and private investors has remained strong, allowing valuations to remain relatively stable although, some industry observers have suggested that capitalization rates could potentially increase in the event long-term interest rates increase on a sustained basis. These above noted trends were reflected in the results from private real estate investments in 2013, which demonstrated relatively stable capitalization rates and fair values.

Within the commercial mortgage market we continue to see lending opportunities from borrowers. Many of these borrowers have multiple financing options. However, these options may not meet their specific requirements due to the various underwriting practices and policies of institutional lenders. In addition, there continues to be uncertainty in the commercial lending market as it relates to changes or anticipated changes in banking regulations both domestically and globally. We believe the effect of these market changes and challenges have created a funding gap for borrowers looking to secure an alternative source of funds which is increasingly being filled by non-bank lenders.

We have seen a rise in bond yields as the DEX Universe Bond Index average yield climbed from 1.59% on December 31, 2012 to 2.01% on December 31, 2013. We have seen a rise in bond yields for the Real Estate sub index as average yields climbed 40 basis points from 3.19% on December 31, 2012 to 3.59% on December 31, 2013 thereby suggesting that the risk premium declined slightly as the risk free interest rate climbed. We have also seen a nominal rise in capitalization rates for certain real estate properties throughout the year but the majority of any increases if applicable, materialized in the secondary regions and/or for secondary properties. We have also seen a significant amount of new office property development, primarily in downtown Toronto and Calgary, which could contribute to higher vacancy for some period of time. Overall, we believe that deal flow and investing opportunities are still plentiful.

Despite these favourable trends, the Fund was not in a position to take advantage of this opportunity in the market. During the reporting year, the Fund returned cash to unitholders through distributions, the MMRP and the annual redemption at NAV. In order to support the Fund's liquidity requirements, the Fund exited 34 investments during the year, including 28 first mortgages. No new investments were made during the year as the Fund was generating and conserving cash to meet its liquidity requirements.

In light of the Proposed Reorganization, the Manager believes that the outlook for the Fund is positive and that the reorganization will benefit unitholders.

FINANCIAL HIGHLIGHTS

The Fund's net assets attributable to holders of redeemable units were $356.5 million, which is allocated across 60 investments.

	IFRS 2013	IFRS 2012	CGAAP[1] 2011
Total Revenue	13,692,071	53,122,898	7,859,187
Net gain (loss) on investments	13,692,071	52,411,919	29,082,054
Increase (decrease) in net assets attributable to holders of redeemable units	8,242,873	35,383,522	25,083,466
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Series A	–	–	7.81
Series 5	–	–	6.38
Series 7	–	–	5.65
Series F	–	–	10.02
Series F-5	–	–	8.16
Series F-7	–	–	7.32
Series O	–	–	10.36
Series R (renamed as Class A)	0.19	0.67	11.94
Total assets	359,056,280	470,249,321	487,874,263
Net assets attributable to holders of redeemable units[2]	356,527,683	463,500,120	472,362,452
Distributions declared per series:			
Series A	–	–	–
Series 5	–	802,374	713,451
Series 7	–	4,454,377	4,673,993
Series F	–	–	–
Series F-5	–	159,777	181,951
Series F-7	–	541,009	851,196
Series O	–	–	–
Series R (renamed as Class A)	25,995,185	2,342,344	–

1 "CGAAP" means Part V of the CPA Canada Handbook – Accounting. Certain items have been reclassified to conform to the line items presented in the IFRS financial statements

2 Net assets attributable to holders of redeemable units are presented as liabilities under IFRS

For the year ended December 31, 2013

For the purpose of this discussion, the Fund refers to the private investments held within the Fund along with the private investments held in the Reference Fund, which the Fund gains exposure to through the Forward Agreement.

The net assets of the Fund as at December 31, 2013, were $356,527,683 compared to $463,500,120 at December 31, 2012. The decrease in net assets was partly attributable to the MMRP, which ended in January 23, 2013 and to fund the annual redemption at NAV in December 2013. Distributions and operating expenses also contributed to the decrease in net assets. Given the illiquid nature and the structure of the individual investments, it was not possible to maintain the asset mix from the previous year while raising the capital required for the annual redemption. The majority of capital raised was generated through maturing and the early repayment of first mortgages. The level of redemptions was in line with expectations as the market price of the Fund traded below the net asset value leading up to the annual redemption period. As a result, the maximum of 15% of the units of the Fund were redeemed at NAV totaling $63.1 million.

The allocation to mortgages in the portfolio declined to 23.47% at the end of 2013, from 43.51% at the end of 2012. As a result, the exposure to private real estate has increased from 44.62% in 2012 to 63.81% at December 31, 2013. Overall, the geographic allocation of the Fund remained relatively stable with the majority of the investments located in Ontario (89.95%). The only notable change in the geographic location is the weighting to Quebec based investments, which decreased from 7.71% to 3.44%. This is primarily a result of the repayment of 10 mortgages on various Depotium Self Stockage Inc. locations based in Quebec.

In total, 34 investments were exited in 2013, 28 of those were first mortgages. The Fund continues to hold 60 investments. The Manager negotiated the early repayment of certain mortgages and in some instances discounts to outstanding principal were required. During the year, $2,597,745 in discounts were applied. In addition, $1,293,013 in pre-payment penalties were waived.

One of the Fund's largest holdings, the ROI Canadian Real Estate Fund, negatively impacted performance in 2013 due to the decline in market price. This resulted in a decrease in net assets of the Fund by $1.9 million. By the end of the year, the ROI Canadian Real Estate Fund traded at a significant discount to net asset value.

The industry allocation has shifted on a year over year basis. The exposure to multi-residential investments increased from 6.1% to 18.75% and retail – consumer discretionary rose to 25.68% from 11.96%. Office remains the largest industry exposure within the Fund (40.29%).

The maturity schedule of the mortgages in the Fund shortened in 2013. As the investments that were repaid varied in maturity, the shortening of the maturity is partially a function of time. At the end of 2012, 23.79% of the mortgage investments had maturities of two to three years. By the end of 2013, 67.94% of the mortgage investments will mature in less than two years.

Given the nature of the underlying investments and under normal conditions, the values of the Fund's commercial real estate equity investments are not expected to move dramatically in the short term. That being said, the value of any investment may change due to property specific events such as vacancy rates, local competition, and project development. In addition, the value of an investment may change due to macro factors, such as interest rates, cap rates or general economic conditions. Unless a property is actually sold, the valuation of a property will incorporate all of these factors and more to determine a fair value. Property specific considerations are regularly reviewed and incorporated into the fair value process. Macro considerations will impact the valuations of multiple properties, but not necessarily to the same degree for each property. The fair valuation process looks at how macro factors impact values on a property by property basis.

Throughout most of 2013, cap rates remained fairly stable with third party analysis showing an increase in cap rates being driven by many factors including sentiment for commercial real-estate, concern for potential future vacancy rates, new supply coming to market, lower levels of transaction activity and higher interest rates. Based on this relevant market data that relates to the Fund's private real estate investments fair value adjustments were made in December 2013 to ensure that assets reflected fair value based on relevant information at the time. The fair value process resulted in the write up of certain investments and the write down of others. The net impact to the net asset value of the Fund was -0.82%.

Total income generated by the private investments held by the Fund was $18.0 million ($13.8 million from the Reference Fund), down from $23.0 million in 2012. The Fund paid $26.0 million in distributions in 2013. The expenses of the Fund decreased significantly in 2013 falling from a combined $21.4 million in 2012 to $11.2 million, primarily due to the reduction of the performance fees and forward fees. The forward fee is associated with the Forward Agreement that provides the Fund exposure to the Reference Fund and is paid to the counterparty. In 2012, these expenses were paid by the Reference Fund. In 2013 the expenses were paid by the Fund and are included in net change in unrealized depreciation in investments in the statement of comprehensive income.

The decline in mortgages investments in the Fund has reduced the Fund's exposure to investments that deliver regular income. Going forward, the Fund will rely on income from existing investments, principal repayment, completion of development projects and uninvested cash to pay monthly dividend distributions.

The Fund has had total assets and income decline, cash distributions to unitholders exceed revenue and principal and maturity payments contribute to paying distributions and redemptions. In turn, the asset mix is changing and the portfolio within the Fund is becoming less liquid, less diversified and more concentrated. The long-term liquidity of the Fund based on the Fund's current product structure and current investment portfolio are not aligned sufficiently thereby, increasing the liquidity risk of the Fund. An increased liquidity risk may increase the performance volatility of the Fund and the market price.

In the event that the Proposed Reorganization does not proceed for any reason, distributions to unitholders of the Fund will be reduced to a level equal to the cash income from the underlying assets of the Fund, with such cash income to include cash flow generated from investments held in the Fund as at December 31, 2013 (excluding any principal repayments, cash on hand or accrued interest amounts), net of required expenses incurred by the Fund (including but not limited to management fees).

For the three months ended December 31, 2013

The net assets of the Fund fell to $356.5 million as at December 31, 2013 from $428.9 million at September 30, 2013. The $72.4 million decrease was attributable to a decrease in net assets attributable to holders of redeemable units of $3.0 million; net redemptions of $63.1 million and distributions to unitholders of $6.3 million.

The decrease in net assets attributable to holders of redeemable units of $3 million was partly attributable to one of the Fund's holdings, the ROI Canadian Real Estate Fund (which is publicly traded on the Toronto Stock Exchange), which experienced a 6% decline in market price.

In the fourth quarter of 2013, the Fund primarily focused on implementing a liquidity strategy to ensure that the Fund had sufficient liquidity in order to fulfill its annual redemption obligation at NAV. The Fund sold investments and borrowers repaid mortgages prior to the maturity date. In addition, the Fund secured a line of credit. The Fund successfully met its obligations for the annual redemption at NAV. The Fund did not fund any new investments during the three months ended December 31, 2013. The Manager continued to conduct a strategic review during the quarter in order to identify viable changes for consideration by unitholders of the Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, tax advantaged cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through a Forward Agreement to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Forward Agreement provides the Fund economic exposure to a Reference Fund.

The Reference Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

The Fund's investment strategy is to obtain exposure to an actively managed diversified portfolio of investments which consists primarily of high yielding loans secured by, or that provides a participating interest in, commercial mortgages, real property or ownership interests in real property. The Fund obtains exposure by making investments directly or indirectly, including through the Forward Agreement which provides exposure to the investments of the Reference Fund, as may be determined by the Manager from time to time.

The Reference Fund's investment strategy is to invest in an actively managed diversified portfolio of investments which consist primarily of high yielding loans secured by, or that provide a participating interest in, commercial mortgages, real property or ownership interests in real property.

The Fund's strategy is to generate distributions to unitholders that will consist primarily of capital gains, return of capital and, to a lesser extent, ordinary investment income or dividends. These distributions are intended to benefit unitholders because a return of capital distribution is generally not subject to tax, but instead reduces the adjusted cost base of the Units. Distributions that are designated as capital gains will generally be taxed at a lower rate than distributions of interest and other investment income. Accordingly, Units are intended to be tax efficient when compared to units of a trust that depend solely on interest and other investment income to pay distributions.

The Manager seeks to make investments secured by or in real property that the Manager believes are managed by experienced management teams that have a demonstrated track record.

Overall, the Manager believes that real estate is a tangible asset class that provides valuable security for investment and that, given the size and prospects of the real estate market in Canada, this industry is likely to provide the Manager with numerous investment opportunities that exhibit a superior risk / return profile.

INVESTMENT RESTRICTIONS OF THE FUND

The Fund is subject to certain investment restrictions which are set out in the Fund's Amended and Restated Declaration of Trust, which investment restrictions apply to direct investments made by the Fund and investment exposures to which the Fund may be subject through the Forward Agreement, as follows:

(a) the Fund will not make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" for purposes of the Tax Act;

(b) the Fund will manage its investments and affairs to minimize its liability for income tax as a result of the application of the SIFT Rules, it being recognized that the Fund, for purposes of compliance with this restriction, will not be required to dispose of any investments held by it that were acquired prior to November 29, 2012;

(c) with respect to the Canadian Securities Portfolio that is sold forward by it under a Forward Agreement, the Fund will restrict its investments to securities, each of which is a "Canadian security" as defined in subsection 39(6) of the Tax Act;

(d) the Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(e) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(f) the Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(g) the Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Fund for purposes of the Tax Act;

(h) the Fund will not guarantee the securities or obligations of any person, provided that the Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(i) the Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(j) the Fund will not borrow or employ financial leverage in excess of 30% of its Net Asset Value;

(k) the Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(l) the Fund will not invest more than 45% of the Total Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(m) the Fund will not invest more than 30% of the Total Assets in mortgages or loans with any one borrower;

(n) the Fund will not invest more than 10% of the Total Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(o) the Fund will not, directly or indirectly, invest outside of Canada;

(p) the Fund will not invest more than the percentages set out below of the Total Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(q) the Fund will not invest more than the percentages set out below of the Total Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(r) the Fund will not invest more than the percentages set out below of the Total Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	60%
Other Securities	10%
Cash or Cash Equivalents	100%;

(s) the Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Assets that exceeds 85% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 75%; provided that a mortgage loan with a Loan-to-Value that exceeds 85% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (r) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Fund or its Total Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Fund, the Total Assets of the Fund will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

INVESTMENT RESTRICTIONS OF THE REFERENCE FUND

The Reference Fund is subject to certain investment restrictions which are set out in the Amended and Restated Reference Fund Declaration of Trust, as follows:

(a) the Reference Fund will manage its investments and affairs to ensure that it will not be subject to the tax on SIFT Trusts;

(b) the Reference Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(c) the Reference Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Reference Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(d) the Reference Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(e) the Reference Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Reference Fund for purposes of the Tax Act;

(f) the Reference Fund will not guarantee the securities or obligations of any person, provided that the Reference Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(g) the Reference Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Reference Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Reference Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(h) the Reference Fund will not borrow or employ financial leverage;

(i) the Reference Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(j) the Reference Fund will not invest more than 45% of the Total Reference Fund Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(k) the Reference Fund will not invest more than 30% of the Total Reference Fund Assets in mortgages or loans with any one borrower;

(l) the Reference Fund will not invest more than 10% of the Total Reference Fund Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(m) the Fund will not, directly or indirectly, invest outside of Canada;

(n) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(o) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(p) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	60%
Other Securities	10%
Cash or Cash Equivalents	100%;

(q) the Reference Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Reference Fund Assets that exceeds 85% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 75%; provided that a mortgage loan with a Loan-to-Value that exceeds 85% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (p) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Reference Fund or its Total Reference Fund Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Reference Fund, the Total Reference Fund Assets will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

ANALYSIS OF FINANCIAL INFORMATION FOR THE YEAR

Statements of Comprehensive Income

For the years ended December 31	2013 $	2012 $
Income		
Investments at FVTPL		
Net realized gain on investments	31,170,487	54,845,497
Change in unrealized depreciation in investments	(17,478,416)	(2,433,578)
Net gains on investments	13,692,071	52,411,919
Securities lending income	–	710,979
Total income (net)	13,692,071	53,122,898
Expenses		
Audit fees	91,499	106,694
Custodian fees	80,457	96,751
Independent review committee fees	1,512	2,841
Interest expense	44	94,437
Legal fees	39,217	18,094
Loan commitment fees	70,000	–
Management fees	4,878,412	5,700,434
Operating services	–	431,667
Performance fees	–	11,005,608
Shareholder reporting costs	103,292	68,921
Transaction costs	–	4,622
Transfer agent fees	184,765	209,307
Total Expenses	5,449,198	17,739,376
Increase in net assets attributable to holders of redeemable units	8,242,873	35,383,522
Increase in net assets attributable to holders of redeemable units per unit		
Class A	0.19	0.67

Total Income

Total income for the year was $13,692,071 (December 31, 2012 – $53,122,898), and is made up of the following categories:

(a) Net realized gains on sale of investments – which is made up of interest from private investments of $4,204,072 (December 31, 2012 – $5,995,866); dividends of $nil (December 31, 2012 – $976,379); securities lending income of $nil (December 31, 2012 – $710,979) and net realized gain on sale of investments of $26,966,415 (December 31, 2012 – $47,873,252).

(b) Net change in unrealized appreciation (depreciation) in investments – which is made up of the change in unrealized appreciation of investments of $17,877,327 (December 31, 2012 – depreciation of $2,975,502) and the change in unrealized depreciation in the forward contract of $33,385,067 (December 31, 2012 unrealized appreciation – $809,251), net of forward fees expenses of $ 1,970,676 (December 31, 2012 – $267,327)

The interest from private investments declined year over year commensurate with the decline in exposure to mortgage investments. Net realized gains on the sale of investments arose when a portion of the Fund's Forward Agreement was pre-settled. As the Fund chose to withdraw from the securities lending program, the year over year income from securities lending fell to nil. The Fund did not hold any dividend paying public securities in 2013. As a result, the Fund did not receive any dividend payments.

In 2012, the Fund benefited from fair value adjustments in its private real estate investments, which contributed to the strong results in total income. Total income in the Fund was down in 2013 as in 2012 the Fund benefited from strong gains related to fair value adjustments in its private real estate investments, which was not duplicated in 2013.

Expenses

Management Fees and Performance Fees

The Fund pays the Manager a fee equal to the aggregate of (i) 0.35% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily direct assets (NAV excluding the value of the forward contract that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward contract that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable (as defined as below) by the Manager. The Manager will be entitled to a performance fee from the Fund on a per unit outstanding basis equal to 20% of the amount by which the sum of (i) any increase in the Direct Assets NAVPU (without taking into account the performance fee), and (ii) the distributions paid on such units during the previous 12 months, exceeds the benchmark (expressed as a dollar amount per unit) for the year, calculated and accrued daily and payable annually in arrears.

Prior to the restructuring of the Fund the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.10% of the weighted NAV of a series during the applicable month. The operating service charge was calculated daily and payable monthly for providing certain administrative services to the Fund. This charge is no longer applicable since the effective date of the Fund's restructuring.

During the year ended December 31, 2013, the Fund incurred $4,878,412 (December 31, 2012 – $5,700,434) in management fees, $nil in operating services (December 31, 2012 – $431,667) and $nil in performance fees (December 31, 2012 – $11,005,608), with $327,836 in outstanding fees payable as at December 31, 2013 (December 31, 2012 – $534,418).

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Other Expenses

The Fund incurred other expenses of $500,786 (December 31, 2012 – $597,045) consisting mainly of audit fees, custodian fees, professional fees, shareholder reporting costs, transfer agency fees which are all costs directly associated with operation and administration of the Fund.

Loan Commitment Fees

During the year ended December 31, 2013, the Fund had access to a credit facility in the amount of $3,500,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the assignment of a specific mortgage. The Fund paid a loan commitment fee of $70,000 in connection with this credit facility. The Fund did not use the credit facility and terminated the loan by year end. The Fund may seek to obtain a new credit facility at the Manager's discretion.

STATEMENT OF FINANCIAL POSITION

The balance of investments shown below includes private investments held directly within the Fund along with private investments held indirectly through the Forward Agreement in the Reference Fund as at December 31, 2013 is as follows:

a) Asset Mix

Asset Mix	Amount	% of NAV
Private Real Estate – Commercial	139,943,165.25	39.23%
First Mortgages	68,235,929.22	19.13%
Private Real Estate Development – Commercial	48,905,590.14	13.71%
Cash, Short-term Securities and Other Net Assets	43,345,597.03	12.15%
Private Real Estate Development – Residential	38,717,603.38	10.86%
Second Mortgages	15,468,504.41	4.34%
Other	2,061,840.73	0.58%
Total	$ 356,678,230.15	100.00%

As at December 31, 2013 the weighted average yield to maturity for the mortgages was 7.99% and the weighted average capitalization rate for the income producing private real estate investments was 6.63%

As at December 31, 2013, the Fund's portfolio was comprised of 60 investments which were allocated across the following categories:

b) Region

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Investments
Ontario	89.95%
Quebec	3.44%
British Columbia	3.02%
Alberta	2.79%
New Brunswick	0.50%
Nova Scotia	0.30%
Total	100.00%

The Fund maintained a diversified portfolio of investments across Canada, with its largest concentration in Ontario. The Fund has benefited from sourcing investments in this province.

c) Maturity

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
Less Than One Year	35.58%
Greater Than One Year Less Than Two Years	32.35%
Greater Than Two Years Less Than Three Years	14.73%
Greater Than Three Years Less Than Four Years	17.34%
Total	100.00%

The Fund's direct and indirect investments have a low turnover rate. The weighted average modified duration of mortgages held by the Fund is 1.55. The Fund does have exposure to long-term private real estate investments that do not have a pre-defined maturity schedule.

d) Asset Type

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	40.29%
Retail – Consumer Discretionary	25.68%
Multi-Residential	18.75%
Hospitality	11.76%
Industrial	2.35%
Other / Non Real Estate	0.66%
Self Storage	0.27%
Retail – Consumer Staples	0.24%
Total	100.00%

The Fund has developed a unique investment portfolio including exposure to hospitality, office and multi-residential.

e) Loan-to-Value

Loan-to-Value Ratio of Mortgages	% of Mortgages
91-100	0.03%
81-90	2.28%
71-80	39.50%
61-70	39.83%
51-60	10.46%
Less Than 50	7.91%
Total	100.00%

As at December 31, 2013 the weighted average Loan-to-Value for the Fund was 65.13%

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

QUARTERLY FINANCIAL INFORMATION

	Q1	Q2	Q3	Q4	2013 Total
Investments at FVTPL					
Net realized gain (loss) on investments	8,192,629	(1,479,445)	10,590,495	13,866,808	31,170,487
Net change in unrealized appreciation (depreciation) in investments	(2,119,018)	4,692,090	(4,588,353)	(15,463,135)	(17,478,416)
Total income (net)	6,073,611	3,212,645	6,002,142	(1,596,327)	**13,692,071**
Expenses					
Audit fees	19,587	18,843	28,600	24,469	91,499
Custodian fees	33,827	15,118	12,932	18,580	80,457
Forward fees	–	–	–	–	–
Independent review committee fees	467	346	349	350	1,512
Interest expense	43	–	1	–	44
Legal fees	10,180	10,560	13,790	4,687	39,217
Loan commitment fees	–	–	–	70,000	70,000
Management fees	1,277,483	1,263,634	1,208,370	1,128,925	4,878,412
Operating services	–	–	–	–	–
Performance fees	–	–	–	–	–
Shareholder reporting costs	15,034	48,686	19,589	19,983	103,292
Transaction costs	–	–	–	–	–
Transfer agent fees	49,266	59,077	44,092	32,330	184,765
Total Expenses	1,405,887	1,416,264	1,327,723	1,299,324	**5,449,198**
Increase in net assets attributable to holders of redeemable units	**4,667,724**	**1,796,381**	**4,674,419**	**(2,895,651)**	**8,242,873**

	Q1	Q2	Q3	Q4	2012 Total
Investments at FVTPL					
Net realized gain (loss) on investments	4,327,810	(215,273)	(3,505,822)	54,238,782	54,845,497
Net change in unrealized appreciation (depreciation) in investments	13,321,911	23,618,543	10,160,880	(49,534,912)	(2,433,578)
Net gains on investments	17,649,721	23,403,270	6,655,058	4,703,870	52,411,919
Security lending income	174,440	178,706	180,979	176,854	710,979
Total income (net)	17,824,161	23,581,976	6,836,037	4,880,724	53,122,898
Expenses					
Audit fees	37,135	20,599	27,313	21,647	106,694
Custodian fees	24,188	27,616	14,948	29,999	96,751
Forward fees	–	–	–	–	–
Independent review committee fees	518	382	378	1,563	2,841
Interest expense	56,983	35,321	2,133	–	94,437
Legal fees	4,215	7,276	4,355	2,248	18,094
Management fees	1,311,086	1,406,814	1,433,439	1,549,095	5,700,434
Operating services	119,109	126,859	129,317	56,382	431,667
Performance fees	3,868,259	5,448,141	1,340,523	348,685	11,005,608
Shareholder reporting costs	29,691	17,665	15,411	6,154	68,921
Transfer agent fees	36,031	59,409	56,980	56,887	209,307
Transaction costs	–	–	4,613	9	4,622
Total Expenses	5,487,215	7,150,082	3,029,410	2,072,669	17,739,376
Increase in net assets attributable to holders of redeemable units	**12,336,946**	**16,431,894**	**3,806,627**	**2,808,055**	**35,383,522**

RELATED PARTY TRANSACTIONS

As of December 31, 2013 the Fund held 1,475,009 units of the ROI Canadian Real Estate Fund, Class A, which is a related party through common management. In addition, the Reference Fund held 75,423 units of ROI Strategic Capital Trust, Series R, which is the underlying fund of the ROI Canadian Real Estate Fund, which is also a related party through common management.

As of December 31, 2013, the Fund and other funds managed by the Manager, which are related parties, co-invested in several mortgages and private real estate investments totalling $ 564,828,650. The Fund's share of these investments was $271,624,756.

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Fund may be contingently liable for litigation and claims arising from its investing activities. Where required, management records adequate provision in the accounts. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Fund's financial position.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting year. Actual results could differ from those estimates and those differences could be significant.

The most significant estimates are made on the valuation of private investments. The Fund invests a substantial portion of its net assets in private investments and generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by, amongst other things, the availability of reliable information, economic uncertainty, and the uncertainty of predictions concerning future events as well as the time required to assess the impact of any particular event on value from time to time. This valuation process is subjective to a degree and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations differ from the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units. Further insight into the valuation of private investments can be found in note 6 in the financial statements.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively.

IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9’s current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity’s own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable.

OUTSTANDING SHARE DATA

As at May 2, 2014, the total number of Class A units outstanding was 37,317,097.

CAPITAL STRUCTURE AND LIQUIDITY

Liquidity risk is defined as the risk that an entity may not be able to settle or meet its obligations on time or at a reasonable price. The following table summarizes the maturity profile, as at December 31, 2013 of financial instruments by contractual maturity or expected cash flow dates.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	–	–	–	–	–	–
Interest and dividends receivable	391,494	–	–	–	–	391,494
Subscriptions receivable	–	–	–	–	–	–
Receivable for investments sold	43,908	–	–	–	–	43,908
Unrealized gain on forward contract	–	–	29,429,111	–	–	29,429,111
Private investments	3,453,574	10,517,923	11,082,683	–	21,951,185	47,005,365
Short-term investments	2,378,386	–	–	–	–	2,378,386
Marketable securities	268,032,106	–	–	–	–	268,032,106
Other securities	11,653,282					11,653,282
	$ 285,952,750	$ 10,517,923	$ 40,511,794	$ –	$ 21,951,185	$ 358,933,652
Liabilities						
Bank overdraft	–	–	–	–	–	–
Redemptions payable	3,036	–	–	–	–	3,036
Distributions payable	1,865,407	–	–	–	–	1,865,407
Securities purchased payable	–	–	–	–	–	–
Accrued expenses	657,826	–	–	–	–	657,826
	$ 2,526,269	$ –	$ –	$ –	$ –	$ 2,526,269

The above table does not include redeemable units, which are classified as liabilities under IFRS, and are redeemable on demand. Units may be redeemed on a monthly basis for a redemption price per Unit equal to the lesser of: (i) 95% of the Market Price per Unit as at the Monthly Redemption Date and (ii) 100% of the Closing Market Price per Unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of a Forward Agreement to fund such redemption. Units may also be redeemed on an annual basis for a redemption price per Unit that is equal to the Net Asset Value per Unit of such Unit as at the Annual Redemption Date, less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of the Forward Agreement to fund such redemption. The Annual Redemption is limited to 15% of the average number of Units outstanding for the 180-day period immediately preceding the Annual Redemption Date.

The contractual maturity or expected cash flow dates will be limited by the contractual maturity or expected cash flow dates of the investments held by the Reference Fund. The following table summarizes the maturity profile, as at December 31, 2013 of the financial instruments by contractual maturity or expected cash flow dates of the Reference Fund.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	–	–	–	–	–	–
Interest receivable	1,473,011	–	–	–	–	1,473,011
Subscriptions receivable	–	–	–	–	–	–
Receivables for investments sold	38,027	–	–	–	–	38,027
Private investments	22,220,886	29,396,436	2,569,201	3,829,520	188,182,488	246,198,531
Investments in underlying fund	9,462,714	–	–	–	–	9,462,714
Short-term investments	40,821,880	–	–	–	–	40,821,880
	74,016,518	29,396,436	2,569,201	3,829,520	188,182,488	297,994,163
Liabilities						
Redemptions payable	–	–	–	–	–	–
Distributions payable	–	–	–	–	–	–
Payable for investments purchased	13,262	–	–	–	–	13,262
Accrued expenses	403,318	–	–	–	–	403,318
	416,580	–	–	–	–	416,580

RISKS

The risks associated with investing in the Fund are disclosed in the Non-Offering Prospectus dated November 29, 2012. The changes in the Fund over the year ended December 31, 2013 have affected the overall risk of the Fund. In the event that the Proposed Reorganization is not approved at each ROI Fund's Meeting, or the Proposed Reorganization is not otherwise completed, the overall risk of the Fund would be affected. The following risks would likely increase:

- No Assurance of Achieving Investment Objective of Paying Distributions and No Guaranteed Return
- Changes in Land or Property Values
- Real Property Investment Risks
- Risk from Illiquid Assets
- Suspension of Redemptions
- Participation Interest Risk
- Construction and Development Risk
- Regulatory Risk
- Fluctuations in Net Asset Value and Distributions
- Market Risk

- Insufficient Assets
- Tax Risk
- Liquidity Risk
- Fund on Fund Risk
- Concentration Risk
- Changes in Legislation

ADDITIONAL INFORMATION

Phone:	Calling the Manager (local or collect) at (416) 361-6162, Wilfred Vos, President, Founding Partner and Portfolio Manager
Internet:	Visiting SEDAR at www.sedar.com; or
Mail:	ROI Capital Attention: Wilfred Vos 37 Front Street Suite 400 Toronto, Ontario M5E 1B3

Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations of ROI Canadian Mortgage Income Fund

ROI Canadian Mortgage Income Fund™

ANNUAL REPORT 2013

As at December 31, 2013

ROI Capital™

roicapital.ca

May 6, 2014

The accompanying financial statements have been prepared and approved by Return On Innovation Advisors Ltd., the manager of the Fund. The Fund's manager is responsible for the information and representations contained in these financial statements.

Return On Innovation Advisors Ltd. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Fund, are described in note 4 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the next page.

Wilfred Vos	**David Dundas**
President	Chief Financial Officer
Return On Innovation Advisors Ltd.	Return On Innovation Advisors Ltd.

To the Unitholders of
ROI Canadian Mortgage Income Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2013 and 2012, and the schedule of investment portfolio as at December 31, 2013, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 audits 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 the Fund as at December 31, 2013, December 31, 2012 and January 1, 2012 and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

May 6, 2014

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Investments at fair value [note 6 and 7]	288,194,364	288,290,049	397,804,273
Short-term investments	8,480,220	52,761,224	–
Interest and dividends receivable	243,490	473,861	686,255
Subscriptions receivable	–	–	4,872,433
Receivable for investments sold	46,063	71,626	43,662
Unrealized gain on forward contract [note 10 and 17]	1,224,562	63,821,850	38,879,658
HST receivable	116,269	401,433	148,167
	298,304,968	405,820,043	442,434,448
Liabilities			
Current liabilities			
Bank overdraft	–	–	495,735
Distributions payable	1,282,043	1,696,832	114,532
Revolving loan facility [note 13]	–	–	9,700,000
Performance fee payable	–	–	15,874
Redemptions payable	–	849,355	120,386
Payable for investments purchased	–	24,959	–
Accrued expenses	614,547	824,714	770,949
	1,896,590	3,395,860	11,217,476
Net assets attributable to holders of redeemable units	296,408,378	402,424,183	431,216,972
Series net assets attributable to holders of redeemable units per series			
Series A	–	–	252,511,755
Series F	–	–	34,086,433
Series 6	–	–	41,157,937
Series F-6	–	–	9,237,382
Series O	–	–	86,214,787
Series R[1] (renamed as Class A)	296,408,378	402,424,183	8,008,678
Net assets attributable to holders of redeemable units per series per unit			
Series A	–	–	119.12
Series F	–	–	123.52
Series 6	–	–	99.15
Series F-6	–	–	103.20
Series O	–	–	125.99
Series R[1] (renamed as Class A)	9.71	9.98	124.92

[1] Series A, F, 6, F-6 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	106,536,533	11,169,556
Net change in unrealized appreciation (deprecation) in investments	(95,986,501)	20,496,949
Net gains on investments	10,550,032	31,666,505
Securities lending income [note 12]	–	729,705
Total income (net)	10,550,032	32,396,210
Expenses		
Audit fees	90,818	94,166
Custodian fees	76,458	81,794
Independent review committee fees	1,512	2,829
Interest expense [note 13]	193	111,201
Legal fees	133,611	17,436
Loan commitment fee [note 13]	190,000	–
Management fees [note 9]	3,617,369	5,891,042
Operating services [note 9]	–	601,598
Performance fees [note 9]	–	5,373,072
Shareholder reporting costs	93,768	64,187
Transfer agent fees	124,413	152,734
Total expenses	4,328,142	12,390,059
Increase in net assets attributable to holders of redeemable units [note 14]	6,221,890	20,006,151
Increase in net assets attributable to holders of redeemable units per unit [note 14]		
Class A	0.17	0.42

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

For the year ended December 31, 2013

	Class A ($)
Increase in net assets attributable to holders of redeemable units	6,221,890
Distributions to Unitholders	
From net investment income	–
From capital gains	(46,739,202)
From return of capital	(755,649)
	(47,494,851)
Redeemable Unit Transactions	
Units issued on reinvestment of notional distributions	29,623,585
Units issued on reinvestment of distributions	60,571
Units redeemed	(52,572,049)
Repurchase of units under mandatory market repurchase program [note 8]	(41,854,951)
	(64,742,844)
Decrease in net assets attributable to holders of redeemable units for the year	(106,015,805)
Net assets attributable to holders of redeemable units – beginning of year	402,424,183
Net assets attributable to holders of redeemable units – end of year	296,408,378

For the year ended December 31, 2012

	Series ($)						
	A	F	6	F-6	O	R[1]	Total
Increase in net assets attributable to holders of redeemable units	10,073,191	1,611,357	1,540,184	634,323	4,250,278	1,896,818	20,006,151
Distributions to Unitholders							–
From net investment income	–	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–	–
From return of capital	–	–	(1,597,894)	(526,304)	–	(1,697,111)	(3,821,309)
	–	–	(1,597,894)	(526,304)	–	(1,697,111)	(3,821,309)
Redeemable Unit Transactions							
Sales of units	50,420,922	5,299,562	7,043,437	7,641,068	14,949,462	16,684	85,371,135
Units issued on reinvestment of distributions	–	–	551,512	124,390	–	–	675,902
Units redeemed	(26,408,716)	(5,119,280)	(5,533,209)	(2,175,541)	(21,718,278)	(8,104,427)	(69,059,451)
Repurchase of units under mandatory repurchase program [note 8]	–	–	–	–	–	(61,965,217)	(61,965,217)
Units redesignated [note 8]	(286,597,152)	(35,878,072)	(43,161,967)	(14,935,318)	(83,696,249)	464,268,758	–
	(262,584,946)	(35,697,790)	(41,100,227)	(9,345,401)	(90,465,065)	394,215,798	(44,977,631)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	(252,511,755)	(34,086,433)	(41,157,937)	(9,237,382)	(86,214,787)	394,415,505	(28,792,789)
Net assets attributable to holders of redeemable units – beginning of year	252,511,755	34,086,433	41,157,937	9,237,382	86,214,787	8,008,678	431,216,972
Net assets attributable to holders of redeemable units – end of year	–	–	–	–	–	402,424,183	402,424,183

[1] Series A, F, 6, F-6 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	6,221,890	20,006,151
Non-cash items		
Net realized gain on sale of investments and settlement of forward contract	(103,043,534)	(5,081,246)
Net unrealized gain on investments and forward contract	94,426,067	(20,725,318)
Net change in non-cash balances related to operations	305,972	(5,986)
Proceeds from the sale of marketable securities	1,199,243,932	334,503,316
Proceeds from the sale of short-term investments	144,369,177	248,526,511
Proceeds from the sale and principal receipts of private investments	44,856,127	46,835,902
Purchase of marketable securities	(1,172,672,138)	(245,803,316)
Purchase of short-term investments	(100,088,171)	(301,287,732)
Purchase of private investments	(117,483)	(25,157,309)
Net cash from operating activities	113,501,839	51,810,973
Financing activities		
Proceeds from issuance of units	–	90,243,568
Amounts redeemed	(95,276,355)	(130,295,699)
Distributions paid	(18,225,484)	(1,563,107)
Revolving loan facility	–	(9,700,000)
Net cash from financing activities	(113,501,839)	(51,315,238)
Increase in cash during the year	–	495,735
Cash (bank overdraft) – beginning of year	–	(495,735)
Cash (bank overdraft) – end of year	–	–
Supplemental cash flow information:		
Interest paid	193	105,567
Interest received	3,498,716	5,406,085
Dividends received	130,976	1,412,101

The accompanying notes are an integral part of these financial statements

Schedule of Investment Portfolio

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Common Share Portfolio – 82.13%			
Consumer Discretionary – 13.67%			
Thomson Reuters Corp.	508,405	20,336,200	20,417,545
Tim Hortons Inc.	323,774	20,336,245	20,067,513
		40,672,445	40,485,058
Energy – 20.61%			
Canadian Oil Sands Ltd.	1,006,745	20,336,249	20,104,698
Enbridge Inc.	453,530	20,336,285	21,039,257
Talisman Energy Inc.	1,615,282	20,336,400	19,948,733
		61,008,934	61,092,688
Financials – 20.37%			
Bank of Montreal	272,640	20,336,218	19,300,186
Manulife Financial Corp.	994,924	20,336,247	20,843,658
Sun Life Financial Inc.	538,994	20,336,244	20,223,055
		61,008,709	60,366,899
Materials – 20.88%			
Eldorado Gold Corp.	3,295,989	20,336,252	19,841,854
Potash Corp. of Saskatchewan Inc.	621,903	20,336,228	21,766,605
Silver Wheaton Corp.	946,752	20,336,233	20,288,895
		61,008,713	61,897,354
Utilities – 6.60%			
Fortis Inc.	642,535	20,336,233	19,552,340
		20,336,233	19,552,340
Total Common Share Portfolio		244,035,034	243,394,339
Other Securities – 6.98%			
ROI Canadian Real Estate Fund, Class A	2,619,513	20,745,437	20,694,153
		20,745,437	20,694,153
Private Investment Portfolio – 8.13%			
Mortgages – 8.13%			
Brookdale Square Inc., Equity[1]	592,478	532,323	655,931
Hotel 550 Wellington LP (Thompson), August 2016	2,942,525	2,942,525	2,925,696
Courtney Park Holdings LP & Courtney Park Holdings, April 2016	1,897,387	1,897,387	1,895,029
Frontenac Shopping Centre Inc., November 2014	6,384,583	6,384,583	6,449,493
Gulf & Pacific Equities Corp., February 2017	5,854,447	5,854,447	5,678,814
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	2,703,912	2,703,912	2,695,039
SPN Group Inc., June 2015	478,284	478,284	478,284
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	3,359,312	3,359,312	3,327,586
Total Private Investment Portfolio		24,152,773	24,105,872
Short-Term Investment – 2.86%			
CIBC Mellon Trust Demand Deposit,Variable Rate	8,480,220	8,480,220	8,480,220
		8,480,220	8,480,220
Total Investments – 100.10%		297,413,464	296,674,584
Unrealized Gain on Forward Contract (note 10) – 0.40%			1,224,562
Liabilities, Net of Other Assets – (0.50)%			(1,490,768)
Net assets attributable to holders of redeemable units			296,408,378

[1] This investment is an equity investment.

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

1. THE FUND

ROI Canadian Mortgage Income Fund (the "Fund") (formerly ROI Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the Province of Ontario. The units of the Fund trade on the Toronto Stock Exchange (the "TSX") under the symbol RIL.UN. The Fund's principal office is located at 37 Front Street East, Fourth floor, Toronto, Ontario M5E 1B3.

Restructuring of the Fund

The Fund changed its name from ROI Private Placement Fund to ROI Canadian Mortgage Income Fund on November 7, 2012. On November 10, 2012, with the approval of the unitholders, Series A, F, 6, F-6 and O of the Fund were redesignated to Series R of the Fund. Series R was renamed as Class A. On November 29, 2012, the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") in order to become a reporting issuer. As a result, the Fund is no longer exempt from filing its financial statements with the regulatory authorities under section 2.11 of National Instrument 81-106 Investment Fund Continuous Disclosure. On December 7, 2012, the Fund listed its Class A units on the TSX. The cost associated with the restructuring were borne by the Manager.

Reorganization of the Manager

Effective September 1, 2012, Return On Innovation Management Ltd., amalgamated with two affiliated entities, Return On Innovation Advisors Ltd., and Return On Innovations Capital Ltd., under the provisions of the Canada Business Corporations Act, the name of the amalgamated corporation being Return On Innovation Advisors Ltd., (the "Manager").

Regulatory field audit

As a result of a field audit by the regulator, on February 15, 2012, the OSC placed "terms and conditions" on Return on Innovation Management Ltd. and Return On Innovation Advisors Ltd (the "Management Entities"). The terms and conditions included the requirement to report working capital on a monthly basis for a minimum six-month period and the requirement to retain an independent consultant to prepare and assist in implementing a plan to strengthen the compliance systems of the Management Entities (the "Plan"). The Management Entities appointed an independent consultant and submitted the Plan to the OSC prior to the March 30, 2012 deadline. The Management Entities were required to provide ongoing regular reports to the OSC on the status of the implementation of the Plan. Subsequent to the amalgamation of the Management Entities, on October 2, 2012, the "terms and conditions" that were placed on the Management Entities by the OSC were removed.

Subsequent to the reporting of terms and conditions, there was an abnormal inflow of redemption requests. As a result, on March 9, 2012, the Manager had temporarily halted redemptions of the Fund (other than in respect of any redemptions set up pursuant to registered retirement income funds and pre-authorized withdrawal plans established prior to the suspension). The redemptions of $21,195,698 processed on March 8, 2012, were postponed. These redemptions were subsequently paid on June 1, 2012. Notwithstanding the above, the Manager continued to operate the Fund as before. On August 24, 2012, the unitholders approved resolutions authorizing the restructuring of the Fund

2. INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's investment objective is to provide unitholders of the Fund with attractive risk adjusted, monthly, tax advantaged cash distributions, a normal after-tax yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through the forward agreement to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund restated its historical financial statements for the year ended December 31, 2013 with comparative information for the year ended December 31, 2012. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CICA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the years ended December 31, 2013 and 2012 prepared under Canadian GAAP.

These financial statements were authorized for issue by the Manager on May 6, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Fund are as follows:

Investments and Financial Instruments

The Fund's financial instruments consist primarily of short-term investments, marketable securities, private investments, interest and dividends receivable, receivable for investment sold, bank overdraft, performance fee payable, distributions payable, redemptions payable, payable for investments purchased, accrued expenses and unrealized gain on the forward contract. The Fund recognizes financial instruments at fair value upon initial recognition.

The Fund has elected to early adopt the Investment Entity Amendment to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of 'investment entity'. As a result, it measures subsidiaries, other than those which provide services to the Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provide services to the Fund are consolidated. 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 most significant judgment that the Fund has made in determining that it meets this definition is that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Fund's investments in financial instruments, associates and joint ventures and short-term investments are designated at FVTPL. The unrealized gain on the forward contract is a derivative asset and therefore is classified as "held for trading" financial assets measured at FVTPL. On cash settlement, the fair value of the forward contract shall equal the difference between the fair value of the Fund's common share portfolio, and the net asset value ("NAV") of the ROI Private Capital Trust, Series A (the "Reference Fund") as specified in the forward contract.

Receivables represent loans and receivables, and are initially recognized at fair value and subsequently measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's units contain multiple contractual obligations in addition to the ongoing redemption obligation and therefore, have been classified as financial liabilities presented at the value of the net assets to which unitholders are entitled, which also represents the annual redemption amount.

Bank overdraft, distributions payable, payable for investments purchased, performance fee payable, accrued expenses and redemptions payable are designated as other financial liabilities, and are measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with unitholders except for marketable securities which are recorded at fair value, established as the last bid price for the security on the recognized exchange on which it is principally traded for financial reporting but using closing prices for transactional NAV.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Short-term investments represent overnight cash deposits and their fair value approximate amortized cost due to their short-term nature.

Marketable securities held in the Common Share Portfolio are recorded at fair value, established as the last bid price for the security on the recognized exchange on which they are principally traded. Where securities are not traded on that date, a valuation adjustment may be applied by the Manager acting in good faith.

Investments that are not publicly traded or other assets for which no public market exists are valued at estimated fair value. The fair values of investments are determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; current market yields; macroeconomic conditions and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation procedures relating to private company investments include preparation by management, on at least a quarterly basis, of a comprehensive valuation report.

Investment Transactions, Income Recognition and Transaction Costs

Investment transactions are accounted for on the trade date.

Realized gains and losses from the sales of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments, which excludes brokerage commissions, other trading expenses and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the statements of comprehensive income as they arise.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable Class A units divided by the weighted average number of such units outstanding during the year. Refer to note 14 for the calculation.

Income Taxes

The Fund is a mutual fund trust and a specified investment flow-through trust ("SIFT") pursuant to the Income Tax Act (Canada) and became subject to SIFT tax commencing in fiscal 2012. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

Interests in Investments

Information about the Fund's interests in private investments as at December 31, 2013, December 31, 2012 and January 1, 2012 is as follows:

as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Brookdale Square Inc., Equity	Ontario	Canada	Shares	$ 655,931	Retail – Consumer Discretionary	19.80%	19.80%	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$2,925,696	Hospitality	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, April 2016	Ontario	Canada	1st Mortgage	$1,895,029	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$6,449,493	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$5,678,814	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$2,695,039	Hospitality	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 478,284	Hospitality	n/a	n/a	–
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$3,327,586	Hospitality	n/a	n/a	–

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2093755 Ontario Ltd., (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 997,791	Hospitality	n/a	n/a	–
Brookdale Square Inc., Equity	Ontario	Canada	Shares	$ 658,236	Retail – Consumer Discretionary	19.80%	19.80%	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 2,983,869	Hospitality	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$10,416,389	Industrial	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$ 1,940,873	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 5,692,951	Hospitality	n/a	n/a	–
Empire Communities (Stoney Creek) Ltd., and Empire Communities (Stoney Creek) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 4,739,843	Real Estate Development	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 6,642,370	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$ 6,037,164	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 2,758,545	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 3,946,623	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$ 2,944,898	Retail – Consumer Discretionary	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 486,097	Hospitality	n/a	n/a	–
Taline Investments Inc., et. al., August 2013	Ontario	Canada	1st Mortgage	$ 6,240,989	Industrial	n/a	n/a	–
1434592 Ontario Ltd., 2049026 Ontario Inc. & Imperial Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$ 3,449,611	Hospitality	n/a	n/a	–
Depotium Self Stockage Inc. (340 St-Maurice), February 2015	Quebec	Canada	1st Mortgage	$ 707,356	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (15949 Sherbrooke East), February 2015	Quebec	Canada	1st Mortgage	$ 1,607,626	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (8469 – 8th Ave), February 2015	Quebec	Canada	1st Mortgage	$ 835,966	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2871 deMeunier), February 2015	Quebec	Canada	1st Mortgage	$ 417,983	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (1819 Montcalm St.), February 2015	Quebec	Canada	1st Mortgage	$ 112,534	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2150 Chicone Rd.), February 2015	Quebec	Canada	1st Mortgage	$ 819,890	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (165 Royal Street), February 2015	Quebec	Canada	1st Mortgage	$ 1,189,644	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (3350 Sir Wilfred Laurier Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 2,331,058	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (150 Mon-Tor Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 675,203	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (260 Murray St.), February 2015	Quebec	Canada	1st Mortgage	$ 1,446,864	Self Storage	n/a	n/a	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2093755 Ontario Ltd., (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 1,000,000	Hospitality	n/a	n/a	–
96 Spadina Avenue Inc., January 2015	Ontario	Canada	1st Mortgage	$ 9,066,107	Office	n/a	n/a	–
Brookdale Square Inc., Equity	Ontario	Canada	Shares	$ 532,325	Retail – Consumer Discretionary	19.80%	19.80%	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$ 1,976,364	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 5,860,929	Hospitality	n/a	n/a	–
First Gulf Brantford Shopping Centres LP et. al., December 2012	Ontario	Canada	1st Mortgage	$ 1,422,102	Real Estate Development	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 9,372,850	Retail – Consumer Discretionary	n/a	n/a	–
Hastings (Bancroft) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,750,514	Retail – Consumer Staples	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 3,000,000	Hospitality	n/a	n/a	–
Main Lanes (Alexandria) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,494,493	Retail – Consumer Staples	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$10,500,000	Industrial	n/a	n/a	–
Northumberland Shopping Centre Inc., October 2013	Ontario	Canada	1st Mortgage	$11,049,139	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 2,451,044	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 3,925,297	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$ 2,912,139	Retail – Consumer Discretionary	n/a	n/a	–
Sadler (Almonte) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 1,110,461	Retail – Consumer Staples	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 493,321	Hospitality	n/a	n/a	–
Taline Investments Inc., et. al., August 2013	Ontario	Canada	1st Mortgage	$ 6,534,553	Industrial	n/a	n/a	–
Taurus Cookstown Partners Ltd., June 2014	Ontario	Canada	1st Mortgage	$ 8,031,370	Retail – Consumer Discretionary	n/a	n/a	–
Whiterock 580 Grande Allee Inc., November 2016	Quebec	Canada	1st Mortgage	$ 9,285,772	Office	n/a	n/a	–

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates and those differences could be significant. The most significant estimates are made on the valuation of private investments, which are further discussed in note 6 and 7.

The most significant judgments made in preparing the Fund's financial statements relate to the determination that the Fund is an investment entity, including that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Fund is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

6. FINANCIAL INSTRUMENTS

The investments in private companies consist of debt and equity instruments and are typically illiquid. The Fund seeks to reduce the risk typically associated with such investments by diversifying the investment portfolio by investing in companies that are in differing stages of development in a variety of high-growth-potential industries and by working with investee companies through, among other things, providing business advice and other services, aiding in the recruitment process and helping in the process of raising additional capital.

Financial Instruments Risk

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, currency risk and other price risk) and valuation risk of private investments. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional experience, daily monitoring of the Fund's positions and market events, by diversifying the investment portfolios within the constraints of the investment objectives and, for private investments, by structuring investments to provide the Fund with the maximum protection in the event of problems with the issuer of the security.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investments in debt instruments and derivatives represent the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the creditworthiness of the issuer.

The Fund is exposed to credit risk through a forward contract (see note 10). Credit risk arises from the potential inability of the counterparties to meet the terms of the contract. The maximum credit risk exposure is the aggregate carrying value of the assets as disclosed in the schedule of investment portfolio.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. Should either party not meet its obligation, the trade will fail.

The credit risk related to interest and dividends receivable is subject to the creditworthiness of the underlying investees.

The Fund and the Reference Fund invest in debt obligations that are secured, unsecured or subordinated to senior creditors. The risks of debt obligations arise from the potential inability of the issuer to make payments on the debt securities. The inability of the issuer to meet its obligations will affect the fair value of the investment and the Fund may suffer a loss.

If the Fund invests in underlying funds, the Fund is exposed to indirect credit risk in the event that the underlying fund invests in debt securities and derivatives.

The Fund invests in debt instruments and has entered into a forward contract (see note 10). As December 31, 2013, the Fund held 7.91% (December 31, 2012 – 17.25%, January 1, 2012 – 21.16%) of its net assets in debt securities through its private investment portfolio and 0.40% (December 31, 2012 – 15.86%, January 1, 2012 – 9.02%) of its net assets in a forward contract. There is additional credit rate risk through the forward contract of the Reference Fund, the ROI Private Capital Trust Fund. As at December 31, 2013, the ROI Private Capital Trust Fund held 57.15% (December 31, 2012 – 72.10%, January 1, 2012 – 86.68%) of its net assets in debt securities through its private investment portfolio.

Liquidity Risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to monthly and annual redemptions of redeemable units.

There is no assurance that the units will trade in the secondary market at a price equal to the applicable net asset value per unit ("NAVPU") or that a liquid market will develop. The Fund anticipates that the market price of the units will vary from the NAVPU. The market price of the units will be determined by factors including, but not limited to, the relative supply and demand of units, the yield on the units, trading liquidity and the Fund's investment performance. The units may trade at a premium or discount to the applicable NAVPU. The redemption terms (note 8) attached to the units have been designed to attempt to reduce or eliminate a market value discount from the NAVPU.

As at December 31, 2013, the Fund held 8.13% (December 31, 2012 – 17.41%, January 1, 2012 – 21.28%) of net assets in private investments, which are considered illiquid. It also had 91.96% (December 31, 2012 – 67.34%, January 1, 2012 – 70.97%) of net assets in short-term and marketable securities investments that are traded in active markets and/or can be readily disposed of. There is additional liquidity rate risk through the forward contract of the Reference Fund. As at December 31, 2013 the Reference Fund held 85.11% (December 31, 2012 – 94.78%, January 1, 2012 – 97.46%) of net assets in private investments which are considered illiquid. It also had 14.72% (December 31, 2012 – 5.14%, January 1, 2012 – 2.30%) of net assets in cash and short-term investments that are traded in active markets and can/or be readily disposed of.

The following table summarizes the maturity profile, as at December 31, 2013, December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	243,490	–	–	–	–	243,490
Unrealized gain on forward contract	1,224,562	–	–	–	–	1,224,562
Receivable for investments sold	46,063	–	–	–	–	46,063
Private investments	6,449,493	7,994,048	9,006,400	–	655,931	24,105,872
Short-term investments	8,480,220	–	–	–	–	8,480,220
Marketable securities	243,394,339	–	–	–	–	243,394,339
Other securities	20,694,153	–	–	–	–	20,694,153
	$280,532,320	**$7,994,048**	**$9,006,400**	**$–**	**$655,931**	**$298,188,699**
Liabilities						
Distributions payable	1,282,043	–	–	–	–	1,282,043
Accrued expenses	614,547	–	–	–	–	614,547
	$1,896,590	**$–**	**$–**	**$–**	**$–**	**$1,896,590**

					As at December 31, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	473,861	–	–	–	–	473,861
Unrealized gain on forward contract	–	63,821,850	–	–	–	63,821,850
Receivable for investments sold	71,626	–	–	–	–	71,626
Private investments	11,933,940	22,012,434	28,584,242	6,891,521	658,236	70,080,373
Investment in underlying funds	25,121,130	–	–	–	–	25,121,130
Short-term investments	52,761,224	–	–	–	–	52,761,224
Marketable securities	193,088,546	–	–	–	–	193,088,546
	$283,450,327	**$85,834,284**	**$28,584,242**	**$6,891,521**	**$658,236**	**$405,418,610**
Liabilities						
Redemptions payable	849,355	–	–	–	–	849,355
Distributions payable	1,696,832	–	–	–	–	1,696,832
Payable for investment purchased	24,959	–	–	–	–	24,959
Accrued expenses	824,714	–	–	–	–	824,714
	$3,395,860	**$–**	**$–**	**$–**	**$–**	**$3,395,860**

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
					As at January 1, 2012	
Assets						
Interest and dividends receivable	686,255	–	–	–	–	686,255
Unrealized gain on forward contract	–	38,879,658	–		–	38,879,658
Subscriptions receivable	4,872,433	–	–	–	–	4,872,433
Receivable for investments sold	43,662	–	–	–	–	43,662
Private investments	–	33,198,168	46,845,383	11,192,904	532,325	91,768,780
Investment in underlying funds	19,991,568	–	–	–	–	19,991,568
Marketable securities	286,043,925	–	–	–	–	286,043,925
	$311,637,843	$72,077,826	$46,845,383	$11,192,904	$532,325	$442,286,281
Liabilities						
Bank overdraft	495,735	–	–	–	–	495,735
Performance fee payable	15,874	–	–	–	–	15,874
Redemptions payable	120,386	–	–	–	–	120,386
Distributions payable	114,532	–	–	–	–	114,532
Revolving loan facility	9,700,000	–	–	–	–	9,700,000
Accrued expenses	770,949	–	–	–	–	770,949
	$11,217,476	$–	$–	$–	$–	$11,217,476

Market Risk

Market risk comprises three main components: interest rate risk, foreign currency risk and other price risk.

As at December 31, 2013 the Fund held 89.11% (December 31, 2012 – 47.99%, January 1, 2012 – 66.33%) of net assets in marketable equities.

While the Fund has significant equity holdings in its common share portfolio, the fair value fluctuations are driven by the forward contract (see note 10).

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments. The Fund's exposure to interest rate risk is concentrated in its direct investments in debt instruments and indirectly through its investment in the forward contract which exposes it to the Reference Fund. The forward contract has interest rate risk as it references the returns of the underlying investments in the Reference Fund (see note 10). Short-term investments, currencies, and other financial assets and liabilities are short term in nature and/or non-interest bearing and are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If the Fund invests in underlying funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the underlying funds.

The Fund held 2.86% (December 31, 2012 – 13.11%, January 1, 2012 – nil%) of its net assets in short-term investments, which earn a variable rate of interest. The private investments held by the Fund generate interest income with varying rates of interest from 4.66% to 8.00%.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional and presentation currency of the Fund.

The Fund may enter into foreign exchange contracts for hedging purposes to reduce foreign currency exposure, or to establish significant exposure to foreign currencies.

The Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Fund did not have any significant exposure to currency risk. The Reference Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Fund did not have any exposure to currency risk.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All equity securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

When the Fund invests in underlying funds, it has the same risks as the underlying fund in which it invests. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

As at December 31, 2013, 82.13% (December 31, 2012 – 47.99%, January 1, 2012 – 66.33%) of the Fund's net assets were traded on the Canadian stock exchange; however the Fund is not exposed to other price risk on its common share portfolio, given the nature of the forward contract (note 10).

As of December 31, 2013, 6.98% (December 31, 2012 – 6.24%; January 1, 2012 – nil%) of the Fund's net assets had other price risk through their investment in ROI Canadian Real Estate Fund, Class A.

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Fund did not have any exposure to other price risk.

Valuation of Private Investments

The Fund invests a substantial portion of its net assets in private investments. Generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective to a degree and, to the extent that these valuations differ the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units.

The amount of changes in fair value, recognized in net income during the year that was estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates was a decrease of $614,168 (December 31, 2012 – increase of $280,106).

Valuation processes

The Manager is responsible for determining recurring fair value measurements included in the financial statements, including fair value of Level 3 investments. The Manager's valuations team prepares a valuation for each investment at least quarterly; however, any new information that may impact the valuation of investments is addressed when known. The reports are reviewed and approved by senior members of the valuations team.

The Level 3 investments in the Fund include debt and equity securities. The debt securities are comprised of mortgages and subordinated debentures. The equity securities are comprised of interests in income producing commercial private real estate, commercial development private real estate and residential development private real estate. Equity investments are made in various forms, including ownership interests in real property and loans secured by, or that provide a participating interest in, real property.

The following is a summary by investment type of the valuation techniques and key inputs used by the Manager:

Investment type	Valuation method	Inputs
Mortgage debt/subordinated debentures	Yield to maturity	Risk premium Risk free rate Time to maturity
Income producing commercial private real estate (commercial real estate assets fully built and producing income)	Direct income capitalization	Capitalization rate Stabilized net operating income
Commercial development private real estate (commercial real estate assets in development)	Discounted cash flow	Completion date Discount rate Capitalization rate Stabilized net operating income
Residential development private real estate (residential real estate assets in development)	Discounted cash flow	Completion date Discount rate Expected selling price (realizable value)
	Direct comparison	Comparable property sales

The yield to maturity method applies an appropriate discount rate to all future cash flows of a security. The discount rate is comprised of a risk-free rate plus a risk premium. The risk premium associated with a security is security specific and is determined mainly by the credit quality of the investment, the loan-to-value ratio (a measure of risk for debt investments, represented by the ratio of the loan outstanding divided by the current property value), and time to maturity.

The direct income capitalization method involves identifying the stabilized net operating income of a property and dividing it by an appropriate capitalization rate to determine a gross asset value. Stabilized net operating income is defined as revenues less property operating expenses adjusted for items such as average lease up costs, long term vacancy rates, non-recoverable capital expenditures, and market rental rates. The capitalization rate is the current required rate of return based on location and quality of the property and its income.

The discounted cash flow method applies an appropriate discount rate to the expected future value of the completed development (on a direct income capitalization or realizable value basis). The discount rate is determined by analyzing the risk to completion which, amongst other measures, involves analysis of the current progress, loan-to-value and time to delivery of the future developments.

The direct comparison method involves analysis of recent similar transactions, adjusted for any differences, to determine the current net realizable value of an asset.

Select significant unobservable inputs used in level 3 valuations are as follows:

	Capitalization rates			Net operating income per square foot			Time to completion		
	High	Low	Weighted average	High	Low	Weighted average	High	Low	Weighted average
ROI Canadian Mortgage Income Fund									
2013	6.65%	6.65%	6.65%	n/a	n/a	n/a	0.75	0.75	0.75
2012	6.50%	6.50%	6.50%	n/a	n/a	n/a	1.00	1.00	1.00
Reference Fund: ROI Private Capital Trust									
2013	7.25%	6.25%	6.61%	19.22	9.87	16.20	4.67	0.50	2.78
2012	7.30%	6.15%	6.51%	18.76	9.70	16.40	3.50	1.50	2.57

The following tables illustrate the fair value sensitivity of level 3 investments due to changes in key input assumptions in the valuation process:

Investments in Equity Securities:

	Impact of changes to Capitalization Rates		Impact of change to Net Operating Income		Impact of change in Time to Completion
	Increase +0.25%	Decrease −0.25%	Increase +1%	Decrease −1%	Increase by 1 year
ROI Canadian Mortgage Income Fund					
Increase/ (decrease) in fair value as at December 31, 2013	$(66,059)	$67,253	n/a	n/a	$(72,996)
Increase/ (decrease) in fair value as at December 31, 2012	$(61,301)	$66,205	n/a	n/a	$(94,760)
Reference Fund: ROI Private Capital Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(3,162,955)	$3,370,182	$505,564	$(500,196)	$(4,473,107)
Increase/(decrease) in fair value as at December 31, 2012	$(3,063,156)	$3,355,604	$488,454	$(494,473)	$(3,238,928)

Investments in Debt Securities:

	Impact of changes to Interest Rates	
	Increase +1%	Decrease −1%
ROI Canadian Mortgage Income Fund		
Increase/(decrease) in fair value as at December 31, 2013	$ (841,987)	$ 841,987
Increase/(decrease) in fair value as at December 31, 2012	$ (2,459,140)	$ 2,459,140
Reference Fund: ROI Private Capital Trust		
Increase/(decrease) in fair value as at December 31, 2013	$ (2,472,610)	$ 2,472,610
Increase/(decrease) in fair value as at December 31, 2012	$ (4,006,612)	$ 4,006,612

Concentration Risk

Investment Portfolio Concentration (%)

The Fund's investment portfolio is concentrated in the following segments as at

	December 31, 2013	December 31, 2012	January 1, 2012
COMMON SHARE PORTFOLIO			
Consumer Discretionary	13.67%	–	6.87%
Energy	20.61%	12.55%	13.35%
Financials	20.37%	5.76%	4.35%
Health Care	–	8.44%	1.98%
Industrial	–	–	4.62%
Materials	20.88%	14.66%	17.62%
Technology	–	6.58%	15.86%
Utilities	6.60%	–	1.68%
OTHER SECURITIES	6.98%	–	–
PRIVATE INVESTMENTS PORTFOLIO			
Mortgages	8.13%	17.41%	21.28%
INVESTMENT IN UNDERLYING FUND	–	6.24%	4.64%
SHORT TERM INVESTMENTS	2.86%	13.11%	0.00%
UNREALIZED GAIN ON FORWARD CONTRACT	0.40%	15.86%	9.02%
LIABILITIES, NET OF OTHER ASSETS	(0.50%)	(0.61%)	(1.27%)
	100.00%	100.00%	100.00%

7. FAIR VALUE HIERARCHY

The Fund provides disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 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 that are unobservable for the asset and liability.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2013, December 31, 2012 and January 1, 2012:

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Marketable securities	243,394,339	–	–	243,394,339
Other securities	–	20,694,153		20,694,153
Short-term investments		8,480,220	–	8,480,220
Private investments	–	–	24,105,872	24,105,872
Unrealized gain on forward contract	–	–	1,224,562	1,224,562
	$243,394,339	**$29,174,373**	**$25,330,434**	**$297,899,146**

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	193,088,546	25,121,130	–	218,209,676
Short-term investments	–	52,761,224	–	52,761,224
Private investments	–	–	70,080,373	70,080,373
Unrealized gain on forward contract	–	–	63,821,850	63,821,850
	$193,088,546	$77,882,354	$133,902,223	$404,873,123

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	286,043,925	19,991,568	–	306,035,493
Private investments	–	–	91,768,780	91,768,780
Unrealized gain on forward contract	–	–	38,879,658	38,879,658
	$286,043,925	$19,991,568	$130,648,438	$436,683,931

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. There were no transfers between levels during the years ended December 31, 2013 and December 31, 2012.

Marketable Securities

The Fund's marketable securities include publicly traded equities and investments in listed funds. Publicly traded equities are classified as Level 1 as the securities are actively traded and reliable quotes are available.

Other Securities

Investments in listed funds are classified as Level 2 as they are thinly traded and are subject to monthly and/or annual redemption terms.

Short-Term Investments

The Fund's short-term investments are classified as Level 2 as they represent overnight cash deposits that are not traded.

Private Investments

The Fund's private investments are classified as Level 3 as the determination of fair value requires significant unobservable data and the application of valuation techniques. Private investments include investments that are not publicly traded or other assets for which no public market exists.

Forward Contract

The Fund's forward contract is classified as Level 3 as the determination of fair value is based on the Reference Fund which invests only in private investments.

The following is a reconciliation of Level 3 fair value measurements for the years ended December 31, 2013 and 2012:

Fair value measurements using level 3 inputs	*Private investments*
Balance at December 31, 2012	**$70,080,373**
Purchases	117,483
Sales and principal payments	(44,856,127)
Realized loss	(621,689)
Change in unrealized loss	(614,168)
Balance at December 31, 2013	**$24,105,872**

	Unrealized Gain on Forward Contract
Balance at December 31, 2012	**$63,821,850**
Change in unrealized loss	(62,597,288)
Balance at December 31, 2013	**$1,224,562**

The change in unrealized loss recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2013 is $342,333.

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2011	**$91,768,780**
Purchases	25,157,309
Principal payments	(46,835,902)
Realized loss	(289,920)
Change in unrealized gain	280,106
Balance at December 31, 2012	**$70,080,373**

The change in unrealized gain recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2012 is $480,106.

	Unrealized Gain on Forward Contract
Balance at December 31, 2011	**$38,879,658**
Change in unrealized gain	24,942,192
Balance at December 31, 2012	**$63,821,850**

For disclosure regarding sensitivity analysis on private investments refer to note 6.

8. UNITS OF THE FUND

Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The objective when managing the capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Manager monitors the capital on the basis of the value of the net assets attributable to holders of redeemable units.

Prior to November 10, 2012, the authorized capital of the Fund was represented by issued redeemable units with no par value. The unitholders had the right to require the Fund to repurchase their units at the daily priced NAVPU. Distributions were reinvested in additional units at the current NAVPU or in cash, at the discretion of the unitholders, without an acquisition charge.

Restructuring of the Fund

In 2012, the Fund reorganized itself as a closed-end investment fund established as a trust under the laws of the Province of Ontario. On November 10, 2012, Series R Units had a unit split based on a ratio of 13.50. Following this capital change, series A, F, 6, F-6 and O units of the Fund were redesignated to Series R units of the Fund. The units were redesignated to Series R units of the Fund. The units were redesignated to Series "O" at the following ratios:

Series	A	F	6	F-6	O
Ratio	12.47	13.04	10.00	10.52	13.37

Series R was renamed as Class A.

As a result, the increase in net assets attributable to the holders of redeemable units per unit, in the statement of comprehensive income, for the period from January 1, 2012 to December 31, 2012 was adjusted to reflect the restructuring of the Fund.

On November 29, 2012, the Fund filed a non-offering prospectus to become a reporting issuer under the Securities Act (Ontario). On December 7, 2012, the Fund listed 46,865,456 existing Class A units ("initial public float"), at a value per unit of $9.9288 ($465,317,740) on the TSX under the symbol RIL.UN. The initial public float includes related party holdings of 0.05% (2012 — 0.01%).

Redemptions

Units may be redeemed on a monthly basis for a redemption price per unit equal to the lesser of: (i) 95% of the Market Price (as defined below) per unit as at the Monthly Redemption Date (as defined below) and (ii) 100% of the Closing Market Price (as defined below) per unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the Forward Contract (see note 10) to fund such redemption. As at December 31, 2013, the fund paid $16 in monthly redemptions.

The Market Price is the volume weighted average trading price of the units on the TSX for the 10 trading days immediately preceding the relevant Monthly Redemption Date. The Monthly Redemption Date is the second to last business day of each month, other than the month during which the Annual Redemption Date (as defined below) occurs, commencing in January 2013. The Closing Market Price is (i) the closing price of the units on the TSX on such Monthly Redemption Date if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the units on the TSX on such Monthly Redemption Date if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the units traded on a particular day; or (iii) the average of the last bid and the last asking prices of the units on the TSX on such Monthly Redemption Date if there was no trading on the applicable Monthly Redemption Date.

Units may also be redeemed on an annual basis for a redemption price per unit that is equal to the NAVPU of such units as at the Annual Redemption Date (as defined below), less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the Forward Contract (see note 10) to fund such redemption. The Annual Redemption date is the last business day of November of each year beginning in November 2013.

In order to effect a redemption, units must be surrendered on or before 5:00 p.m. (Toronto time) on the date which, in the case of a Monthly Redemption, is the last business day of the month preceding the Monthly Redemption Date and, in the case of an Annual Redemption, is the last business day of October immediately preceding the Annual Redemption Date. The unitholder will receive payment in respect of any units redeemed on the Annual Redemption Payment Date (as defined below) or Monthly Redemption Payment Date (as defined below), as applicable, subject to the Fund's right to suspend redemptions in certain circumstances. The Annual Redemption Payment Date is the business day that precedes December 15 immediately following an Annual Redemption Date. The Monthly Redemption Payment Date is the 15th day of the month immediately following a Monthly Redemption Date of the Fund or if such 15th day of the month is not a Business Day, the next day that is a Business Day. The Fund will not accept for redemption on a given Annual Redemption Date, units representing more than 15% of the average number of units of the Fund outstanding for the 180-day period immediately preceding such Annual Redemption Date, being defined as the Annual Redemption Limit. In the event that the number of units surrendered for redemption exceeds the Annual Redemption Limit, the Fund will redeem such units surrendered for redemption on a pro rata basis. Notwithstanding the foregoing limitations on redemption, the Manager may, in its sole discretion, waive the limitation in respect of all units of the Fund surrendered in respect of any Annual Redemption Date. For the year ended December 31, 2013, the fund paid out an annual redemption of $52,572,033.

Mandatory Market Repurchase Program

Beginning on December 7, 2012, the Fund undertook a mandatory market repurchase program ("MMRP"). As part of the MMRP, the Fund had committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed on the TSX, 10,960,482 Class A units representing 23.39% of its initial public float, at a price that is less than 95% of the latest NAV per Class A unit. On January 21, 2013, the Fund announced the completion the MMRP at a cost of $103,820,168.

Normal Course Issuer Bid

Also, on December 5, 2012, the Fund received approval from the TSX to make a normal course issuer bid (NCIB) for the outstanding Class A units, for the period from December 7, 2012 to December 6, 2013. Although this NCIB approval has lapsed, the Fund continues to be entitled to purchase up to 10% of its initial public float, for cancellation and may reapply with the TSX for approval at any time to engage in an NCIB. The Fund did not purchase any shares under the NCIB for the year ended December 31, 2013.

Changes in redeemable units per series are summarized as follows:

For the year ended December 31, 2013

	Class A
	# of units
Balance – beginning of year	40,311,256
Issued:	
On reinvestment of distributions	6,114
On reinvestment of notional distributions	3,569,104
Consolidation of units	(3,569,104)
Redemption of units	(5,386,260)
Repurchased of units under the mandatory market repurchase program	(4,406,282)
Balance – end of year	30,524,828

For the year ended December 31, 2012

	Series A	Series F	Series 6	Series F-6	Series O	Series R[1]
	# of units	# of units	# of units	# of units	# of units	# of units
Balance – beginning of year	2,119,848	275,958	415,098	89,508	684,305	64,110
Issued:						
For cash	420,683	42,681	70,818	73,596	118,003	1,674
On reinvestment of distributions	–	–	5,552	1,196	–	–
Unit split						127
Redemption of units	(220,154)	(40,991)	(55,615)	(20,964)	(170,289)	(64,100)
Redesignation of units	(2,320,377)	(277,648)	(435,853)	(143,336)	(632,019)	46,863,645
Repurchased of units under the mandatory market repurchase program	–	–	–	–	–	(6,554,200)
Balance – end of year	–	–	–	–	–	40,311,256

[1] Series A, F, 6, F-6 and O were redesignated to Class A.

Valuation of Class and Units
A net asset value ("NAV") is calculated for class A units of the Fund daily. The NAV is computed by calculating the assets and liabilities of the Fund, less the liabilities of the Fund. Other expenses, net gains and losses on investments and securities lending income are allocated to the Fund. A valuation date is each day on which the TSX is open for business. The NAVPU of the class for the purposes of redemption or reinvestments is computed by dividing the NAV of the Fund attributable to the class by the total number of units of the class of the Fund outstanding at such time. Refer to the liquidity risk disclosure in note 6 for additional details.

9. FEES AND EXPENSES OF THE FUND

Management and Performance Fees
The Manager is responsible for the day-to-day management of the Fund. In consideration, prior to November 10, 2012, the Manager was entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A and 6 – 1.60%; Series F and F-6 – 0.60%; and Series O and R – nil%. In addition, the Manager was entitled to a performance fee of up to the aggregate of 25% of the increase in the NAVPU of each series (excluding Series R) over the relevant year (after deducting all management fees and other expenses charged to the Fund and adding any distributions of income and capital during the relevant period), calculated daily and payable monthly.

Effective November 10, 2012 the overall structure of the management and performance fees changed. The Manager receives a management fee from the Fund equal to the aggregate of (i) 0.25% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily Direct Assets ("Direct Assets" – NAV excluding the value of the forward agreement that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward agreement that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable (as defined as below) by the Manager. As a result of the restructuring, the Manager will not collect performance fees going forward.

During the period ended December 31, 2013, the Fund incurred $3,617,369 (2012 – $5,891,042) in management fees and $nil (2012 – $5,373,072) in performance fees, with $238,717 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 $418,386; January 1, 2012 $482,382) In 2013, certain performance fees were unconditionally waived where the Manager has elected to receive less than its allowable maximum; these amounts cannot be collected in the future.

Service Fees
The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Operating Expenses
The operating expenses of the Fund, which include, but are not limited to, legal, audit, custodial, transfer agency, independent review committee and fund administration expenses and the cost of financial statements and other reports, are the direct responsibility of the Fund. The Manager pays certain of these expenses on behalf of the Fund and is then reimbursed by the Fund.

The Manager may waive or absorb certain expenses of the Fund. The decision to do so is reviewed annually and determined at the sole discretion of the Manager.

The Manager may be paid work fees ("Work Fees") by companies in which the Fund invests. The Work Fees are paid for work done in connection with the financing of such companies. Such financing work may include sourcing investment opportunities, structuring investments, due diligence and preparation of loan participation agreements or other investment documentation. Beginning March 14, 2012, the Manager elected to direct all Work Fees received to the applicable fund or funds under management. The Work Fees are recognized in the net realized gain on investments in the statements of comprehensive income.

In addition, the Manager may be paid a monitoring fee or commitment, renewal, extension, discharge, prepayment or other administrative fee by companies in which the Fund invests. Beginning March 14, 2012, the Manager elected to direct all of such fees received to the applicable fund or funds under management. These fees are included in net realized gain on investments in the statements of comprehensive income.

Prior to the restructuring of the Fund (see note 1) the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.17% of the weighted NAV of a series during the applicable month. The operating service charge was calculated daily and payable monthly for providing certain administrative services to the Fund. During the year ended December 31, 2013, the Fund incurred in $nil (2012 – $601,598) of operating service fees. This charge is no longer applicable since the effective date of the funds' restructuring.

Forward fees
Prior to November 10, 2012, the fees on the forward contract were paid by the Reference Fund. Effective November 10, 2012, the

Fund pays to the Counterparty (see note 10) an amount under the forward contract up to 0.55% per annum of the notional amount of such forward contract (being effectively equal to the NAV of the Reference Fund subject to the forward contract) plus a hedging fee, which is approximately 0.35% per annum of the notional amount of the forward contract. Forward fees are recognized in net change in unrealized depreciation in investments in the statements of comprehensive income. During the year ended December 31, 2013, the Fund incurred $1,560,434 (2012 – $228,369) of forward fees.

Sales Charges

Prior to the restructuring of the Fund, the sales charge incurred by unitholders was dependent on the purchase option selected at the time of purchase. Series A and 6 were purchased on one of three options: the Initial Sales Charge Option ("ISC"), Low Load Sales Charge Option ("LL") or Super Low Load Sales Charge Option ("SLL"). Under the ISC option, a negotiable fee of up to 5% of the purchase price was payable by Series A and 6 investors to their dealer. No redemption fee was payable when investors redeem Series A and 6 units purchased under the ISC option (subject to a short-term trading fee, where applicable). Under the LL and SLL options, no fee was payable by Series A and 6 investors to their dealer. Investors were subject to a redemption fee if they redeemed Series A and 6 units purchased under the LL or SLL options, depending on how long they held the units to be redeemed. No sales charges were payable in respect of Series F, F-6, O and R units of the Fund. These fees are no longer applicable.

10. FORWARD CONTRACT ("the Forward Contract")

The Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of January 31, 2014. The Fund has purchased and pledged to the Counterparty the common share portfolio listed on the schedule of investment portfolio except for the ROI Canadian Real Estate Fund, Class A investment. Under the terms of the Forward Contract, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of units of the ROI Private Capital Trust Series A specified in the forward contract, in exchange for the Fund common share portfolio at fair market value. As at December 31, 2013, the NAV of the Reference Fund was $244,620,351 (Series A – $244,618,901 and Series R – $1,450) (December 31, 2012 – $256,911,615: Series A $256,910,388 and Series R – $1,227, January 1, 2012 – $325,192,295: Series A – $325,191,036 and Series R – $1,259), consisting mainly of private placement investments with a fair value of $208,190,669 (December 31, 2012 – $243,490,835, January 1, 2012 – $316,929,445).

The common share portfolios subject to the Forward Contract are agreed to between the Fund and the Counterparty and are pledged to the Counterparty as security for the Fund's obligations under the Forward Contract. In order to permit the Fund to pay monthly distributions, redemptions of units, operating expenses or other liabilities of the Fund, the terms of the Forward Contract provide that the Forward Contract may be settled in whole or in part at any time prior to the settlement date by the Fund, either in cash or by tendering to the Counterparty securities in the common share portfolio at the Fund's discretion.

The Fund is exposed to the credit risk of the Counterparty. If the Counterparty to the Forward Contract is unable to meet the terms of the Forward Contract, a loss may occur. The Counterparty to the Forward Contract has a credit rating of AA (DBRS). The creditworthiness of the Counterparty was reviewed prior to entering into the Forward Contract and is monitored on a regular basis.

Private investments held in the ROI Private Capital Trust as at December 31, 2013 were as follows:

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 11.96%			
10 Lower Spadina LP	683,470	573,111	904,427
117 Kearney Lake Road LP	700,383	583,758	906,345
181, 191 & 195 The West Mall LP	4,965,764	4,373,730	8,286,456
300, 302 & 304 The East Mall LP	1,757,546	1,575,705	2,010,473
55 Northfolk Street South LP	61,988	50,840	68,576
Bayfield Retail (2009) LP	1,870,000	1,813,900	3,041,886
London City Centre LP	2,234,942	2,015,672	3,196,024
Sussex Centre LP	8,847,504	7,970,432	10,101,253
Tillsonburg Gateway Centre LP	666,672	547,069	747,855
		19,504,217	29,263,295
Mortgages – 73.15%			
1044755 Ontario Inc. & Woodlawn Hospitality Inc., March 2017	3,213,255	3,213,255	3,182,908
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	1,646,250	1,646,250	1,666,666
2088013 Ont. Inc., (Empire Communities – Brampton), Equity[1]	4,233,785	4,067,907	5,664,966
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	4,400,000	4,400,000	4,358,445
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	1,792,920	1,792,920	1,819,814
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	953,707	953,707	953,707
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	1,947,998	1,947,998	1,959,319
Dixie Crossing Inc., January 2014	3,300,000	3,300,000	3,300,000
Empire (Estates of Wyndance) Ltd., February 2014	3,643,858	3,643,858	3,639,869
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity[1]	9,218,411	9,032,917	10,499,249
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	1,152,326	1,152,326	1,152,327
Gerrard House Inc., January 2014	1,000,000	1,000,000	1,000,000
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity[1]	7,248,293	7,204,325	7,712,674
Hilton Hills Developments Inc., December 2014	5,000,000	5,000,000	5,000,000
Infante Bros General Contractors Limited, January 2014	2,993,540	2,993,540	2,993,540
Isabella Developments Inc., December 2014	9,327,998	9,327,998	9,021,802
Marquee Hotels Ltd., December 2014	4,592,104	4,592,104	4,681,076
MMS Enterprise Holdings Inc., March 2016	19,272,147	19,272,147	19,272,148
Pembroke Plaza Inc., May 2022	2,383,575	2,357,500	3,126,056
Pomeroy Lodging LP (Best Western Dawson Creek), September 2015	12,834,190	12,834,190	12,901,284
Pomeroy Lodging LP (Best Western Prince George), September 2015	2,320,858	2,320,858	2,332,991
Pomeroy Lodging LP (Hoilday Inn Express Grande Prairie), September 2015	10,718,471	10,718,471	10,774,504
Pomeroy Lodging LP (Motel 6), September 2015	5,120,062	5,120,062	5,146,829
Pomeroy Lodging LP (Pomeroy Inn & Suites Chetwynd), September 2015	5,598,408	5,598,408	5,627,676
Pomeroy Lodging LP (Pomeroy Inn & Suites Dawson Creek), September 2015	10,922,675	10,922,675	10,979,776
Pomeroy Lodging LP (Pomeroy Inn & Suites Fort St. John), September 2015	7,987,335	7,987,335	8,029,090
Pomeroy Lodging LP (Pomeroy Inn & Suites Grimshaw), September 2015	3,072,411	3,072,411	3,088,473
Pomeroy Lodging LP (Ramada Grande Prairie Clairmont), September 2015	8,260,542	8,260,542	8,303,726
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	3,200,000	3,200,000	3,180,185
Uxbridge Industrial Ltd., February 2014	499,359	499,359	500,082
Villarmark Inc. (Villarboit – Markham), Equity[1]	12,289,785	12,157,330	12,128,439
		174,507,060	178,927,374
Total Private Investments – 85.11%		194,011,277	208,190,669
Short-Term Investment – 12.48%			
CIBC Mellon Trust Demand Deposit,Variable Rate	36,018,726	36,018,726	36,018,726
Total Portfolio – 97.59%		230,030,003	244,209,395
Other Assets, Net of Liabilities – 2.41%			410,956
Net assets attributable to holder of redeemable units			244,620,351

[1] This security is an equity investment

11. INCOME TAXES

Non-capital losses are available to be carried forward for 20 years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forward will expire, if not applied, as follows: 2031 – $4,862. No benefit has been recognized for these unused losses in these financial statements, as the Fund does not record income taxes.

As at December 31, 2013, December 31, 2012 and January 1, 2012 the Fund had non-capital and net capital losses available for carry forward as follows.

	December 31, 2013	December 31, 2012	January 1, 2012
Non-Capital Losses	$ 4,862	$ 8,242,410	$ 2,229,182
Allowable Capital Losses	$ nil	$ 35,054,800	$29,607,578

12. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with a Canadian chartered bank. The aggregate market value of all securities loaned cannot exceed 100% of the net assets of the Fund. The Fund receives collateral in the form of debt obligations issued by the U.S. Treasury against the loaned securities and maintain such collateral in an amount equal to or greater than 105% of the market value of the loaned securities during the period of the loan. Effective November 20, 2012, the Fund chose not to participate in its securities lending program. However this is subject to change at the discretion of the Manager. The securities loaned to the Canadian chartered bank are not derecognized because the Fund retains substantially all the risks and rewards of ownership. The carrying amounts of the securities loaned as of January 1, 2012, are presented below. Certain securities had been loaned as part of the securities lending program. Under the terms of the program, the Fund may instruct that securities to be returned within three days.

	Financial assets at FVTPL
Carrying amount of assets	$ 286,885,346
Carrying amount of associated liabilities	–

13. REVOLVING LOAN FACILITY

In 2013, the Fund had access to a credit facility in the amount of $9,500,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the underlying mortgages as well as a general security agreement over all of the Fund's assets. The Fund paid a $190,000 loan commitment fee in connection with this facility. The Fund did not use the credit facility and terminated the loan by year end. The Fund may seek to obtain a new credit facility at the Manager's discretion.

In 2012, the Fund had access to a revolving loan facility. The revolving loan facility commitment, in the maximum amount of $40,000,000 was shared across four funds formerly known as (ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund and ROI Institutional Private Placement Fund) managed by the Manager. Each fund was subject to certain margin requirements with the total amount for all funds available under the loan facility capped at $40,000,000. Interest on the loan was charged on the outstanding principal amount by a Canadian chartered bank at the rate per annum equal to the prime rate plus 0.75%. There was a standby fee charged of 0.20% per annum to the funds, calculated and accrued daily for the unused amount borrowed. The loan was secured by certain assets of the Funds and matured on July 27, 2012.

14. INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

	2013	2012
Increase in net assets attributable to holders of redeemable units	6,221,890	20,006,151
Weighted average units outstanding during the year	35,641,560	47,633,693
Increase in net assets attributable to holders of redeemable units per unit	0.17	0.42

15. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. The Fund has determined that it meets the definition of an 'investment entity' and as a result, it measures subsidiaries, other than those which provide services to the Fund, at FVTPL. The Fund accounts for investments in associates and joint ventures at FVTPL, rather than applying the equity method and accounts for all investments that are financial instruments at FVTPL. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Classification of redeemable units issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

In addition to the adjustments above, the Fund has reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS, including adjustments to presentation resulting from the fact that these financial statements have not been prepared to comply with the requirement of National Instrument 81-106, Investment Fund Continuous Disclosure. There were no measurement adjustments which arose as a result of the Fund's transition to IFRS.

16. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

17. LEGISLATIVE CHANGES AND SUBSEQUENT EVENTS

In the March 31, 2013 Federal budget, the government changed the treatment of the return from the derivative investment portion of character conversion transactions, such as those employed by the Fund (see note 10), as ordinary income rather than capital gains. The changes apply to agreements entered into, or amended, after March 20, 2013.

For maturing agreements entered into, or amended before March 21, 2013, the budget proposed a transition relief period of 180 days. On July 11, 2013, the Department of Finance announced a proposal to extend the transition relief period to December 31, 2014.

The Fund's forward agreement matured May 6, 2013. Subsequently, the Fund entered into a new 179 day agreement maturing November 1, 2013. On October 25, 2013, in advance of the November 1, 2013 maturity date, the Fund entered into a new forward agreement with a term of at least 30 days, with the intention of entering into one or more forward agreements with a final valuation date of no later than December 31, 2014.

Based on the Fund's current legal structure and forward contract in place, the Manager expects that prior to December 31, 2014 the Fund's income will continue to qualify for treatment as capital gains upon distribution to unitholders. The Manager is continuing to assess the impact of the changes and possible alternatives for the Fund.

On April 2, 2014 the Manager entered into an agreement (the "Purchase Agreement") with DREAM Asset Management Corporation ("DREAM"), whereby DREAM will acquire the rights to manage ROI Canadian Mortgage Income Fund, as well as ROI Canadian High Income Mortgage Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (together the "ROI Funds").

In connection with the Purchase Agreement, it is proposed that the ROI Funds will complete a reorganization involving, among other things, the transfer of the assets of each ROI Fund and its respective reference fund of each ROI Fund to a newly-formed, open-ended trust which will be managed by DREAM. In connection with the termination of the ROI Funds, unitholders of the ROI Funds will receive units in DREAM Hard Asset Alternatives Trust.

The transaction is subject to, among other things, the approval by the unitholders of the ROI Funds at the meeting of the unitholders expected to take place in June 2014. In addition to such unitholder approval, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Subject to the satisfaction of these conditions, the transaction is expected to close in July 2014.

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ROI CANADIAN MORTGAGE INCOME FUND

Management Discussion and Analysis

For the year ended
December 31, 2013

Dated: 5/6/14

FORWARD LOOKING STATEMENTS

Caution regarding forward-looking statements

In this Management Discussion & Analysis ("MD&A"), the terms, "we", "us", "our", the "Manager", "Management" and "ROI Capital" refer to Return On Innovation Advisors Ltd. and the "Fund" refers to the ROI Canadian Mortgage Income Fund and its financial position and results of operations for the year ended December 31, 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except as otherwise noted. This MD&A should be read in conjunction with the Fund's audited annual Financial Statements, which have been prepared in accordance with IFRS. Copies of these documents have been included in the prospectus of Dream Hard Asset Alternatives Trust and the management information circular of the Fund dated May 6, 2014, each of which is expected to be filed electronically with the securities regulators in Canada through the SEDAR website at www.sedar.com.

Forward-looking statement advisory

This MD&A may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar terminology. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

The MD&A is dated May 6, 2014. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information about the Fund and its investment portfolio is available on the ROI Capital website at www.roicapital.ca. Additional information about the Fund, including its Annual Information Form ("AIF"), can be found on the SEDAR website at www.sedar.com.

PROPOSED REORGANIZATION

On April 2, 2014, ROI Capital announced that it would submit a proposed reorganization ("Proposed Reorganization") to unitholders of the Fund for their approval, pursuant to which DREAM Asset Management Corporation ("DREAM") would acquire the rights to manage the Fund, ROI Canadian High Income Mortgage Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (collectively, the "ROI Funds") and the ROI Funds would undergo a reorganization whereby the ROI Funds and their respective reference funds would transfer substantially all of their assets to Dream Hard Asset Alternatives Trust and unitholders of the ROI Funds would become holders of units of Dream Hard Asset Alternatives Trust, a newly-formed Ontario trust managed by DREAM.

The Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario. The Fund has its units listed on the Toronto Stock Exchange ("TSX") and is considered an investment fund that is subject to the Canadian securities regulatory regime for investment funds (the "Investment Fund Regime"). The Fund invests, directly and indirectly, in a diversified portfolio of commercial mortgages and loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Fund gains exposure for a portion of its portfolio through a Forward Agreement with its Reference Fund – ROI Private Capital Trust (the "Reference Fund"). The Fund has a Forward Agreement in place with an approximate term of 30 days and intends to enter into one or more forward agreements with a final valuation date of no later than December 31, 2014.

On March 27, 2013, the CSA issued CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 Mutual Funds, Companion Policy 81-102CP Mutual Funds and Related Consequential Amendments (the "CSA Notice"). The CSA Notice proposes to restrict mortgage investments by investment funds in mortgages other than mortgages that are guaranteed by a government or government agency ("guaranteed mortgages"). The CSA Notice also proposes to restrict investments by an investment fund in certain illiquid investments. Investment funds that do not meet these new investment restrictions are expected to be given a transition period to either divest their holdings or to transition into the regulatory regime for issuers that are not investment funds (the "Public Company Regime"). On September 12, 2013, the Ontario Securities Commission further stated that it would not permit an investment fund that invests in non-government guaranteed mortgages to raise capital by public offering in Ontario.

As an investment fund, the Fund would need to comply with these proposed restrictions in the near term, which will require that the Fund either divest a significant portion of its portfolio assets or transition out of the Investment Fund Regime and into the Public Company Regime.

First introduced in the March 21, 2013 Federal Budget, the government amended the Tax Act to eliminate the ability of investment funds to use forward contracts like the one used by the Fund to convert fully-taxable ordinary income to capital gains ("character conversion transactions").

The decision to pursue the Proposed Reorganization was based on the research and analysis undertaken by ROI Capital in the face of significant tax changes, regulatory changes associated with CSA Notice and character conversion transactions. Together these changes are expected to have a profound impact on the Fund in meeting its investment objectives, pursuing and fulfilling its investment strategy, concentration, restrictions, diversification and liquidity requirements on a going forward basis.

ROI Capital discussed and sought consultation from external legal counsel on the impacts of CSA Notice and the character conversion transactions and the most appropriate course of action for the Fund. Based on this assessment, the Manager determined that an assignment of the Fund's management agreement as part of a broader reorganization offered the best alternative to address all aspects of investor needs.

The Proposed Reorganization is, among other things, conditional upon approval by a majority of votes cast by unitholders of the Fund. As such, the Manager has called a meeting of unitholders of the Fund (the "Meeting"). At the Meeting, unitholders will be asked to vote in favour of a resolution approving the Proposed Reorganization, including without limitation the change of manager to DREAM and the direct and/or indirect transfer of all or substantially all of the ROI Funds' and their respective Reference Funds' assets to Dream Hard Asset Alternatives Trust. Unitholders will also be authorizing any director or officer of the Manager to take all such steps as may be necessary or desirable to give effect to the Proposed Reorganization.

Under the Proposed Reorganization, Dream Hard Asset Alternatives Trust would comply with National Instrument 51-102 continuous disclosure requirements, as opposed to the Fund's current disclosure requirements under National Instrument 81-106 ("NI 81-106"). If the Proposed Reorganization is approved, Dream Hard Asset Alternatives Trust will be subject to IFRS as issued by the IASB and prepare financial statements and related disclosures in accordance with IFRS, along with Management's Discussion and Analysis.

Audited financial statements for the year ended December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS.

The Fund has previously filed audited annual financial statements in accordance with Part V of the CPA Canada Handbook – Accounting ("Canadian GAAP") and its Management Report of Fund Performance for the years ended December 31, 2013 and December 31, 2012 in accordance NI 81-106. The Fund's transition to IFRS resulted in presentation and disclosure differences, but there was a measurement adjustment, which arose as a result of the transition. An explanation of the effect of the transition from previous Canadian GAAP to IFRS is set out in note 15 to the financial statements.

BASIS OF PRESENTATION

The Fund adopted IFRS as issued by the IASB as its basis of financial reporting commencing with the audited annual financial statements for the year ended December 31, 2013. The Fund's date of transition to IFRS was January 1, 2012. Financial data provided in this MD&A, for the years ended December 31, 2013 and December 31, 2012, has been prepared in accordance with IFRS. The Fund has consistently applied the accounting policies used in the preparation of statement of

financial position as at December 31, 2013 and throughout all years presented, as if these policies had always been in effect. The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements.

The Fund's reporting currency is the Canadian dollar.

BUSINESS OVERVIEW

The Fund (formerly ROI Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the province of Ontario. The units of the Fund trade on the TSX under the symbol RIL.UN.

The Fund changed its name from ROI Private Placement Fund to ROI Canadian Mortgage Income Fund on November 7, 2012. On November 10, 2012, with the approval of the unitholders, Series A, F, 6, F-6, and O of the Fund were redesignated to Series R of the Fund. Series R was subsequently renamed as Series A. On November 29, 2012 the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") in order to become a reporting issuer. On December 7, 2012 the Fund listed its Class A units on the TSX.

Concurrent with the listing, the Fund undertook a mandatory market repurchase program ("MMRP") whereby the Fund committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed, up to 10,960,482 Class A units (representing 23.39% of its initial public float). In addition, a further 5,386,258 Class A units were redeemed at the unit's net asset value ("NAV") during the Fund's annual redemption period in November 2013.

Prior to the restructuring of the Fund, the Fund operated as an open-ended mutual fund trust with six series – A, F, 6, F-6, O and R.

The Manager is the manager and Investment Advisor of the Fund. Equity Financial Trust Company is the Trustee of the Fund.

RECENT DEVELOPMENTS

Throughout 2013, the Manager has continued to view Canadian real estate fundamentals as being stable and sustainable, contributing to an overall attractive lending and investing market.

From April 2013 to August 2013 the share prices of the Canadian public REITs declined, limiting their ability to raise new equity capital on accretive terms and, in turn, limiting their ability to pursue real estate acquisitions. However, the demand from institutional and private investors has remained strong, allowing valuations to remain relatively stable although, some industry observers have suggested that capitalization rates could potentially increase, in the event long-term interest rates increase on a sustained basis. These above noted trends were reflected in the results from private real estate investments in 2013, which demonstrated relatively stable capitalization rates and fair values.

Within the commercial mortgage market we continue to see lending opportunities from borrowers. Many of these borrowers have multiple financing options. However, these options may not meet their specific requirements due to the various underwriting practices and policies of institutional lenders. In addition, there continues to be uncertainty in the commercial lending market as it relates to changes or anticipated changes in banking regulations both domestically and globally. We believe the effect of these market changes and challenges have created a funding gap for borrowers looking to secure an alternative source of funds which is increasingly being filled by non-bank lenders.

We have seen a rise in bond yields as the DEX Universe Bond Index average yield climbed from 1.59% on December 31, 2012 to 2.01% on December 31, 2013. We have seen a rise in bond yields for the Real Estate sub index as average yields climbed 40 basis points from 3.19% on December 31, 2012 to 3.59% on December 31, 2013 thereby suggesting that the risk premium declined slightly as the risk free interest rate climbed. We have also seen a nominal rise in capitalization rates for certain real estate properties throughout the year but the majority of any increases if applicable materialized in the secondary regions and/or for secondary properties. We have also seen a significant amount of new office property development, primarily in downtown Toronto and Calgary, which could contribute to higher vacancy for some period of time. Overall, we believe that deal flow and investing opportunities are still plentiful.

Despite these favourable trends, the Fund was not in a position to take advantage of this opportunity in the market. During the reporting year, the Fund returned cash to unitholders through distributions, the MMRP and the annual redemption at NAV. In order to support the Fund's liquidity requirements, the Fund exited 30 investments during the year, including 29 first mortgages. No new investments were made during the year as the Fund was generating and conserving cash to meet its liquidity requirements.

In light of the Proposed Reorganization, the Manager believes that the outlook for the Fund is positive, and that the reorganization will benefit unitholders.

FINANCIAL HIGHLIGHTS

The Fund's net assets attributable to holders of redeemable units were $296.4 million, which is allocated across 50 investments.

	IFRS 2013	IFRS 2012	CGAAP[1] 2011
Total Revenue	10,550,032	32,396,210	6,108,753
Net gain (loss) on investments	10,550,032	31,666,505	18,312,319
Increase (decrease) in net assets attributable to holders of redeemable units	6,221,890	20,006,151	16,210,596
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Series A	–	–	4.94
Series F	–	–	6.54
Series 6	–	–	4.17
Series F-6	–	–	5.56
Series O	–	–	7.04
Series R (renamed as Class A)	0.17	0.42	8.39
Total assets	298,304,968	405,820,043	442,434,448
Net assets attributable to holders of redeemable units[2]	296,408,378	402,424,183	431,216,972
Distributions declared per series:			
Series A	–	–	–
Series F	–	–	–
Series 6	–	1,597,894	1,554,534
Series F-6	–	526,304	380,905
Series O	–	–	–
Series R (renamed as Class A)	47,494,851	1,697,111	–

1 "CGAAP" means Part V of the CPA Canada Handbook – Accounting. Certain items have been reclassified to conform to the line items presented in the IFRS financial statements.

2 Net assets attributable to holders of redeemable units are presented as liabilities under IFRS

For the year ended December 31, 2013

For the purpose of this discussion, the Fund refers to the private investments held within the Fund along with the private investments held in the Reference Fund, which the Fund gains exposure to through the Forward Agreement.

The net assets of the Fund as at December 31, 2013, were $296,408,378 compared to $402,424,183 at December 31, 2012. The decrease in net assets was partly attributable to the MMRP, which ended on January 21, 2013 and to fund the annual redemption at NAV in December 2013. Distributions and operating expenses also contributed to the decrease in net assets. Given the illiquid nature and the structure of the individual investments, it was not possible to maintain the asset mix from the previous year while raising the capital required for the annual redemption. The majority of capital raised was generated through maturing and the early repayment of first mortgages.

The level of redemptions was in line with expectations as the market price of the Fund traded below the net asset value leading up to the annual redemption period. As a result, the maximum of 15% of the units of the Fund were redeemed at NAV totaling $52.5 million.

The allocation to mortgages in the portfolio declined to 50.80% at the end of 2013, from 62.47% at the end of 2012. As a result, the exposure to private real estate has increased from 18.15% in 2012 to 27.53% at December 31, 2013. Overall, the geographic allocation of the Fund remained relatively stable with the majority of the investments located in Ontario (68.04%). The only notable change in the geographic location is the weighting to Quebec based investments, which decreased from 8.99% to 1.29%. This is primarily a result of the repayment of 10 mortgages on various Depotium Self Stockage Inc. locations based in Quebec.

In total, 30 investments were exited in 2013, 29 of those were first mortgages. The Fund continues to hold 50 investments. The Manager negotiated the early repayment of certain mortgages and in some instances discounts to outstanding principal were required. During the year, $2,311,110 in discounts were applied. In addition, $1,123,274 in pre-payment penalties were waived.

The Fund's largest holding, the ROI Canadian Real Estate Fund, negatively impacted performance in 2013 due to the decline in market price. This resulted in a decrease in net assets of the Fund by $3.4 million. By the end of the year, the ROI Canadian Real Estate Fund traded at a significant discount to net asset value.

The industry allocation has shifted on a year over year basis. The exposure to multi-residential investments increased from 7.9% to 23.13% and retail – consumer discretionary rose to 20.65% from 8.8%. Hospitality remains the largest industry exposure within the Fund (42.64%).

The maturity schedule of the mortgages in the Fund shortened in 2013. As the mortgage investments that were repaid varied in maturity, the shortening of the maturity is partially a function of time. At the end of 2012, 46.87% of the mortgage investments had maturities of two to three years. By the end of 2013, 56.80% of the mortgage investments will mature in one to two years.

Given the nature of the underlying investments and under normal conditions, the values of the Fund's commercial real estate equity investments are not expected to move dramatically in the short term. That being said, the value of any investment may change due to property specific events such as vacancy rates, local competition, and project development. In addition, the value of an investment may change due to macro factors, such as interest rates, cap rates or general economic conditions. Unless a property is actually sold, the valuation of a property will incorporate all of these factors and more to determine a fair value. Property specific considerations are regularly reviewed and incorporated into the fair value process. Macro considerations will impact the valuations of multiple properties, but not necessarily to the same degree for each property. The fair valuation process looks at how macro factors impact values on a property by property basis.

Throughout most of 2013, cap rates remained fairly stable with third party analysis showing an increase in cap rates being driven by many factors including sentiment for commercial real-estate, concern for potential future vacancy rates, new supply coming to market, lower levels of transaction activity and higher interest rates. Based on this relevant market data that relates to the Fund's private real estate investments, fair value adjustments were made in December 2013 to ensure that assets reflected fair value based on relevant information at the time. The fair value process resulted in the write up of certain investments and the write down of others. The net impact to the net asset value of the Fund was -0.36%.

Total income generated by the private investments held by the Fund was $18.8 million ($15.3 million from the Reference Fund), down from $25.4 million in 2012. The Fund paid $17.8 million in distributions in 2013. The expenses of the Fund decreased significantly in 2013 falling from a combined $16.4 million in 2012 to $9.0 million, primarily due to the reduction of the performance fees and forward fees. The forward fee is associated with the Forward Agreement that provides the Fund exposure to the Reference Fund and is paid to the counterparty. In 2012, the expenses were paid by the Reference Fund. In 2013 the expenses were paid by the Fund and are included in net change in unrealized depreciation in investments in the statement of comprehensive income.

The decline in mortgages investments in the Fund has reduced the Fund's exposure to investments that deliver regular income. Going forward, the Fund will rely on income from existing investments, principal repayment, completion of development projects and uninvested cash to pay its monthly dividend distributions.

The Fund has had total assets and income decline, cash distributions to unitholders exceed income and principal and maturity payments contribute to paying distributions and redemptions. In turn, the asset mix is changing and the portfolio within the Fund is becoming less liquid, less diversified and more concentrated. The long-term liquidity of the Fund based on the Fund's current product structure and current investment portfolio are not aligned sufficiently thereby, increasing the liquidity risk of the Fund. An increased liquidity risk may increase the performance volatility of the Fund and the market price.

In the event that the Proposed Reorganization does not proceed for any reason, distributions to unitholders of the Fund will be reduced to a level equal to the cash income from the underlying assets of the Fund, with such cash income to include cash flow generated from investments held in the Fund as at December 31, 2013 (excluding any principal repayments, cash on hand or accrued interest amounts), net of required expenses incurred by the Fund (including but not limited to management fees).

For the three months ended December 31, 2013

The net assets of the Fund fell to $296.4 million as at December 31, 2013 from $354.4 million at September 30, 2013. The $58 million decrease was attributable to a decrease in net assets attributable to holders of redeemable units of $1.2 million; net redemptions of $52.5 million and distributions to unitholders of $4.3 million.

The decrease in net assets attributable to holders of redeemable units of $1.2 million was partly attributable to one of the Fund's largest holdings, the ROI Canadian Real Estate Fund (which is publicly traded on the Toronto Stock Exchange) which experienced a 6% decline in market price. In addition, fair value adjustments to the Private Real Estate Portfolio contributed to the decrease in net assets during the year.

In the fourth quarter of 2013 the Fund primarily focused on implementing a liquidity strategy to ensure that the Fund had sufficient liquidity in order to fulfill its annual redemption at NAV obligation. The Fund sold investments and borrowers repaid mortgages prior to the maturity date. In addition, the Fund secured a line of credit. The Fund successfully met its obligations for the Annual Redemption at NAV. The Fund did not fund any new investments in during the three months ended December 31, 2013. The Manager continued to conduct a strategic review during the quarter in order to identify viable changes for consideration by unitholders of the Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, tax advantaged cash distributions, a nominal after-tax current yield, long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through the Forward Agreement to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Forward Agreement provides the Fund economic exposure to a Reference Fund.

The Reference Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a nominal current yield, long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

The Fund's investment strategy is to obtain exposure to an actively managed diversified portfolio of investments which consists primarily of loans secured by, or that provides a participating interest in, commercial mortgages, real property or ownership interests in real property. The Fund obtains exposure by making investments directly or indirectly, including through the Forward Agreement which provides exposure to the investments of the Reference Fund, as may be determined by the Manager from time to time.

The Reference Fund's investment strategy is to invest in an actively managed diversified portfolio of investments which consist primarily of loans secured by, or that provide a participating interest in, commercial mortgages, real property or ownership interests in real property.

The Fund's strategy is to generate distributions to unitholders that will consist primarily of capital gains, return of capital and, to a lesser extent, ordinary investment income or dividends. These distributions are intended to benefit unitholders because a return of capital distribution is generally not subject to tax, but instead reduces the adjusted cost base of the Units. Distributions that are designated as capital gains will generally be taxed at a lower rate than distributions of interest and other investment income. Accordingly, Units are intended to be tax efficient when compared to units of a trust that depend solely on interest and other investment income to pay distributions.

The Manager seeks to make investments secured by or in real property that the Manager believes are managed by experienced management teams that have a demonstrated track record.

Overall, the Manager believes that real estate is a tangible asset class that provides valuable security for investment and that, given the size and prospects of the real estate market in Canada, this industry is likely to provide the Manager with numerous investment opportunities that exhibit a superior risk / return profile

INVESTMENT RESTRICTIONS OF THE FUND

The Fund is subject to certain investment restrictions which are set out in the Fund's Amended and Restated Declaration of Trust, which investment restrictions apply to direct investments made by the Fund and investment exposures to which the Fund may be subject through the Forward Agreement, as follows:

(a) the Fund will not make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" for purposes of the Tax Act;

(b) the Fund will manage its investments and affairs to minimize its liability for income tax as a result of the application of the SIFT Rules, it being recognized that the Fund, for purposes of compliance with this restriction, will not be required to dispose of any investments held by it that were acquired prior to November 29, 2012;

(c) with respect to the Canadian Securities Portfolio that is sold forward by it under a Forward Agreement, the Fund will restrict its investments to securities, each of which is a "Canadian security" as defined in subsection 39(6) of the Tax Act;

(d) the Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(e) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(f) the Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(g) the Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Fund for purposes of the Tax Act;

(h) the Fund will not guarantee the securities or obligations of any person, provided that the Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(i) the Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(j) the Fund will not borrow or employ financial leverage in excess of 30% of its Net Asset Value;

(k) the Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(l) the Fund will not invest more than 40% of the Total Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(m) the Fund will not invest more than 30% of the Total Assets in mortgages or loans with any one borrower;

(n) the Fund will not invest more than 10% of the Total Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(o) the Fund will not, directly or indirectly, invest outside of Canada;

(p) the Fund will not invest more than the percentages set out below of the Total Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(q) the Fund will not invest more than the percentages set out below of the Total Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(r) the Fund will not invest more than the percentages set out below of the Total Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	40%
Other Securities	10%
Cash or Cash Equivalents	100%;

(s) the Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Assets that exceeds 80% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 75%; provided that a mortgage loan with a Loan-to-Value that exceeds 80% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (r) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Fund or its Total Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Fund, the Total Assets of the Fund will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

INVESTMENT RESTRICTIONS OF THE REFERENCE FUND

The Reference Fund is subject to certain investment restrictions which are set out in the Amended and Restated Reference Fund Declaration of Trust, as follows:

(a) the Reference Fund will manage its investments and affairs to ensure that it will not be subject to the tax on SIFT Trusts;

(b) the Reference Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(c) the Reference Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Reference Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(d) the Reference Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(e) the Reference Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Reference Fund for purposes of the Tax Act;

(f) the Reference Fund will not guarantee the securities or obligations of any person, provided that the Reference Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(g) the Reference Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Reference Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Reference Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(h) the Reference Fund will not borrow or employ financial leverage;

(i) the Reference Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(j) the Reference Fund will not invest more than 40% of the Total Reference Fund Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(k) the Reference Fund will not invest more than 30% of the Total Reference Fund Assets in mortgages or loans with any one borrower;

(l) the Reference Fund will not invest more than 10% of the Total Reference Fund Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(m) the Fund will not, directly or indirectly, invest outside of Canada;

(n) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(o) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(p) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	40%
Other Securities	10%
Cash or Cash Equivalents	100%;

(q) the Reference Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Reference Fund Assets that exceeds 80% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 75%; provided that a mortgage loan with a Loan-to-Value that exceeds 80% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (p) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Reference Fund or its Total Reference Fund Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Reference Fund, the Total Reference Fund Assets will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

ANALYSIS OF FINANCIAL INFORMATION FOR THE YEAR

Statements Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Income		
Investments at FVTPL		
Net realized gain on investments	106,536,533	11,169,556
Change in unrealized (depreciation) appreciation in investments	(95,986,501)	20,496,949
Net gains on investments	10,550,032	31,666,505
Securities lending income	–	729,705
Total income (net)	10,550,032	32,396,210
Expenses		
Audit fees	90,818	94,166
Custodian fees	76,458	81,794
Independent review committee fees	1,512	2,829
Interest expense	193	111,201
Legal fees	133,611	17,436
Loan commitment fees	190,000	–
Management fees	3,617,369	5,891,042
Operating services	–	601,598
Performance fees	–	5,373,072
Shareholder reporting costs	93,768	64,187
Transfer agent fees	124,413	152,734
Total Expenses	4,328,142	12,390,059
Increase in net assets attributable to holders of redeemable units	6,221,890	20,006,151
Increase in net assets attributable to holders of redeemable units per unit		
Class A	0.17	0.42

Total Income

Total income for the year was $10,550,032 (December 31, 2012 – $32,396,210), and is made up of the following categories:

(a) Net realized gains on sale of investments – which is made up of interest from private investments of $3,492,999 (December 31, 2012 – $4,676,209); dividends of $nil (December 31, 2012 – $1,412,101) and securities lending income of $nil (December 31, 2012 – $729,705) and net realized gain on sale of investments of $103,043,534 (December 31, 2012 – $5,081,246)

(b) Net change in unrealized appreciation/(depreciation) in investments – which is made up of the change in unrealized depreciation of investments of $31,828,779 (December 31, 2012 – $4,216,874) and the change in unrealized depreciation in the forward contract of $62,597,288, (December 31, 2012 appreciation of $24,942,192) net of forward fee expenses of $1,560,434 (December 31, 2012 – $228,369)

The interest from private investments declined year over year commensurate with the decline in exposure to mortgage investments. Net realized gains from the sale of investments were incurred when the Fund's Forward Agreement was settled on May 6, 2013 and pre-settled a portion of the Forward Agreement later in the year. As the Fund chose to withdraw from the securities lending program, the year over year income from securities lending fell to nil. The Fund did not hold any dividend paying public securities in 2013. As a result, the Fund did not receive any dividend payments.

In 2012, the Fund benefited from fair value adjustments in its private real estate investments, which contributed to the strong results in total income. Total income in the Fund was down in 2013 as in 2012 the Fund benefited from strong gains related to fair value adjustments in its private real estate investments, which was not duplicated in 2013.

Expenses

Management Fees and Performance Fees

The Fund pays the Manager a fee equal to the aggregate of (i) 0.25% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily direct assets (NAV excluding the value of the forward agreement that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward agreement that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable (as defined as below) by the Manager. As a result of the restructuring, the Manager will not collect performance fees going forward.

Prior to the restructuring of the Fund (see note 1) the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.17% of the weighted NAV of a series during the applicable month. The operating service charge was calculated daily and payable monthly for providing certain administrative services to the Fund. This charge is no longer applicable since the effective date of the Funds' restructuring.

During the year ended December 31, 2013, the Fund incurred $3,617,369 (December 31, 2012 – $5,891,042) in management fees; $nil in performance fees (December 31, 2012 – $5,373,072) and $nil in operating services, with $238,717 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $419,863).

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Other Expenses

The other expenses of $520,773 (December 31, 2012 – $524,347) consisting mainly of audit fees, custodian fees, professional fees, shareholder reporting costs, transfer agency fees which are all costs directly associated with operation and administration of the Fund.

Loan Commitment Fees

During the year, the Fund had access to a credit facility in the amount of $9,500,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the assignment of a specific mortgage. The Fund paid a loan commitment fee of $190,000 in connection with this credit facility. The Fund did not use the credit facility and terminated the loan by year end. The Fund may seek to obtain a new credit facility at the Manager's discretion.

STATEMENT OF FINANCIAL POSITION

The balance of investments shown below includes private investments held directly within the Fund along with private investments held indirectly through the Forward Agreement in the Reference Fund as at December 31, 2013 is as follows:

a) Asset Mix

Asset Mix	Amount	% OF NAV
First Mortgages	143,549,776.75	48.38%
Cash, Short-term Securities and Other	45,016,783.00	15.17%
Private Real Estate – Commercial	38,440,784.47	12.96%
Private Real Estate Development – Commercial	25,390,398.59	8.56%
Other	19,272,147.46	6.50%
Private Real Estate Development – Residential	17,821,006.14	6.01%
Second Mortgages	7,179,433.16	2.42%
Total	$ 296,670,329.58	100.00%

As at December 31, 2013 the weighted average yield to maturity for the mortgages was 7.66% and the weighted average capitalization rate for the income producing private real estate investments was 6.71%

As at December 31, 2013, the Fund's portfolio was comprised of 50 investments which were allocated across the following categories:

b) Region

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	68.04%
British Columbia	16.23%
Alberta	13.39%
Quebec	1.29%
Nova Scotia	1.02%
New Brunswick	0.03%
Total	100.00%

The Fund maintained a diversified portfolio of investments across Canada, with its largest concentration in Ontario. The Fund has benefited from sourcing investments in this province.

c) Maturity

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
Less Than One Year	14.41%
Greater Than One Year Less Than Two Years	56.80%
Greater Than Two Years Less Than Three Years	17.07%
Greater Than Three Years Less Than Four Years	11.72%
Total	100.00%

The Fund's direct and indirect investments have a low turnover rate. The weighted average modified duration of mortgages held by the Fund is 1.80. The Fund does have exposure to long-term private real estate investments that do not have a pre-defined maturity schedule.

d) Asset Type

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Hospitality	42.64%
Multi-Residential	23.13%
Retail – Consumer Discretionary	20.65%
Office	13.04%
Retail – Consumer Staples	0.30%
Industrial	0.24%
Total	100.00%

The Fund has developed a unique investment portfolio including exposure to hospitality, office and multi-residential.

e) Loan-to-value

Loan-to-Value Ratio of Mortgages	% of Mortgages
91-100	11.34%
71-80	7.36%
61-70	55.96%
51-60	21.79%
Less Than 50	3.55%
Total	100.00%

As at December 31, 2013 the weighted average Loan-to-Value for the Fund was 62.88%.

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

QUARTERLY FINANCIAL INFORMATION

	Q1	Q2	Q3	Q4	2013 Total
Investments at FVTPL					
Net realized gain (loss) on investments	(4,178,721)	102,613,275	7,064,457	1,037,522	106,536,533
Net change in unrealized appreciation (depreciation) in investments	7,861,110	(100,999,092)	(1,746,280)	(1,102,239)	(95,986,501)
Total income (net)	3,682,389	1,614,183	5,318,177	(64,717)	**10,550,032**
Expenses					
Audit fees	18,543	21,403	24,005	26,867	90,818
Custodian fees	27,866	16,385	9,990	22,217	76,458
Forward fees	–	–	–	–	–
Independent review committee fees	467	346	349	350	1,512
Interest expense	72	11	41	69	193
Legal fees	11,508	12,618	80,034	29,451	133,611
Loan commitment fees	–	–		190,000	190,000
Management fees	950,290	917,024	921,399	828,656	3,617,369
Operating services	–	–	–	–	–
Performance fees	–	–	–	–	–
Shareholder reporting costs	17,212	48,112	8,798	19,646	93,768
Transaction costs	–	–	–	–	–
Transfer agent fees	39,522	43,982	16,529	24,380	124,413
Total Expenses	1,065,480	1,059,881	1,061,146	1,141,635	**4,328,142**
Increase in net assets attributable to holders of redeemable units	**2,616,909**	**554,302**	**4,257,031**	**(1,206,352)**	**6,221,890**

	Q1	Q2	Q3	Q4	2012 Total
Investments at FVTPL					
Net realized gain (loss) on investments	1,810,186	(4,676,964)	(8,385,779)	22,422,113	11,169,556
Net change in unrealized appreciation (depreciation) in investments	8,178,230	15,683,421	14,265,655	(17,630,357)	20,496,949
Net gains on investments	9,988,416	11,006,457	5,879,876	4,791,756	31,666,505
Security lending income	184,341	188,006	185,210	172,148	729,705
Total income (net)	10,172,757	11,194,463	6,065,086	4,963,904	32,396,210
Expenses					
Audit fees	31,573	22,970	22,380	17,243	94,166
Custodian fees	18,352	27,404	13,254	22,784	81,794
Forward fees	–	–	–	–	
Independent review committee fees	518	334	378	1,599	2,829
Interest expense	60,729	48,214	2,257	1	111,201
Legal fees	4,145	7,633	4,357	1,301	17,436
Management fees	1,444,592	1,525,813	1,542,127	1,378,510	5,891,042
Operating services	167,814	176,931	178,842	–	601,598
Performance fees	1,897,707	2,028,139	1,081,691	365,535	5,373,072
Shareholder reporting costs	33,154	15,933	12,054	3,046	64,187
Transfer agent fees	26,048	45,510	40,641	40,535	152,734
Transaction costs	–	–	–	–	–
Total Expenses	3,684,632	3,898,881	2,897,981	1,830,554	12,390,059
Increase in net assets attributable to holders of redeemable units	**6,488,125**	**7,295,582**	**3,167,105**	**3,133,350**	**20,006,151**

RELATED PARTY TRANSACTIONS

As of December 31, 2013, the Fund held 2,619,513 units of the ROI Canadian Real Estate fund, Class A, which is a related party through common management.

As of December 31, 2013, the Fund and other funds managed by the Manager, which are related parties, co-invested in several mortgages and private real estate investments totalling $265,997,589. The Fund's share of these investments is $119,215,739.

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Fund may be contingently liable for litigation and claims arising from its investing activities. Where required, management records adequate provision in the accounts. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Fund's financial position.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting year. Actual results could differ from those estimates and those differences could be significant.

The most significant estimates are made on the valuation of private investments. The Fund invests a substantial portion of its net assets in private investments and generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by, amongst other things, the availability of reliable information, economic uncertainty, and the uncertainty of predictions concerning future events as well as the time required to assess the impact of any particular event on value from time to time. This valuation process is subjective to a degree and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations differ from the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units. Further insight into the valuation of private investments can be found in note 6 in the financial statements.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively.

IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9’s current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity’s own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable.

OUTSTANDING SHARE DATA

As at May 2, 2014, the total number of Class A units outstanding was 30,526,523.

CAPITAL STRUCTURE AND LIQUIDITY

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The following table summarizes the maturity profile, as at December 31, 2013 of financial instruments by contractual maturity or expected cash flow dates.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	–	–	–	–	–	–
Interest and dividends receivable	243,490	–	–	–	–	243,490
Unrealized gain on forward contract	1,224,562	–	–		–	1,224,562
Subscriptions receivable	–	–	–	–	–	–
Receivable for investments sold	46,063	–	–	–	–	46,063
Private investments	6,449,493	7,994,048	9,006,400	–	655,931	24,105,872
Investment in underlying funds	–	–	–	–	–	–
Short-term investments	8,480,220	–	–	–	–	8,480,220
Marketable securities	243,394,339		–	–	–	243,394,339
Other securities	20,694,153		–	–	–	20,694,153
	$ 280,532,320	$ 7,994,048	$ 9,006,400	$ –	$ 655,931	$ 298,188,699
Liabilities						
Bank overdraft	–	–	–	–	–	–
Payable for investments purchased	–	–	–	–	–	–
Redemptions payable	–	–	–	–	–	–
Distributions payable	1,282,043	–	–	–	–	1,282,043
Unrealized loss on forward contract	–	–	–	–	–	–
Accrued expenses	614,547	–	–	–	–	614,547
	$ 1,896,590	$ –	$ –	$ –	$ –	$ 1,896,590

The above table does not include redeemable units, which are classified as liabilities under IFRS, and are redeemable on demand. Units may be redeemed on a monthly basis for a redemption price per Unit equal to the lesser of: (i) 95% of the Market Price per Unit as at the Monthly Redemption Date and (ii) 100% of the Closing Market Price per Unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of a Forward Agreement to fund such redemption. Units may also be redeemed on an annual basis for a redemption price per Unit that is equal to the Net Asset Value per Unit of such Unit as at the Annual Redemption Date, less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of the Forward Agreement to fund such redemption. The Annual Redemption is limited to 15% of the average number of Units outstanding for the 180-day period immediately preceding the Annual Redemption Date.

The contractual maturity or expected cash flow dates will be limited by the contractual maturity or expected cash flow dates of the investments held by the Reference Fund. The following table summarizes the maturity profile, as at December 31, 2013 of the financial instruments by contractual maturity or expected cash flow dates of the Reference Fund.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	5,480,614	–	–	–	–	5,480,614
Interest receivable	1,087,890	–	–	–	–	1,087,890
Subscriptions receivable	–	–	–	–	–	–
Receivable for investments sold	166,667	–	–	–	–	166,667
Private investments	33,316,554	96,978,764	9,500,672	3,126,056	65,268,623	208,190,669
Short-term investments	30,538,112	–	–	–	–	30,538,112
	70,589,837	96,978,764	9,500,672	3,126,056	65,268,623	245,463,952
Liabilities						
Bank overdraft	–	–	–	–	–	–
Redemptions payable	–	–	–	–	–	–
Distributions payable	–	–	–	–	–	–
Payable for investments purchased	7,535	–	–	–	–	7,535
Accrued expenses	339,750	–	–	–	–	339,750
	347,285	–	–	–	–	347,285

RISKS

The risks associated with investing in the Fund are disclosed in the Non-Offering Prospectus dated November 29, 2012. The changes in the Fund over the year ended December 31, 2013 have affected the overall risk of the Fund. In the event that the Proposed Reorganization is not approved at each Listed ROI Fund's Meeting, or the Proposed Reorganization is not otherwise completed, the overall risk of the Fund would be affected. The following risks would likely increase:

- No Assurance of Achieving Investment Objective of Paying Distributions and No Guaranteed Return
- Changes in Land or Property Values
- Real Property Investment Risks
- Risk from Illiquid Assets
- Suspension of Redemptions
- Participation Interest Risk
- Construction and Development Risk
- Regulatory Risk
- Fluctuations in Net Asset Value and Distributions
- Market Risk
- Insufficient Assets
- Tax Risk
- Liquidity Risk
- Fund on Fund Risk
- Concentration Risk
- Changes in Legislation

ADDITIONAL INFORMATION

Phone:	Calling the Manager (local or collect) at (416) 361-6162, Wilfred Vos, President, Founding Partner and Portfolio Manager
Internet:	Visiting SEDAR at www.sedar.com; or
Mail:	ROI Capital Attention: Wilfred Vos 37 Front Street Suite 400 Toronto, Ontario M5E 1B3

Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations of ROI Canada Real Estate Fund

ROI Canadian Real Estate Fund™

ANNUAL REPORT 2013

As at December 31, 2013

ROI Capital™

roicapital.ca

May 6, 2014

The accompanying financial statements have been prepared and approved by Return On Innovation Advisors Ltd., the manager of the Fund. The Fund's manager is responsible for the information and representations contained in these financial statements.

Return On Innovation Advisors Ltd. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Fund, are described in note 4 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the next page.

Wilfred Vos	**David Dundas**
President	Chief Financial Officer
Return On Innovation Advisors Ltd.	Return On Innovation Advisors Ltd.

To the Unitholders of
ROI Canadian Real Estate Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2013 and 2012, and the schedule of investment portfolio as at December 31, 2013, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 audits 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 the Fund as at December 31, 2013, December 31, 2012 and January 1, 2012 and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

May 6, 2014

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Cash	–	–	11,175
Investments at fair value [note 6 and 7]	130,480,106	153,774,486	182,405,055
Short-term investments	859,002	21,057,583	1,444,326
Interest and dividends receivable	159,098	267,718	323,961
Subscriptions receivable	–	–	3,017,201
Receivable for investments sold	22,126	31,030	17,286
Unrealized gain on forward contract [note 10 and 17]	34,676,835	42,035,733	23,135,379
HST receivable	67,219	225,100	48,771
	166,264,386	217,391,650	210,403,154
Liabilities			
Current liabilities			
Distributions payable	868,229	1,084,009	100,510
Performance fee payable	–	–	65,689
Unearned venture capital income	4,877	6,596	–
Redemptions payable	–	–	420,782
Accrued expenses	349,163	524,457	325,040
	1,222,269	1,615,062	912,021
Net assets attributable to holders of redeemable units	165,042,117	215,776,588	209,491,133
Net assets attributable to holders of redeemable units per series			
Series A	–	–	106,752,375
Series F	–	–	19,213,610
Series F-5	–	–	2,288,115
Series 5	–	–	25,151,688
Series O	–	–	16,104,193
Series R[1] (renamed as Class A)	165,042,117	215,776,588	39,981,152
Net assets attributable to holders of redeemable units per series per unit			
Series A	–	–	122.06
Series F	–	–	124.23
Series F-5	–	–	108.98
Series 5	–	–	106.29
Series O	–	–	126.16
Series R[1] (renamed as Class A)	9.50	9.95	127.53

[1] Series A, F, F-5, 5 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Investment Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	4,863,312	11,831,595
Net change in unrealized appreciation in investments	264,979	15,465,628
Net gains on investments	5,128,291	27,297,223
Securities lending income [note 12]	–	365,728
Total income (net)	5,128,291	27,662,951
Expenses		
Audit fees	90,927	100,591
Custodian fees	59,440	66,470
Independent review committee fees	1,512	2,833
Interest expense [note 13]	5,493	47,339
Legal fees	58,940	16,993
Loan committent fees [note 13]	245,030	–
Management fees [note 9]	2,089,260	2,511,432
Operating services [note 9]	–	574,740
Performance fees [note 9]	–	4,648,670
Shareholder reporting costs	70,218	60,954
Transaction costs	–	2,031
Transfer agent fees	87,742	68,976
Total Expenses	2,708,562	8,101,029
Increase in net assets attributable to holders of redeemable units [note 14]	2,419,729	19,561,922
Increase in net assets attributable to holders of redeemable units per unit [note 14]		
Class A	0.12	0.79

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Class A ($)
Increase in net assets attributable to holders of redeemable units	2,419,729
Distributions to Unitholders	
From net investment income	–
From capital gains	–
From return of capital	(12,119,850)
	(12,119,850)
Redeemable Unit Transactions	
Units issued on reinvestment of distributions	195,222
Units redeemed	(29,632,509)
Units redeemed for mandatory market repurchase program [note 8]	(11,597,063)
	(41,034,350)
Decrease in net assets attributable to holders of redeemable units for the year	(50,734,471)
Net assets attributable to holders of redeemable units – beginning of year	215,776,588
Net assets attributable to holders of redeemable units – end of year	165,042,117

For the year ended December 31, 2012

	Series ($)						
	A	F	F-5	5	O	R[1]	Total
Increase in net assets attributable to holders of redeemable units	8,754,692	1,752,810	187,866	1,944,983	1,491,131	5,430,440	19,561,922
Distributions to Unitholders							
From net investment income	–	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–	–
From return of capital	–	–	(103,549)	(1,240,974)	–	(1,084,009)	(2,428,532)
	–	–	(103,549)	(1,240,974)	–	(1,084,009)	(2,428,532)
Redeemable Unit Transactions							
Sales of units	16,146,982	4,206,752	49,999	2,649,124	1,925,876	13,570,524	38,549,257
Units issued on reinvestment of distributions	–	–	9,211	229,270	–	–	238,481
Units redeemed	(4,548,183)	(2,810,945)	(103,791)	(1,382,389)	(1,332,556)	(8,938,750)	(19,116,614)
Repurchase of units under mandatory market repurchase program [note 8]	–	–	–	–	–	(30,519,059)	(30,519,059)
Units redesignated [note 8]	(127,105,866)	(22,362,227)	(2,327,851)	(27,351,702)	(18,188,644)	197,336,290	–
	(115,507,067)	(20,966,420)	(2,372,432)	(25,855,697)	(17,595,324)	171,449,005	(10,847,935)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	(106,752,375)	(19,213,610)	(2,288,115)	(25,151,688)	(16,104,193)	175,795,436	6,285,455
Net assets attributable to holders of redeemable units – beginning of year	106,752,375	19,213,610	2,288,115	25,151,688	16,104,193	39,981,152	209,491,133
Net assets attributable to holders of redeemable units – end of year	–	–	–	–	–	215,776,588	215,776,588

[1] Series A, F, F-5, 5 and O were redesignated to Series R on November 10, 2012, and Series R was renamed to Class A.

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	2,419,729	19,561,922
Non-cash items		
Net realized gain on sale of investments and partial settlement of forward contract	(2,658,681)	(8,666,960)
Net change in unrealized gain on investments and forward contract	(1,155,353)	(15,590,262)
Net change in non-cash balances related to operations	98,392	6,494
Proceeds from the sale of marketable securities	175,456,995	187,433,547
Proceeds from the sale short-term investments	64,253,022	110,660,578
Proceeds from the sale and principal receipts of private investments	20,827,563	21,786,404
Purchase of marketable securities	(161,656,987)	(160,274,653)
Purchase of short-term investments	(44,054,441)	(130,273,834)
Purchase of private investments	(160,258)	(14,957,862)
Net cash from operating activities	53,369,981	9,685,374
Financing activities		
Proceeds from issuance of units	–	41,566,458
Amounts redeemed	(41,229,572)	(50,056,455)
Distribution paid	(12,140,409)	(1,206,552)
Net cash from financing activities	(53,369,981)	(9,696,549)
Decrease in cash during the year	–	(11,175)
Cash – beginning of year	–	11,175
Cash – end of year	–	–
Supplemental cash flow information:		
Interest paid	5,493	41,642
Interest received	2,205,386	3,142,813
Dividends received	–	399,029

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

Schedule of Investment Portfolio

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average Cost $	Fair value $
Common Share Portfolio – 64.21%			
Energy – 26.95%			
Legacy Oil & Gas Inc., Class 'A'	1,094,694	7,932,737	6,710,473
MEG Energy Corp.	271,000	9,635,410	8,295,310
Nuvista Energy Ltd.	1,198,618	8,725,939	8,534,160
Paramount Resources Ltd., Class 'A'	228,000	7,521,720	8,864,640
Tourmaline Oil Corp.	270,000	9,489,600	12,069,000
		43,305,406	44,473,583
Financials – 10.51%			
Bank of Montreal	120,000	8,830,800	8,494,800
Royal Bank of Canada	124,020	8,824,023	8,852,548
		17,654,823	17,347,348
Health Care – 14.30%			
Catamaran Corp.	161,110	4,768,653	8,121,555
Valeant Pharmaceuticals International Inc.	124,191	5,636,664	15,476,682
		10,405,317	23,598,237
Materials – 7.12%			
Osisko Mining Corp.	1,040,121	8,289,764	4,888,569
Teck Resources Ltd., Class 'B'	248,666	6,360,876	6,865,668
		14,650,640	11,754,237
Technology – 5.33%			
CGI Group Inc., Class 'A'	247,673	4,223,633	8,797,345
		4,223,633	8,797,345
Total Common Share Portfolio		90,239,819	105,970,750
Private Investment Portfolio – 14.85%			
Limited Partnerships – 5.47%			
219 Laurier Avenue West LP	2,569,070	2,298,267	3,646,753
2810 Matheson Boulevard LP	1,796,803	1,627,525	1,913,436
460 Two Nations Fredericton Inc., LP	533,510	484,662	507,016
49 Ontario Street LP	1,336,365	1,136,378	2,968,177
		5,546,832	9,035,382
Debt			
Mortgages – 9.38%			
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	3,475,912	3,475,912	3,495,986
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	1,423,040	1,423,040	1,421,272
Frontenac Shopping Centre Inc., November 2014	686,521	686,521	693,501
Gulf & Pacific Equities Corp., February 2017	1,951,482	1,951,482	1,892,938
Hotel 550 Wellington LP (Thompson), August 2016	1,961,683	1,961,683	1,950,464
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	1,406,034	1,406,034	1,401,420
SPN Group Inc., June 2015	478,284	478,284	478,284
1659139 Ontario Inc. (Maystar), March 2014	4,140,000	4,140,000	4,140,109
		15,522,956	15,473,974
Total Private Investment Portfolio		21,069,788	24,509,356
Short-Term Investments – 0.52%			
CIBC Mellon Trust Demand Deposit,Variable Rate	859,002	859,002	859,002
		859,002	859,002
Total Investments – 79.58%		112,168,609	131,339,108
Unrealized Gain on Forward Contract – 21.01% (note 10)			34,676,835
Liabilities, Net of Other Assets – (0.59)%			(973,826)
Net assets attributable to holders of redeemable units			165,042,117

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

1. THE FUND

ROI Canadian Real Estate Fund (the "Fund") (formerly ROI Strategic Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the Province of Ontario. The units of the Fund trade on the Toronto Stock Exchange (the "TSX") under the symbol RIR.UN. The Fund's principal office is located at 37 Front Street East, Fourth floor, Toronto, Ontario M5E 1B3.

Restructuring of the Fund

The Fund changed its name from ROI Strategic Private Placement Fund to ROI Canadian Real Estate Fund on November 7, 2012. On November 10, 2012, with the approval of the unitholders, Series A, F, 5, F-5, and O of the Fund were redesignated to Series R of the Fund. Series R was renamed as Class A. On November 29, 2012 the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") in order to become a reporting issuer under the securities act (Ontario). As a result, the Fund is no longer exempt from filing its financial statements with the regulatory authorities under section 2.11 of National Instrument 81-106. On December 7, 2012, the Fund listed its Class A units on the TSX. The costs associated with the restructuring have been borne by the Manager.

Reorganization of the Manager

Effective September 1, 2012, Return On Innovation Management Ltd., amalgamated with two affiliated entities, Return On Innovation Advisors Ltd., and Return On Innovation Capital Ltd., under the provisions of the Canada Business Corporations Act, the name of the amalgamated corporation being Return On Innovation Advisors Ltd., (the "Manager").

Regulatory field audit

As a result of a field audit by the regulator, on February 15, 2012, the OSC placed "terms and conditions" on Return on Innovation Management Ltd. and Return On Innovation Advisors Ltd (the "Management Entities"). The terms and conditions included the requirement to report working capital on a monthly basis for a minimum six-month period and the requirement to retain an independent consultant to prepare and assist in implementing a plan to strengthen the compliance systems of the Management Entities (the "Plan"). The Management Entities appointed an independent consultant and submitted the Plan to the OSC prior to the March 30, 2012 deadline. The Management Entities were required to provide ongoing regular reports to the OSC on the status of the implementation of the Plan. Subsequent to the amalgamation of the Management Entities, on October 2, 2012, the "terms and conditions" that were placed on the Management Entities by the OSC were removed.

Subsequent to the reporting of terms and conditions, there was an abnormal inflow of redemption requests. As a result, on March 9, 2012, the Manager had temporarily halted redemptions of the Fund (other than in respect of any redemptions set up pursuant to registered retirement income funds and pre-authorized withdrawal plans established prior to the suspension). The redemptions of $1,086,508 processed on March 8, 2012, were postponed. These were subsequently paid on June 1, 2012. Notwithstanding the above, the Manager continued to operate the Fund as before. On August 24, 2012, the unitholders approved resolutions authorizing the restructuring of the Fund.

2. INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's investment objective is to provide unitholders of the Fund with attractive risk adjusted, monthly, tax advantaged cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through the forward contract to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund restated its historical financial statements for the year ended December 31, 2013 with comparative information for the year ended December 31, 2012. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Part V of the CICA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the years ended December 31, 2013 and 2012 prepared under Canadian GAAP.

These financial statements were authorized for issue by the Manager on May 6, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Fund are as follows:

Investments and Financial Instruments

The Fund's financial instruments consist primarily of short-term investments, marketable securities, private investments, interest and dividends receivable, subscriptions receivable, receivable for investment sold, distributions payable, redemptions payable, accrued expenses and unrealized gain on the forward contract. The Fund recognizes financial instruments at fair value upon initial recognition.

The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of 'investment entity'. As a result, it measures subsidiaries, other than those which provide services to the Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provide services to the Fund are consolidated. 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 most significant judgment that the Fund has made in determining that it meets this definition is that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Fund's investments in financial instruments, associates and joint ventures are designated at FVTPL. The unrealized gain on the forward contract is a derivative asset and therefore is classified as "held for trading" financial assets measured at FVTPL. On cash settlement, the fair value of the forward contract shall equal the difference between the fair value of the Fund's common share portfolio, and the net asset value ("NAV") of the ROI Strategic Capital Trust, Series A (the "Reference Fund") as specified in the forward contract.

Receivables represent loans and receivables, and are initially recognized at fair value and subsequently measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's units contain multiple contractual obligations in addition to the ongoing redemption obligation and therefore, have been classified as financial liabilities presented at the value of the net assets to which unitholders are entitled, which also represents the annual redemption amount.

Performance fees payable, distributions payable, payable for investments purchased, accrued expenses and redemptions payable are designated as other financial liabilities, and are measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with unitholders except for marketable securities which are recorded at fair value, established as the last bid price for the security on the recognized exchange on which it is principally traded for financial reporting but using closing prices for transactional NAV.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Short-term investments represent overnight cash deposits and their fair value approximate amortized cost due to their short-term nature.

Marketable securities held in the Common Share Portfolio are recorded at fair value, established as the last bid price for the security on the recognized exchange on which they are principally traded. Where securities are not traded on that date, a valuation adjustment may be applied by the Manager acting in good faith.

Investments that are not publicly traded or other assets for which no public market exists are valued at estimated fair value. The fair values of investments are determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; current market yields; macroeconomic conditions; and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager. Fair value presents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation procedures relating to private company investments include preparation by management, on at least a quarterly basis, of a comprehensive valuation report.

Investment Transactions, Income Recognition and Transaction Costs

Investment transactions are accounted for on the trade date.

Realized gains and losses from the sales of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments, which excludes brokerage commissions and other trading expenses and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the statements of comprehensive income as they arise.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable Class A units divided by the weighted average number of such units outstanding during the year. Refer to note 14 for the calculation.

Income Taxes

The Fund is a mutual fund trust and a specified investment flow-through trust ("SIFT") pursuant to the Income Tax Act (Canada) and became subject to SIFT tax commencing in fiscal 2012. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

Interests in Investments

Information about the Fund's interests in private investments as at December 31, 2013, December 31, 2012 and January 1, 2012 is as follows:

as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$3,646,753	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$1,913,436	Office	50.10%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 507,016	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$2,968,177	Office	60.00%	9.50%	–
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	Ontario	Canada	1st Mortgage	$3,495,986	Hospitality	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$1,421,272	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 693,501	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$1,892,938	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$1,950,464	Hospitality	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$1,401,420	Hospitality	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 478,284	Hospitality	n/a	n/a	–
1659139 Ontario Inc. (Maystar), March 2014	Ontario	Canada	1st Mortgage	$4,140,109	Retail – Consumer Discretionary	n/a	n/a	–

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$3,403,866	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$1,990,646	Office	50.10%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 572,178	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$2,936,241	Office	60.00%	9.50%	–
2093755 Ontario Ltd., (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$1,995,591	Hospitality	n/a	n/a	–
2113626 Ontario Inc. & 2295754 Ontario Inc., January 2017	Ontario	Canada	1st Mortgage	$3,560,740	Hospitality	n/a	n/a	–
Castlepoint Studio Partners Limited, June 2013	Ontario	Canada	1st Mortgage	$1,500,000	Real Estate Development	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, April 2016	Ontario	Canada	1st Mortgage	$1,455,655	Hospitality	n/a	n/a	–
Dartmouth Crossing Hotel Ownership Trust et. al., December 2014	Nova Scotia	Canada	2nd Mortgage	$1,021,319	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$1,897,601	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 714,233	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$2,012,388	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$1,989,246	Hospitality	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$2,976,111	Industrial	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd.	Ontario	Canada	1st Mortgage	$1,434,443	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 505,977	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$4,073,165	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Silverfox Plaza), November 2020	Nova Scotia	Canada	1st Mortgage	$2,202,342	Retail – Consumer Discretionary	n/a	n/a	–
Storage Capital – 2 L.P. (Spruce Grove), November 2016	Alberta	Canada	1st Mortgage	$2,706,141	Self Storage	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 486,097	Hospitality	n/a	n/a	–
Depotium Self Stockage Inc. (340 St-Maurice), February 2015	Quebec	Canada	1st Mortgage	$ 157,190	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (15949 Sherbrooke East), February 2015	Quebec	Canada	1st Mortgage	$ 357,250	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (8469 – 8th Ave), February 2015	Quebec	Canada	1st Mortgage	$ 185,770	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2871 deMeunier), February 2015	Quebec	Canada	1st Mortgage	$ 92,885	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (1819 Montcalm St.), February 2015	Quebec	Canada	1st Mortgage	$ 25,008	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (2150 Chicone Rd.), February 2015	Quebec	Canada	1st Mortgage	$ 182,198	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (165 Royal Street), February 2015	Quebec	Canada	1st Mortgage	$ 264,365	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (3350 Sir Wilfred Laurier Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 518,013	Self Storage	n/a	n/a	–

as at December 31, 2012 (continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Depotium Self Stockage Inc. (150 Mon-Tor Blvd.), February 2015	Quebec	Canada	1st Mortgage	$ 150,045	Self Storage	n/a	n/a	–
Depotium Self Stockage Inc. (260 Murray St.), February 2015	Quebec	Canada	1st Mortgage	$ 321,525	Self Storage	n/a	n/a	–
1659139 Ontario Inc. (Maystar), March 2014	Ontario	Canada	1st Mortgage	$4,148,813	Retail – Consumer Discretionary	n/a	n/a	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
1900 Dickson Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$3,249,727	Industrial	80.00%	9.50%	–
219 Laurier Avenue West LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$2,325,042	Office	60.00%	9.50%	–
2810 Matheson Boulevard LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$1,570,917	Office	50.10%	9.50%	–
310 Hoffer Drive LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 223,171	Industrial	60.00%	9.50%	–
402 McDonald Street LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 409,526	Office	60.00%	9.50%	–
460 Two Nations Fredericton Inc., LP	New Brunswick	Canada	Mezzanine Debt/Limited Partnership Units	$ 603,088	Office	60.00%	9.50%	–
49 Ontario Street LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$1,795,566	Office	60.00%	9.50%	–
651 Henderson Drive LP	Saskatchewan	Canada	Mezzanine Debt/Limited Partnership Units	$ 483,458	Industrial	60.00%	9.50%	–
2093755 Ontario Ltd. (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$2,000,000	Hospitality	n/a	n/a	–
96 Spadina Avenue Inc., January 2015	Ontario	Canada	1st Mortgage	$1,007,345	Office	n/a	n/a	–
Castlepoint Studio Partners Limited, June 2014	Ontario	Canada	1st Mortgage	$1,498,010	Real Estate Development	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$1,482,273	Hospitality	n/a	n/a	–

as at January 1, 2012 (continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Dartmouth Crossing Hotel Ownership Trust et al., December 2014	Nova Scotia	Canada	2nd Mortgage	$1,019,401	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$1,953,619	Hospitality	n/a	n/a	–
First Gulf Brantford Shopping Centres LP et al., December 2012	Ontario	Canada	1st Mortgage	$ 474,034	Real Estate Development	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$1,007,833	Retail – Consumer Discretionary	n/a	n/a	–
Hastings (Bancroft) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 506,450	Retail – Consumer Staples	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$2,000,000	Hospitality	n/a	n/a	–
Main Lanes (Alexandria) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 506,450	Retail – Consumer Staples	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$2,995,283	Industrial	n/a	n/a	–
Northumberland Shopping Centre Inc., October 2013	Ontario	Canada	1st Mortgage	$5,022,336	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$1,264,941	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 503,243	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Granite Dr.), September 2020	Nova Scotia	Canada	1st Mortgage	$4,027,855	Retail – Consumer Discretionary	n/a	n/a	–
Plazacorp Property Holdings Inc. (Silverfox Plaza), November 2020	Nova Scotia	Canada	1st Mortgage	$2,171,726	Retail – Consumer Discretionary	n/a	n/a	–
Sadler (Almonte) Investments Inc., February 2020	Ontario	Canada	1st Mortgage	$ 506,450	Retail – Consumer Staples	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 493,321	Hospitality	n/a	n/a	–
Taurus Cookstown Partners Ltd., June 2014	Ontario	Canada	1st Mortgage	$6,023,527	Retail – Consumer Discretionary	n/a	n/a	–
Whiterock 141-175 Saint-Jean, November 2016	Quebec	Canada	1st Mortgage	$1,510,171	Office	n/a	n/a	–
Whiterock REIT, Series 'F', Convertible Debenture, 6.00%, July 2012	Ontario	Canada	Convertible Debenture	$ 590,407	Financials	n/a	n/a	–

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates and those differences could be significant. The most significant estimates are made on the valuation of private investments, which are further discussed in note 6 and 7.

The most significant judgments made in preparing the Fund's financial statements relate to the determination that the Fund is an investment entity, including that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Fund is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

6. FINANCIAL INSTRUMENTS

The investments in private companies consist of debt and equity instruments and are typically illiquid. The Fund seeks to reduce the risk typically associated with such investments by diversifying the investment portfolio by investing in companies that are in differing stages of development in a variety of high-growth-potential industries and by working with investee companies through, among other things, providing business advice and other services, aiding in the recruitment process and helping in the process of raising additional capital.

Financial Instruments Risk

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, currency risk and other price risk) and valuation risk of private investments. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional experience, daily monitoring of the Fund's positions and market events, by structuring investments to provide the Fund with the maximum protection in the event of problems with the issuer of the security.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investments in debt instruments and derivatives represent the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the creditworthiness of the issuer.

The Fund is exposed to credit risk through a forward contract (see note 10). Credit risk arises from the potential inability of the counterparties to meet the terms of the contract. The maximum credit risk exposure is the aggregate carrying value of the assets as disclosed in the schedule of investment portfolio.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. Should either party not meet its obligation, the trade will fail.

The credit risk related to interest and dividends receivable is subject to the creditworthiness of the underlying investees.

The Fund and the Reference Fund invest in debt obligations that are secured, unsecured or subordinated to senior creditors. The risks of debt obligations arise from the potential inability of the issuer to make payments on the debt securities. The inability of the issuer to meet its obligations will affect the fair value of the investment and the Fund may suffer a loss.

If the Fund invests in underlying funds, the Fund is exposed to indirect credit risk in the event that the underlying fund invests in debt securities and derivatives.

As at December 31, 2013, the Fund held 9.38% (December 2012 – 17.12%, January 1, 2012 – 18.13%) of its net assets in debt securities through its private investment portfolio and 21.01% (December 2012 – 19.48%, January 1, 2012 – 11.04%) of its net assets in a forward contract. There is additional credit rate risk through the forward contract of the Reference Fund, the ROI Strategic Capital Trust Fund. As at December 31, 2013, the ROI Strategic Capital Trust Fund held 26.95% (December 2012 – 39.98%, January 1, 2012 – 55.17%) of its net assets in debt securities through in private investment portfolio.

Liquidity Risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to monthly and annual redemptions of redeemable units.

There is no assurance that the units will trade in the secondary market at a price equal to the applicable net asset value per unit ("NAVPU") or that a liquid market will develop. The Fund anticipates that the market price of the units will vary from the NAVPU. The market price of the units will be determined by factors including, but not limited to, the relative supply and demand of units, the yield on the units, trading liquidity and the Fund's investment performance. The units may trade at a premium or discount to the applicable NAVPU. The redemptions terms (note 8) attached to the units have been designed to attempt to reduce or eliminate a market value discount from the NAVPU.

As at December 31, 2013, the Fund held 14.85% (December 2012 – 21.24%, January 1, 2012 – 23.22%) of net assets in private investments, which are considered illiquid. It also had 64.73% (December 2012 – 59.78%, January 1, 2012 – 64.27%) of net assets in cash, short-term and marketable securities investments that are traded in active markets and/or can be readily disposed of. There is additional liquidity rate risk through the forward contract of the Reference Fund, the ROI Strategic Capital Trust Fund. As at December 31, 2013 the ROI Strategic Capital Trust Fund held 91.38% (December 2012 – 95.48%, January 1, 2012 – 93.66%) of net assets in private investments which are considered illiquid. It also had 8.22% (December 2012 – 4.18%, January 1, 2012 – 5.75%) of net assets in cash and short-term investments that are traded in active markets and can be readily disposed of.

The following table summarizes the maturity profile, as at December 31, 2013, December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	159,098	–	–	–	–	159,098
Receivable for investments sold	22,126	–	–	–	–	22,126
Unrealized gain on forward contract	34,676,835	–	–	–	–	34,676,835
Private investments	4,833,610	5,251,440	5,388,924	–	9,035,382	24,509,356
Short-term investments	859,002	–	–	–	–	859,002
Marketable securities	105,970,750	–	–	–	–	105,970,750
	$146,521,421	$5,251,440	$5,388,924	$–	$9,035,382	$166,197,167
Liabilities						
Distributions payable	868,229	–	–	–	–	868,229
Accrued expenses	349,163	–	–	–	–	349,163
	$1,217,392	$–	$–	$–	$–	$1,217,392

					As at December 31, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	267,718	–	–	–	–	267,718
Receivable for investments sold	31,030	–	–	–	–	31,030
Private investments	3,397,601	8,624,711	18,130,315	6,781,484	8,902,931	45,837,042
Short-term investments	21,057,583	–	–	–	–	21,057,583
Marketable securities	107,937,444	–	–	–	–	107,937,444
Unrealized gain on forward contract	–	42,035,733		–	–	42,035,733
	$132,691,376	$50,660,444	$18,130,315	$6,781,484	$8,902,931	$217,166,550
Liabilities						
Distributions payable	1,084,009	–	–	–	–	1,084,009
Accrued expenses	524,457	–	–	–	–	524,457
	$1,608,466	$–	$–	$–	$–	$1,608,466

					As at January 1, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	11,175	–	–	–	–	11,175
Interest and dividends receivable	323,961	–	–	–	–	323,961
Subscriptions receivable	3,017,201	–	–	–	–	3,017,201
Receivable for investments sold	17,286	–	–	–	–	17,286
Private investments	–	12,439,296	17,312,798	8,222,174	10,660,495	48,634,763
Short-term investments	1,444,326	–	–	–	–	1,444,326
Marketable securities	133,179,885	–	–	–	–	133,179,885
Convertible bond	590,407	–	–	–	–	590,407
Unrealized gain on forward contract	–	–	23,135,379	–	–	23,135,379
	$138,584,241	$12,439,296	$40,448,177	$8,222,174	$10,660,495	$210,354,383
Liabilities						
Performance fee payable	65,689	–	–	–	–	65,689
Redemptions payable	420,782	–	–	–	–	420,782
Distributions payable	100,510	–	–	–	–	100,510
Accrued expenses	325,040	–	–	–	–	325,040
	$912,021	$–	$–	$–	$–	$912,021

Market Risk
Market risk comprises three main components: interest rate risk, foreign currency risk and other price risk. As at December 31, 2013, the Fund held 64.21% (December 2012 – 50.01%, January 1, 2012 – 63.57%) of net assets in equities.

While the Fund has significant equity holdings in its common share portfolio, the fair value fluctuations are driven by the forward contract (see note 10).

Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments. The Fund's exposure to interest rate risk is concentrated in its direct investments in debt instruments and indirectly through its investment in the forward contract which exposes it to the Reference Fund. The forward contract has interest rate risk as it references the returns of the underlying investments in the Reference Fund (see note 10). Short-term investments, currencies, and other financial assets and liabilities are short term in nature and/or non-interest bearing and are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If the Fund invests in underlying funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the underlying funds.

The Fund held 0.52% (December 2012 – 9.81%, January 1, 2012 – 0.69%) of its net assets in short-term investments, which earn a variable rate of interest. There is additional interest rate risk through the forward contract of the Reference Fund, ROI Strategic Capital Trust, Series A. The private investment held in the Fund generate interest income with varying rates of interest from 4.66% to 8.00%.

Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional and presentation currency of the Fund.

The Fund may enter into foreign exchange contracts for hedging purposes to reduce foreign currency exposure, or to establish exposure to foreign currencies.

The Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Fund did not have any significant exposure to currency risk. The Reference Fund invests primarily in Canadian securities. As at December 31, 2013, December 31, 2012 and January 1,2012, the Reference Fund did not have any exposure to currency risk.

Other Price Risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market segment. All equity securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

As at December 31, 2013, 64.21% (December 2012 – 50.01%, January 1, 2012 – 63.86%) of the Fund's net assets were traded on the Canadian stock exchange; however, the Fund is not exposed to other price risk on its common share portfolio, given the nature of the forward contract (note 10).

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Fund did not have any exposure to other price risk.

Valuation of Private Investments
The Fund invests a substantial portion of its net assets in private investments. Generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective to a degree and to the extent that these valuations differ from the amount ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units.

The amount of changes in fair value, recognized in the statements of comprehensive income during the year that was estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates was an decrease of $352,950 (December 31, 2012 – increase of $2,020,296).

Valuation processes
The Manager is responsible for determining recurring fair value measurements included in the financial statements, including fair value of Level 3 investments. The Manager's valuations team prepares a valuation for each investment at least quarterly; however, any new information that may impact the valuation of investments is addressed when known. The reports are reviewed and approved by senior members of the valuations team.

The Level 3 investments in the Fund include debt and equity securities. The debt securities are comprised of mortgages and subordinated debentures. The equity securities are comprised of interests in income producing commercial private real estate, commercial development private real estate and residential development private real estate. Equity investments are made in various forms, including ownership interests in real property and loans secured by, or that provide a participating interest in, real property.

The following is a summary by investment type of the valuation techniques and key inputs used by the Manager:

Investment type	Valuation method	Inputs
Mortgage debt/subordinated debentures	Yield to maturity	Risk premium Risk free rate Time to maturity
Income producing commercial private real estate (commercial real estate assets fully built and producing income)	Direct income capitalization	Capitalization rate Stabilized net operating income
Commercial development private real estate (commercial real estate assets in development)	Discounted cash flow	Completion date Discount rate Capitalization rate Stabilized net operating income
Residential development private real estate (residential real estate assets in development)	Discounted cash flow	Completion date Discount rate Expected selling price (realizable value)
	Direct comparison	Comparable property sales

The yield to maturity method applies an appropriate discount rate to all future cash flows of a security. The discount rate is comprised of a risk-free rate plus a risk premium. The risk premium associated with a security is security specific and is determined mainly by the credit quality of the investment, the loan-to-value ratio (a measure of risk for debt investments, represented by the ratio of the loan outstanding divided by the current property value), and time to maturity.

The direct income capitalization method involves identifying the stabilized net operating income of a property and dividing it by an appropriate capitalization rate to determine a gross asset value. Stabilized net operating income is defined as revenues less property operating expenses adjusted for items such as average lease up costs, long term vacancy rates, non-recoverable capital expenditures, and market rental rates. The capitalization rate is the current required rate of return based on location and quality of the property and its income.

The discounted cash flow method applies an appropriate discount rate to the expected future value of the completed development (on a direct income capitalization or realizable value basis). The discount rate is determined by analyzing the risk to completion which, amongst other measures, involves analysis of the current progress, loan-to-value and time to delivery of the future developments.

The direct comparison method involves analysis of recent similar transactions, adjusted for any differences, to determine the current net realizable value of an asset.

Select significant unobservable inputs used in level 3 valuations are as follows:

	Capitalization rates			Net operating income per square foot			Time to completion		
	High	Low	Weighted average	High	Low	Weighted average	High	Low	Weighted average
ROI Canadian Real Estate Fund									
2013	7.30%	5.46%	6.16%	18.62	13.79	17.01	n/a	n/a	n/a
2012	7.00%	5.46%	6.19%	18.54	13.67	16.87	n/a	n/a	n/a
Reference Fund: ROI Strategic Capital Trust									
2013	7.35%	6.25%	6.70%	19.22	9.87	16.06	4.67	0.75	2.71
2012	7.40%	6.15%	6.63%	19.26	9.70	16.40	3.50	1.33	2.55

The following tables illustrate the fair value sensitivity of level 3 investments due to changes in key input assumptions in the valuation process:

Investments in Equity Securities:

	Impact of changes to Capitalization Rates		Impact of change to Net Operating Income		Impact of change in Time to Completion
	Increase +0.25%	Decrease −0.25%	Increase +1%	Decrease −1%	Increase by 1 year
ROI Canadian Real Estate Fund					
Increase/(decrease) in fair value as at December 31, 2013	$(622,331)	$711,546	$173,717	$(173,717)	n/a
Increase/(decrease) in fair value as at December 31, 2012	$(568,858)	$659,702	$152,390	$(152,390)	n/a
Reference Fund: ROI Strategic Capital Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(5,496,585)	$5,691,705	$1,111,433	$(1,233,968)	$(3,034,768)
Increase/(decrease) in fair value as at December 31, 2012	$(5,057,595)	$5,725,575	$1,165,914	$(1,139,971)	$(2,335,101)

Investments in Debt Securities:

	Impact of changes to Interest Rates	
	Increase +1%	Decrease −1%
ROI Canadian Real Estate Fund		
Increase/(decrease) in fair value as at December 31, 2013	$ (269,047)	$ 269,047
Increase/(decrease) in fair value as at December 31, 2012	$(1,182,870)	$1,182,870
Reference Fund: ROI Strategic Capital Trust		
Increase/(decrease) in fair value as at December 31, 2013	$ (724,274)	$ 724,274
Increase/(decrease) in fair value as at December 31, 2012	$(1,327,477)	$1,327,477

Concentration Risk

Investment Portfolio Concentration (%)

The Fund's investment portfolio is concentrated in the following segments as at:

	December 31, 2013	December 31, 2012	January 1, 2012
COMMON SHARE PORTFOLIO			
Consumer Discretionary	–	–	9.65%
Energy	26.95%	11.64%	8.13%
Financials	10.51%	11.40%	3.69%
Health Care	14.30%	7.48%	1.94%
Industrial	–	–	3.78%
Materials	7.12%	14.47%	22.38%
Technology	5.33%	5.02%	14.00%
PRIVATE INVESTMENT PORTFOLIO			
Limited Partnerships	5.47%	4.13%	5.09%
Mortgages	9.38%	17.12%	18.13%
CONVERTIBLE BOND	–	–	0.28%
SHORT TERM INVESTMENTS	0.52%	9.76%	0.69%
UNREALIZED GAIN ON FORWARD CONTRACT	21.01%	19.48%	11.04%
LIABILITIES, NET OF OTHER ASSETS	(0.59)%	(0.50)%	1.20%
	100.00%	100.00%	100.00%

7. FAIR VALUE HIERARCHY

The Fund provides disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 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 that are unobservable for the asset and liability.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2013, December 31, 2012 and January 1, 2012:

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Marketable securities	105,970,750	–	–	105,970,750
Short-term investments	–	859,002	–	859,002
Private investments	–	–	24,509,356	24,509,356
Unrealized gain on forward contract	–	–	34,676,835	34,676,835
	$105,970,750	$859,002	$59,186,191	$166,015,943

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	107,937,444	–	–	107,937,444
Short-term investments	–	21,057,583	–	21,057,583
Private investments	–	–	45,837,042	45,837,042
Unrealized gain on forward contract	–	–	42,035,733	42,035,733
	$107,937,444	**$21,057,583**	**$87,872,775**	**$216,867,802**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Marketable securities	133,179,885	–	–	133,179,885
Short-term investments	–	1,444,326	–	1,444,326
Private investments	–	–	48,634,763	48,634,763
Convertible bond	–	590,407	–	590,407
Unrealized gain on forward contract	–	–	23,135,379	23,135,379
	$133,179,885	**$2,034,733**	**$71,770,142**	**$206,984,760**

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Fund's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. There were no transfers between levels during the years ended December 31, 2013 and December 31, 2012.

Marketable Securities

The Fund's marketable securities include publicly traded equities and investments in listed funds. Publicly traded equities are classified as Level 1 as the securities are actively traded and reliable quotes are available.

Short-Term Investments

The Fund's short-term investments are classified as Level 2 as they represent overnight cash deposits that are not traded.

Private Investments

The Fund's private investments are classified as Level 3 as the determination of fair value requires significant unobservable data and the application of valuation techniques. Private investments include investments that are not publicly traded or other assets for which no public market exists.

Forward Contract

The Fund's forward contract is classified as Level 3 as the determination of fair value is based on the Reference Fund which invests only in private investments.

The following is a reconciliation of Level 3 fair value measurements for the years ended December 31, 2013 and 2012:

Fair value measurements using level 3 inputs	*Private Investments*
Balance at December 31, 2012	**$45,837,042**
Purchases	160,258
Sales and principal payments	(20,827,563)
Realized losses	(307,431)
Change in unrealized losses	(352,950)
Balance at December 31, 2013	**$24,509,356**

The change in unrealized loss recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2013 is $110,235.

	Unrealized Gain on Forward Contract
Balance at December 31, 2012	**$42,035,733**
Change in unrealized losses	(7,358,898)
Balance at December 31, 2013	**$34,676,835**

For disclosure regarding sensitivity analysis on private investments refer to note 6.

Fair value measurements using level 3 inputs	*Private Investments*
Balance at December 31, 2011	**$48,634,763**
Purchases	14,957,862
Sales and principal payments	(21,786,404)
Realized gain	2,010,525
Change in unrealized gain	2,020,296
Balance at December 31, 2012	**$45,837,042**

The change in unrealized gain recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2012 is $2,747,980.

	Unrealized Gain on Forward Contract
Balance at December 31, 2011	**$23,135,379**
Change in unrealized gain	18,900,354
Balance at December 31, 2012	**$42,035,733**

8. UNITS OF THE FUND

Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The objective when managing the capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Manager monitors the capital on the basis of the value of the net assets attributable to holders of redeemable units.

Prior to November 10, 2012, the authorized capital of the Fund was represented by issued redeemable units with no par value. The unitholders had the right to require the Fund to repurchase their units at the daily priced NAVPU. Distributions were reinvested in additional units at the current NAVPU or in cash, at the discretion of the unitholders, without an acquisition charge.

Restructuring of the Fund

In 2012, the Fund reorganized itself as a closed-end investment fund established as a trust under the laws of the Province of Ontario. On November 10, 2012, Series R Units had a unit split based on a ratio of 14.40. Following this capital change, series A, F, 5, F-5 and O units of the Fund were redesignated to series R units of the Fund. The units were redesignated to series R at the following ratios:

Series	A	F	F-5	5	O
Ratio	13.23	13.59	11.39	11.00	13.86

Series R was subsequently renamed as class A.

As a result, the increase in net assets attributable to the holders of redeemable units per unit, in the statement of comprehensive income, for the period from January 1, 2012 to December 31, 2012 was adjusted to reflect the restructuring of the fund.

On November 29, 2012, the Fund filed a non-offering prospectus to become a reporting issuer under the Securities Act (Ontario). On December 7, 2012, the Fund listed 24,892,170 existing Class A units ("initial public float"), at a value per unit of $9.9460 ($247,577,523) on the TSX under the symbol RIR.UN. The initial public float includes related party holdings of 29.8% (2012 – 20.69%).

Redemptions

Units may be redeemed on a monthly basis for a redemption price per unit equal to the lesser of: (i) 95% of the Market Price (as defined below) per unit as at the Monthly Redemption Date (as defined below) and (ii) 100% of the Closing Market Price (as defined below) per unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the Forward Contract (see note 10) to fund such redemption. As at December 31, 2013, the fund paid $353,192 in monthly redemptions.

The Market Price is the volume weighted average trading price of the units on the TSX for the 10 trading days immediately preceding the relevant Monthly Redemption Date. The Monthly Redemption Date is the second to last business day of each month, other than the month during which the Annual Redemption Date (as defined below) occurs, commencing in January 2013. The Closing Market Price is (i) the closing price of the units on the TSX on such Monthly Redemption Date if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the units on the TSX on such Monthly Redemption Date if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the units traded on a particular day; or (iii) the average of the last bid and the last asking prices of the units on the TSX on such Monthly Redemption Date if there was no trading on the applicable Monthly Redemption Date.

Units may also be redeemed on an annual basis for a redemption price per units that is equal to the NAVPU of such units as at the Annual Redemption Date, less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial pre-settlement of the forward contract (see note 10) to fund such redemption. The Annual Redemption date is the last business day of November of each year beginning in November 2013. In order to effect a redemption, units must be surrendered on or before 5:00 p.m. (Toronto time) on the date which, in the case of a Monthly Redemption, is the last business day of the month preceding the Monthly Redemption Date and, in the case of an Annual Redemption, is the last business day of October immediately preceding the Annual Redemption Date. The unitholder will receive payment in respect of any units redeemed on the Annual Redemption Payment Date (as defined below) or Monthly Redemption Payment Date (as defined below), as applicable, subject to the Fund's right to suspend redemptions in certain circumstances. The Annual Redemption Payment Date is the business day that precedes December 15 immediately following an Annual Redemption Date. The Monthly Redemption Payment Date the 15th day of the month immediately following a Monthly Redemption Date of the Fund or if such 15th day of the month is not a Business Day, the next day that is a Business Day. The Fund will not accept for redemption on a given Annual Redemption Date, units representing more than 15% of the average number of units of the Fund outstanding for the 180-day period immediately preceding such Annual Redemption Date, being defined as the Annual Redemption Limit. In the event that the number of units surrendered for redemption exceeds the Annual Redemption Limit, the Fund will redeem such units surrendered for redemption on a pro rata basis. Notwithstanding the foregoing limitations on redemption, the Manager may, in its sole discretion, waive the limitation in respect of all units of the Fund surrendered in respect of any Annual Redemption Date. For the year ended December 31, 2013, the fund paid out an annual redemption of $29,279,317.

Mandatory market repurchase program

Beginning on December 7, 2012, the Fund has undertaken a mandatory market repurchase program ("MMRP"). As part of the MMRP, the Fund had committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed on the TSX, 4,435,466 Class A units representing 22.47% of its initial public float, at a price that is less than 95% of the latest NAV per Class A unit. On January 23, 2013, the Fund announced the completion of the MMRP at a cost of $42,116,122.

Normal course issuer bid

Also, on December 5, 2012, the Fund received approval from the TSX to make a normal course issuer bid (NCIB) for the outstanding Class A units, for the period from December 7, 2012 to December 6, 2013. Although this NCIB approval has lapsed, the Fund continues to be entitled to purchase up to 10% of its initial public float, for cancellation and may reapply with the TSX for approval at any time to engage in an NCIB. The Fund did not purchase any shares under the NCIB for the year ended December 31, 2013.

Changes in issued units per series are summarized as follows:

For the year ended December 31, 2013

	Class A
	# of units
Balance – beginning of year	21,680,170
Issued:	
For cash	–
On reinvestment of distributions	19,874
Redemption of units	(3,111,992)
Repurchase of units under the mandatory market repurchase program	(1,223,466)
	17,364,586

For the year ended December 31, 2012

	Series A	Series F	Series F-5	Series 5	Series O	Series R
	# of units	# of units	# of units	# of units	# of units	# of units
Balance – beginning of year	874,625	154,658	20,996	236,637	127,654	313,506
Issued:						
For cash	130,043	33,322	454	24,582	14,971	948,689
On reinvestment of distributions	–	–	82	2,105	–	–
Unit split	–	–	–	–	–	4,660,533
Redemption of units	(36,512)	(22,165)	(938)	(12,826)	(10,358)	(913,708)
Redesignation of units	(968,156)	(165,815)	(20,594)	(250,498)	(132,267)	19,883,150
Repurchase of units under the mandatory market repurchase program	–	–	–	–	–	(3,212,000)
Balance – end of year	–	–	–	–	–	21,680,170

Valuations of Class and Units

A net asset value ("NAV") is calculated for class A units of the Fund daily. The NAV is computed by calculating the assets and liabilities of the Fund, less the liabilities of the Fund. Other expenses, net gains and losses on investments and securities lending income are allocated to the Fund. A valuation date is each day on which the TSX is open for business. The NAVPU of the class for the purposes of redemption or reinvestments is computed by dividing the NAV of the Fund attributable to the class by the total number of units of the class of the Fund outstanding at such time. Refer to the liquidity risk disclosure in note 6 for additional details.

9. FEES AND EXPENSES OF THE FUND

Management and Performance Fees

The Manager is responsible for the day-to-day management of the Fund. In consideration, prior to November 10, 2012, the Manager was entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A and 5 – 1.40%; Series F and F-5 – 0.40%; and Series O and R – nil%. In addition, the Manager was entitled to a performance fee of up to the aggregate of 25% of the increase in the NAVPU of each series (excluding Series R) over the relevant year (after deducting all management fees and other expenses charged to the Fund and adding any distributions of income and capital during the relevant year), calculated daily and payable monthly.

Effective November 10, 2012, the overall structure of the management and performance fees changed. The Manager receives a management fee from the Fund equal to the aggregate of (i) 0.35% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily Direct Assets ("Direct Assets" – NAV excluding the value of the forward contract that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward contract that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable by the Manager (as defined below). The Manager will be entitled to a performance fee from the Fund on a per unit outstanding basis equal to 20% of the amount by which the sum of (i) any increase in the direct assets NAVPU (without taking into account the performance fee), and (ii) the distributions paid on such units during the previous 12 months, exceeds the Benchmark (expressed as a dollar amount per unit) for the year, calculated and accrued daily and payable annually in arrears.

During the year ended December 31, 2013, the Fund incurred $2,089,260 (2012 – $2,511,432) in management fees and $nil (2012 – $4,648,670) in performance fees, with $136,405 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 $255,766; January 1, 2012 $207,857). In 2013, certain performance fees were unconditionally waived where the Manager has elected to receive less than its allowable maximum; these amounts cannot be collected in the future.

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Operating Expenses

The operating expenses of the Fund, which include, but are not limited to, legal, audit, custodial, transfer agency, independent review committee and fund administration expenses and the cost of financial statements and other reports, are the direct responsibility of the Fund. The Manager pays certain of these expenses on behalf of the Fund and is then reimbursed by the Fund.

The Manager may waive or absorb certain expenses of the Fund. The decision to do so is reviewed annually and determined at the sole discretion of the Manager.

The Manager may be paid work fees ("Work Fees") by companies in which the Fund invests. The Work Fees are paid for work done in connection with the financing of such companies. Such financing work may include sourcing investment opportunities, structuring investments, due diligence and preparation of loan participation agreements or other investment documentation. Beginning March 14, 2012, the Manager elected to direct all Work Fees received to the applicable fund or funds under management. The Work Fees are recognized in the net realized gain on investments in the statements of comprehensive income.

In addition, the Manager may be paid a monitoring fee or commitment, renewal, extension, discharge, prepayment or other administrative fee by companies in which the Fund invests. Beginning March 14, 2012, the Manager elected to direct all of such fees received to the applicable fund or funds under management. These fees are included in net realized gain on investments in the statements of comprehensive income.

Prior to the restructuring of the fund (see note 1), the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.35% of the weighted NAV of a series during the applicable month. The operating service charge was calculated daily and payable monthly for providing certain administrative services to the Fund. During the year ended December 31, 2013, the Fund incurred $nil (2012 – $574,740) of operating service fees. This charge is no longer applicable since the effective date of the Fund's restructure.

Forward Fees

Prior to November 10, 2012, the fees on the forward contract were paid by the Reference Fund. Effective November 10, 2012, the Fund pays to the Counterparty (see note 10) an amount under the forward contract up to 0.55% per annum of the notional amount of such forward contract (being effectively equal to the NAV of the Reference Fund subject to the forward contract) plus a hedging fee, which is approximately 0.35% per annum of the notional amount of the forward contract. Forward fees are recognized in net change in unrealized depreciation in investments in the statements of comprehensive income. During the year ended December 31, 2013, the Fund incurred $890,374 (2012 – $124,634) of forward fees.

Sales Charges

Prior to the restructuring of the Fund, the sales charge incurred by unitholders was dependent on the purchase option selected at the time of purchase. Series A and 5 were purchased on one of three options: the Initial Sales Charge Option ("ISC"), Low Load Sales Charge Option ("LL") or Super Low Load Sales Charge Option ("SLL"). Under the ISC option, a negotiable fee of up to 5% of the purchase price was payable by Series A and 5 investors to their dealer. No redemption fee was payable when investors redeem Series A and 5 units purchased under the ISC option (subject to a short-term trading fee, where applicable). Under the LL and SLL options, no fee was payable by Series A and 5 investors to their dealer. Investors were subject to a redemption fee if they redeemed Series A and 5 units purchased under the LL or SLL options, depending on how long they have held the units to be redeemed. No sales charges were payable in respect of Series F, F-5, O and R units of the Fund. Since the effective date of the Fund's restructuring, these fees are no longer applicable.

10. FORWARD CONTRACT (the "Forward Contract")

The Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of March 25, 2014. The Fund has purchased and pledged to the Counterparty the common share portfolio listed on the statement of investments. Under the terms of the forward contract, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of units of the ROI Strategic Capital Trust Series A specified in the forward contract, in exchange for the Fund's common share portfolio at fair market value. As at December 31, 2013, the NAV of the Reference Fund was $150,113,933 (Series A – $140,649,585 and Series R – $9,464,348) (December 31, 2012 – $159,063,095: Series A – $149,975,176 and Series R – $9,087,919, January 1, 2012 – $172,140,527: Series A – $15,818,952 and Series R – $15,818,952), consisting mainly of private placement investments with a fair value of $137,167,313 (December 31, 2012 – $151,874,531, January 1, 2012 – $161,231,835).

The common share portfolios subject to the Forward Contract are agreed to between the Fund and the Counterparty and are pledged to the Counterparty as security for the Fund's obligations under the Forward Contract. In order to permit the Fund to pay monthly distributions, redemptions of units, operating expenses or other liabilities of the Fund, the terms of the Forward Contract provide that the Forward Contract may be settled in whole or in part at any time prior to the settlement date by the Fund, either in cash or by tendering to the Counterparty securities in the common share portfolio at the Fund's discretion.

The Fund is exposed to the credit risk of the Counterparty. If the Counterparty to the Forward Contract is unable to meet the terms of the Forward Contract, a loss may occur. The Counterparty to the forward contract has a credit rating of AA (DBRS). The creditworthiness of the Counterparty was reviewed prior to entering into the Forward Contract and is monitored on a regular basis.

Private investments held in the ROI Strategic Capital Trust as at December 31, 2013 were as follows:

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 45.17%			
55 Northfolk Street South LP	144,639	118,626	160,011
10 Lower Spadina LP	890,205	746,464	1,177,997
181,191 & 195 The West Mall LP	5,477,698	4,824,630	9,140,730
2010 Winston Park Drive LP	4,403,860	3,856,873	3,451,097
2261 Keating Cross Road LP	3,854,819	3,504,807	4,241,146
300, 302 & 304 The East Mall LP	2,636,320	2,363,557	3,015,710
350-450 Lansdowne Street LP	3,977,640	3,608,183	4,091,188
401 & 405 West Mall LP	9,875,845	8,771,674	16,310,520
6501-6523 Mississauga Road LP	1,525,463	1,336,793	1,679,744
6531-6559 Mississauga Road LP	1,414,959	1,244,863	1,470,023
80 Whitehall Drive LP	1,322,312	1,128,741	1,671,996
Bayfield Mill Woods Limited Partnership	2,550,000	2,473,500	3,835,958
London City Centre LP	5,214,865	4,703,234	7,457,388
Sussex Centre LP	8,847,504	7,970,432	10,101,253
		46,652,377	67,804,761
Mortgages – 46.21%			
2088013 Ont. Inc., (Empire Communities – Brampton), Equity[1]	2,638,976	2,528,390	3,531,050
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	4,825,282	4,825,282	4,752,903
2276844 Ontario Limited (Villarboit – Brantford), Equity[1]	3,656,718	3,626,700	4,531,713
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	1,792,920	1,792,920	1,819,814
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	333,790	333,790	333,790
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753
Castlepoint Studio Partners Limited, Equity[1]	3,242,468	3,242,468	3,458,883
Empire (Estates of Wyndance) Ltd., February 2014	759,137	759,137	758,306
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity[1]	6,145,607	6,029,987	6,999,503
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	1,152,327	1,152,327	1,152,326
Gerrard House Inc., January 2014	2,200,000	2,200,000	2,200,000
Hilldale Gardens Developments, September 2015	5,010,107	5,010,107	4,385,760
JB Sons Hospitality Corp., December 2015	4,507,628	4,507,628	4,520,364
Marquee Hotels Ltd., December 2014	2,240,912	2,240,911	2,284,329
Marquee Hotels, Brampton Inc., October 2015	3,735,435	3,735,435	3,791,973
McLeod Square Inc., April 2022	4,528,712	4,482,973	3,829,519
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	4,400,000	4,400,000	4,358,445
Richard Gianchetti, August 2014	2,500,000	2,500,000	2,500,000
Uxbridge Industrial Ltd., February 2014	831,982	831,982	833,187
Villarmark Inc. (Villarboit – Markham), Equity[1]	6,648,571	6,576,916	6,561,287
Whitetail Properties Inc., March 2017	1,823,474	1,823,474	1,829,647
		67,517,094	69,362,552
Total Private Investments – 91.38%		114,169,471	137,167,313
Short-Term Investment – 8.22%			
CIBC Mellon Trust Demand Deposit, Variable Rate	12,343,977	12,343,977	12,343,977
Total Portfolio – 99.60%		126,513,448	149,511,290
Other Assets, Net of Liabilities – 0.40%			602,643
Net assets attributable to holders of redeemable units			150,113,933

[1] This security is a participating mortgage investment.

11. INCOME TAXES

Non-capital losses are available to be carried forward for 20 years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. The non-capital losses carried forward will expire, if not applied, as follows: 2032 – $3,439,718. No benefit has been recognized for these unused losses in these financial statements as the Fund does not record income taxes.

As at December 31, 2013, December 31, 2012 and January 1, 2012 the Fund had non-capital and net capital losses available for carryforward as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Non-Capital Losses	$3,439,718	$3,439,718	$nil
Allowable Capital Losses	$9,391,417	$9,391,417	$9,391,416

12. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with a Canadian chartered bank. The aggregate market value of all securities loaned cannot exceed 100% of the net assets of the Fund. The Fund receives collateral in the form of debt obligations issued by the U.S. Treasury against the loaned securities and maintain such collateral in an amount equal to or greater than 105% of the market value of the loaned securities during the period of the loan. Effective November 20, 2012, the Fund chose not to participate in its securities lending program. However, this is subject to change at the discretion of the Manager. The securities loaned to the Canadian chartered bank are not derecognized because the Fund retains substantially all the risks and rewards of ownership. The carrying value and fair value of the securities loaned and the collateral for such loans as at January 1, 2012 are presented below. Under the terms of the program, the Fund may instruct that securities to be returned within three days.

	Financial assets at FVTPL
Carrying amount of assets	$ 133,561,893
Carrying amount of associated liabilities	–

13. REVOLVING LOAN FACILITIES

In 2013, the Fund had access to a credit facility in the amount of $12,000,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the underlying mortgages as well as a general security agreement over all of the Fund's assets. The Fund paid a $245,030 loan commitment fee in connection with this facility. During the period, the Fund used $5 million of the credit facility for a period of four days. The amount borrowed represented 3.02% of the Fund's net assets at the end of the year. The loan was paid in full repayment on December 13, 2013. The Fund may seek to obtain a new credit facility at the Manager's discretion.

In 2012, the Fund had access to a revolving loan facility. The revolving loan facility commitment, in the maximum amount of $40,000,000 was shared across four Funds formerly known as (ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund and ROI Institutional Private Placement Fund) managed by the Manager. Each Fund was subject to certain margin requirements with the total amount for all funds available under the loan facility capped at $40,000,000. Interest on the loan was charged on the outstanding principal amount a Canadian chartered bank at the rate per annum equal to the prime rate plus 0.75%. There was a standby fee charged of 0.20% per annum to the Funds, calculated and accrued daily for the unused amount borrowed. The loan was secured by certain assets of the Funds and matured on July 27, 2012.

14. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

	2013	2012
Increase in net assets attributable to holders of redeemable units	2,419,729	19,561,922
Weighted average units outstanding during the year	20,232,892	24,761,927
Increase in net assets attributable to holders of redeemable units per unit	0.12	0.79

15. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. The Fund has determined that it meets the definition of an 'investment entity' and as a result, it measures subsidiaries, other than those which provide services to the Fund, at FVTPL. The Fund accounts for investments in associates and joint ventures at FVTPL, rather than applying the equity method and accounts for all investments that are financial instruments at FVTPL. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Classification of redeemable units issued by the Fund
Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

In addition to the adjustments above, the Fund has reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS, including adjustments to presentation resulting from the fact that these financial statements have not been prepared to comply with the requirement of National Instrument 81-106, Investment Fund Continuous Disclosure. There were no measurement adjustments which arose as a result of the Fund's transition to IFRS.

16. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

17. LEGISLATIVE CHANGES AND SUBSEQUENT EVENTS

In the March 21, 2013, Federal budget, the government changed the treatment of the return from the derivative investment portion of character conversion transactions, such as those employed by the Fund (see note 10), as ordinary income rather than capital gains. The changes apply to agreements entered into, or amended, after March 20, 2013.

On July 11, 2013, the Department of Finance announced an extension to the transition relief period for character conversion transactions announced in the March 2013 federal budget to December 31, 2014.

The Fund's forward contract matures March 25, 2014. Due to the extension, the Fund intends to enter into new forward contracts, with terms of at least 30 days, ending no later than December 31, 2014.

Based on the Fund's current legal structure and forward contract in place, the Manager expects that prior to December 31, 2014 the Fund's income will continue to qualify for treatment as capital gains upon distribution to unitholders. Subsequent to this date, the Fund's income is expected to consist primarily of ordinary income. The Manager is continuing to assess the impact of the changes and possible alternatives for the Fund.

On April 2, 2014 the Manager entered into an agreement (the "Purchase Agreement") with DREAM Asset Management Corporation ("DREAM"), whereby DREAM will acquire the rights to manage ROI Canadian Real Estate Fund, as well as ROI Canadian Mortgage Income Fund, ROI Canadian High Income Mortage Fund and ROI Institutional Private Placement Fund (together the "ROI Funds").

In connection with the Purchase Agreement, it is proposed that the ROI Funds will complete a reorganization involving, among other things, the transfer of the assets of each ROI Fund and its respective reference fund of each ROI Fund to a newly-formed, open-ended trust which will be managed by DREAM. In connection with the termination of the ROI Funds, unitholders of the ROI Funds will receive units in DREAM Hard Asset Alternatives Trust.

The transaction is subject, among other things, to the approval by the unitholders of the ROI Funds at the meeting of the unitholders expected to take place in June 2014. In addition to such unitholder approval, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Subject to the satisfaction of these conditions, the transaction is expected to close in July 2014.

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ROI Capital™

ROI CANADIAN REAL ESTATE FUND

Management Discussion and Analysis

For the year ended
December 31, 2013

Dated: May 6, 2014

FORWARD LOOKING STATEMENTS

Caution regarding forward-looking statements

In the Management Discussion & Analysis ("MD&A"), the terms, "we", "us", "our", the "Manager", "Management" and "ROI Capital" refer to Return On Innovation Advisors Ltd. and the "Fund" refers to the ROI Canadian Real Estate Fund and its financial position and results of operations for the year ended December 31, 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except as otherwise noted. This MD&A should be read in conjunction with the Fund's audited annual Financial Statements, which have been prepared in accordance with IFRS. Copies of these documents have been included in the prospectus of Dream Hard Asset Alternatives Trust and the management information circular of the Fund dated May 6, 2014, each of which is expected to be filed electronically with the securities regulators in Canada through the SEDAR website at www.sedar.com.

Forward-looking statement advisory

This MD&A may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar terminology. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

The MD&A is dated May 6, 2014. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information about the Fund and its investment portfolio is available on the ROI Capital website at www.roicapital.ca. Additional information about the Fund, including its Annual Information Form ("AIF"), can be found on the SEDAR website at www.sedar.com.

PROPOSED REORGANIZATION

On April 2, 2014, ROI Capital announced that it would submit a proposed reorganization ("Proposed Reorganization") to unitholders of the Fund for their approval, pursuant to which DREAM Asset Management Corporation ("DREAM") would acquire the rights to manage the Fund, ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund and ROI Institutional Private Placement Fund (collectively, the "ROI Funds") and the ROI Funds would undergo a reorganization whereby the ROI Funds and their respective reference funds would transfer substantially all of their assets to Dream Hard Asset Alternatives Trust and unitholders of the ROI Funds would become holders of units of Dream Hard Asset Alternatives Trust, a newly-formed Ontario trust managed by DREAM.

The Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario. The Fund has its units listed on the Toronto Stock Exchange ("TSX") and is considered an investment fund that is subject to the Canadian securities regulatory regime for investment funds (the "Investment Fund Regime"). The Fund invests, directly and indirectly, in a diversified portfolio of commercial mortgages and loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Fund gains exposure for a portion of its portfolio through a Forward Agreement with its Reference Fund – ROI Strategic Capital Trust (the "Reference Fund"). The Fund has a Forward Agreement in place with an approximate term of 30 days and intends to enter into one or more forward agreements with a final valuation date of no later than December 31, 2014.

On March 27, 2013, the CSA issued CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 Mutual Funds, Companion Policy 81-102CP Mutual Funds and Related Consequential Amendments (the "CSA Notice"). The CSA Notice proposes to restrict mortgage investments by investment funds in mortgages other than mortgages that are guaranteed by a government or government agency ("guaranteed mortgages"). The CSA Notice also proposes to restrict investments by an investment fund in certain illiquid investments. Investment funds that do not meet these new investment restrictions are expected to be given a transition period to either divest their holdings or to transition into the regulatory regime for issuers that are not investment funds (the "Public Company Regime"). On September 12, 2013, the Ontario Securities Commission further stated that it would not permit an investment fund that invests in non-government guaranteed mortgages to raise capital by public offering in Ontario.

As an investment fund, the Fund would need to comply with these proposed restrictions in the near term, which will require that the Fund either divest a significant portion of its portfolio assets or transition out of the Investment Fund Regime and into the Public Company Regime.

First introduced in the March 21, 2013 Federal Budget, the government amended the Tax Act to eliminate the ability of investment funds to use forward contracts like the one used by the Fund to convert fully-taxable ordinary income to capital gains ("character conversion transactions").

The decision to pursue the Proposed Reorganization was based on the research and analysis undertaken by ROI Capital in the face of significant tax changes, regulatory changes associated with CSA Notice and character conversion transactions. Together these changes are expected to have a profound impact on the Fund in meeting its investment objectives, pursuing and fulfilling its investment strategy, concentration, restrictions, diversification and liquidity needs requirements on a going forward basis.

ROI Capital discussed and sought consultation from external legal counsel on the impacts of CSA Notice and the character conversion transactions and the most appropriate course of action for the Fund. Based on this assessment, the Manager determined that an assignment of the Fund's management agreement as part of a broader reorganization offered the best alternative to address all aspects of investor needs.

The Proposed Reorganization is, among other things, conditional upon approval by a majority of votes cast by unitholders of the Fund. As such, the Manager has called a meeting of unitholders of the Fund (the "Meeting"). At the Meeting, unitholders will be asked to vote in favour of a resolution approving the Proposed Reorganization, including without limitation the change of manager to DREAM and the direct and/or indirect transfer of all or substantially all of the ROI Funds' and their respective Reference Funds' assets to Dream Hard Asset Alternatives Trust. Unitholders will also be authorizing any director or officer of the Manager to take all such steps as may be necessary or desirable to give effect to the Proposed Reorganization.

Under the Proposed Reorganization, Dream Hard Asset Alternatives Trust, would comply with National Instrument 51-102 continuous disclosure requirements, as opposed to the Fund's current disclosure requirements under National Instrument 81-106 ("NI 81-106"). If the Proposed Reorganization is approved, Dream Hard Asset Alternatives Trust will be subject to IFRS as issued by the IASB and prepare financial statements and related disclosures in accordance with IFRS, along with Management's Discussion and Analysis.

Audited financial statements for the year ended December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS.

The Fund has previously filed audited annual financial statements in accordance with Part V of the CPA Canada Handbook – Accounting ("Canadian GAAP") and its Management Report of Fund Performance for the years ended December 31, 2013 and December 31, 2012 in accordance NI 81-106. The Fund's transition to IFRS resulted in presentation and disclosure differences, but there was a measurement adjustment, which arose as a result of the transition. An explanation of the effect of the transition from previous Canadian GAAP to IFRS is set out in note 15 to the financial statements.

BASIS OF PRESENTATION

The Fund adopted IFRS as issued by the IASB as its basis of financial reporting commencing with the audited annual financial statements for the year ended December 31, 2013. The Fund's date of transition to IFRS was January 1, 2012. Financial data provided in this MD&A, for the years ended December 31, 2013 and December 31, 2012, has been prepared in accordance with IFRS. The Fund has consistently applied the accounting policies used in the preparation of statement of

financial position as at December 31, 2013 and throughout all years presented, as if these policies had always been in effect. The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements.

The Fund's reporting currency is the Canadian dollar.

BUSINESS OVERVIEW

The Fund (formerly ROI Strategic Private Placement Fund) is a closed-end investment fund established as a trust under the laws of the province of Ontario. The units of the Fund trade on the TSX under the symbol RIR.UN.

The Fund changed its name from ROI Strategic Private Placement Fund to ROI Canadian Real Estate Fund on November 7, 2012. On November 10, 2012, with the approval of the unitholders, Series A, F, 5, F-5, and O of the Fund were redesignated to Series R of the Fund. Series R was subsequently renamed as Class A. On November 29, 2012 the Fund filed a non-offering prospectus with the Ontario Securities Commission ("OSC") in order to become a reporting issuer. On December 7, 2012 the Fund listed its Class A units on the TSX.

Concurrent with the listing, the Fund undertook a mandatory market repurchase program ("MMRP") whereby the Fund committed to repurchase for cancellation during the 180 days after the date the Class A units were first listed, up to 4,435,466 Class A units (representing 22.47% of its initial public float). In addition, a further 3,069,336 Class A units were redeemed at the unit's net asset value ("NAV") during the Fund's annual redemption at NAV period in November 2013.

Prior to the restructuring of the Fund, the Fund operated as an open-ended mutual fund trust with six series – A, F, 5, F-5, O and R.

The Manager is the manager and Investment Advisor of the Fund. Equity Financial Trust Company is the Trustee of the Fund.

RECENT DEVELOPMENTS

Throughout 2013, the Manager has continued to view Canadian real estate fundamentals as being stable and sustainable, contributing to an overall attractive lending and investing market.

From April 2013 to August 2013 the share prices of the Canadian public REITs declined, limiting their ability to raise new equity capital on accretive terms and, in turn, limiting their ability to pursue real estate acquisitions. However, the demand from institutional and private investors has remained strong, allowing valuations to remain relatively stable although, some industry observers have suggested that capitalization rates could potentially increase, in the event long-term interest rates increase on a sustained basis. These above noted trends were reflected in the results from private real estate investments in 2013, which demonstrated relatively stable capitalization rates and fair values.

Within the commercial mortgage market we continue to see lending opportunities from borrowers. Many of these borrowers have multiple financing options. However, these options may not meet their specific requirements due to the various underwriting practices and policies of institutional lenders. In addition, there continues to be uncertainty in the commercial lending market as it relates to changes or anticipated changes in banking regulations both domestically and globally. We believe the effect of these market changes and challenges have created a funding gap for borrowers looking to secure an alternative source of funds which is increasingly being filled by non-bank lenders.

We have seen a rise in bond yields as the DEX Universe Bond Index average yield climbed from 1.59% on December 31, 2012 to 2.01% on December 31, 2013. We have seen a rise in bond yields for the Real Estate sub index as average yields climbed 40 basis points from 3.19% on December 31, 2012 to 3.59% on December 31, 2013 thereby, suggesting that the risk premium declined slightly as the risk free interest rate climbed. We have also seen a nominal rise in capitalization rates for certain real estate properties throughout the year but the majority of any increase if applicable materialized in the secondary regions and/or for secondary properties. We have also seen a significant amount of new office property development, primarily in downtown Toronto and Calgary, which could contribute to higher vacancy for some period of time. Overall, we believe that deal flow and investing opportunities are still plentiful.

Despite these favourable trends, the Fund was not in a position to take advantage of this opportunity in the market. During the reporting year, the Fund returned cash to unitholders through distributions, the MMRP and the annual redemption at NAV. In order to support the Fund's liquidity requirements, the Fund exited 28 investments during the year, all of which were first mortgages. No new investments were made during the year as the Fund was generating and conserving cash to meet its liquidity requirements.

In light of the Proposed Reorganization, the Manager believes that the outlook for the Fund is positive, and that the reorganization will benefit unitholders.

FINANCIAL HIGHLIGHTS

The Fund's net assets attributable to holders of redeemable units were $165.0 million, which is allocated across 47 investments.

	IFRS 2013	IFRS 2012	CGAAP[1] 2011
Total Revenue	5,128,291	27,662,951	3,080,930
Net gain (loss) on investments	5,128,291	27,297,223	12,692,550
Increase (decrease) in net assets attributable to holders of redeemable units	2,419,729	19,561,922	12,535,243
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Series A	–	–	7.89
Series F	–	–	8.80
Series F-5	–	–	7.93
Series 5	–	–	7.12
Series O	–	–	9.48
Series R (renamed as Class A)	0.12	0.79	11.66
Total assets	166,264,386	217,391,650	210,403,154
Net assets attributable to holders of redeemable units[2]	165,042,117	215,776,588	209,491,133
Distributions declared per series:			
Series A	–	–	–
Series F	–	–	74,173
Series F-5	–	103,549	83,078
Series 5	–	1,240,974	1,116,116
Series O	–	–	–
Series R (renamed as Class A)	12,119,850	1,084,009	434,268

1 "CGAAP" means Part V of the CPA Canada Handbook – Accounting. Certain items have been reclassified to conform to the line items presented in the IFRS financial statements.

2 Net assets attributable to holders of redeemable units are presented as liabilities under IFRS

For the year ended December 31, 2013

For the purpose of this discussion, the Fund refers to the private investments held within the Fund along with the private investments held in the Reference Fund, which the Fund gains exposure to through the Forward Agreement.

The net assets of the Fund as at December 31, 2013 were $165,042,117 compared to $215,776,558 as at December 31, 2012. The decrease in net assets was partly attributable to the MMRP, which ended on January 23, 2013 and to fund the annual redemption at NAV in December 2013. Distributions and operating expenses also contributed to the decrease in net assets. Given the illiquid nature and the structure of the individual investments, the asset mix changed from the previous year in order to raise the required capital for the annual redemption. The majority of capital raised was generated through maturing and the early repayment of first mortgages.

The level of redemptions was in line with expectations as the market price of the Fund traded below the net asset value leading up to the annual redemption period. As a result, the maximum of 15% of the units of the Fund were redeemed at NAV totaling $29.6 million.

The allocation to mortgages in the portfolio declined to 32.24% in 2013, from 41.22% at the end of 2012. As a result, the exposure to private real estate has increased from 44.54% in 2012 to 60.13%. Overall, the geographic allocation of the Fund remained relatively stable with the majority of the investments located in Ontario (89.25%). The most notable change in the geographic location is Nova Scotia. During the period, the Fund sold the three mortgages on Plazacorp shopping plazas located in Nova Scotia. In addition, the percentage of Quebec based investments declined as a result of the repayment of 10 mortgages on various Depotium Self Stockage Inc., locations.

In total, 28 investments were exited in 2013, all of which were first mortgages. The Fund continues to hold 47 investments. The Manager negotiated the early repayment of certain mortgages and in some instances discounts to outstanding principal were required. During the year, $483,299 in discounts were applied. In addition, $554,451 in pre-payment penalties were waived.

The industry allocation has shifted on a year over year basis. The exposure to multi-residential investments increased from 7.4% to 15.29% and retail – consumer discretionary rose to 20.63% from 12.6%. Office remains the largest industry exposure within the Fund (42.56%).

The maturity schedule of the mortgages in the Fund shortened in 2013. As the mortgage investments that were repaid varied in maturity, the shortening of the maturity is partially a function of time. At the end of 2012, 35.00% of the mortgage investments had maturities of two to three years. By the end of 2013, 69.53% of the mortgage investments will mature in less than two years.

Given the nature of the underlying investments and under normal conditions, the values of the Fund's commercial real estate equity investments are not expected to move dramatically in the short term. That being said, the value of any investment may change due to property specific events such as vacancy rates, local competition, and project development. In addition, the value of an investment may change due to macro factors, such as interest rates, cap rates or general economic conditions. Unless a property is actually sold, the valuation of a property will incorporate all of these factors and more to determine a fair value. Property specific considerations are regularly reviewed and incorporated into the fair value process. Macro considerations will impact the valuations of multiple properties, but not necessarily to the same degree for each property. The fair valuation process looks at how macro factors impact values on a property by property basis.

Throughout most of 2013, cap rates remained fairly stable with third party analysis showing an increase in cap rates being driven by many factors including sentiment for commercial real-estate, concern for potential future vacancy rates, new supply coming to market, lower levels of transaction activity and higher interest rates. Based on this relevant market data that relates to the Fund's private real estate investments, fair value adjustments were made in December 2013 to ensure that assets reflected fair value based on relevant information at the time. The fair value process resulted in the write up of certain investments and the write down of others. The net impact to the net asset value of the Fund was -1.36%.

Total income generated by the private investments held by the Fund was $9.6 million ($7.4 million from the Reference Fund), down from $12.6 million in 2012. The Fund paid $12.1 million in distributions in 2013. The expenses of the Fund decreased significantly in 2013 falling from a combined $10.0 million in 2012 to $5.5 million, primarily due to the reduction of the performance fees and forward fees. The forward fee is associated with the Forward Agreement that provides the Fund exposure to the Reference Fund and is paid to the counterparty. In 2012, these expenses were paid by the Reference Fund. In 2013 the expenses were paid by the Fund and are included in net change in unrealized depreciation in investments in the statement of comprehensive income.

The decline in mortgages investments in the Fund has reduced the Fund's exposure to investments that deliver regular income. Going forward, the Fund will rely on income from existing investments, principal repayment, completion of development projects and uninvested cash to pay monthly distributions.

The Fund has had total assets and income decline, cash distributions to unitholders exceed income and principal and maturity payments contribute to paying distributions and redemptions. In turn, the asset mix is changing and the portfolio within the Fund is becoming less liquid, less diversified and more concentrated. The long-term liquidity of the Fund based on the Fund's current product structure and current investment portfolio are not aligned sufficiently; thereby, increasing the liquidity risk of the Fund. An increased liquidity risk may increase the performance volatility of the Fund and the market price.

In the event that the Proposed Reorganization does not proceed for any reason, distributions to unitholders of the Fund will be reduced to a level equal to the cash income from the underlying assets of the Fund, with such cash income to include cash flow generated from investments held in the Fund as at December 31, 2013 (excluding any principal repayments, cash on hand or accrued interest amounts), net of required expenses incurred by the Fund (including but not limited to management fees).

For the three months ended December 31, 2013

The net assets of the Fund fell to $165.0 million as at December 31, 2013 from $200.2 million at September 30, 2013. The $35.2 million decrease was attributable to a decrease in net assets attributable to holders of redeemable units of $2.7 million; net redemptions of $29.6 million and distributions to unitholders of $2.9 million.

The primary contributor to the decrease in net assets attributable to holders of redeemable units was a fair value adjustment to the Fund's private real estate investments during the year.

In the fourth quarter of 2013 the Fund primarily focused on implementing a liquidity strategy to ensure that the Fund had sufficient liquidity in order to fulfill its annual redemption at obligation at NAV. The Fund sold investments and borrowers repaid mortgages prior to the maturity date. In addition, the Fund secured a line of credit. The Fund successfully met its obligations for the annual redemption at NAV. The Fund did not fund any new investments during the three months ended December 31, 2013. The Manager continued to conduct a strategic review during the quarter in order to identify viable alternatives for consideration by unitholders of the Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, tax advantaged cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly in, or by obtaining economic exposure through a Forward Agreement to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property. The Forward Agreement provides the Fund economic exposure to a Reference Fund.

The Reference Fund's investment objective is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

The Fund will seek to accomplish its investment objectives by investing in well-established real property which it believes will have relatively stable and predictable cash flows, is well located, has good credit tenancy and has a creditworthy borrower, operator or co-investor. Yield will be generated by mortgages that generate income through a rate of interest generally payable throughout the term of the mortgage, commitment fees that typically are paid at the time of mortgage funding as well as through gains (both realized and unrealized) via capital appreciation and debt amortization from participating / ownership interests in real property. Real property investments will consist primarily of mortgages and participating / ownership interests in office, retail, industrial, multi-residential or other commercial property across Canada.

Overall, the Manager believes that real estate is a tangible asset class that provides valuable security for investment and that, given the size and prospects of the real estate market in Canada, this industry is likely to provide the Manager with numerous investment opportunities that exhibit a superior risk / return profile.

INVESTMENT RESTRICTIONS OF THE FUND

The Fund is subject to certain investment restrictions which are set out in the Fund's Amended and Restated Declaration of Trust, which investment restrictions apply to direct investments made by the Fund and investment exposures to which the Fund may be subject through the Forward Agreement, as follows:

(a) the Fund will not make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" for purposes of the Tax Act;

(b) the Fund will manage its investments and affairs to minimize its liability for income tax as a result of the application of the SIFT Rules, it being recognized that the Fund, for purposes of compliance with this restriction, will not be required to dispose of any investments held by it that were acquired prior to November 29, 2012;

(c) with respect to the Canadian Securities Portfolio that is sold forward by it under a Forward Agreement, the Fund will restrict its investments to securities, each of which is a "Canadian security" as defined in subsection 39(6) of the Tax Act;

(d) the Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(e) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(f) the Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(g) the Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Fund for purposes of the Tax Act;

(h) the Fund will not guarantee the securities or obligations of any person, provided that the Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(i) the Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(j) the Fund will not borrow or employ financial leverage in excess of 30% of its Net Asset Value;

(k) the Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(l) the Fund will not invest more than 55% of the Total Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(m) the Fund will not invest more than 30% of the Total Assets in mortgages or loans with any one borrower;

(n) the Fund will not invest more than 10% of the Total Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(o) the Fund will not, directly or indirectly, invest outside of Canada;

(p) the Fund will not invest more than the percentages set out below of the Total Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(q) the Fund will not invest more than the percentages set out below of the Total Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(r) the Fund will not invest more than the percentages set out below of the Total Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	80%
Other Securities	10%
Cash or Cash Equivalents	100%;

(s) the Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Assets that exceeds 90% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 80%; provided that a mortgage loan with a Loan-to-Value that exceeds 90% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (r) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Fund or its Total Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Fund, the Total Assets of the Fund will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

INVESTMENT RESTRICTIONS OF THE REFERENCE FUND

The Reference Fund is subject to certain investment restrictions which are set out in the Amended and Restated Reference Fund Declaration of Trust, as follows:

(a) the Reference Fund will manage its investments and affairs to ensure that it will not be subject to the tax on SIFT Trusts;

(b) the Reference Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(c) the Reference Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Reference Fund (or the partnership) would be required to include any significant amounts in income pursuant to proposed section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act, each of (i), (ii) and (iii) as set forth in the proposed amendments to the Tax Act dated October 24, 2012 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(d) the Reference Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(e) the Reference Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Reference Fund for purposes of the Tax Act;

(f) the Reference Fund will not guarantee the securities or obligations of any person, provided that the Reference Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(g) the Reference Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Reference Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Reference Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(h) the Reference Fund will not borrow or employ financial leverage;

(i) the Reference Fund will not invest in asset backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(j) the Reference Fund will not invest more than 55% of the Total Reference Fund Assets in mortgages, loans or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(k) the Reference Fund will not invest more than 30% of the Total Reference Fund Assets in mortgages or loans with any one borrower;

(l) the Reference Fund will not invest more than 10% of the Total Reference Fund Assets in mortgages or loans on, or Private Real Estate Transactions involving, any one real property;

(m) the Fund will not, directly or indirectly, invest outside of Canada;

(n) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(o) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and Multi Residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(p) the Reference Fund will not invest more than the percentages set out below of the Total Reference Fund Assets in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First Mortgages	100%
Second Mortgages	40%
Third Mortgages	0%
Personal Residential Mortgages	0%
Private Real Estate	80%
Other Securities	10%
Cash or Cash Equivalents	100%;

(q) the Reference Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Reference Fund Assets that exceeds 90% or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 80%; provided that a mortgage loan with a Loan-to-Value that exceeds 90% can be acquired and held as an investment that is considered to be Private Real Estate and is subject to the restriction in paragraph (p) above for Private Real Estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Reference Fund or its Total Reference Fund Assets will not be considered a violation of the investment restrictions.

For the purposes of the foregoing investment restrictions applicable to the Reference Fund, the Total Reference Fund Assets will exclude unrealized gains or losses from foreign currency hedging, interest rate hedging and default risk hedging contracts.

ANALYSIS OF FINANCIAL INFORMATION FOR THE YEAR

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Income		
Investments at FVTPL		
Net realized gain on investments	4,863,312	11,831,595
Change in unrealized appreciation in investments	264,979	15,465,628
Net gains on investments	5,128,291	27,297,223
Securities lending income	–	365,728
Total income (net)	5,128,291	27,662,951
Expenses		
Audit fees	90,927	100,591
Custodian fees	59,440	66,470
Independent review committee fees	1,512	2,833
Interest expense	5,493	47,339
Legal fees	58,940	16,993
Loan commitment fees	245,030	–
Management fees	2,089,260	2,511,432
Operating services	–	574,740
Performance fees	–	4,648,670
Shareholder reporting costs	70,218	60,954
Transaction costs	–	2,031
Transfer agent fees	87,742	68,976
Total Expenses	2,708,562	8,101,029
Increase in net assets attributable to holders of redeemable units	2,419,729	19,561,922
Increase in net assets attributable to holders of redeemable units per unit		
Class A	0.12	0.79

Total Income

Total Income for the year was $5,128,291 (December 31, 2012 – $27,662,951), and is made up of the following categories:

(a) Net realized gains on sale of investments – which is made up of interest from private investments of $2,204,631 (December 31, 2012 – $2,769,798); dividends $nil (December 31, 2012 – $394,837); securities lending income $nil (December 31, 2012 – $365,728) and net realized gain on sale of investments of $2,658,681 (December 31, 2012 – $8,666,960)

(b) Net change in unrealized appreciation (depreciation) in investments – which is made up of the change in unrealized appreciation of investments of $8,514,251 (December 31, 2012 – depreciation of $3,310,092) and the change in unrealized depreciation in the forward contract of $7,358,898 (December 31, 2012 appreciation of $18,900,354), net of forward fee expenses of $890,374 (December 31, 2012 – $124,634)

The interest from private investments declined year over year commensurate with the decline in exposure to mortgage investments. Net realized gains from the sale of investments were incurred when a portion of the Fund's Forward Agreement was pre-settled. As the Fund chose to withdraw from the securities lending program, the year over year income from securities lending fell to nil. The Fund did not hold any dividend paying public securities in 2013. As a result, the Fund did not receive any dividend payments.

In 2012, the Fund benefited from fair value adjustments in its private real estate investments, which contributed to the strong results in total income. Total income in the Fund was down in 2013 as in 2012 the Fund benefited from strong gains related to fair value adjustments in its private real estate investments, which was not duplicated in 2013.

Expenses

Management Fees and Performance Fees

The Fund pays the Manager a fee equal to the aggregate of (i) 0.35% per annum of the average daily NAV of the Fund, (ii) 1.00% per annum of the average daily direct assets (NAV excluding the value of the forward contract that provides exposure for the Fund to the Reference Fund and the value of any Canadian securities portfolio of the Fund that has been sold forward by the Fund pursuant to any forward contract that provides exposure for the Fund to the Reference Fund) NAV of the Fund and (iii) 0.50% per annum of the average daily NAV of the Fund, which reflects the amount of the service fee payable (as defined below) by the Manager. The Manager will be entitled to a performance fee from the Fund on a per unit outstanding basis equal to 20% of the amount by which the sum of (i) any increase in the direct assets NAVPU (without taking into account the performance fee), and (ii) the distributions paid on such units during the previous 12 months, exceeds the Benchmark (expressed as a dollar amount per unit) for the year, calculated and accrued daily and payable annually in arrears.

Prior to the restructuring of the Fund, the Manager was entitled to add, in its sole discretion, an operating service charge of up to 0.35% of the weighted NAV of a series during the applicable month. This charge is no longer applicable since the effective date of the Fund's restructuring.

During the year ended December 31, 2013, the Fund incurred $2,089,260 (December 31, 2012 – $2,511,432) in management fees; $nil in operating services (December 31, 2012 – $574,740) and $nil (December 31, 2012 – $4,648,670) in performance fees, with $136,405 (December 31, 2012 – $256,069) in outstanding fees for the year ended December 31, 2013.

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily NAV of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Other Expenses

The Fund incurred other expenses of $374,272 (December 31, 2012 – $366,187) consist mainly of audit fees, custodian fees, professional fees, shareholder reporting costs, transfer agency fees which are all costs directly associated with operation and administration of the Fund.

Loan Commitment Fees

During the year, the Fund had access to a credit facility in the amount of $12,000,000 that was to be used in the event that the Fund incurred a shortfall in meeting its annual redemption obligations. The credit facility was secured by the assignment of a specific mortgage. The Fund paid a loan commitment fee of $245,030 in connection with this credit facility. The Fund did not use the credit facility and terminated the loan by year end. The Fund may seek to obtain a new credit facility at the Manager's discretion.

STATEMENT OF FINANCIAL POSITION

The balance of investments shown below includes private investments held directly within the Fund along with private investments held indirectly through the Forward Agreement in the Reference Fund as at December 31, 2013 is as follows:

a) Asset Mix

Asset Mix	Amount	% of NAV
Private Real Estate – Commercial	72,278,331.43	43.79%
First Mortgages	49,164,755.35	29.79%
Private Real Estate Development – Commercial	13,918,552.26	8.43%
Private Real Estate Development – Residential	13,048,243.29	7.91%
Cash, Short-term Securities and Other	12,593,880.95	7.63%
Second Mortgages	4,038,354.25	2.45%
Total	$ 165,042,117.54	100.00%

As at December 31, 2013 the weighted average yield to maturity for the mortgages was 7.21% and the weighted average capitalization rate for the income producing private real estate investments was 6.67%.

As at December 31, 2013, the Fund's portfolio was comprised of 47 investments which were allocated across the following categories:

b) Region

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	89.25%
British Columbia	5.10%
Alberta	3.59%
Quebec	1.73%
New Brunswick	0.33%
Total	100.00%

The Fund maintained a diversified portfolio of investments across Canada, with its largest concentration in Ontario. The Fund has benefited from sourcing investments in this province.

c) Maturity

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
Less than one year	20.98%
Greater than one year less than two years	9.49%
Greater than four years less than five years	22.79%
Greater than five years	46.74%
Total	100.00%

The Fund's direct and indirect investments have a low turnover rate. The weighted average modified duration of mortgages held by the Fund is 1.78. The Fund does have exposure to long-term private real estate investments that do not have a pre-defined maturity schedule.

d) Asset Type

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	42.56%
Hospitality	21.01%
Retail – Consumer Discretionary	20.63%
Multi-Residential	15.29%
Industrial	0.51%
Total	100.00%

The Fund has developed a unique investment portfolio including exposure to hospitality, office and multi-residential.

e) Loan-to-Value

Loan-to-Value Ratio of Mortgages	% of Mortgages
71-80	22.33%
61-70	59.68%
51-60	11.69%
Less Than 50	6.30%
Total	100.00%

As at December 31, 2013 the weighted average Loan-to-Value for the Fund was 63.65%.

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

QUARTERLY FINANCIAL INFORMATION

	Q1	Q2	Q3	Q4	2013 Total
Investments at FVTPL					
Net realized gain (loss) on investments	(1,003,446)	(3,288,188)	2,336,272	6,818,674	4,863,312
Net change in unrealized appreciation (depreciation) in investments	3,663,374	5,195,549	94,733	(8,688,677)	264,979
Total income (net)	2,659,928	1,907,361	2,431,005	(1,870,003)	**5,128,291**
Expenses					
Audit fees	19,450	19,747	28,547	23,183	90,927
Custodian fees	27,067	12,949	7,496	11,928	59,440
Forward fees	–	–	–	–	–
Independent review committee fees	467	346	349	350	1,512
Interest expense	–	–	–	5,493	5,493
Legal fees	10,142	10,969	17,193	20,636	58,940
Loan commitment fees	–	–	–	245,030	245,030
Management fees	545,728	556,088	512,224	475,220	2,089,260
Operating services	–	–	–	–	–
Performance fees	–		–	–	–
Shareholder reporting costs	15,233	27,156	15,252	12,577	70,218
Transaction costs	–	–	–	–	–
Transfer agent fees	16,547	33,155	27,841	10,199	87,742
Total Expenses	634,634	660,410	608,902	804,616	**2,708,562**
Increase in net assets attributable to holders of redeemable units	**2,025,294**	**1,246,951**	**1,822,103**	**(2,674,619)**	**2,419,729**

	Q1	Q2	Q3	Q4	2012 Total
Investments at FVTPL					
Net realized gain (loss) on investments	3,076,420	(2,269,877)	(3,666,609)	14,691,661	11,831,595
Net change in unrealized appreciation (depreciation) in investments	6,559,350	15,400,274	(9,833,373)	3,339,377	15,465,628
Net gains on investments	9,635,770	13,130,397	(13,499,982)	18,031,038	27,297,223
Security lending income	87,170	92,730	95,800	90,028	365,728
Total income (net)	9,722,940	13,223,127	(13,404,182)	18,121,066	27,662,951
Expenses					
Audit fees	18,475	37,264	18,588	26,264	100,591
Custodian fees	14,194	18,482	10,389	23,405	66,470
Forward fees	–	–	–	–	–
Independent review committee fees	518	350	378	1,587	2,833
Interest expense	27,984	18,395	963	(3)	47,339
Legal fees	4,055	7,200	4,365	1,373	16,993
Management fees	563,634	612,187	626,681	708,930	2,511,432
Operating services	156,494	169,333	173,404	–	574,740
Performance fees	1,681,006	2,469,554	402,161	95,949	4,648,670
Shareholder reporting costs	31,929	14,543	12,551	1,931	60,954
Transfer agent fees	11,394	19,526	19,027	19,029	68,976
Transaction costs	–	–	2,028	3	2,031
Total Expenses	2,509,683	3,366,834	1,270,535	878,468	8,101,029
Increase (decrease) in net assets attributable to holders of redeemable units	**7,213,257**	**9,856,293**	**(14,674,717)**	**17,242,598**	**19,561,922**

RELATED PARTY TRANSACTIONS

As of December 31, 2013, the Fund and other funds managed by the Manager, which are related parties, co-invested in several mortgages and private real estate investments totalling $514,224,659. The Fund's share of these investments is $153,705,206.

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Fund may be contingently liable for litigation and claims arising from its investing activities. Where required, management records adequate provision in the accounts. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Fund's financial position.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting year. Actual results could differ from those estimates and those differences could be significant.

The most significant estimates are made on the valuation of private investments. The Fund invests a substantial portion of its net assets in private investments and generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by, amongst other things, the availability of reliable information, economic uncertainty, and the uncertainty of predictions concerning future events as well as the time required to assess the impact of any particular event on value from time to time. This valuation process is subjective to a degree and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations differ from the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units. Further insight into the valuation of private investments can be found in note 6 in the financial statements.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9’s current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity’s own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable.

OUTSTANDING SHARE DATA

As at May 2, 2014, the total number of Class A units outstanding was 17,368,336.

CAPITAL STRUCTURE AND LIQUIDITY

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The following table summarizes the maturity profile, as at December 31, 2013 of financial instruments by contractual maturity or expected cash flow dates.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest and dividends receivable	159,098	–	–	–	–	159,098
Receivable for investments sold	22,126	–	–	–	–	22,126
Unrealized gain on forward contract	34,676,835	–	–	–	–	34,676,835
Private investments	4,833,610	5,251,440	5,388,924	–	9,035,382	24,509,356
Short-term investments	859,002	–	–	–	–	859,002
Marketable securities	105,970,750	–	–	–	–	105,970,750
	$ 146,521,421	$ 5,251,440	$ 5,388,924	$ –	$ 9,035,382	$ 166,197,167
Liabilities						
Distributions payable	868,229	–	–	–	–	868,229
Accrued expenses	349,163	–	–	–	–	349,163
	$ 1,217,392	$ –	$ –	$ –	$ –	$ 1,217,392

The above table does not include redeemable units, which are classified as liabilities under IFRS, and are redeemable on demand. Units may be redeemed on a monthly basis for a redemption price per Unit equal to the lesser of: (i) 95% of the Market Price per Unit as at the Monthly Redemption Date and (ii) 100% of the Closing Market Price per Unit as at the Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of a Forward Agreement to fund such redemption. Units may also be redeemed on an annual basis for a redemption price per Unit that is equal to the Net Asset Value per Unit of such Unit as at the Annual Redemption Date, less any costs associated with the redemption, including brokerage costs and other such costs, if any, related to the partial settlement of the Forward Agreement to fund such redemption. The Annual Redemption is limited to 15% of the average number of Units outstanding for the 180-day period immediately preceding the Annual Redemption Date.

The contractual maturity or expected cash flow dates will be limited by the contractual maturity or expected cash flow dates of the investments held by the Reference Fund. The following table summarizes the maturity profile, as at December 31, 2013 of the financial instruments by contractual maturity or expected cash flow dates of the Reference Fund.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest receivable	941,547	–	–	–	–	941,547
Receivable for investments sold	40,378	–	–	–	–	40,378
Private investments	8,575,822	25,686,683	6,188,092	3,829,519	92,887,197	137,167,313
Short-term investments	12,343,977	–	–	–	–	12,343,977
	21,901,724	25,686,683	6,188,092	3,829,519	92,887,197	150,493,215
Liabilities						
Payable for investments purchased	7,535	–	–	–	–	7,535
Accrued expenses	229,411	–	–	–	–	229,411
	236,946	–	–	–	–	236,946

RISKS

The risks associated with investing in the Fund are disclosed in the Non-Offering Prospectus dated November 29, 2012. The changes in the Fund over the year ended December 31, 2013 have affected the overall risk of the Fund. In the event that the Proposed Reorganization is not approved at each ROI Fund's Meeting or the Proposed Reorganization is not otherwise completed, the overall risk of the Fund would be affected. The following risks would likely increase:

- No Assurance of Achieving Investment Objective of Paying Distributions and No Guaranteed Return
- Changes in Land or Property Values
- Real Property Investment Risks
- Risk from Illiquid Assets
- Suspension of Redemptions
- Participation Interest Risk
- Construction and Development Risk
- Regulatory Risk
- Fluctuations in Net Asset Value and Distributions
- Market Risk
- Insufficient Assets
- Tax Risk
- Liquidity Risk
- Fund on Fund Risk
- Concentration Risk
- Changes in Legislation

ADDITIONAL INFORMATION

Phone:	Calling the Manager (local or collect) at (416) 361-6162, Wilfred Vos, President, Founding Partner and Portfolio Manager
Internet:	Visiting SEDAR at www.sedar.com; or
Mail:	ROI Capital Attention: Wilfred Vos 37 Front Street Suite 400 Toronto, Ontario M5E 1B3

Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations of ROI Institutional Private Placement Fund

ROI Institutional Private Placement Fund™

ANNUAL REPORT 2013

As at December 31, 2013

ROI Capital™

roicapital.ca

May 6, 2014

The accompanying financial statements have been prepared and approved by Return On Innovation Advisors Ltd., the manager of the Fund. The Fund's manager is responsible for the information and representations contained in these financial statements.

Return On Innovation Advisors Ltd. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Fund, are described in note 4 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the next page.

Wilfred Vos
President

Return On Innovation
Advisors Ltd.

David Dundas
Chief Financial Officer

Return On Innovation
Advisors Ltd.

To the Unitholders of
ROI Institutional Private Placement Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012, the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2013 and 2012, and the schedule of investment portfolio as at December 31, 2013, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 audits 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 the Fund as at December 31, 2013, December 31, 2012 and January 1, 2012 and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

May 6, 2014

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Cash	–	39,555	15,528
Investments at fair value [note 6 and 7]	49,058,614	78,408,571	92,272,274
Short-term investments	20,356,582	9,783,013	35,033
Receivable for investments sold	–	47,740	42,091
Interest receivable	892	378,953	416,242
Other receivable	56,072	–	–
Subscriptions receivable	–	–	224,610
HST receivable	34,270	87,564	39,170
	69,506,430	88,745,396	93,044,948
Liabilities			
Current Liabilities			
Distributions payable	106,421	19,100	23,116
Revolving loan facility [note 11]	–	–	1,350,000
Payable for investments purchased	–	72,407	92,261
Performance fee payable	–	336	–
Redemptions payable	1,379,181	–	36,296
Accrued expenses	173,453	182,375	121,852
	1,659,055	274,218	1,623,525
Net assets attributable to holders of redeemable units	67,847,375	88,471,178	91,421,423
Net assets attributable to holders of redeemable units per series			
Series A	37,119,041	48,455,691	48,454,535
Series I	472,305	498,149	988,745
Series F	6,275,953	7,508,456	9,037,998
Series O	13,627,303	16,215,043	17,356,499
Series R	10,352,773	15,793,839	15,583,646
Net assets attributable to holders of redeemable units per series per unit			
Series A	95.86	102.00	102.61
Series I	99.31	104.77	104.25
Series F	96.74	102.74	102.66
Series O	98.08	103.56	102.74
Series R	102.64	107.48	105.26

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

For the years ended December 31

	2013 $	2012 $
Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain (loss) on investments	(1,911,820)	5,666,373
Net change in unrealized appreciation in investments	2,019,033	339,925
Total income (net)	107,213	6,006,298
Expenses		
Audit fees	32,128	75,112
Custodian fees	50,537	72,703
Independent review committee fees	1,512	2,833
Interest expense	–	43,229
Legal fees	122,196	15,615
Management fees [note 9]	777,191	774,698
Operating service fees [note 9]	–	206,828
Performance fees [note 9]	–	722,638
Shareholder reporting costs	28,443	41,409
Transfer agent fees	15,629	26,044
Total Expenses	1,027,636	1,981,109
(Decrease) increase in net assets attributable to holders of redeemable units [note 12]	(920,423)	4,025,189
Increase (decrease) in net assets attributable to holders of redeemable units per series [note 12]		
Series A	(724,694)	1,764,508
Series I	(3,703)	30,996
Series F	(84,617)	367,634
Series O	(112,167)	864,886
Series R	4,758	997,165
Increase (decrease) in net assets attributable to holders of redeemable units per unit [note 12]		
Series A	(1.69)	3.69
Series I	(0.78)	5.58
Series F	(1.21)	4.87
Series O	(0.76)	5.52
Series R	0.04	6.88

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Series ($)					
	A	I	F	O	R	Total
Increase (decrease) in net assets attributable to holders of redeemable units	(724,694)	(3,703)	(84,617)	(112,167)	4,758	(920,423)
Distributions to Unitholders						
From net investment income	(728,111)	(12,343)	(150,229)	(392,280)	(487,105)	(1,770,068)
From capital gains	–	–	–	–	–	–
From return of capital	(1,094,376)	(9,912)	(173,337)	(291,315)	(90,730)	(1,659,670)
	(1,822,487)	(22,255)	(323,566)	(683,595)	(577,835)	(3,429,738)
Redeemable Unit Transactions						
Sales of units	76,415	–	–	–	–	76,415
Units issued on reinvestment of distributions	1,434,769	114	197,947	545,693	497,844	2,676,367
Units redeemed	(10,300,653)	–	(1,022,267)	(2,337,671)	(5,365,833)	(19,026,424)
	(8,789,469)	114	(824,320)	(1,791,978)	(4,867,989)	(16,273,642)
Decrease in net assets attributable to holders of redeemable units for the year	(11,336,650)	(25,844)	(1,232,503)	(2,587,740)	(5,441,066)	(20,623,803)
Net assets attributable to holders of redeemable units – beginning of year	48,455,691	498,149	7,508,456	16,215,043	15,793,839	88,471,178
Net assets attributable to holders of redeemable units – end of year	37,119,041	472,305	6,275,953	13,627,303	10,352,773	67,847,375

For the year ended December 31, 2012

	Series ($)					
	A	I	F	O	R	Total
Increase in net assets attributable to holders of redeemable units	1,764,508	30,996	367,634	864,886	997,165	4,025,189
Distributions to Unitholders						
From net investment income	(851,106)	(18,244)	(215,084)	(557,861)	(676,588)	(2,318,883)
From capital gains	(740,102)	(6,163)	(109,305)	(173,488)	(122)	(1,029,180)
From return of capital	(464,560)	(1,534)	(25,472)	–	–	(491,566)
	(2,055,768)	(25,941)	(349,861)	(731,349)	(676,710)	(3,839,629)
Redeemable Unit Transactions						
Sales of units	4,932,575	–	482,660	10,000	279,000	5,704,235
Units issued on reinvestment of distributions	1,993,247	108	212,702	712,301	676,553	3,594,911
Units redeemed	(6,633,405)	(495,759)	(2,242,677)	(1,997,294)	(1,065,816)	(12,434,951)
	292,417	(495,651)	(1,547,315)	(1,274,993)	(110,263)	(3,135,805)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	1,156	(490,596)	(1,529,542)	(1,141,456)	210,193	(2,950,245)
Net assets attributable to holders of redeemable units – beginning of year	48,454,535	988,745	9,037,998	17,356,499	15,583,646	91,421,423
Net assets attributable to holders of redeemable units – end of year	48,455,691	498,149	7,508,456	16,215,043	15,793,839	88,471,178

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

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(920,423)	4,025,189
Non-cash items		
Net realized gain (loss) on sale of investments	4,709,524	(1,332,148)
Net change in unrealized depreciation on investments	(2,019,033)	(339,925)
Net change in non-cash balances related to operations	341,358	24,251
Proceeds from the sale of marketable securities	21,770,721	34,237,313
Proceeds from the sale of short-term investments	18,542,148	18,607,021
Proceeds from the sale and principal repayment of private investments	6,045,728	30,399,392
Purchase of marketable securities	–	(42,237,314)
Purchase of short-term investments	(29,115,717)	(28,354,996)
Purchase of private investments	(1,156,981)	(6,863,620)
Net cash from operating activities	18,197,325	8,165,163
Financing activities		
Proceeds from issuance of units	76,415	5,928,845
Amounts redeemed	(17,647,245)	(12,471,247)
Distributions paid	(666,050)	(248,734)
Revolving loan facility	–	(1,350,000)
Net cash from financing activities	(18,236,880)	(8,141,136)
Increase (decrease) in cash during the year	(39,555)	24,027
Cash – beginning of year	39,555	15,528
Cash – end of year	–	39,555
Supplemental cash flow information:		
Interest paid	–	34,753
Interest received	2,111,888	3,442,388
Dividends received	222,631	132,666

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

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average Cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 72.31%			
ROI IPP Limited Partnership [note 6]	48,139,156	47,613,382	49,058,614
Total Investments – 72.31%		47,613,382	49,058,614
Short-Term Investment – 30.00%			
CIBC Mellon Trust Demand Deposit,Variable Rate	20,356,582	20,356,582	20,356,582
Total Portfolio – 102.31%		67,969,964	69,415,196
Liabilities, Net of Other Assets – (2.31%)			(1,567,821)
Net assets attributable to holders of redeemable units			67,847,375

December 31, 2013

1. THE FUND

The ROI Institutional Private Placement Fund (the "Fund") is an open-ended mutual fund trust established under the laws of Ontario pursuant to the Declaration of Trust. Return On Innovation Advisors Ltd. (the "Manager") is the Manager and Advisor (the "Advisor") of the Fund. The Fund's principal office is located at 37 Front Street East, Fourth floor, Toronto, Ontario M5E 1B3.

The Fund has five series – Series A, I, F, O and R, which were established on February 17, 2009 at an initial net asset value per unit ("NAVPU") of $100.

Regulatory field audit

As a result of a normal course field audit on February 15, 2012, the Ontario Securities Commission ("OSC") placed "terms and conditions" on Return on Innovation Management Ltd. and Return on Innovation Advisors Ltd. (the "Management Entities"). The terms and conditions included the requirement to report working capital on a monthly basis for a minimum six-month period and the requirement to retain an independent consultant to prepare and assist in implementing a plan to strengthen the compliance systems of the Management Entities (the "Plan"). The Management Entities appointed an independent consultant and submitted the Plan to the OSC prior to the March 30, 2012 deadline. The Management Entities were required to provide ongoing regular reports to the OSC on the status of the implementation of the Plan. Subsequent to the amalgamation of the Management Entities, on October 2, 2012, the "terms and conditions" that were placed on the Management Entities by the OSC were removed.

Restructuring of the Fund

Subsequent to the reporting of the terms and conditions, there was an abnormal inflow of redemption requests. As a result, on March 9, 2012, the Manager temporarily halted redemptions of the Fund (other than in respect of any redemptions set up pursuant to registered retirement income funds and pre-authorized withdrawal plans established prior to the suspension). From March 9, 2012 to December 24, 2012, requests for subscriptions and redemptions, if any, were not accepted. On November 10, 2012, with the approval of the unitholders, the Fund was restructured and on December 24, 2013, the suspension was lifted. The restructuring of the Fund included a change in the fees structure and a change in redemption rights (refer to notes 6 & 9).

On December 10, 2013, the Manager amended the Declaration of Trust in order to adjust certain provisions with respect to the underlying investments of the Fund with respect to the redemption provisions of the Fund. In accordance with the amendment, the Fund had transferred all of its assets to a wholly owned subsidiary limited partnership in exchange for limited partnership units. The limited partnership holds the previously held investments for the Fund and the transfer had no direct impact to the performance of the underlying investments. (refer to note 6).

2. INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's investment objective is to provide unitholders with a high current yield and potential for some long-term capital appreciation. The Fund's investment strategy is to obtain exposure to a portfolio of investments that consists primarily of senior private placements of capital in debt obligations and/or equity securities issued by businesses seeking non-bank financing. The Fund may hold a portion of its assets in underlying funds, marketable securities or in cash or cash equivalents, such as short-term government debt.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund restated its historical financial statements for the year ended December 31, 2013 with comparative information for the year ended December 31, 2012. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CICA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the years ended December 31, 2013 and 2012 prepared under Canadian GAAP.

These financial statements were authorized for issue by the Manager on May 6, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Fund are as follows:

Investments and Financial Instruments

The Fund's financial instruments consist primarily of cash, investments at fair value, short-term investments, interest receivable, subscription receivable, receivable for investment sold, performance fees payable, distributions payable, redemptions payable, payable for investments purchased, revolving loan facility and accrued expenses. The Fund recognizes financial instruments at fair value upon initial recognition.

The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of 'investment entity'. As a result, it measures subsidiaries, other than those which provide services to the Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provide services to the Fund are consolidated. 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 most significant judgment that the Fund has made in determining that it meets this definition is that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Fund's investments in financial instruments, associates and joint ventures are designated at FVTPL.

Receivables represent loans and receivables, and are initially recognized at fair value and subsequently measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's units contain multiple contractual obligations in addition to the ongoing redemption obligation and therefore, have been classified as financial liabilities presented at the value of the net assets to which unitholders are entitled, which also represents the monthly redemption amount.

Revolving loan facility, distributions payable, payable for investment purchased accrued expenses and redemptions payable are classified as other financial liabilities, and are measured at amortized cost, which approximates fair value due to their short-term nature.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value for transactions with unitholders except for marketable securities which are recorded at fair value, established as the last bid price for the security on the recognized exchange on which it is principally traded for financial reporting but using closing prices for transactional NAV.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Short-term investments represent overnight cash deposits and their fair value approximate amortized cost due to their short-term nature.

Investments that are not publicly traded or other assets for which no public market exists are valued at estimated fair value. The fair values of investments are determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; current market yields; macroeconomic conditions and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation procedures relating to private company investments include preparation by management, on at least a quarterly basis, of a comprehensive valuation report.

Investment Transactions, Income Recognition and Transaction Costs

Investment transactions are accounted for on the trade date.

Realized gains and losses from the sales of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments, which excludes brokerage commissions, other trading expenses and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the statements of comprehensive income as they arise.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets from operations attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets from operations attributable to each series divided by the weighted average number of such series units outstanding during the year. Refer to note 12 for the calculation.

Income Taxes

The Fund qualifies as mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Act"). For tax purposes, the Fund has a tax year end of December 15. In each tax year, the Fund will distribute sufficient net taxable income and net capital gains, which will result in the Fund not paying tax under Part I of the Act. In addition, income taxes payable on net realized capital gains is refundable on a formula basis when units of the Fund are redeemed. As a result, the Fund has determined that it is in substance not taxable and accordingly does not record income taxes.

Information about the Fund's interests in private investments held through the ROI IPP Limited Partnership as at December 31, 2013, and directly held as at December 31, 2012 and January 1, 2012 is as follows:

as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2139654 Ontario Limited (Novo Plastics Inc.), May 2016	Ontario	Canada	2nd Mortgage	$ 87,206	Industrial	n/a	n/a	–
9203-8751 Quebec Inc., March 2014	Quebec	Canada	1st Mortgage	$ 823,201	Multi-Residential	n/a	n/a	–
Apex Sanitation Products Ltd., September 2015	Ontario	Canada	1st Mortgage	$1,047,722	Industrial	n/a	n/a	–
Appleby Burlington Limited, September 2014	Ontario	Canada	Senior Secured Debenture	$6,419,390	Multi-Residential	n/a	n/a	–
Brookdale Square Inc., Equity[1]	Ontario	Canada	Shares	$ 655,931	Retail – Consumer Discretionary	19.80%	19.80%	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$1,895,029	Hospitality	n/a	n/a	–
Four Points, Prince George, October 2016	British Columbia	Canada	1st Mortgage	$6,663,234	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$2,080,483	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$1,892,938	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$1,950,464	Hospitality	n/a	n/a	–
Jack Mandos (The Quarry Village), February 2017	Ontario	Canada	1st Mortgage	$2,259,713	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$1,078,016	Hospitality	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 478,284	Hospitality	n/a	n/a	–

1 This investment is an equity investment.

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2093755 Ontario Ltd., (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 4,988,972	Hospitality	n/a	n/a	–
2139654 Ontario Limited (Novo Plastics Inc.), April 2016	Ontario	Canada	2nd Mortgage	$ 389,181	Industrial	n/a	n/a	–
9203-8751 Quebec Inc., October 2013	Quebec	Canada	1st Mortgage	$ 2,591,527	Multi-Residential	n/a	n/a	–
480 Bayfield Inc., April 2016	Ontario	Canada	1st Mortgage	$ 2,399,961	Real Estate Development	n/a	n/a	–
Apex Sanitation Products Ltd., October 2015	Ontario	Canada	1st Mortgage	$ 1,060,652	Industrial	n/a	n/a	–
Appleby Burlington Limited, September 2014	Ontario	Canada	Senior Secured Debenture	$ 5,723,673	Multi-Residential	n/a	n/a	–
Brookdale Square Inc., Equity [1]	Ontario	Canada	Shares	$ 658,236	Retail – Consumer Discretionary	19.80%	19.80%	–
Castlepoint Studio Partners Limited, June 2013	Ontario	Canada	1st Mortgage	$ 3,000,000	Real Estate Development	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, April 2016	Ontario	Canada	1st Mortgage	$ 1,940,873	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 2,988,799	Hospitality	n/a	n/a	–
Four Points, Prince George, October 2016	British Columbia	Canada	1st Mortgage	$ 7,080,788	Hospitality	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 2,142,700	Retail – Consumer Discretionary	n/a	n/a	–
Gulf & Pacific Equities Corp., February 2017	Alberta	Canada	1st Mortgage	$ 2,012,388	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 1,989,246	Hospitality	n/a	n/a	–
Jack Mandos (The Quarry Village), February 2017	Ontario	Canada	1st Mortgage	$ 2,308,789	Retail – Consumer Discretionary	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$ 7,440,278	Industrial	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 1,103,418	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 505,977	Retail – Consumer Discretionary	n/a	n/a	–
Somerset Wallace Developments Limited, October 2013	Ontario	Canada	1st Mortgage	$ 2,395,253	Real Estate Development	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 486,097	Hospitality	n/a	n/a	–

1 This investment is an equity investment.

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
96 Spadina Avenue Inc., January 2015	Ontario	Canada	1st Mortgage	$ 3,022,036	Office	n/a	n/a	–
480 Bayfield Inc., April 2016	Ontario	Canada	1st Mortgage	$ 1,233,789	Real Estate Development	n/a	n/a	–
2139654 Ontario Limited (Novo Plastics Inc.), April 2016	Ontario	Canada	2nd Mortgage	$ 393,551	Industrial	n/a	n/a	–
Apex Sanitation Products Ltd., October 2015	Ontario	Canada	1st Mortgage	$ 1,077,060	Industrial	n/a	n/a	–
Brookdale Square Inc., Equity[1]	Ontario	Canada	Shares	$ 532,325	Retail – Consumer Discretionary	19.80%	19.80%	–
Castlepoint Studio Partners Limited, June 2014	Ontario	Canada	1st Mortgage	$ 2,996,019	Real Estate Development	n/a	n/a	–
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	Ontario	Canada	1st Mortgage	$ 1,976,364	Hospitality	n/a	n/a	–
Downtown Edmonton Hotel Holdings, Inc., June 2013	Alberta	Canada	1st Mortgage	$ 3,076,988	Hospitality	n/a	n/a	–
First Gulf Brantford Shopping Centres LP et al., December 2012	Ontario	Canada	1st Mortgage	$ 118,509	Real Estate Development	n/a	n/a	–
Frontenac Shopping Centre Inc., November 2014	Ontario	Canada	1st Mortgage	$ 3,023,500	Retail – Consumer Discretionary	n/a	n/a	–
Gestion Salcan Inc., April 2016	Quebec	Canada	1st Mortgage	$ 4,194,522	Hospitality	n/a	n/a	–
King Edward Realty Inc., March 2015	Ontario	Canada	1st Mortgage	$ 3,373,106	Hospitality	n/a	n/a	–
Koffman Enterprises Limited (Kingston), December 2012	Ontario	Canada	1st Mortgage	$ 1,667,130	Real Estate Development	n/a	n/a	–
Koffman Enterprises Limited (London), March 2013	Ontario	Canada	1st Mortgage	$ 2,991,267	Real Estate Development	n/a	n/a	–
Northumberland Shopping Centre Inc., October 2013	Ontario	Canada	1st Mortgage	$ 4,017,869	Retail – Consumer Discretionary	n/a	n/a	–
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	Ontario	Canada	1st Mortgage	$ 969,995	Hospitality	n/a	n/a	–
Plazacorp Property Holdings Inc. (Bedford Commons), August 2020	Nova Scotia	Canada	1st Mortgage	$ 503,243	Retail – Consumer Discretionary	n/a	n/a	–
SPN Group Inc., June 2015	Ontario	Canada	1st Mortgage	$ 493,321	Hospitality	n/a	n/a	–
Storage Capital – 2 LP (Loan 2), January 2014	Quebec	Canada	1st Mortgage	$ 1,803,952	Self Storage	n/a	n/a	–
Taurus Cookstown Partners Ltd., June 2014	Ontario	Canada	1st Mortgage	$ 3,011,764	Retail – Consumer Discretionary	n/a	n/a	–
Hotel 550 Wellington LP (Thompson), August 2016	Ontario	Canada	1st Mortgage	$ 2,000,000	Hospitality	n/a	n/a	–
Four Points, Prince George, October 2016	British Columbia	Canada	1st Mortgage	$ 7,000,000	Hospitality	n/a	n/a	–
2093755 Ontario Ltd. (Holiday Inn Markham), November 2016	Ontario	Canada	1st Mortgage	$ 5,000,000	Hospitality	n/a	n/a	–
Somerset Wallace Developments Limited, October 2013	Ontario	Canada	1st Mortgage	$ 2,027,228	Real Estate Development	n/a	n/a	–
Appleby Burlington Limited, September 2014	Ontario	Canada	Senior Secured Debenture	$ 5,053,028	Multi-Residential	n/a	n/a	–
9126-8565 Quebec Inc., November 2012	Quebec	Canada	1st Mortgage	$ 1,970,193	Multi-Residential	n/a	n/a	–
9203-8751 Quebec Inc., November 2012	Quebec	Canada	1st Mortgage	$ 2,473,177	Multi-Residential	n/a	n/a	–
Nordelec Developments LP, November 2016	Quebec	Canada	1st Mortgage	$ 7,488,208	Industrial	n/a	n/a	–
Whiterock 1305 Ste-Foy Inc., November 2016	Quebec	Canada	1st Mortgage	$ 2,969,003	Office	n/a	n/a	–

1 This investment is an equity investment.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates and those differences could be significant. The most significant estimates are made on the valuation of private investments, which are further discussed in note 6 and 7.

The most significant judgments made in preparing the Fund's financial statements relate to the determination that the Fund is an investment entity, including that its objective and business purpose is to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Fund is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

6. FINANCIAL INSTRUMENTS

The Fund's investment in IPP Limited Partnership ("the Underlying LP") includes investments in private companies which consist of debt and equity instruments. These investments are typically illiquid. The Underlying LP seeks to reduce the risks typically associated with such investments by diversifying the investment portfolio by investing in companies that are in differing stages of development. The Fund holds 100% of the Underlying LP as at December 31, 2013.

Financial Instruments Risk

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk).

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional experience, daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio (either directly or through the investment in the Underlying LP) within the constraints of the investment objectives and, for private investments, by structuring investments to provide the Fund with the maximum protection in the event of problems with the issuer of the security.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investments in debt instruments represent the main concentration of credit risk. The fair value of debt instruments includes consideration of the creditworthiness of the issuer.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. Should either party not meet its obligation, the trade will fail.

The credit risk related to interest receivable is subject to the creditworthiness of the underlying investees. As at December 31, 2013, the Fund directly held nil% (December 31, 2012 – 59.40%, January 1, 2012 – 83.05%) of its net assets in debt securities through its private investment portfolio. As at December 31, 2013 the Underlying LP held 54.37% of its net assets in debt securities through its private investment portfolio.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities. In the normal course of operations, the Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units.

While the Fund invests a significant portion of its assets in private investments through its investment of IPP Limited Partnership, which are considered illiquid, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. An illiquid asset is a security or other position that may not be disposed of quickly in the normal course of business. While investments in illiquid assets can present above-average growth opportunities, they can be difficult to value and/or sell at the time and prices preferred by the Fund.

The liquidity risk associated with the monthly cash redemptions of units is managed in two ways: (1) maintaining a portion of the Fund's portfolio in cash and short-term investments; and (2) cash distributions received from the Underlying LP.

As part of the restructuring of the Fund (note 1), monthly redemptions are paid out to unit holders, but must be equal to or lower than 2% of the NAV of the Fund. Redemptions that exceed the monthly limit will be surrendered for redemption on a pro rata basis.

Through the limited partnership structure, if unitholders request to redeem on any monthly redemption date, units having an aggregate redemption price in excess of the monthly redemption limit of 2% of the net asset value of the Fund, then such unitholders shall receive cash redemption proceeds equal to their pro rata share of the monthly redemption limit and the balance of such redemption amount shall be satisfied by receiving limited partnership units, subject to the completion of additional documentation. This is referred to as an 'in specie' distribution. A unitholder will also be given a right to choose not to receive this in specie distribution and therefore have their redemption fulfilled to the cash threshold of 2%.

As at December 31, 2013, the Fund held 72.31% (December 31, 2012 – 60.14%, January 1, 2012 – 83.63%) of net assets in private investments, which are considered illiquid. It also had 30.00% (December 31, 2012 – 39.59%, January 1, 2012 – 17.35%) of net assets in cash, marketable securities and short-term investments that can be readily disposed of.

The following table summarizes the maturity profile, as at December 31, 2013 December 31, 2012 and January 1, 2012 of financial instruments by contractual maturity or expected cash flow dates.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
					As at December 31, 2013	
Assets						
Interest receivable	892	–	–	–	–	892
Other receivable	56,072	–	–	–	–	56,072
Private investments	–	–	–	–	49,058,614	49,058,614
Short-term investments	20,356,582	–	–	–	–	20,356,582
	$20,413,546	$–	$–	$–	$49,058,614	$69,472,160
Liabilities						
Redemptions payable	1,379,181	–	–	–	–	1,379,181
Distributions payable	106,421	–	–	–	–	106,421
Accrued expenses	173,453	–	–	–	–	173,453
	$1,659,055	$–	$–	$–	$–	$1,659,055

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
					As at December 31, 2012	
Assets						
Cash	39,555	–	–	–	–	39,555
Interest receivable	378,953	–	–	–	–	378,953
Receivable for investments sold	47,740	–	–	–	–	47,740
Private investments	10,975,579	9,413,122	31,653,894	505,977	658,236	53,206,808
Short-term investments	9,783,013	–	–	–	–	9,783,013
Marketable securities	25,201,763	–	–	–	–	25,201,763
	$46,426,603	$9,413,122	$31,653,894	$505,977	$658,236	$88,657,832
Liabilities						
Performance fee payable	336	–	–	–	–	336
Distributions payable	19,100	–	–	–	–	19,100
Payable for investments purchased	72,407	–	–	–	–	72,407
Accrued expenses	182,375	–	–	–	–	182,375
	$274,218	$–	$–	$–	$–	$274,218

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
					As at January 1, 2012	
Assets						
Cash	15,528	–	–	–	–	15,528
Interest receivable	416,242	–	–	–	–	416,242
Subscriptions receivable	224,610	–	–	–	–	224,610
Receivables for investments sold	42,091	–	–	–	–	42,091
Private investments	6,229,009	28,001,615	41,190,955	503,243	532,325	76,457,147
Short-term investments	35,033	–	–	–	–	35,033
Investments in underlying funds	15,815,127	–	–	–	–	15,815,127
	$22,777,640	$28,001,615	$41,190,955	$503,243	$532,325	$93,005,778
Liabilities						
Redemptions payable	36,296	–	–	–	–	36,296
Distributions payable	23,116	–	–	–	–	23,116
Revolving loan facility	1,350,000	–	–	–	–	1,350,000
Payable for investments purchased	92,261	–	–	–	–	92,261
Accrued expenses	121,852	–	–	–	–	121,852
	$1,623,525	$–	$–	$–	$–	$1,623,525

Market Risk

Market risk comprises three main components: interest rate risk, foreign currency risk and other price risk.

As at December 31, 2013, the Fund held nil% (December 31, 2012 – 28.49%, January 1, 2012 – nil%) of net assets in marketable securities through its investments in publicly traded ROI funds. As at December 31, 2013, the Underlying LP held 43.80% of its net assets in marketable securities through its investments in publicly traded ROI funds.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments. The Fund's exposure to interest rate risk (either directly or through the investment in the Underlying LP) is concentrated in its investments in debt securities.

The Fund held 30.00% (December 31, 2012 – 11.06%, January 1, 2012 – 0.04%) of its net assets in short-term investments, which earn a variable rate of interest and are therefore exposed to cash flow risk if interest rates change.

As at December 31, 2013, the private investments held by Fund, directly or indirectly through its investment in the Underlying LP, generated interest income with varying rates of 4.66% to 12.00% (2012 – 4.66% to 12.00%).

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional and presentation currency of the Fund.

As at December 31, 2013 and 2012 and January 1, 2012, the Fund did not have any significant exposure to currency risk either directly or indirectly through its investment in the Underlying LP.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All equity securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from investments at fair value is equivalent to their fair value.

When the Fund invests in the securities of another fund (referred to in this context as an "underlying mutual fund"), the Fund has the same risks as the underlying mutual fund in which it invests. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

As of December 31, 2013, 43.80% (December 31, 2012 – 28.49%, January 1, 2012 – nil%) of the Fund's net assets gave rise to other price risk through its investments in ROI Canadian High Income Mortgage Fund, Class A units and ROI Canadian Real Estate Fund, Class A units, which are traded on the Toronto Stock Exchange. At December 31, 2013 these units were held in the in the Underlying LP. At December 31, 2012 and January 1, 2012 these units were held in the Fund.

As at December 31, 2013, nil% of (December 31 2012 – 0.74%, January 1, 2012 – 0.58%) of the Fund's net assets is an equity security held as a private investment.

Valuation of Private Investments

The Fund invests a substantial portion of their net assets in private investments either directly or indirectly. Generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective and, to the extent that these valuations differ from the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units.

The total change in fair value of private investments recognized in increase (decrease) in the net assets from operations during the year that was estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates was an increase of $ 983,484 (December 31, 2012 – increase of $387,451).

Valuation processes

The Manager is responsible for determining recurring fair value measurements included in the financial statements, including fair value of Level 3 investments. The Manager's valuations team prepares a valuation for each investment at least quarterly; however, any new information that may impact the valuation of investments is addressed when known. The reports are reviewed and approved by senior members of the valuations team

The Level 3 investments in the Fund include debt and equity securities. The debt securities are comprised of mortgages and subordinated debentures. The equity securities are comprised of interests in income producing commercial private real estate, commercial development private real estate and residential development private real estate. Equity investments are made in various forms, including ownership interests in real property and loans secured by, or that provide a participating interest in, real property.

The following is a summary by investment type of the valuation techniques and key inputs used by the Manager:

Investment type	Valuation method	Inputs
Mortgage debt/subordinated debentures	Yield to maturity	Risk premium Risk free rate Time to maturity
Commercial development private real estate (commercial real estate assets in development)	Discounted cash flow	Completion date Discount rate Capitalization rate Stabilized net operating income

The yield to maturity method applies an appropriate discount rate to all future cash flows of a security. The discount rate is comprised of a risk-free rate plus a risk premium. The risk premium associated with a security is security specific and is determined mainly by the credit quality of the investment, the loan-to-value ratio (a measure of risk for debt investments, represented by the ratio of the loan outstanding divided by the current property value), and time to maturity.

The discounted cash flow method applies an appropriate discount rate to the expected future value of the completed development (on a direct income capitalization or realizable value basis). The discount rate is determined by analyzing the risk to completion which, amongst other measures, involves analysis of the current progress, loan-to-value and time to delivery of the future development.

Select significant unobservable inputs used in level 3 valuations are as follows:

	Time to completion			Capitalization rates		
	High	Low	Weighted average	High	Low	Weighted average
2012	0.75	0.75	0.75	6.65%	6.65%	6.65%
2013	1.00	1.00	1.00	6.50%	6.50%	6.50%

The following tables illustrate the fair value sensitivity of level 3 investments due to changes in key input assumptions in the valuation process:

	Impact of changes to Capitalization Rates		Impact of change in Time to Completion
	Increase +0.25%	Decrease −0.25%	Increase by 1 year
Investments in Equity Securities:			
Increase/(decrease) in fair value as at December 31, 2013	$(66,059)	$67,253	$(72,996)
Increase/(decrease) in fair value as at December 31, 2012	$(61,301)	$66,205	$(94,761)

	Impact of changes to Interest Rates	
	Increase +1%	Decrease −1%
Investments in Debt Securities:		
Increase/(decrease) in fair value as at December 31, 2013	$ (823,318)	$ 823,318
Increase/(decrease) in fair value as at December 31, 2012	$ (1,926,109)	$ 1,926,109

Portfolio Concentration Risk

Portfolio concentration risk is the risk of loss in the total value of the portfolio investments of the Fund due to an over-concentration of investments in a particular instrument, sector, or country. The Fund invests most of its assets in IPP Limited Partnership, which in turns invests its assets in private investments. The net assets (including private investments) of the ROI IPP Limited Partnership as at December 31, 2013 are as follows:

Description	Par Value $ (or number of shares)	Average Cost $	Fair value $
Private Investment Portfolio			
Mortgages – 55.71%			
2139654 Ontario Limited (Novo Plastics Inc.), May 2016	92,160	92,160	87,206
9203-8751 Quebec Inc., March 2014	823,201	823,201	823,201
Apex Sanitation Products Ltd., September 2015	1,058,376	1,047,228	1,047,722
Appleby Burlington Limited, September 2014	6,419,390	6,419,390	6,419,390
Brookdale Square Inc., Equity	592,478	648,597	655,931
Courtney Park Holdings LP & Courtney Park Holdings, May 2016	1,897,387	1,894,889	1,895,029
Four Points, Prince George, October 2016	6,862,649	6,663,234	6,663,234
Frontenac Shopping Centre Inc., November 2014	2,059,544	2,080,483	2,080,483
Gulf & Pacific Equities Corp., February 2017	1,951,482	1,892,938	1,892,938
Hotel 550 Wellington LP (Thompson), August 2016	1,961,683	1,950,134	1,950,464
Jack Mandos (The Quarry Village), February 2017	2,245,839	2,259,941	2,259,713
Oakville Holdings LP & Oakville Holdings Ltd., June 2016	1,081,565	1,077,897	1,078,016
SPN Group Inc., June 2015	478,284	478,284	478,284
		27,328,376	27,331,611
Investment in Marketable Securities – 43.80%			
ROI Canadian High Income Mortgage Fund, Class A	1,739,895	13,501,585	14,180,144
ROI Canadian Real Estate Fund, Class A	913,426	6,677,144	7,307,408
		20,178,729	21,487,552
Total Investments – 99.51%		47,507,105	48,819,163
Other assets, Net of Other Liabilities – 0.49%			239,451
Net Assets			49,058,614

7. FAIR VALUE HIERARCHY

The Fund provides disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 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 that are unobservable for the asset and liability.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2013, December 31, 2012 and January 1, 2012:

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	20,356,582	–	20,356,582
Private investments	–	–	49,058,614	49,058,614
	$–	**$20,356,582**	**$49,058,614**	**$69,415,196**

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Investments in underlying fund	–	25,201,763	–	25,201,763
Short-term investments	–	9,783,013	–	9,783,013
Private investments	–	–	53,206,808	53,206,808
	$–	**$34,984,776**	**$53,206,808**	**$88,191,584**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Investments in underlying fund	–	15,815,127	–	15,815,127
Short-term investments	–	35,033	–	35,033
Private investments	–	–	76,457,147	76,457,147
	$–	**$15,850,160**	**$76,457,147**	**$92,307,307**

The Underlying LP classifies 43.80% of its investments in Level 2 and 55.71% of its investments in Level 3 as at December 31, 2013.

All fair value measurements above are recurring. Financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3.

Short-Term Investments

The Fund's short-term investments are classified as Level 2 as they represent overnight cash deposits that are not traded.

Private Investments

The Fund's private investments are classified as Level 3 as the determination of fair value requires significant unobservable data and the application of valuation techniques. Private investments include investments that are not publicly traded or other assets for which no public market exists.

Underlying Funds

The Fund's direct investments in underlying funds are classified as Level 2 as these securities are quoted in a market but are not actively traded.

The following are reconciliations of Level 3 fair value measurements for the years ended December 31, 2013 and 2012:

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2012	53,206,808
Purchases	48,625,334
Principal payments	(53,514,081)
Realized losses	(242,931)
Change in unrealized gain	983,484
Balance at December 31, 2013	**$49,058,614**

The change in unrealized appreciation recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2013 is $1,445,232.

For disclosure regarding sensitivity analysis on private investments, refer to note 6.

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2011	76,457,147
Purchases	6,863,620
Sales & principal payments	(30,399,392)
Realized losses	(102,018)
Change in unrealized gain	387,451
Balance at December 31, 2012	**$53,206,808**

The change in unrealized appreciation recorded in the statement of comprehensive income for the year related to private investments which continue to be held at December 31, 2012 is $468,864

8. REDEEMABLE UNITS

Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The objective when managing the capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Manager monitors the capital on the basis of the value of the net assets attributable to holders of redeemable units.

The capital of the Fund is represented by issued redeemable units with no par value. Unitholders are entitled to distributions, if any, and to payment of a proportionate share based on the series' NAVPU upon redemption. Movements are shown on the statements of changes in net assets attributable to holders of redeemable units.

Changes in issued units per series are summarized as follows:

Effective December 24, 2012, the Fund lifted its halt for redemptions, but was closed to any new subscriptions.

The authorized capital of the Fund consists of an unlimited number of units and series without nominal or par value. The unitholders have the right under the Fund's Declarations of Trust to require the Fund to repurchase their units at their current NAV.

Some distributions made by the Fund are automatically reinvested in additional units at the current NAVPU, at the discretion of the unitholders, without an acquisition charge. Unitholders may withdraw from the automatic reinvestment plan by written notice to the Manager.

The Fund is a mutual fund trust. The objective of the Manager and the Advisor is to invest the Fund's capital in order to provide a return to unitholders in accordance with the objectives and strategy of the Fund. The Fund is not subject to any externally imposed capital requirements.

As at December 31, 2013

	Series A	Series I	Series F	Series O	Series R
	# of units	# of units	# of units	# of units	# of units
Balance – beginning of year	475,051	4,754	73,080	156,575	146,950
Issued:					
For cash	779	–	–	–	–
On reinvestment of distributions	14,401	–	1,972	5,378	4,689
Repurchased for cash	(102,992)	–	(10,181)	(23,007)	(50,777)
Balance – end of year	387,239	4,754	64,871	138,946	100,862

As at December 31, 2012

	Series A	Series I	Series F	Series O	Series R
	# of units	# of units	# of units	# of units	# of units
Balance – beginning of year	472,238	9,484	88,042	168,933	148,050
Issued:					
For cash	47,908	–	4,692	97	2,636
On reinvestment of distributions	19,334	1	2,055	6,844	6,296
Repurchased for cash	(64,429)	(4,731)	(21,709)	(19,299)	(10,032)
Balance – end of year	475,051	4,754	73,080	156,575	146,950

Valuation of Series and Units

A net asset value ("NAV") is calculated for each series of units of the Fund daily. The NAV of a particular series of units is computed by calculating the value of each series' proportionate share of the assets and liabilities of the Fund common to all series, less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses and net gains and losses on investments are allocated proportionately to each series based upon the relative net asset value of each series.

In the normal course of operations, units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the NAV per series per unit. A valuation date is each day on which the Toronto Stock Exchange is open for business. The NAVPU of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Fund attributable to the series by the total number of units of the series of the Fund outstanding at such time. Refer to the liquidity risk disclosure in note 6 for additional details.

9. MANAGEMENT FEES AND OPERATING EXPENSES

The Manager is responsible for the day-to-day management of the Fund. Prior to the restructuring of the Fund on November 10, 2012 (see note 1), the Manager was entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.40%; Series F – 0.40%; Series I, O and R – nil%. The Manager may add, in its sole discretion an operating service charge up to 0.35% of the weighted NAV of a series during each month, calculated daily and payable monthly for providing certain administrative services to the Fund. In addition, the Manager was entitled to a performance fee of up to the aggregate of 20% of the increase in the NAVPU of each series (excluding Series R) over the relevant period (after deducting all management fees and other expenses charged to the Fund and adding any distributions of income and capital during the relevant period), calculated daily and payable monthly.

Effective November 10, 2012 the overall structure of the management and performance fees changed. The Manager is entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.75%; Series F – 1.25%; Series I and O – 1.00% and Series R – nil%. As a result of restructuring of the Fund, the Manager will not collect performance fees going forward.

During the year ended December 31, 2013, the Fund incurred $777,191 (December 31, 2012 – $774,698) in management fees, $nil (December 31, 2012 – $206,828) in operating service charges and $nil (December 31, 2012 – $722,638) in performance fees with $49,412 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $62,023, January 1, 2012 – $45,190). In 2012, certain performance fees had been unconditionally waived where the Manager had elected to receive less than its allowable maximum; these amounts cannot be collected in the future.

The operating expenses of the Fund, which include, but are not limited to, legal, audit, interest, custodial, independent review committee, transfer agency and fund administration expenses and the cost of financial statements and other reports, are the direct responsibility of the Fund. The Manager pays certain of these expenses on behalf of the Fund and is then reimbursed by the Fund.

The Manager may waive or absorb certain expenses of the Fund. The decision to do so is reviewed annually and determined at the sole discretion of the Manager. Where applicable, the Manager intends to continue this reduction for the foreseeable future, but reserves the right to discontinue this practice at any time without notice.

The Manager may be paid work fees ("Work Fees") by companies in which the Fund invests. The Work Fees are paid for work done in connection with the financing of such companies. Such financing work may include sourcing investment opportunities, structuring investments, due diligence and preparation of loan participation agreements or other investment documentation. Beginning March 14, 2012, the Manager elected to direct all Work Fees received to the Fund. The Work Fees are recognized in net realized gain on investments in the statements of comprehensive income.

In addition, the Manager may be paid a monitoring fee or commitment, renewal, extension, discharge, prepayment or other administrative fee by companies in which the Fund invests. Beginning March 14, 2012, the Manager elected to direct all of such fees received to the applicable fund. These fees are recognized in net realized gain on investments in the statements of comprehensive income.

Sales Charges

The sales charges incurred by unitholders are dependent on the purchase option selected at the time of purchase. Series A and I may be purchased by one of three options: the Initial Sales Charge Option (“ISC”), Low Load Sales Charge Option (“LL”) or Super Low Load Sales Charge Option (“SLL”). Under the ISC Option, a negotiable fee of up to 5% of the purchase price is payable by Series A and I investors to their dealer. No redemption fee is payable when investors redeem Series A and I units purchased under the ISC Option (subject to a short-term trading fee, where applicable). Under the LL and SLL Options, no fee is payable by Series A and I investors to their dealer. Investors may be subject to a redemption fee if they redeem Series A and I units purchased under the LL or SLL Options, depending upon how long they have held the units to be redeemed. No sales charges are payable in respect of Series F, O and R units of the Fund as at December 31, 2013. Since the effective date of the Fund’s restructuring, these fees are no longer applicable.

10. INCOME TAXES

Non-capital losses are available to be carried forward for 20 years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. As at December 31, 2013, December 31, 2012 and January 1, 2012 the Fund had no non-capital and net capital losses available.

11. REVOLVING LOAN FACILITY

The Fund had access to a revolving loan facility. The revolving loan facility commitment, in the maximum amount of $40,000,000 was shared across four Funds formerly known as (ROI High Income Private Placement Fund, ROI Private Placement Fund, ROI Strategic Private Placement Fund and ROI Institutional Private Placement Fund) managed by the Manager. Each Fund was subject to certain margin requirements with the total amount for all funds available under the loan facility capped at $40,000,000. Interest on the loan was charged on the outstanding principal amount a Canadian chartered bank at the rate per annum equal to the prime rate plus 0.75%. There was a standby fee charged of 0.20% per annum to the Funds, calculated and accrued daily for the unused amount borrowed. The loan was secured by certain assets of the Funds and matured on July 27, 2012.

12. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

	2013				
	A	I	F	O	R
Increase (Decrease) in net assets attributable to holders of redeemable units	(724,696)	(3,703)	(84,617)	(112,166)	4,758
Weighted average units outstanding during the year	429,514	4,755	69,913	147,738	127,235
Increase (Decrease) in net assets attributable to holders of redeemable units per unit	(1.69)	(0.78)	(1.21)	(0.76)	0.04

	2012				
	A	I	F	O	R
Increase in net assets attributable to holders of redeemable units	1,764,508	30,996	367,634	864,886	997,165
Weighted average units outstanding during the year	477,716	5,554	75,552	156,777	144,857
Increase in net assets attributable to holders of redeemable units per unit	3.69	5.58	4.87	5.52	6.88

13. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. The Fund has determined that it meets the definition of an 'investment entity' and as a result, it measures subsidiaries, other than those which provide services to the Fund, at FVTPL. The Fund accounts for investments in associates and joint ventures at FVTPL, rather than applying the equity method and accounts for all investments that are financial instruments at FVTPL. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Classification of redeemable units issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity, which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset, be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

In addition to the adjustments above, the Fund has reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS, including adjustments to presentation resulting from the fact that these financial statements have not been prepared to comply with the requirement of National Instrument 81-106, Investment Fund Continuous Disclosure. There were no measurement adjustments which arose as a result of the Fund's transition to IFRS.

14. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

15. EXEMPTION FROM REGULATORY FILING

Under the exemption in Section 2.11 of NI 81-106, the Fund has not and will not be filing these financial statements with regulatory authorities.

16. SUBSEQUENT EVENT

On April 2, 2014 the Manager entered into an agreement (the “Purchase Agreement”) with DREAM Asset Management Corporation (“DREAM”), whereby DREAM will acquire the rights to manage ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (together the “ROI Funds”).

In connection with the Purchase Agreement, it is proposed that the ROI Funds will complete a reorganization involving, among other things, the transfer of the assets of each ROI Fund and its respective reference fund of each ROI Fund to a newly-formed, open-ended trust which will be managed by DREAM. In connection with the termination of the ROI Funds, unitholders of the ROI Funds will receive units in DREAM Hard Asset Alternatives Trust.

The transaction is subject to, among other things, the approval by the unitholders of the ROI Funds at the meeting of the unitholders expected to take place in June 2014. In addition to such unitholder approval, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Subject to the satisfaction of these conditions, the transaction is expected to close in July 2014.

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ROI Capital™

ROI INSTITUTIONAL PRIVATE PLACEMENT FUND

Management Discussion and Analysis

For the year ended
December 31, 2013

Dated: May 6, 2014

FORWARD LOOKING STATEMENTS

Caution regarding forward-looking statements

In this Management Discussion & Analysis ("MD&A"), the terms, "we", "us", "our", the "Manager", "Management" and "ROI Capital" refer to Return On Innovation Advisors Ltd. and the "Fund" refers to the ROI Institutional Private Placement Fund and its financial position and results of operations for the year ended December 31, 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") except as otherwise noted. This MD&A should be read in conjunction with the Fund's audited annual Financial Statements, which have been prepared in accordance with IFRS. Copies of these documents have been included in the prospectus of Dream Hard Asset Alternatives Trust and the management information circular dated May 6, 2014, each of which is expected to be filed electronically with the securities regulators in Canada through the SEDAR website at www.sedar.com.

Forward-looking statement advisory

This MD&A may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar terminology. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

The MD&A is dated May 6, 2014. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information about the Fund and its investment portfolio is available on the ROI Capital website at roicapital.ca.

PROPOSED REORGANIZATION

On April 2, 2014, ROI Capital announced that it would submit a proposed reorganization ("Proposed Reorganization") to unitholders of ROI Canadian High Income Fund, ROI Canadian Mortgage Income Fund and ROI Canadian Real Estate Fund (the "Listed Funds", and together with the Fund, the "ROI Funds"). Pursuant to the Proposed Reorganization DREAM Asset Management Corporation ("DREAM") would acquire the rights to manage the ROI Funds and the ROI Funds would undergo a reorganization whereby the ROI Funds and their respective reference funds would transfer substantially all of their assets to DREAM Hard Asset Alternatives Trust and unitholders of the ROI Funds would become holders of units of Dream Hard Asset Alternatives Trust, a newly-formed Ontario trust managed by DREAM.

The Proposed Reorganization requires the approval of unitholders of each of the Listed Funds by way of a unitholder meeting. The Proposed Reorganization does not require the approval of the unitholders of the Fund. In accordance with the Fund's Declaration of Trust, the Manager may implement such a change provided that 30 days' notice is delivered to unitholders in advance of the Proposed Reorganization.

As at December 31, 2013, 11.5% of the Fund's assets were co-owned with the Listed Funds and 28.5% was invested in units of two of the Listed Funds. The Fund has exited seven investments and not made any new investments during the year as it has been generating cash for redemptions. As the Fund's total assets and income decline, cash distributions and redemptions to unitholders exceed income. The asset mix is changing and the portfolio within the Fund is becoming less liquid and more concentrated. The long-term liquidity of the Fund based on the current investment portfolio and product structure is not aligned, increasing the liquidity risk of the Fund. Furthermore, the Fund's monthly redemption requests have exceeded the 2% limit each month in 2013 requiring redemptions to be restricted on a pro rata basis limiting liquidity to unitholders.

In light of such considerations, the Manager believes that it is in the best interest of the unitholders of the Fund that the Fund be included in the Proposed Reorganization.

Under the Proposed Reorganization, Dream Hard Asset Alternatives Trust would comply with National Instrument 51-102 continuous disclosure requirements, as opposed to the Fund's current disclosure requirements under National Instrument 81-106 ("NI 81-106"). If the Proposed Reorganization is approved the DREAM Alternative Fund would be subject to IFRS as issued by the IASB and prepare financial statements and related disclosures in accordance with IFRS, along with Management's Discussion and Analysis.

Audited financial statements for the years ended December 31, 2013 and December 31, 2012 have been prepared in accordance with IFRS.

The Fund has previously filed audited annual financial statements in accordance with Part V of the CPA Canada Handbook – Accounting ("Canadian GAAP") and its Management Report of Fund Performance for the years ended December 31, 2013 and December 31, 2012 in accordance NI 81-106. The Fund's transition to IFRS resulted in presentation and disclosure differences, but there was a measurement adjustment, which arose as a result of the transition. An explanation of the effect of the transition from previous Canadian GAAP to IFRS is set out in note 15 to the financial statements.

BASIS OF PRESENTATION

The Fund adopted IFRS as issued by the IASB as its basis of financial reporting commencing with the audited annual financial statements for the year ended December 31, 2013. The Fund's date of transition to IFRS was January 1, 2012. Financial data provided in this MD&A, for the years ended December 31, 2013 and December 31, 2012, has been prepared in accordance with IFRS. The Fund has consistently applied the accounting policies used in the preparation of statement of financial position as at December 31, 2013 and throughout all years presented, as if these policies had always been in effect. The Fund has elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements.

The Fund's reporting currency is the Canadian dollar.

BUSINESS OVERVIEW

The Fund is an open-ended mutual fund trust established under the laws of Ontario pursuant to a Declaration of Trust. The Fund has five series – Series A, F, I, O and R which were established on February 17, 2009. The Manager is the manager and the Investment Advisor to the Fund.

The Fund's fundamental investment objective is to provide unitholders of the Fund with attractive risk adjusted, monthly cash distributions, a nominal current yield, some nominal long-term capital appreciation and preservation of capital.

The Fund intends on meeting its investment objectives by investing in, directly and indirectly, a diversified portfolio of commercial mortgages and loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

On December 10, 2013, the Manager amended the Declaration of Trust in order to adjust certain provisions with respect to the underlying investments of the Fund with respect to the redemption provisions of the Fund. In accordance with the amendment, the Fund had transferred all of its assets to a wholly owned subsidiary limited partnership in exchange for limited partnership units. The limited partnership holds the previously held investments for the Fund and the transfer had no direct impact to the performance of the underlying investments.

RECENT DEVELOPMENTS

Throughout 2013, the Manager has continued to view Canadian real estate fundamentals as being stable and sustainable, contributing to an overall attractive lending and investing market.

From April 2013 to August 2013 the share prices of the Canadian public REITs declined, limiting their ability to raise new equity capital on accretive terms and, in turn, limiting their ability to pursue real estate acquisitions. However, the demand from institutional and private investors has remained strong, allowing valuations to remain relatively stable although, some industry observers have suggested that capitalization rates could potentially increase in the event long-term interest rates increase on a sustained basis. These above noted trends were reflected in the results from private real estate investments in 2013, which demonstrated relatively stable capitalization rates and fair values.

Within the commercial mortgage market we continue to see lending opportunities from borrowers. Many of these borrowers have multiple financing options. However, these options may not meet their specific requirements due to the various underwriting practices and policies of institutional lenders. In addition, there continues to be uncertainty in the commercial lending market as it relates to changes or anticipated changes in banking regulations both domestically and globally. We believe the effect of these market changes and challenges have created a funding gap for borrowers looking to secure an alternative source of funds which is increasingly being filled by non-bank lenders.

We have seen a rise in bond yields as the DEX Universe Bond Index average yield climbed from 1.59% on December 31, 2012 to 2.01% on December 31, 2013. We have seen a rise in bond yields for the Real Estate sub index as average yields climbed 40 basis points from 3.19% on December 31, 2012 to 3.59% on December 31, 2013 thereby suggesting that the risk premium declined slightly as the risk free interest rate climbed. We have also seen a nominal rise in capitalization rates for certain real estate properties throughout the year but the majority of any increases if applicable materialized in the secondary regions and/or for secondary properties. We have also seen a significant amount of new office property development, primarily in downtown Toronto and Calgary, which could contribute to higher vacancy for some period of time. Overall, we believe that deal flow and investing opportunities are still plentiful.

Despite these favourable trends, the Fund was not in a position to take advantage of this opportunity in the market. During the reporting year, redemptions remained high, exceeding the 2% monthly limit. As a result, units were redeemed on a pro rata basis. In order to support the liquidity requirements of the Fund's monthly redemptions and distributions, the Fund exited seven first mortgages, through maturities or early retirement, during the year. No new investments were made during the reporting year as the Fund was generating and conserving cash to meet the liquidity requirements.

FINANCIAL HIGHLIGHTS

The Fund's net assets attributable to holders of redeemable units were $67,847,375, which is allocated across 15 investments held through its holding in the underlying limited partnership.

	IFRS 2013	IFRS 2012	CGAAP[1] 2011
Total Revenue	107,213	6,006,298	3,827,659
Net gain (loss) on investments	107,213	6,006,298	1,292,605
Increase (decrease) in net assets attributable to holders of redeemable units	(920,423)	4,025,189	3,899,063
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Series A	(1.69)	3.69	4.41
Series I	(0.78)	5.58	5.70
Series F	(1.21)	4.87	5.57
Series O	(0.76)	5.52	6.12
Series R	0.04	6.88	7.01
Total assets	69,506,430	88,745,396	93,044,948
Net assets attributable to holders of redeemable units[2]	67,847,375	88,471,178	91,421,423
Distributions declared per series:			
Series A	1,822,487	2,055,768	2,349,073
Series I	22,255	25,941	52,652
Series F	323,566	349,861	509,731
Series O	683,595	731,349	1,081,826
Series R	577,835	676,710	1,003,666

1 "CGAAP" means Part V of the CPA Canada Handbook – Accounting. Certain items have been reclassified to conform to the line items presented in the IFRS financial statements.

2 Net assets attributable to holders of redeemable units are presented as liabilities under IFRS

For the year ended December 31, 2013

The net assets of the Fund fell to $67.8 million as at December 31, 2013 from $88.5 million at December 31, 2012. The $20.6 million decrease was attributable to a decrease in net assets attributable to holders of redeemable units of $0.9 million; net redemptions of $16.3 million and distributions to unitholders of $3.4 million.

The decrease in net assets attributable to holders of redeemable units of $0.9 million was mostly attributable to the Fund's two largest holdings, the ROI Canadian High Income Mortgage Fund and the ROI Canadian Real Estate Fund (which are publicly traded on the Toronto Stock exchange) which experienced 14% and 17% declines in their market price respectively, year over year.

In order to support the liquidity requirements of the Fund's monthly redemptions and distributions, through maturities or early retirement, the Fund exited seven first mortgages during the period. In order to receive early repayment, in some instances, discounts to outstanding principal were required. During the year, $35,650 in discounts were applied and $250,460 in pre-payment penalties were waived.

The level of redemptions, while high, was in line with expectations. Since December 24, 2012, unitholders have been permitted to redeem units on a monthly basis limited to an aggregate net asset value per unit equal to 2% of the net asset value of the Fund. Redemption requests have consistently exceeded the 2% monthly limit requiring units to be redeemed on a pro rata basis. The Manager expects that the current redemption trend will continue.

The Fund continues to hold 13 private investments along with units of the ROI Canadian High Income Mortgage Fund and the ROI Canadian Real Estate Fund. No new investments were made during the year.

During the year, the Fund paid distributions to unitholders as follows – series A – $1,822,487; series F – $22,255; series I – $323,566; series O – $683,595 and series R – $577,835 for a total of $3,429,738.

During the year, distributions to unitholders exceeded cash generated from operations. As the cash in the Fund is depleted, the corresponding risk of the Fund will increase given the volatility and liquidity associated with the Fund's public and private investments. The asset mix is changing and the portfolio within the Fund is becoming less liquid and more concentrated. The long-term liquidity of the Fund based on the Fund's current structure and current investment portfolio are not sufficiently aligned, increasing the liquidity risk of the Fund.

For the three months ended December 31, 2013

The net assets of the Fund fell to $67.8 million as at December 31, 2013 from $73.1 million at September 30, 2013. The $5.4 million decrease was attributable to a decrease in net assets attributable to holders of redeemable units of $0.9 million; net redemptions of $3.7 million and distributions to unitholders of $0.8 million.

The decrease in net assets attributable to holders of redeemable units of $0.9 million was mostly attributable to the Fund's two largest holdings, ROI Canadian High Income Mortgage Fund and ROI Canadian Real Estate Fund (which are publicly traded on the Toronto Stock Exchange) which experienced 5% and 6% declines in their market price respectively, year over year.

Redemptions remained high, exceeding the 2% monthly limit. Therefore units were redeemed on a pro rata basis.

No new investments were made during the period as the Fund was generating and conserving cash to meet liquidity requirements.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objective is to provide unitholders of the Fund with attractive risk adjusted, monthly cash distributions, a nominal current yield, some nominal long-term capital appreciation and preservation of capital by investing primarily, directly or indirectly in, or by obtaining economic exposure through one or more forward agreements to, an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property.

The Fund's investment strategy is to obtain exposure to an actively managed diversified portfolio of investments which consist primarily of loans secured by, or that provide a participating interest in, commercial mortgages, real property or ownership interests in real property. The Fund may obtain such exposure by making investments directly or indirectly.

The Fund is focused on loans to or investments in real estate borrowers or operators requiring funding.

Notwithstanding the investment objective, strategy and restrictions of the Fund, from time to time, in light of existing economic conditions or other relevant conditions, the Fund may purchase or invest in debt obligations secured by, or securities issued or guaranteed as to principal and interest by, the Government of Canada or any province or territory thereof, in order to ensure that the principal of the Fund is invested in an orderly fashion or to protect the assets of the Fund.

INVESTMENT RESTRICTIONS OF THE FUND

The investment restrictions of the Fund include the following:

The investment restrictions of the Fund, considering direct investments and the exposure through any Forward Agreement of the Fund or through its interest in ROI LP, are:

(a) the Fund will not make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act.

(b) the Fund will manage its investments and affairs to minimize its liability for income tax as a result of the application of the SIFT Rules if such rules are applicable;

(c) with respect to any Canadian securities portfolio that the Fund were to sell forward to a counterparty under any Forward Agreement, the Fund will restrict its investments to securities, each of which is a "Canadian security" as defined in subsection 39(6) of the Tax Act;

(d) the Fund will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

(e) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the

Tax Act, or (iii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act;

(f) the Fund will not invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(g) the Fund will not invest in any security of an issuer that would be a "foreign affiliate" of the Fund for purposes of the Tax Act;

(h) the Fund will not guarantee the securities or obligations of any Person; provided that the Fund is not required to terminate or withdraw any such guarantees provided by it prior to November 29, 2012;

(i) the Fund will not purchase the securities of an issuer for the purposes of exercising or seeking to exercise control of that issuer (other than an issuer that is a mutual fund or a non-redeemable investment fund) or being actively involved in the management of any issuer in which it invests (other than an issuer that is a mutual fund or a non-redeemable investment fund) or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws, and the Fund will not invest in Private Real Estate Transactions for the purpose of being actively involved in the day-to-day management and administration of real property;

(j) the Fund will not borrow or employ financial leverage except up to 30% of its Net Asset Value;

(k) the Fund will not invest in asset-backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgage loans or other securitized pools;

(l) the Fund will not invest more than 40% of the Total Assets of the Fund in mortgages or Private Real Estate Transactions which are secured by Non-Income Producing Properties;

(m) the Fund will not invest more than 30% of the Total Assets of the Fund in mortgages with any one borrower or on any one real property;

(n) the Fund will not, directly or indirectly, invest outside Canada;

(o) the Fund will not invest more than the percentages set out below of the Total Assets of the Fund in investments in the corresponding regions:

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	85%
Alberta	50%
British Columbia	50%
Quebec	35%
Atlantic Provinces	25%
Manitoba and Saskatchewan	25%
Yukon, Northwest Territories and Nunavut	10%;

(p) the Fund will not invest more than the percentages set out below of the Total Assets of the Fund in investments secured by the product type set out below:

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Office	50%
Hospitality	50%
Residential and multi residential	50%
Retail	40%
Industrial	40%
Self-storage	25%
Other	15%;

(q) the Fund will not invest more than the percentages set out below of the Total Assets of the Fund in investments of the type set out below:

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
First mortgages	100%
Second mortgages	40%
Third mortgages	0%
Personal residential mortgages	0%
Private real estate	40%
Other securities	10%
Cash or cash equivalents	100%;

(r) the Fund will not have a Loan-to-Value of any one mortgage loan comprising the Total Assets that exceeds 80%, or have a weighted average Loan-to-Value ratio for all mortgage loans that exceeds 75%; provided that a mortgage loan with a Loan-to-Value that exceeds 80% can be acquired and held as an investment that is considered to be private real estate and is subject to the restriction in paragraph q) above for private real estate investments.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment, the Net Asset Value of the Fund or its Total Assets will not be considered a violation of the investment restrictions.

ANALYSIS OF FINANCIAL INFORMATION FOR THE YEAR

Statements of Comprehensive Income

For the years ended December 31	2013 $	2012 $
Income		
Investments at FVTPL		
Net realized gain (loss) on investments	(1,911,820)	5,666,373
Change in unrealized appreciation in investments	2,019,033	339,925
Total income (net)	107,213	6,006,298
Expenses		
Audit fees	32,128	75,112
Custodian fees	50,537	72,703
Independent review committee fees	1,512	2,833
Interest expense	–	43,229
Legal fees	122,196	15,615
Management fees	777,191	774,698
Operating services	–	206,828
Performance fees	–	722,638
Shareholder reporting costs	28,443	41,409
Transfer agent fees	15,629	26,044
Total Expenses	1,027,636	1,981,109
Increase (decrease) in net assets attributable to holders of redeemable units	(920,423)	4,025,189
Increase (decrease) in net assets attributable to holders of redeemable units per series		
Series A	(724,694)	1,764,508
Series I	(3,703)	30,996
Series F	(84,617)	367,634
Series O	(112,167)	864,886
Series R	4,758	997,165
Increase (decrease) in net assets attributable to holders of redeemable units per unit		
Series A	(1.69)	3.69
Series I	(0.78)	5.58
Series F	(1.21)	4.87
Series O	(0.76)	5.52
Series R	0.04	6.88

Total Income

Total income for the year was $107,213 (December 31, 2012 – $6,006,298) and is made up of the following categories:

(a) Net realized gain (loss) on sale of investments – which is made up of interest from private investments of $2,797,704 (December 31, 2012 – $4,334,225) and net realized loss on sale of investments of $4,709,524 (December 31, 2012 gain of $1,332,148).

(b) Net change in unrealized appreciation (depreciation) in investments – which is made up of the change in unrealized appreciation of investments of $2,019,033 (December 31, 2012 – $339,925).

The interest from private investments declined year over year commensurate with the decline in exposure to mortgage investments. The net realized loss on sale of private investments and the change in unrealized appreciation of investments viewed in combination reflects the impact of the decline in market value of the ROI Canadian High Income Mortgage Fund and the ROI Canadian Real Estate Fund.

Expenses

Management Fees

As of November 10, 2012 the Manager is entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.75%; Series F – 1.25%; Series I and O – 1.00% and Series R – nil%. Prior to November 10, 2012 the Manager was entitled to receive performance fees and operating services. After this date, the Manager is no longer entitled to these fees.

During the year ended December 31, 2013, the Fund incurred $777,191 (December 31, 2012 – $774,698) in management fees; $nil in operating services (December 31, 2012 – $206,828), and $nil in performance fees (December 31, 2012 – $722,638) with $49,412 (December 31, 2012 – $774,698) in outstanding fees as at December 31, 2013.

Service Fees

The Manager pays each registered dealer whose clients hold units a service fee equal to 0.50% per annum of the average daily net asset value ("NAV") of the Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly.

Other Expenses

The Fund incurred other expenses of $250,445 (December 31, 2012 – $276,945) consist mainly of audit fees, custodian fees, professional fees, shareholder reporting costs, transfer agency fees which are all costs directly associated with operation and administration of the Fund.

STATEMENT OF FINANCIAL POSITION

The balance of investments as at December 31, 2013 is a follows:

Asset Mix

Asset Mix	Amount	% of NAV
First Mortgages	25,058,699.84	37.02%
Cash, Short-term Securities and Other	21,155,995.30	31.25%
Private Real Estate – Commercial	8,763,794.76	12.95%
Other	6,501,360.41	9.60%
Private Real Estate Development – Commercial	3,216,485.86	4.75%
Private Real Estate Development – Residential	2,116,986.15	3.13%
Second Mortgages	880,975.59	1.30%
Total	$ 67,694,297.91	100.00%

As at December 31, 2013 the weighted average yield to maturity for the mortgages was 7.74%.

As at December 31, 2013, the Fund's portfolio was comprised of 15 investments which were allocated across the following categories:

(a) Region

Geographic Allocation (Excluding Cash and Other Net Assets)	% of Investments
Ontario	75.60%
British Columbia	15.86%
Alberta	5.33%
Quebec	2.94%
New Brunswick	0.18%
Nova Scotia	0.08%
Total	100.00%

The Fund maintained a diversified portfolio of investments across Canada, with its largest concentration in Ontario. The Fund has benefited from sourcing investments in this province.

(b) Maturity

Mortgage and Other Investment Maturity Schedule (Excluding Cash, Other Net Assets and Private Real Estate)	% of Debt Investments
Less Than One Year	39.97%
Greater Than One Year Less Than Two Years	11.50%
Greater Than Two Years Less Than Three Years	32.38%
Greater Than Three Years Less Than Four Years	16.15%
Total	100.00%

The Fund's direct and indirect investments have a lower turnover rate. The weighted average modified duration for the Fund is 1.71. The Fund does have exposure to long-term private real estate investments that do not have a pre-defined maturity schedule.

(c) Asset Type

Industry Allocation (Excluding Cash and Other Net Assets)	% of Investments
Hospitality	32.12%
Retail – Consumer Discretionary	24.67%
Multi-Residential	22.80%
Office	16.96%
Industrial	3.14%
Other / Non Real Estate	0.18%
Self Storage	0.07%
Retail – Consumer Staples	0.06%
Total	100.00%

The Fund has developed a unique investment portfolio including exposure to hospitality, office and multi-residential. The Fund has also co-invested on a variety of different investments.

(d) Loan-to-Value

Loan-to-Value Ratio of Mortgages	% of Mortgages
81-90	20.30%
71-80	9.00%
61-70	36.95%
51-60	20.59%
Less Than 50	13.16%
Total	100.00%

As at December 31, 2013 the weighted average Loan-to-Value for the Fund was 56.70%

QUARTERLY FINANCIAL INFORMATION

	Q1	Q2	Q3	Q4	2013 Total
Investments at FVTPL					
Net realized gain (loss) on investments	1,277,069	1,218,830	1,140,197	(5,547,916)	(1,911,820)
Net change in unrealized appreciation (depreciation) in investments	(5,074)	(2,547,957)	(291,869)	4,863,933	2,019,033
Total income (net)	1,271,995	(1,329,127)	848,328	(683,983)	107,213
Expenses					
Audit fees	14,694	9,761	1,829	5,844	32,128
Custodian fees	29,628	15,037	2,310	3,562	50,537
Forward fees	–	–	–	–	–
Independent review committee fees	467	346	349	350	1,512
Interest expense	–	–	–	–	–
Legal fees	2,532	2,842	9,121	107,701	122,196
Loan commitment fees	–	–	–	–	–
Management fees	208,207	206,376	198,015	164,593	777,191
Operating services	–	–	–	–	–
Performance fees	–	–	–	–	–
Shareholder reporting costs	–	–	–	–	–
Transaction costs	14,965	10,453	111	2,914	28,443
Transfer agent fees	6,624	3,362	1,751	3,892	15,629
Total Expenses	277,117	248,177	213,486	288,856	1,027,636
Increase in net assets attributable to holders of redeemable units	**994,878**	**(1,577,304)**	**634,842**	**(972,839)**	**(920,423)**

The quarterly variations in increase (decrease) in net assets attributable to holders of redeemable units are directly related to the performance of the Fund's investment in ROI Canadian High Income Mortgage Fund and ROI Canadian Real Estate Fund. Specifically, in the securities fell 9% and 11% respectively in Q2 and fell 5% and 6% in Q4.

	Q1	Q2	Q3	Q4	2012 Total
Investments at FVTPL					
Net realized gain (loss) on investments	985,295	1,005,491	1,039,203	2,636,384	5,666,373
Net change in unrealized appreciation (depreciation) in investments	1,206,682	1,167,953	337,145	(2,371,855)	339,925
Total income (net)	2,191,977	2,173,444	1,376,348	264,529	6,006,298
Expenses					
Audit fees	9,413	38,339	17,161	10,199	75,112
Custodian fees	18,627	17,990	11,544	24,542	72,703
Independent review committee fees	518	354	378	1,583	2,833
Interest expense	29,127	13,456	646	–	43,229
Legal fees	4,161	5,899	4,046	1,509	15,615
Management fees	196,032	195,483	197,996	185,187	774,698
Operating services	55,168	54,194	54,889	42,577	206,828
Performance fees	234,841	242,118	174,403	71,276	722,638
Shareholder reporting costs	18,647	11,885	9,495	1,382	41,409
Transfer agent fees	4,954	6,626	7,069	7,395	26,044
Total Expenses	571,488	586,344	477,627	345,650	1,981,109
Increase (decrease) in net assets attributable to holders of redeemable units	**1,620,489**	**1,587,100**	**898,721**	**(81,121)**	**4,025,189**

RELATED PARTY TRANSACTIONS

As of December 31, 2013, the Fund held 1,739,895 units of the ROI Canadian High Income Mortgage Fund, Class A and 913,426 units of the ROI Canadian Real Estate Fund, Class A, which are related parties through common management.

As of December 31, 2013, the Fund and other funds managed by the Manager, which are a related party, co-invested in several mortgage investments totaling $49,330,045. The Fund's share of these investments is $10,118,350.

As at December 31, 2013, the Fund held substantially all of its assets (totaling $49,058,614) through IPP Limited Partnership which is a related party by way of common management.

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Fund may be contingently liable for litigation and claims arising from its investing activities. Where required, management records adequate provision in the accounts. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Fund's financial position.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting year. Actual results could differ from those estimates and those differences could be significant.

The most significant estimates are made on the valuation of private investments. The Fund invests a substantial portion of its net assets in private investments and generally, these private instruments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by, amongst other things, the availability of reliable information, economic uncertainty, and the uncertainty of predictions concerning future events as well as the time required to assess the impact of any particular event on value from time to time. This valuation process is subjective to a degree and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations differ from the amounts ultimately realized by the Fund, investors in the Fund may gain a benefit or suffer a loss when they purchase or redeem units. Further insight into the valuation of private investments can be found in note 6 in the financial statements.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Fund is still assessing the impact of these changes.

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable.

OUTSTANDING SHARE DATA

The authorized capital of the Fund consists of an unlimited number of units without nominal or par value. The unitholders have the right under the Fund's Declaration of Trust to require the Fund to repurchase their units at their current NAV. Effective December 24, 2012, the Fund is closed to any new subscriptions. As at May 2, 2014 the following units were outstanding: Series A – 363,747.5480; Series F – 61,596.5340; Series I – 4,756.4210; Series O – 130,947.5220 and Series R – 87,890.5190.

CAPITAL STRUCTURE AND LIQUIDITY

Capital structure

The Fund is a mutual fund trust. The objective of the Manager and the Advisor is to invest the Fund's capital in order to provide a return to unitholders in accordance with the objectives and strategy of the Fund while preserving capital. The Fund is not subject to any externally imposed capital requirements.

Liquidity

In the normal course of operations, the Fund's exposure to liquidity risk is concentrated in the monthly cash redemptions of units. Monthly redemptions are paid out to unit holders, but must be equal to or lower than 2% of the NAV of the Fund. Redemptions that exceed the monthly limit are fulfilled on a pro rata basis.

While the Fund invests a significant portion of its assets in private investments through its investment in ROI IPP Limited Partnership, which are considered illiquid, the Fund manages the risk associated with the monthly redemption of units by: (1) maintaining a portion of the Fund's portfolio in cash and short-term investments; and (2) cash distributions received from the ROI IPP Limited Partnership.

The following table summarizes the maturity profile of the Fund, as at December 31, 2013 of financial instruments by contractual maturity or expected cash flow dates.

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	–	–	–	–	–	–
Interest receivable	892	–	–	–	–	892
Other receivable	56,072	–	–	–	–	56,072
Private investments	–	–	–	–	49,058,614	49,058,614
Short-term investments	20,356,582	–	–	–	–	20,356,582
	$ 20,413,546	$ –	$ –	$ –	$ 49,058,614	$ 69,472,160
Liabilities						
Bank overdraft	–	–	–	–	–	–
Performances fee payable	–	–	–	–	–	–
Redemptions payable	1,379,181	–	–	–	–	1,379,181
Distributions payable	106,421	–	–	–	–	106,421
Payable for investments purchased	–	–	–	–	–	–
Accrued expenses	173,453	–	–	–	–	173,453
	$ 1,659,055	$ –	$ –	$ –	$ –	$ 1,659,055

The contractual maturity or expected cash flow dates will be limited by the contractual maturity or expected cash flow dates of the investments held by the ROI IPP Limited Partnership. The following table summarizes the maturity profile, as at December 31, 2013 of the financial instruments by contractual maturity or expected cash flow dates of the ROI IPP Limited Partnership.

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	38,289	–	–	–	–	38,289
Interest receivable	266,650	–	–	–	–	266,650
Receivables for investments sold	34,181	–	–	–	–	34,181
Private investments	8,499,873	13,199,955	4,152,651	–	1,479,132	27,331,611
Marketable securities	21,487,552	–	–	–	–	21,487,552
	$ 30,326,545	$ 13,199,955	$ 4,152,651	$ –	$ 1,479,132	$ 49,158,283
Liabilities						
Payable for investments purchased	72,640	–	–	–	–	72,640
Accrued expenses	27,681	–	–	–	–	27,681
	$ 100,321	$ –	$ –	$ –	$ –	$ 100,321

As the Fund's total assets and income decline, cash distributions and redemptions to unitholders will exceed income. In turn, the asset mix is changing and the portfolio within the Fund is becoming less liquid and more concentrated. The long-term liquidity of the Fund based on the current investment portfolio and product structure is not aligned, increasing the liquidity risk of the Fund. The Manager believes the Fund's inclusion in the Proposed Reorganization will benefit the liquidity available to unitholders.

RISKS

The risks associated with investing in the Fund are disclosed in the Offering Memorandum dated August 4, 2011. The changes in the Fund over the year ended December 31, 2013 have affected the overall risk of the Fund. In the event that the

Proposed Reorganization is not approved at each ROI Fund's meeting, or the Proposed Reorganization is not otherwise completed, the overall risk of the Fund would be affected. In both instances the following risks would likely increase:

- Concentration Risk
- Fund on Fund Risk
- Liquidity Risk
- Market Risk
- Regulatory Risk
- Tax Risk

ADDITIONAL INFORMATION

Phone:	Calling the Manager (local or collect) at (416) 361-6162, Wilfred Vos, President, Founding Partner and Portfolio Manager
Internet:	Visiting SEDAR at www.sedar.com; or
Mail:	ROI Capital Attention: Wilfred Vos 37 Front Street Suite 400 Toronto, Ontario M5E 1B3

Financial Statements of the Reference Funds

ROI Reference Funds™

ANNUAL REPORT 2013

ROI Private Trust
ROI Private Capital Trust
ROI Strategic Capital Trust

As at December 31, 2013

ROI Capital™

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Management's Responsibility for Financial Reporting

May 6, 2014

The accompanying financial statements have been prepared and approved by Return On Innovation Advisors Ltd., the manager of the Funds. The Funds' manager is responsible for the information and representations contained in these financial statements.

Return On Innovation Advisors Ltd. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Funds, are described in note 4 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the next page.

Wilfred Vos
President

Return On Innovation
Advisors Ltd.

David Dundas
Chief Financial Officer

Return On Innovation
Advisors Ltd.

Independent Auditor's Report

To the Unitholders of
ROI Private Trust
ROI Private Capital Trust
ROI Strategic Capital Trust
(collectively the Funds)

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2013 and 2012, and the schedule of investment portfolio as at December 31, 2013, and the related notes, which comprise 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 the financial statements of each of the Funds 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 the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2013, December 31, 2012 and January 1, 2012 and each of their financial performance and each of their cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

May 6, 2014

Statements of Financial Position

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Cash	–	34,614	19
Investments at fair value [note 6 and 7]	255,661,245	317,742,369	314,573,504
Short-term investments	40,821,880	4,601,848	19,452,048
Receivable for investments sold	38,027	266,221	208,165
Interest receivable	1,473,011	1,891,297	2,682,373
	297,994,163	324,536,349	336,916,109
Liabilities			
Current liabilities			
Payable for investments purchased	13,262	83,613	453,781
Unearned venture capital income	114,783	139,906	563
Accrued expenses	403,318	1,151,388	975,541
	531,363	1,374,907	1,429,885
Net assets attributable to holders of redeemable units	297,462,800	323,161,442	335,486,224
Net assets attributable to holders of redeemable units per series			
Series A	297,461,217	323,159,948	335,484,880
Series R	1,583	1,494	1,344
Net assets attributable to holders of redeemable units per series per unit [note 8]			
Series A	148.33	141.91	129.18
Series R	143.90	136.05	122.42

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Investment Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	12,935,927	23,038,392
Net change in unrealized appreciation in investments	5,210,591	17,557,207
Total income (net)	18,146,518	40,595,599
Expenses		
Audit fees	68,574	105,192
Custodian fees	136,093	164,750
Forward contract fees [note 9]	–	2,586,749
Independent review committee fees	1,360	2,808
Interest expense	21	213
Management fees [note 10]	3,612,910	552,040
Shareholder reporting costs	26,077	23,125
Transaction costs	–	2,859,031
Transfer agent fees	125	68
Total Expenses	3,845,160	6,293,976
Increase in net assets attributable to holders of redeemable units [note 12]	14,301,358	34,301,623
Increase in net assets attributable to holders of redeemable units per series [note 12]		
Series A	14,301,269	33,125,065
Series R	89	1,176,558
Increase in net assets attributable to holders of redeemable units per unit [note 12]		
Series A	6.47	12.83
Series R	8.13	12.65

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	14,301,269	89	14,301,358
Distributions to Unitholders			
From net investment income	(14,246,504)	(96)	(14,246,600)
From capital gains	–	–	–
From return of capital	(417,442)	(2)	(417,444)
	(14,663,946)	(98)	(14,664,044)
Redeemable Unit Transactions			
Sales of units	–	–	–
Units issued on reinvestment of distributions	14,663,946	98	14,664,044
Units redeemed	(40,000,000)	–	(40,000,000)
	(25,336,054)	98	(25,335,956)
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(25,698,731)	89	(25,698,642)
Net assets attributable to holders of redeemable units – beginning of year	323,159,948	1,494	323,161,442
Net assets attributable to holders of redeemable units – end of year	297,461,217	1,583	297,462,800

For the year ended December 31, 2012

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	33,125,065	1,176,558	34,301,623
Distributions to Unitholders			
From net investment income	(37,115,988)	–	(37,115,988)
From capital gains	–	–	–
From return of capital	–	–	–
	(37,115,988)	–	(37,115,988)
Redeemable Unit Transactions			
Sales of units	6,550,003	16,000,000	22,550,003
Units issued on reinvestment of distributions	37,115,988	–	37,115,988
Units redeemed	(52,000,000)	(17,176,408)	(69,176,408)
	(8,334,009)	(1,176,408)	(9,510,417)
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(12,324,932)	150	(12,324,782)
Net assets attributable to holders of redeemable units – beginning of year	335,484,880	1,344	335,486,224
Net assets attributable to holders of redeemable units – end of year	323,159,948	1,494	323,161,442

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	14,301,358	34,301,623
Non-cash items		
Net realized gain (loss) on sale of investments	1,363,743	(2,964,348)
Net change in unrealized appreciation in investments	(5,210,591)	(17,557,207)
Net change in non-cash balances related to operations	(197,064)	678,042
Proceeds from the sale of short-term investments	70,126,572	170,854,061
Proceeds from the sale and principal receipts of private investments	92,074,689	151,853,320
Purchase of short-term investments	(106,346,604)	(156,003,862)
Purchase of investments in underlying fund	(486,527)	(10,325,532)
Purchase of private investments	(25,660,190)	(124,175,097)
Net cash from operating activities	39,965,386	46,661,000
Financing activities		
Proceeds from issuance of units	–	22,550,003
Amounts redeemed	(40,000,000)	(69,176,408)
Net cash from financing activities	(40,000,000)	(46,626,405)
Increase (decrease) in cash during the year	(34,614)	34,595
Cash – beginning of year	34,614	19
Cash – end of year	–	34,614
Supplemental cash flow information:		
Interest paid	21	213
Interest received	13,571,537	17,554,804
Dividends received	1,751,154	1,264,627

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

Schedule of Investment Portfolio

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 36.40%			
10 Lower Spadina LP	1,607,875	1,348,253	2,127,680
117 Kearney Lake Road LP	700,383	583,758	906,345
181, 191 & 195 The West Mall LP	15,153,259	13,346,640	25,286,506
2261 Keating Cross Road LP	3,854,819	3,504,807	4,241,146
300, 302 & 304 The East Mall LP	10,252,354	9,191,610	11,727,761
350-450 Lansdowne Street LP	3,977,640	3,608,183	4,091,188
401 & 405 West Mall LP	9,875,845	8,771,674	16,310,520
55 Northfolk Street South LP	241,907	198,400	267,617
6501-6523 Mississauga Road LP	1,525,463	1,336,793	1,679,744
6531-6559 Mississauga Road LP	1,414,959	1,244,863	1,470,023
80 Whitehall Drive LP	1,322,312	1,128,741	1,671,996
Bayfield Mill Woods Limited Partnership	2,550,000	2,473,500	3,835,958
Bayfield Retail (2009) LP	1,870,000	1,813,900	3,041,886
London City Centre LP	7,449,806	6,718,906	10,653,412
Sussex Centre LP	17,695,008	15,940,864	20,202,505
Tillsonburg Gateway Centre LP	666,672	547,069	747,855
		71,757,961	108,262,142
Mortgages – 45.69%			
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	28,750	28,750	29,107
2088013 Ont. Inc., (Empire Communities – Brampton), Equity[1]	11,872,463	11,595,999	15,885,809
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	4,825,282	4,825,282	4,752,903
2276844 Ontario Limited (Villarboit – Brantford), Equity[1]	3,656,718	3,626,700	4,531,713
2284477 Ontario Limited (Villarboit North Bay), Equity[1]	9,672,935	9,600,000	9,756,868
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	4,482,207	4,482,207	4,549,440
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	953,707	953,707	953,707
77-79 EDR Inc., February 2014	6,750,000	6,750,000	6,749,474
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753
Castlepoint Studio Partners Limited, Equity[1]	3,242,468	3,242,468	3,458,883
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	1,947,998	1,947,998	1,959,319
Empire (Estates of Wyndance) Ltd. (Loan 2), February 2014	671,000	671,000	669,757
Empire (Estates of Wyndance) Ltd., February 2014	1,032,426	1,032,426	1,031,296
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity[1]	15,364,019	14,843,853	17,498,749
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	2,028,096	2,028,096	2,028,096
Gerrard House Inc., January 2014	1,000,000	1,000,000	1,000,000
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity[1]	7,248,292	7,204,325	7,712,676
Hilldale Gardens Developments, September 2015	7,226,116	7,226,116	6,325,616
Marquee Hotels, Brampton Inc., October 2015	3,735,435	3,735,435	3,791,973
McLeod Square Inc., Equity[1]	4,528,712	4,482,973	3,829,520
Richard Gianchetti, August 2014	7,500,000	7,500,000	7,500,000
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	4,800,000	4,800,000	4,770,277
Uxbridge Industrial Ltd., February 2014	499,359	499,359	500,082
Villarmark Inc. (Villarboit – Markham), Equity[1]	21,356,017	21,125,852	21,075,648
Whitetail Properties Inc., April 2017	607,825	607,825	609,882
		128,727,038	135,900,548

Schedule of Investment Portfolio – cont'd

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Subordinated Secured Debentures – 0.68%			
Digital Specialty Chemicals Limited, October 2013			
Masterfile Corporation, January 2015	117,936	117,936	84,397
McCowan Manufacturing Ltd., January 2016	3,000,000	3,000,000	1,951,444
		3,117,936	2,035,841
Total Private Investments – 82.77%		203,602,935	246,198,531
Investment in Underlying Fund – 3.18%			
ROI Strategic Capital Trust, Series R	75,423	10,812,059	9,462,714
		10,812,059	9,462,714
Short-Term Investment – 13.72%			
CIBC Mellon Trust Demand Deposit,Variable Rate	40,821,880	40,821,880	40,821,880
Total Investments – 99.67%		255,236,874	296,483,125
Other Assets, Net of Liabilities – 0.33%			979,675
Net assets attributable to holders of redeemable units			297,462,800

[1] This security is a participating mortgage investment.

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

Statements of Financial Position

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Cash	–	1,015	–
Investments at fair value [note 6 and 7]	208,190,669	243,490,835	316,929,445
Short-term investments	36,018,726	13,195,975	7,475,374
Receivable for investments sold	166,667	300,397	93,213
Interest receivable	1,087,890	1,417,893	2,114,611
	245,463,952	258,406,115	326,612,643
Liabilities			
Current liabilities			
Distributions payable	–	141	–
Payable for investments purchased	7,535	102,092	355,690
Unearned venture capital income	496,316	202,334	–
Accrued expenses	339,750	1,189,933	1,064,658
	843,601	1,494,500	1,420,348
Net assets attributable to holders of redeemable units	244,620,351	256,911,615	325,192,295
Net assets attributable to holders of redeemable units per series			
Series A	244,618,901	256,910,388	325,191,036
Series R	1,450	1,227	1,259
Net assets attributable to holders of redeemable units per series per unit [note 8]			
Series A	134.45	128.04	119.25
Series R	121.09	114.04	117.06

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Investment Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	13,691,619	23,235,777
Net change in unrealized appreciation in investments	2,165,274	5,721,896
Total income (net)	15,856,893	28,957,673
Expenses		
Audit fees	79,336	93,176
Custodian fees	113,923	156,667
Forward contract fees [note 9]	–	3,164,049
Independent review committee fees	1,360	2,808
Interest expense	16	2,026
Management fees [note 10]	2,931,085	428,992
Shareholder reporting costs	22,578	21,125
Transaction costs	–	1,369,210
Transfer agent fees	–	147
Total Expenses	3,148,298	5,238,200
Increase in net assets attributable to holders of redeemable units [note 12]	12,708,595	23,719,473
Increase in net assets attributable to holders of redeemable units per series [note 12]		
Series A	12,708,513	23,719,364
Series R	82	109
Increase in net assets attributable to holders of redeemable units per unit [note 12]		
Series A	6.44	8.76
Series R	7.12	10.10

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	12,708,513	82	12,708,595
Distributions to Unitholders			
From net investment income	(12,684,015)	(94)	(12,684,109)
From capital gains	–	–	–
From return of capital	–	–	–
	(12,684,015)	(94)	(12,684,109)
Redeemable Unit Transactions			
Sales of units	–	141	141
Units issued on reinvestment of distributions	12,684,015	94	12,684,109
Units redeemed	(25,000,000)	–	(25,000,000)
	(12,315,985)	235	(12,315,750)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(12,291,487)	223	(12,291,264)
Net assets attributable to holders of redeemable units – beginning of year	256,910,388	1,227	256,911,615
Net assets attributable to holders of redeemable units – end of year	244,618,901	1,450	244,620,351

For the year ended December 31, 2012

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	23,719,364	109	23,719,473
Distributions to Unitholders			–
From net investment income	(26,969,977)	(147)	(26,970,124)
From capital gains	–	–	–
From return of capital	–	–	–
	(26,969,977)	(147)	(26,970,124)
Redeemable Unit Transactions			
Sales of units	11,000,007	–	11,000,007
Units issued on reinvestment of distributions	26,969,958	6	26,969,964
Units redeemed	(103,000,000)	–	(103,000,000)
	(65,030,035)	6	(65,030,029)
Decrease in net assets attributable to holders of redeemable units for the year	(68,280,648)	(32)	(68,280,680)
Net assets attributable to holders of redeemable units – beginning of year	325,191,036	1,259	325,192,295
Net assets attributable to holders of redeemable units – end of year	256,910,388	1,227	256,911,615

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	12,708,595	23,719,473
Non-cash items		
Net realized gain (loss) on sale of investments	1,687,637	(2,463,208)
Net change in unrealized appreciation in investments	(2,165,274)	(5,721,896)
Net change in non-cash balances related to operations	(187,166)	563,545
Proceeds from the sale of short-term investments	59,964,775	157,193,175
Proceeds from the sale and principal receipts of private investments	72,599,786	154,817,170
Purchase of short-term investments	(82,787,526)	(162,913,777)
Purchase of private investments	(36,821,983)	(73,193,455)
Net cash from operating activities	24,998,844	92,001,027
Financing activities		
Proceeds from issuance of units	141	11,000,007
Amounts redeemed	(25,000,000)	(103,000,000)
Distributions paid	–	(19)
Net cash from financing activities	(24,999,859)	(92,000,012)
Increase (decrease) in cash during the year	(1,015)	1,015
Cash – beginning of year	1,015	–
Cash – end of year	–	1,015
Supplemental cash flow information:		
Interest paid	16	2,026
Interest received	13,689,439	19,297,293

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

Schedule of Investment Portfolio

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 11.96%			
10 Lower Spadina LP	683,470	573,111	904,427
117 Kearney Lake Road LP	700,383	583,758	906,345
181, 191 & 195 The West Mall LP	4,965,764	4,373,730	8,286,456
300, 302 & 304 The East Mall LP	1,757,546	1,575,705	2,010,473
55 Northfolk Street South LP	61,988	50,840	68,576
Bayfield Retail (2009) LP	1,870,000	1,813,900	3,041,886
London City Centre LP	2,234,942	2,015,672	3,196,024
Sussex Centre LP	8,847,504	7,970,432	10,101,253
Tillsonburg Gateway Centre LP	666,672	547,069	747,855
		19,504,217	29,263,295
Mortgages – 73.15%			
1044755 Ontario Inc. & Woodlawn Hospitality Inc., March 2017	3,213,255	3,213,255	3,182,908
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	1,646,250	1,646,250	1,666,666
2088013 Ont. Inc., (Empire Communities – Brampton), Equity[1]	4,233,785	4,067,907	5,664,966
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	4,400,000	4,400,000	4,358,445
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	1,792,920	1,792,920	1,819,814
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	953,707	953,707	953,707
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	1,947,998	1,947,998	1,959,319
Dixie Crossing Inc., January 2014	3,300,000	3,300,000	3,300,000
Empire (Estates of Wyndance) Ltd., February 2014	3,643,858	3,643,858	3,639,869
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity[1]	9,218,411	9,032,917	10,499,249
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	1,152,326	1,152,326	1,152,327
Gerrard House Inc., January 2014	1,000,000	1,000,000	1,000,000
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity[1]	7,248,293	7,204,325	7,712,674
Hilton Hills Developments Inc., December 2014	5,000,000	5,000,000	5,000,000
Infante Bros General Contractors Limited, January 2014	2,993,540	2,993,540	2,993,540
Isabella Developments Inc., December 2014	9,327,998	9,327,998	9,021,802
Marquee Hotels Ltd., December 2014	4,592,104	4,592,104	4,681,076
MMS Enterprise Holdings Inc., March 2016	19,272,147	19,272,147	19,272,148
Pembroke Plaza Inc., Equity[1]	2,383,575	2,357,500	3,126,056
Pomeroy Lodging LP (Best Western Dawson Creek), September 2015	12,834,190	12,834,190	12,901,284
Pomeroy Lodging LP (Best Western Prince George), September 2015	2,320,858	2,320,858	2,332,991
Pomeroy Lodging LP (Hoilday Inn Express Grande Prairie), September 2015	10,718,471	10,718,471	10,774,504
Pomeroy Lodging LP (Motel 6), September 2015	5,120,062	5,120,062	5,146,829
Pomeroy Lodging LP (Pomeroy Inn & Suites Chetwynd), September 2015	5,598,408	5,598,408	5,627,676
Pomeroy Lodging LP (Pomeroy Inn & Suites Dawson Creek), September 2015	10,922,675	10,922,675	10,979,776
Pomeroy Lodging LP (Pomeroy Inn & Suites Fort St. John), September 2015	7,987,335	7,987,335	8,029,090
Pomeroy Lodging LP (Pomeroy Inn & Suites Grimshaw), September 2015	3,072,411	3,072,411	3,088,473
Pomeroy Lodging LP (Ramada Grande Prairie Clairmont), September 2015	8,260,542	8,260,542	8,303,726
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	3,200,000	3,200,000	3,180,185
Uxbridge Industrial Ltd., February 2014	499,359	499,359	500,082
Villarmark Inc. (Villarboit – Markham), Equity[1]	12,289,785	12,157,330	12,128,439
		174,507,060	178,927,374
Total Private Investments – 85.11%		194,011,277	208,190,669

Schedule of Investment Portfolio – cont'd

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Short-Term Investment – 14.72%			
CIBC Mellon Trust Demand Deposit,Variable Rate	36,018,726	36,018,726	36,018,726
Total Portfolio – 99.83%		230,030,003	244,209,395
Other Assets, Net of Liabilities – 0.172%			410,956
Net assets attributable to holders of redeemable units			244,620,351

[1] This security is a participating mortgage investment.

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

Statements of Financial Position

	December 31, 2013 $	December 31, 2012 $	January 1, 2012 $
Assets			
Current assets			
Cash	–	7,015	12
Investments at fair value [note 6 and 7]	137,167,313	151,874,531	161,231,835
Short-term investments	12,343,977	6,639,793	9,893,751
Receivable for investments sold	40,378	267,712	36,920
Interest receivable	941,547	1,056,990	1,497,419
	150,493,215	159,846,041	172,659,937
Liabilities			
Current liabilities			
Payable for investments purchased	7,535	54,677	119,850
Unearned venture capital income	142,336	139,503	–
Accrued expenses	229,411	588,766	399,560
	379,282	782,946	519,410
Net assets attributable to holders of redeemable units	150,113,933	159,063,095	172,140,527
Net assets attributable to holders of redeemable units per series			
Series A	140,649,585	149,975,176	156,321,575
Series R	9,464,348	9,087,919	15,818,952
Net assets attributable to holders of redeemable units per series per unit [note 8]			
Series A	152.36	147.93	132.18
Series R	125.46	120.47	123.91

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

Statements of Comprehensive Income

For the years ended December 31

	2013 $	2012 $
Investment Income		
Investments at FVTPL [note 6 and 7]		
Net realized gain on investments	7,186,219	15,997,460
Net change in unrealized appreciation (depreciation) in investments	(442,210)	8,698,373
Total income (net)	6,744,009	24,695,833
Expenses		
Audit fees	68,688	90,403
Custodian fees	80,429	100,670
Forward contract fees [note 9]	–	1,301,617
Independent review committee fees	1,357	2,808
Interest expense	33	2,533
Management fees [note 10]	1,720,628	249,560
Shareholder reporting costs	21,962	20,622
Transaction costs	–	1,554,963
Transfer agent fees	74	89
Total Expenses	1,893,171	3,323,265
Increase in net assets attributable to holders of redeemable units [note 12]	4,850,838	21,372,568
Increase in net assets attributable to holders of redeemable units per series [note 12]		
Series A	4,474,409	20,103,601
Series R	376,429	1,268,967
Increase in net assets attributable to holders of redeemable units per unit [note 12]		
Series A	4.45	15.99
Series R	5.06	18.11

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2013

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	4,474,409	376,429	4,850,838
Distributions to unitholders			
From net investment income	(4,430,634)	(417,516)	(4,848,150)
From capital gains	–	–	–
From return of capital	–	–	–
	(4,430,634)	(417,516)	(4,848,150)
Redeemable Unit Transactions			
Sales of units	–	–	–
Units issued on reinvestment of distributions	4,430,634	417,516	4,848,150
Units redeemed	(13,800,000)	–	(13,800,000)
	(9,369,366)	417,516	(8,951,850)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	(9,325,591)	376,429	(8,949,162)
Net assets attributable to holders of redeemable units – beginning of year	149,975,176	9,087,919	159,063,095
Net assets attributable to holders of redeemable units – end of year	140,649,585	9,464,348	150,113,933

For the year ended December 31, 2012

	Series ($)		
	A	R	Total
Increase in net assets attributable to holders of redeemable units	20,103,601	1,268,967	21,372,568
Distributions to unitholders			
From net investment income	(21,728,984)	(1,333,940)	(23,062,924)
From capital gains	–	–	–
From return of capital	–	–	–
	(21,728,984)	(1,333,940)	(23,062,924)
Redeemable Unit Transactions			
Sales of units	18,550,000	9,060,905	27,610,905
Units issued on reinvestment of distributions	21,728,984	1,333,940	23,062,924
Units redeemed	(45,000,000)	(17,060,905)	(62,060,905)
	(4,721,016)	(6,666,060)	(11,387,076)
Decrease in net assets attributable to holders of redeemable units for the year	(6,346,399)	(6,731,033)	(13,077,432)
Net assets attributable to holders of redeemable units – beginning of year	156,321,575	15,818,952	172,140,527
Net assets attributable to holders of redeemable units – end of year	149,975,176	9,087,919	159,063,095

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

Statements of Cash Flows

For the years ended December 31

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Increase in net assets attributable to holders of redeemable units	4,850,838	21,372,568
Non-cash items		
Net realized gain (loss) on sale of investments	210,897	(6,192,045)
Net change in unrealized appreciation (depreciation) on investments	442,210	(8,698,373)
Net change in non-cash balances related to operations	(60,887)	473,173
Proceeds from the sale of short-term investments	31,527,145	85,795,309
Proceeds from the sale and principal receipts of private investments	32,730,741	70,290,484
Purchase of short-term investments	(37,231,329)	(82,541,351)
Purchase of private investments	(18,676,630)	(46,042,762)
Net cash from operating activities	13,792,985	34,457,003
Financing activities		
Proceeds from issuance of units	–	27,610,905
Amounts redeemed	(13,800,000)	(62,060,905)
Net cash from financing activities	(13,800,000)	(34,450,000)
Increase (decrease) in cash during the year	(7,015)	7,003
Cash – beginning of year	7,015	12
Cash – end of year	(0)	7,015
Supplemental cash flow information:		
Interest paid	33	2,533
Interest received	7,259,526	9,095,664

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

Schedule of Investment Portfolio

As at December 31, 2013

Description	Par Value $ (or number of shares)	Average cost $	Fair value $
Private Investment Portfolio			
Limited Partnerships – 45.17%			
55 Northfolk Street South LP	144,639	118,626	160,011
10 Lower Spadina LP	890,205	746,464	1,177,997
181, 191 & 195 The West Mall LP	5,477,698	4,824,630	9,140,730
2010 Winston Park Drive LP	4,403,860	3,856,873	3,451,097
2261 Keating Cross Road LP	3,854,819	3,504,807	4,241,146
300, 302 & 304 The East Mall LP	2,636,320	2,363,557	3,015,710
350-450 Lansdowne Street LP	3,977,640	3,608,183	4,091,188
401 & 405 West Mall LP	9,875,845	8,771,674	16,310,520
6501-6523 Mississauga Road LP	1,525,463	1,336,793	1,679,744
6531-6559 Mississauga Road LP	1,414,959	1,244,863	1,470,023
80 Whitehall Drive LP	1,322,312	1,128,741	1,671,996
Bayfield Mill Woods Limited Partnership	2,550,000	2,473,500	3,835,958
London City Centre LP	5,214,865	4,703,234	7,457,388
Sussex Centre LP	8,847,504	7,970,432	10,101,253
		46,652,377	67,804,761
Mortgages – 46.21%			
2088013 Ont. Inc., (Empire Communities – Brampton), Equity1	2,638,976	2,528,390	3,531,050
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	4,825,282	4,825,282	4,752,903
2276844 Ontario Limited (Villarboit – Brantford), Equity1	3,656,718	3,626,700	4,531,713
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	1,792,920	1,792,920	1,819,814
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	333,790	333,790	333,790
Applewood II Hotel Holdings Inc., November 2015	4,916,667	4,916,667	4,929,753
Castlepoint Studio Partners Limited, Equity1	3,242,468	3,242,468	3,458,883
Empire (Estates of Wyndance) Ltd., February 2014	759,137	759,137	758,306
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity1	6,145,607	6,029,987	6,999,503
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	1,152,327	1,152,327	1,152,326
Gerrard House Inc., January 2014	2,200,000	2,200,000	2,200,000
Hilldale Gardens Developments, September 2015	5,010,107	5,010,107	4,385,760
JB Sons Hospitality Corp., December 2015	4,507,628	4,507,628	4,520,364
Marquee Hotels Ltd., December 2014	2,240,912	2,240,911	2,284,329
Marquee Hotels, Brampton Inc., October 2015	3,735,435	3,735,435	3,791,973
McLeod Square Inc., Equity1	4,528,712	4,482,973	3,829,519
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	4,400,000	4,400,000	4,358,445
Richard Gianchetti, August 2014	2,500,000	2,500,000	2,500,000
Uxbridge Industrial Ltd., February 2014	831,982	831,982	833,187
Villarmark Inc. (Villarboit – Markham), Equity1	6,648,571	6,576,916	6,561,287
Whitetail Properties Inc., April 2017	1,823,474	1,823,474	1,829,647
		67,517,094	69,362,552
Total Private Investments – 91.38%		114,169,471	137,167,313
Short-Term Investment – 8.22%			
CIBC Mellon Trust Demand Deposit, Variable Rate	12,343,977	12,343,977	12,343,977
Total Portfolio – 99.60%		126,513,448	149,511,290
Other Assets, Net of Liabilities – 0.40%			602,643
Net assets attributable to holders of redeemable units			150,113,933

[1] This security is a participating mortgage investment.

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

December 31, 2013

1. THE REFERENCE FUNDS

ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust (the "Reference Funds" or the "Funds") are open-ended investment trusts established under the laws of the province of Ontario pursuant to Declarations of Trust which were amended on November 29, 2012. Each of the Reference Funds is authorized to issue an unlimited number of units, issuable in series, which are redeemable at the option of the unitholders at their respective current net asset value per unit ("NAVPU"). Return On Innovation Advisors Ltd. (the "Manager") is the manager and Advisor of the Reference Funds. Equity Financial Trust Company is the trustee of the Reference Funds.. The Reference Funds' principal office is located at 37 Front Street East, Fourth floor, Toronto, Ontario M5E 1B3.

ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust each has two series – Series A and R. The initial NAVPU of all Series was $100.

Series Name Change

On November 19, 2012, Series O of ROI Private Trust was changed to Series A.

Reorganization of the Manager

Effective September 1, 2012, ROI Management Ltd. amalgamated with two affiliated entities, ROI Advisors Ltd. and ROI Capital Ltd., under the provisions of the Canada Business Corporations Act, the name of the amalgamated corporation being Return On Innovation Advisors Ltd.

Commencement of Operations

The series of the Reference Funds were established on the following dates:

	Series A, R
ROI Private Trust	January 10, 2007
ROI Private Capital Trust	March 11, 2008
ROI Strategic Capital Trust	February 17, 2009

2. INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

ROI Private Trust

The investment objective of the ROI Private Trust is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, high yield loans secured by, or that provide a participating interest in, real property or ownership interests in real property. In addition, the Fund may hold a portion of its assets in publicly traded corporate debt, publicly traded securities including Real Estate Investment Trusts ("REIT"s) and Exchange Traded Funds ("ETFs"), cash and/or cash equivalents, such as short-term government debt. The Fund may also pursue its strategy in foreign markets, make investments denominated in foreign currencies and engage in hedging activities related to such foreign currency investments, as determined by the Manager from time to time.

ROI Private Capital Trust

The investment objective of ROI Private Capital Trust is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a nominal current yield, long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property. In addition, the Fund may hold a portion of its assets in publicly traded corporate debt, publicly traded securities including Real Estate Investment Trusts ("REIT"s) and Exchange Traded Funds ("ETFs"), cash and/or cash equivalents, such as short-term government debt. The Fund may also pursue its strategy in foreign markets, make investments denominated in foreign currencies and engage in hedging activities related to such foreign currency investments, as determined by the Manager from time to time.

ROI Strategic Capital Trust

The investment objective of ROI Strategic Capital Trust is to provide its unitholders with attractive risk adjusted, monthly, cash distributions, a high current yield, some long-term capital appreciation and preservation of capital by investing primarily directly or indirectly, in an actively managed diversified portfolio of commercial mortgages, loans secured by, or that provide a participating interest in, real property or ownership interests in real property. In addition, the Fund may hold a portion of its assets in publicly traded corporate debt, publicly traded securities including Real Estate Investment Trusts ("REIT"s) and Exchange Traded Funds ("ETFs"), cash and/or cash equivalents, such as short-term government debt. The Fund may also pursue its strategy in foreign markets, make investments denominated in foreign currencies and engage in hedging activities related to such foreign currency investments, as determined by the Manager from time to time.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Reference Funds restated their historical financial statements for the year ended December 31, 2013 with comparative information for the years ended December 31, 2012. Previously, the Reference Funds prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in the

Part V of the CICA Handbook (Canadian GAAP). The Reference Funds have consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Funds' reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the years ended December 31, 2013 and 2012 prepared under Canadian GAAP.

These financial statements were authorized for issue by the Manager on May 6, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Reference Funds are as follows:

Investments and Financial Instruments

The Reference Funds' financial instruments consist primarily of cash, short-term investments, private investments, interest receivable, receivable for investment sold, payable for investments purchased, distributions payable and accrued expenses. The Reference Funds recognize financial instruments at fair value upon initial recognition.

The Reference Funds have elected to early adopt the Investment Entity Amendments to IFRS 10, Consolidated Financial Statements and have determined that they meet the definition of 'investment entity'. As a result, they measure subsidiaries, other than those which provide services to the Funds, at fair value through profit or loss ("FVTPL"). 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 most significant judgment that the Reference Funds have made in determining that they meet this definition is that their objective and business purpose are to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Fund's investments in financial instruments, associates and joint ventures are designated at FVTPL

Cash, receivable for investments sold and interest receivable represents loans and receivables, and are initially recognized at fair value and subsequently measured at amortized cost, which approximates fair value due to their short-term nature.

The Reference Funds' units contain multiple contractual obligations in addition to the ongoing redemption obligation and the Funds also have multiple series of units which are all equally subordinate with different management fee rates. Therefore, such units have been classified as financial liabilities presented at the value of the net assets to which unitholders are entitled, which also represents their redemption amount.

Payable for investments purchased, distribution payables and accrued expenses are other financial liabilities and are measured at amortized cost, which approximates their fair value due to their short-term nature.

The Reference Funds' accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders except for marketable securities which are recorded at fair value, established as the last bid price for the security on the recognized exchange on which it is principally traded for financial reporting but using closing prices for transactional NAV.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Short-term investments represent overnight cash deposits and their fair value approximate amortized cost due to their short-term nature.

Marketable securities are recorded at fair value, established at the last bid price for the security on the recognized exchange on which it is principally traded. Where securities are not traded on that date, a valuation adjustment may be applied by the Manager.

Investments in underlying funds are valued at the series' NAVPU of the underlying fund carried at fair value, which generally coincides with the reported NAVPU of the underlying fund.

Investments that are not publicly traded or other assets for which no public market exists are valued at estimated fair value. The fair values of investments are determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Advisor. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation procedures relating to private company investments include preparation by management, on at least a quarterly basis, of a comprehensive valuation report.

Investment Transactions, Income Recognition and Transaction Costs

Investment transactions are accounted for on the trade date.

Realized gains and losses from the sales of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments, which excludes brokerage commissions, other trading expenses, and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Reference Funds are recognized in the statements of comprehensive income as they arise.

Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) in net assets attributable to holders of redeemable series divided by the weighted average number of such series units outstanding during the year. Refer to note 12 for the calculation.

Cash

Cash comprises cash on deposit.

Unearned Venture Capital Income

Fees received by the Fund on the initiation of a private investment are deferred and amortized over the term of the investment.

Income taxes

The Reference Funds qualify as unit trusts within the meaning of the *Income Tax Act* (Canada) (the "Act"). For tax purposes, the Reference Funds have a tax year end of December 31. The Reference Funds qualify as deemed financial institutions under the *Income Tax Act* (Canada). The Reference Funds are required to recognize any gains and losses accrued on securities and certain types of debt obligations on a mark-to-market basis at the end of every taxation year. Any income resulting from such treatment will be included in amounts required to be distributed to unitholders. These distributions will be reinvested in additional units of the respective Reference Fund. Immediately after any such reinvestment, the number of outstanding units of the respective Reference Fund will be consolidated into the number of units that were outstanding prior to the reinvestment of the distribution. As a result, these distributions are required to occur and result in the Reference Funds being in substance tax exempt. Therefore, the Reference Funds do not record income taxes.

Interests in Investments

Information about the Fund's interests in private investments as at December 31, 2013, December 31, 2012 and January 1, 2012 is as follows:

ROI Private Trust

as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,127,680	Office	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 906,345	Retail – Consumer Discretionary	65.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$25,286,506	Office	50.10%	9.50%	–
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,241,146	Office	60.00%	9.50%	–

as at December 31, 2013 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$11,727,761	Office	50.10%	9.50%	–
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,091,188	Retail – Consumer Discretionary	60.00%	9.50%	–
401 & 405 West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$16,310,520	Office	60.00%	9.50%	–
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 267,617	Office	60.00%	9.50%	–
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,679,744	Office	60.00%	9.50%	–
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,470,023	Office	60.00%	9.50%	–
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,671,996	Office	60.00%	9.50%	–
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 3,835,958	Retail – Consumer Discretionary	19.86%	19.86%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 3,041,886	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,653,412	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$20,202,505	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 747,855	Retail – Consumer Staples	50.10%	9.50%	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 29,107	Hospitality	n/a	n/a	–
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$15,885,809	Multi-Residential	78.80%	0%	–
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 4,752,903	Hospitality	n/a	n/a	$3,653,393
2276844 Ontario Limited (Villarboit – Brantford), Equity	Ontario	Canada	Profit Participating Mortgage	$ 4,531,713	Retail – Consumer Discretionary	77.00%	0%	–
2284477 Ontario Limited (Villarboit North Bay), Equity	Ontario	Canada	Profit Participating Mortgage	$ 9,756,868	Retail – Consumer Discretionary	80.00%	0%	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 4,549,440	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 953,707	Hospitality	n/a	n/a	–
77-79 EDR Inc., February 2014	Ontario	Canada	2nd Mortgage	$ 6,749,474	Industrial	n/a	n/a	–
Applewood II Hotel Holdings Inc., November 2015	Ontario	Canada	1st Mortgage	$ 4,929,753	Hospitality	n/a	n/a	–

as at December 31, 2013 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Castlepoint Studio Partners Limited, Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,458,883	Multi-Residential	80.00%	0%	–
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	Quebec	Canada	1st Mortgage	$ 1,959,319	Hospitality	n/a	n/a	–
Empire (Estates of Wyndance) Ltd. (Loan 2), February 2014	Ontario	Canada	1st Mortgage	$ 669,757	Multi-Residential	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 1,031,296	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity	Ontario	Canada	Profit Participating Mortgage	$17,498,749	Multi-Residential	80.00%	0%	–
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 2,028,096	Multi-Residential	n/a	n/a	–
Gerrard House Inc., January 2014	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity	Ontario	Canada	Profit Participating Mortgage	$ 7,712,676	Retail – Consumer Discretionary	88.50%	0%	–
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 6,325,616	Multi-Residential	n/a	n/a	–
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,791,973	Hospitality	n/a	n/a	–
McLeod Square Inc., Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,829,520	Retail – Consumer Discretionary	86.00%	0%	–
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 7,500,000	Multi-Residential	n/a	n/a	–
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	Ontario	Canada	1st Mortgage	$ 4,770,277	Retail – Consumer Discretionary	n/a	n/a	–
Uxbridge Industrial Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 500,082	Industrial	n/a	n/a	–
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$21,075,648	Retail – Consumer Discretionary	84.02%	0%	–
Whitetail Properties Inc., April 2017	Ontario	Canada	2nd Mortgage	$ 609,882	Retail – Consumer Discretionary	n/a	n/a	–
Masterfile Corporation, January 2015	Ontario	Canada	Senior Secured Debenture	$ 84,397	Consumer Discretionary	n/a	n/a	–
McCowan Manufacturing Ltd., January 2016	Ontario	Canada	Senior Secured Debenture	$ 1,951,444	Industrial	n/a	n/a	–

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,999,212	Office	60.00%	9.50%	–
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 211,502	Office	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 943,947	Retail – Consumer Discretionary	65.00%	9.50%	–
181191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$25,653,354	Office	50.10%	9.50%	–
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,682,602	Office	60.00%	9.50%	–

as at December 31, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$11,639,801	Office	50.10%	9.50%	–
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,066,885	Retail – Consumer Discretionary	60.00%	9.50%	–
401 & 405 West Mall LP Junior	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$16,590,088	Office	60.00%	9.50%	–
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,753,515	Office	60.00%	9.50%	–
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,504,883	Office	60.00%	9.50%	–
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,778,422	Office	60.00%	9.50%	–
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 3,334,967	Retail – Consumer Discretionary	19.86%	19.86%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 3,083,586	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,939,456	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$22,034,037	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 666,880	Retail – Consumer Staples	50.10%	9.50%	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 29,223	Hospitality	n/a	n/a	–
1162117 Ontario Ltd. (Magnum), February 2015	Ontario	Canada	1st Mortgage	$ 5,111,486	Industrial	n/a	n/a	–
1719187 Ontario Inc. (Easton & York), February 2013	Ontario	Canada	2nd Mortgage	$ 2,500,000	Hospitality	n/a	n/a	–
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$11,619,500	Multi-Residential	78.80%	0%	–
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 4,248,720	Hospitality	n/a	n/a	$ 263,486
2276844 Ontario Limited (Villarboit – Brantford), Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,373,884	Retail – Consumer Discretionary	77.00%	0%	–
2284477 Ontario Limited (Villarboit North Bay), Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,915,993	Retail – Consumer Discretionary	80.00%	0%	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 4,706,387	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 968,949	Hospitality	n/a	n/a	–
77-79 EDR Inc., February 2014	Ontario	Canada	2nd Mortgage	$ 6,766,466	Industrial	n/a	n/a	–
92 Peter Street Inc., o/a HGI Toronto Downtown, May 2017	Ontario	Canada	1st Mortgage	$18,230,296	Hospitality	n/a	n/a	–

as at December 31, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Applewood II Hotel Holdings Inc. & Combo Construction Limited, September 2014	Ontario	Canada	1st Mortgage	$ 4,928,490	Hospitality	n/a	n/a	–
Argus Hospitality Group, December 2017	British Columbia	Canada	1st Mortgage	$ 601,697	Real Estate Development	n/a	n/a	$5,523,303
Castlepoint Studio Partners Limited, Equity	Ontario	Canada	Profit Participating Mortgage	$ 2,461,121	Multi-Residential	80.00%	0%	–
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	Quebec	Canada	1st Mortgage	$ 1,989,021	Hospitality	n/a	n/a	–
Empire (Estates of Wyndance) Ltd. (Loan 2), March 2013	Ontario	Canada	1st Mortgage	$ 671,000	Multi-Residential	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., March 2013	Ontario	Canada	1st Mortgage	$ 1,346,427	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP1	Ontario	Canada	Profit Participating Mortgage	$ 9,933,594	Multi-Residential	80.00%	0%	–
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 1,878,767	Multi-Residential	n/a	n/a	–
Empire Communities (Yorkville) Ltd., and Empire Communities (Yorkville) L.P., January 2014	Ontario	Canada	1st Mortgage	$ 833,351	Retail – Consumer Discretionary	n/a	n/a	–
Gerrard House Inc., March 2013	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,873,627	Retail – Consumer Discretionary	88.50%	0%	–
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 5,956,002	Multi-Residential	n/a	n/a	–
JD Development King St., LP, September 2013	Ontario	Canada	1st Mortgage	$ 4,796,384	Real Estate Development	n/a	n/a	$1,707,201
Kennedy Road Hospitality Operations Ltd., May 2014	Ontario	Canada	1st Mortgage	$ 8,958,187	Hospitality	n/a	n/a	$ 730,608
Mady Steeles 2011 Ltd., January 2013	Ontario	Canada	1st Mortgage	$12,498,864	Retail – Consumer Discretionary	n/a	n/a	–
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 6,112,847	Hospitality	n/a	n/a	–
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,896,785	Hospitality	n/a	n/a	–
McLeod Square Inc., April 2022	Ontario	Canada	Profit Participating Mortgage	$ 3,717,126	Retail – Consumer Discretionary	86.00%	0%	–
MMS Investments Inc., (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$ 7,487,422	Multi-Residential	n/a	n/a	$ 480,927
Newmarket Golden Space Inc. & Newmarket Gorham LP, November 2016	Ontario	Canada	1st Mortgage	$ 1,202,632	Real Estate Development	n/a	n/a	$7,547,368
Noorani Holdings Inc. & 1236233 Ontario Inc., (Newmarket), July 2016	Ontario	Canada	1st Mortgage	$ 4,454,804	Hospitality	n/a	n/a	–
Noorani Holdings Inc., (HIE Milton), August 2016	Ontario	Canada	1st Mortgage	$ 6,401,464	Hospitality	n/a	n/a	–
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 7,509,492	Multi-Residential	n/a	n/a	–
Strathroy Land Corporation (Villarboit – Strathroy), March 2013	Ontario	Canada	1st Mortgage	$ 4,800,000	Retail – Consumer Discretionary	n/a	n/a	–
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 681,292	Industrial	n/a	n/a	–
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$19,593,471	Retail – Consumer Discretionary	84.02%	0%	–
Whitetail Properties Inc., March 2017	Ontario	Canada	2nd Mortgage	$ 620,227	Retail – Consumer Discretionary	n/a	n/a	–
Digital Specialty Chemicals Limited, October 2013	Ontario	Canada	Senior Secured Debenture	$ 963,835	Industrial	n/a	n/a	–
Masterfile Corporation, July 2014	Ontario	Canada	Senior Secured Debenture	$ 159,045	Consumer Discretionary	n/a	n/a	–
McCowan Manufacturing Ltd., January 2016	Ontario	Canada	Senior Secured Debenture	$ 1,975,000	Industrial	n/a	n/a	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,607,875	Office	60.00%	9.50%	–
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 181,283	Office	60.00%	9.50%	–
10001 Metropolitan East Boulevard LP	Quebec	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,991,830	Industrial	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 723,575	Retail – Consumer Discretionary	65.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$18,433,339	Office	50.10%	9.50%	–
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,831,388	Office	60.00%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,667,349	Office	50.10%	9.50%	–
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,649,412	Retail – Consumer Discretionary	60.00%	9.50%	–
401 & 405 West Mall LP Junior	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$12,036,368	Office	60.00%	9.50%	–
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,092,055	Office	60.00%	9.50%	–
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,116,256	Office	60.00%	9.50%	–
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,428,894	Office	60.00%	9.50%	–
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 2,888,014	Retail – Consumer Discretionary	19.86%	19.86%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 2,819,753	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,003,973	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$19,801,788	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 508,043	Retail – Consumer Staples	50.10%	9.50%	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
1006029 Ontario Inc., o/a HI&S London, January 2016	Ontario	Canada	1st Mortgage	$ 5,045,877	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 28,763	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax, April 2016	Nova Scotia	Canada	1st Mortgage	$ 1,987,458	Hospitality	n/a	n/a	–
1719187 Ontario Inc. (Easton & York), February 2013	Ontario	Canada	2nd Mortgage	$ 3,002,108	Hospitality	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), August 2012	Ontario	Canada	1st Mortgage	$20,812,838	Real Estate Development	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 7,586,835	Multi-Residential	78.80%	0%	–
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 7,412,014	Hospitality	n/a	n/a	–
2276844 Ontario Limited (Villarboit – Brantford) – Equity	Ontario	Canada	Profit Participating Mortgage	$ 192,397	Real Estate Development	n/a	n/a	–
2276844 Ontario Limited (Villarboit – Brantford), December 2012	Ontario	Canada	1st Mortgage	$ 2,250,075	Real Estate Development	n/a	n/a	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 4,707,051	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc. (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 983,603	Hospitality	n/a	n/a	–
92 Peter Street Inc., o/a HGI Toronto Downtown, May 2017	Ontario	Canada	1st Mortgage	$18,713,804	Hospitality	n/a	n/a	–
Applewood II Hotel Holdings Inc. & Combo Construction Limited, November 2015	Ontario	Canada	1st Mortgage	$ 4,879,112	Hospitality	n/a	n/a	–
Bedford Commons 2 Property Holdings Inc., November 2015	Nova Scotia	Canada	1st Mortgage	$ 1,814,274	Retail – Consumer Discretionary	n/a	n/a	–
Blackwood Realty Fund LP, April 2012	Ontario	Canada	1st Mortgage	$ 1,003,680	Real Estate Development	n/a	n/a	–
Empire (Estates of Wyndance) Ltd. (Loan 2), December 2012	Ontario	Canada	1st Mortgage	$ 674,359	Multi-Residential	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., December 2013	Ontario	Canada	1st Mortgage	$ 1,431,689	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP	Ontario	Canada	Profit Participating Mortgage	$ 4,819,400	Multi-Residential	80.00%	0%	–
Empire Fovere Inc., May 2013	Ontario	Canada	1st Mortgage	$ 1,968,037	Multi-Residential	n/a	n/a	–
Gerrard House Inc., December 2012	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 7,523,113	Multi-Residential	n/a	n/a	–
Kennedy Road Hospitality Operations Ltd., May 2014	Ontario	Canada	1st Mortgage	$ 8,385,499	Hospitality	n/a	n/a	$1,370,686
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 6,152,459	Hospitality	n/a	n/a	–
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,952,062	Hospitality	n/a	n/a	–
MMS Investments Inc. (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$12,741,497	Multi-Residential	n/a	n/a	$1,947,503
Noorani Holdings Inc. & 1236233 Ontario Inc. (Newmarket), July 2016	Ontario	Canada	1st Mortgage	$ 4,493,459	Hospitality	n/a	n/a	–
Noorani Holdings Inc. (HIE Milton), August 2016	Ontario	Canada	1st Mortgage	$ 6,436,096	Hospitality	n/a	n/a	–
Parkbridge Lifestyles Communities Inc., November 2015	Ontario	Canada	1st Mortgage	$ 7,448,495	Multi-Residential	n/a	n/a	–
Pier 27 Toronto (North) Inc., April 2015	Ontario	Canada	1st Mortgage	$ 2,037,905	Real Estate Development	n/a	n/a	–
Reefer Mississauga, July 2013	Ontario	Canada	2nd Mortgage	$ 636,454	Retail – Consumer Discretionary	n/a	n/a	–
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 7,500,000	Multi-Residential	n/a	n/a	–
Roybridge Holdings Limited, May 2012	Ontario	Canada	1st Mortgage	$ 6,637,205	Hospitality	n/a	n/a	–
Skyline – 66 Temperance Inc., January 2012	Ontario	Canada	1st Mortgage	$ 9,307,750	Real Estate Development	n/a	n/a	–
Springfield Hotels Airport Inc. o/a HI&S Airport, January 2016	Ontario	Canada	1st Mortgage	$14,197,733	Hospitality	n/a	n/a	–
Strathroy Land Corporation (Villarboit), June 2012	Ontario	Canada	1st Mortgage	$ 4,800,000	Retail – Consumer Discretionary	n/a	n/a	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 911,165	Industrial	n/a	n/a	–
Villamark Inc., June 2012	Ontario	Canada	1st Mortgage	$15,627,685	Real Estate Development	n/a	n/a	–
Whiterock 200 Ste-Foy Inc., November 2015	Quebec	Canada	2nd Mortgage	$ 4,536,562	Office	n/a	n/a	–
Digital Specialty Chemicals Limited, October 2013	Ontario	Canada	Senior Secured Debenture	$ 990,583	Industrial	n/a	n/a	–
Masterfile Corporation, July 2013	Ontario	Canada	Senior Secured Debenture	$ 281,232	Consumer Discretionary	n/a	n/a	–
McCowan Manufacturing Ltd., January 2016	Ontario	Canada	Senior Secured Debenture	$ 1,975,000	Industrial	n/a	n/a	–
Reefer Sales & Service Inc., July 2013	Ontario	Canada	Senior Secured Debenture	$ 736,000	Industrial	n/a	n/a	–
Summit Energy LP, July 2012	Ontario	Canada	Senior Revolving Debt	$ 4,170,981	Energy	n/a	n/a	$1,243,290

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as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 904,427	Office	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 906,345	Retail – Consumer Discretionary	65.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 8,286,456	Office	50.10%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,010,473	Office	50.10%	9.50%	–
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 68,576	Office	60.00%	9.50%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 3,041,886	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,196,024	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,101,253	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 747,855	Retail – Consumer Staples	50.10%	9.50%	–
1044755 Ontario Inc. & Woodlawn Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$ 3,182,908	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 1,666,666	Hospitality	n/a	n/a	–
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 5,664,966	Multi-Residential	78.80%	0%	–

as at December 31, 2013 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	Ontario	Canada	1st Mortgage	$ 4,358,445	Hospitality	n/a	n/a	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,819,814	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 953,707	Hospitality	n/a	n/a	–
Applewood II Hotel Holdings Inc., November 2015	Ontario	Canada	1st Mortgage	$ 4,929,753	Hospitality	n/a	n/a	–
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	Quebec	Canada	1st Mortgage	$ 1,959,319	Hospitality	n/a	n/a	–
Dixie Crossing Inc., January 2014	Ontario	Canada	1st Mortgage	$ 3,300,000	Retail – Consumer Discretionary	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 3,639,869	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity	Ontario	Canada	Profit Participating Mortgage	$10,499,249	Multi-Residential	80.00%	0%	–
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 1,152,327	Multi-Residential	n/a	n/a	–
Gerrard House Inc., January 2014	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity	Ontario	Canada	Profit Participating Mortgage	$ 7,712,674	Retail – Consumer Discretionary	88.50%	0%	–
Hilton Hills Developments Inc., December 2014	Ontario	Canada	2nd Mortgage	$ 5,000,000	Multi-Residential	n/a	n/a	–
Infante Bros General Contractors Limited, January 2014	Ontario	Canada	1st Mortgage	$ 2,993,540	Hospitality	n/a	n/a	–
Isabella Developments Inc., December 2014	Ontario	Canada	1st Mortgage	$ 9,021,802	Multi-Residential	n/a	n/a	–
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 4,681,076	Hospitality	n/a	n/a	–
MMS Enterprise Holdings Inc., March 2016	Ontario	Canada	Senior Secured Debenture	$19,272,148	Multi-Residential	n/a	n/a	–
Pembroke Plaza Inc., Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,126,056	Retail – Consumer Discretionary	65.00%	0%	–
Pomeroy Lodging LP (Best Western Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$12,901,284	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Best Western Prince George), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 2,332,991	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Holiday Inn Express Grande Prairie), September 2015	Alberta	Canada	1st Mortgage	$10,774,504	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Motel 6), September 2015	Alberta	Canada	1st Mortgage	$ 5,146,829	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Chetwynd), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 5,627,676	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$10,979,776	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Fort St. John), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 8,029,090	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Grimshaw), September 2015	Alberta	Canada	1st Mortgage	$ 3,088,473	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Ramada Grande Prairie Clairmont), September 2015	Alberta	Canada	1st Mortgage	$ 8,303,726	Hospitality	n/a	n/a	–
Strathroy Land Corporation (Villarboit – Strathroy), January 2014	Ontario	Canada	1st Mortgage	$ 3,180,185	Retail – Consumer Discretionary	n/a	n/a	–
Uxbridge Industrial Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 500,082	Industrial	n/a	n/a	–
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$12,128,439	Retail – Consumer Discretionary	84.02%	0%	–

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 54,197	Office	60.00%	9.50%	–
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 849,818	Office	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 943,947	Retail – Consumer Discretionary	65.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 8,406,673	Office	50.10%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,995,394	Office	50.10%	9.50%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 3,083,586	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,981,837	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$11,017,018	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 666,880	Retail – Consumer Staples	50.10%	9.50%	–
1044755 Ontario Inc. & Woodlawn Hospitality Inc., March 2017	Ontario	Canada	1st Mortgage	$ 3,301,912	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 1,673,311	Hospitality	n/a	n/a	–
Heritage Grove Centre Inc. (Villarboit – Owen Sound), Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,873,627	Retail – Consumer Discretionary	88.50%	0%	–
1162117 Ontario Ltd. (Magnum), February 2015	Ontario	Canada	1st Mortgage	$ 3,931,913	Industrial	n/a	n/a	–
Newmarket Golden Space Inc. & Newmarket Gorham LP, November 2016	Ontario	Canada	1st Mortgage	$ 2,405,264	Real Estate Development	n/a	n/a	$15,094,736
2154197 Ontario Inc & Benjamin Hospitality Inc., October 2017	Ontario	Canada	1st Mortgage	$ 1,026,446	Hospitality	n/a	n/a	$ 3,373,554
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 4,143,576	Multi-Residential	78.80%	0%	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,882,586	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 968,949	Hospitality	n/a	n/a	–
7013094 Canada Inc. (Quality Inn Hotels Montreal), August 2013	Quebec	Canada	1st Mortgage	$ 3,716,664	Hospitality	n/a	n/a	–
92 Peter Street Inc., o/a HGI Toronto Downtown, May 2017	Ontario	Canada	1st Mortgage	$16,311,318	Hospitality	n/a	n/a	–
Applewood II Hotel Holdings Inc. & Combo Construction Limited, September 2014	Ontario	Canada	1st Mortgage	$ 4,928,490	Hospitality	n/a	n/a	–
Chateau M.T. Inc and 3116808 Canada Inc., April 2017	Quebec	Canada	1st Mortgage	$ 1,989,021	Hospitality	n/a	n/a	–
Dixie Crossing Inc., September 2013	Ontario	Canada	1st Mortgage	$ 3,301,611	Retail – Consumer Discretionary	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP	Ontario	Canada	1st Mortgage	$ 5,960,150	Multi-Residential	n/a	n/a	–

as at December 31, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Empire (Estates of Wyndance) Ltd., March 2013	Ontario	Canada	Profit Participating Mortgage	$ 4,752,096	Multi-Residential	80.00%	0%	–
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 1,067,481	Multi-Residential	n/a	n/a	–
Empire Communities (Yorkville) Ltd,. and Empire Communities (Yorkville) L.P., January 2014	Ontario	Canada	1st Mortgage	$ 1,111,134	Retail – Consumer Discretionary	n/a	n/a	–
Gerrard House Inc., March 2013	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Hilton Hills Developments Inc., December 2014	Ontario	Canada	2nd Mortgage	$ 5,000,000	Multi-Residential	n/a	n/a	–
Infante Bros General Contractors Limited, September 2013	Ontario	Canada	1st Mortgage	$ 3,086,702	Hospitality	n/a	n/a	–
Isabella Developments Inc., December 2014	Ontario	Canada	1st Mortgage	$ 9,052,824	Multi-Residential	n/a	n/a	$ 276,780
JD Development King St., LP, September 2013	Ontario	Canada	1st Mortgage	$ 4,796,384	Real Estate Development	n/a	n/a	$ 1,707,201
Kennedy Road Hospitality Operations Ltd., May 2014	Ontario	Canada	1st Mortgage	$ 6,220,870	Hospitality	n/a	n/a	$ 507,359
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 985,943	Hospitality	n/a	n/a	–
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 4,820,219	Hospitality	n/a	n/a	–
MMS Investments Inc., (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$ 9,983,229	Multi-Residential	n/a	n/a	$ 641,236
Noorani Holdings Inc. & 1236233 Ontario Inc., (Newmarket), July 2016	Ontario	Canada	1st Mortgage	$ 989,956	Hospitality	n/a	n/a	–
Noorani Holdings Inc. & 1236233 Ontario Inc., (Mississauga), August 2016	Ontario	Canada	1st Mortgage	$ 5,613,971	Hospitality	n/a	n/a	–
Pembroke Plaza Inc., May 2022	Ontario	Canada	Profit Participating Mortgage	$ 3,110,185	Retail – Consumer Discretionary	65.00%	0%	–
Pomeroy Lodging LP (Best Western Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$13,216,394	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Best Western Prince George), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 2,389,941	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Hoilday Inn Express Grande Prairie), September 2015	Alberta	Canada	1st Mortgage	$11,037,751	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Motel 6), September 2015	Alberta	Canada	1st Mortgage	$ 5,272,544	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Chetwynd), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 5,765,206	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$11,247,948	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Fort St. John), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 8,225,213	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Grimshaw), September 2015	Alberta	Canada	1st Mortgage	$ 3,163,967	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Ramada Grande Prairie Clairmont), September 2015	Alberta	Canada	1st Mortgage	$ 8,506,577	Hospitality	n/a	n/a	–
Sarup Enterprises Inc., July 2016	Ontario	Canada	1st Mortgage	$ 3,490,896	Hospitality	n/a	n/a	–
Storage Capital – 2 L.P., January 2014	Quebec	Canada	1st Mortgage	$ 2,012,436	Self Storage	n/a	n/a	–
Strathroy Land Corporation (Villarboit – Strathroy), March 2013	Ontario	Canada	1st Mortgage	$ 3,200,000	Retail – Consumer Discretionary	n/a	n/a	–
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 681,292	Industrial	n/a	n/a	–
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$11,275,488	Retail – Consumer Discretionary	84.02%	0%	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 46,453	Office	60.00%	9.50%	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 683,470	Office	60.00%	9.50%	–
10001 Metropolitan East Boulevard LP	Quebec	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,991,830	Industrial	60.00%	9.50%	–
1155 Chomedey Boulevard LP	Quebec	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,223,643	Office	60.00%	9.50%	–
117 Kearney Lake Road LP	Nova Scotia	Canada	Mezzanine Debt/Limited Partnership Units	$ 723,575	Retail – Consumer Discretionary	65.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,040,655	Office	50.10%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,828,688	Office	50.10%	9.50%	–
Bayfield Retail – 2009 LP	Ontario	Canada	Limited Partnership Units	$ 2,819,753	Retail – Consumer Discretionary	18.80%	18.80%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,701,192	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,900,894	Office	50.10%	9.50%	–
Tillsonburg Gateway Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 508,043	Retail – Consumer Staples	50.10%	9.50%	–
Heritage Grove Centre Inc., June 2012	Ontario	Canada	1st Mortgage	$ 2,933,549	Real Estate Development	n/a	n/a	–
1006029 Ontario Inc., o/a HI&S London, January 2016	Ontario	Canada	1st Mortgage	$ 989,392	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax (Loan 2), June 2016	Nova Scotia	Canada	2nd Mortgage	$ 1,647,021	Hospitality	n/a	n/a	–
1109672 Ontario Limited o/a HGI Halifax, April 2016	Nova Scotia	Canada	1st Mortgage	$ 9,788,232	Hospitality	n/a	n/a	–
1710 Kingsway Holdings Inc., et al., September 2015	Ontario	Canada	1st Mortgage	$10,221,713	Hospitality	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), August 2012	Ontario	Canada	1st Mortgage	$ 7,423,245	Real Estate Development	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 2,705,506	Multi-Residential	78.80%	0%	–
2284477 Ontario Limited (Villiboit – North Bay), June 2012	Ontario	Canada	1st Mortgage	$ 4,199,951	Real Estate Development	n/a	n/a	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,882,844	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc. (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 983,603	Hospitality	n/a	n/a	–
4345142 Canada Inc., 10345 Keele St., – Instorage LP, August 2015	Ontario	Canada	1st Mortgage	$ 7,210,058	Self Storage	n/a	n/a	–
4345142 Canada Inc., 144 Norseman St. – (Instorage LP), August 2015	Ontario	Canada	1st Mortgage	$ 5,979,536	Self Storage	n/a	n/a	–
4345142 Canada Inc., 3429 Kennedy Rd. – (Instorage), August 2015	Ontario	Canada	1st Mortgage	$ 6,659,955	Self Storage	n/a	n/a	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
4345142 Canada Inc., 605 Alden Rd. – (Instorage LP), August 2015	Ontario	Canada	1st Mortgage	$ 8,933,584	Self Storage	n/a	n/a	–
4345142 Canada Inc., 81 Arrow Rd. – (Instorage LP), August 2015	Ontario	Canada	1st Mortgage	$ 4,225,942	Self Storage	n/a	n/a	–
7013094 Canada Inc. (Quality Inn Hotels Montreal), August 2013	Quebec	Canada	1st Mortgage	$ 3,749,773	Hospitality	n/a	n/a	–
92 Peter Street Inc., o/a HGI Toronto Downtown, May 2017	Ontario	Canada	1st Mortgage	$16,743,930	Hospitality	n/a	n/a	–
Applewood II Hotel Holdings Inc. & Combo Construction Limited, November 2015	Ontario	Canada	1st Mortgage	$ 4,879,112	Hospitality	n/a	n/a	–
Bedford Commons 2 Property Holdings Inc., November 2015	Nova Scotia	Canada	1st Mortgage	$ 1,007,930	Retail – Consumer Discretionary	n/a	n/a	–
Blackwood Realty Fund LP, April 2012	Ontario	Canada	1st Mortgage	$ 4,014,720	Real Estate Development	n/a	n/a	–
Dixie Crossing Inc., September 2012	Ontario	Canada	1st Mortgage	$ 3,300,000	Retail – Consumer Discretionary	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., December 2013	Ontario	Canada	1st Mortgage	$ 5,053,022	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP	Ontario	Canada	Profit Participating Mortgage	$ 2,891,640	Multi-Residential	80.00%	0%	–
Empire Fovere Inc., May 2013	Ontario	Canada	1st Mortgage	$ 1,968,037	Multi-Residential	n/a	n/a	–
Gerrard House Inc., December 2012	Ontario	Canada	1st Mortgage	$ 1,000,000	Multi-Residential	n/a	n/a	–
Hilton Hills Developments Inc., December 2014	Ontario	Canada	2nd Mortgage	$ 5,000,000	Multi-Residential	n/a	n/a	–
Infante Bros General Contractors Limited, September 2013	Ontario	Canada	1st Mortgage	$ 3,131,575	Hospitality	n/a	n/a	–
Isabella Developments Inc., December 2014	Ontario	Canada	1st Mortgage	$ 8,634,019	Multi-Residential	n/a	n/a	$ 725,124
Kennedy Road Hospitality Operations Ltd., May 2014	Ontario	Canada	1st Mortgage	$ 5,823,263	Hospitality	n/a	n/a	$ 951,865
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 992,332	Hospitality	n/a	n/a	–
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 4,884,207	Hospitality	n/a	n/a	–
MMS Investments Inc. (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$16,988,662	Multi-Residential	n/a	n/a	$2,596,671
Noorani Holdings Inc. & 1236233 Ontario Inc. (Mississauga), August 2016	Ontario	Canada	1st Mortgage	$ 5,644,449	Hospitality	n/a	n/a	–
Noorani Holdings Inc. & 1236233 Ontario Inc. (Newmarket), July 2016	Ontario	Canada	1st Mortgage	$ 998,546	Hospitality	n/a	n/a	–
Palm Holdings Canada Inc., September 2014	Ontario	Canada	1st Mortgage	$11,504,911	Hospitality	n/a	n/a	–
Parkbridge Lifestyles Communities Inc., November 2015	Ontario	Canada	1st Mortgage	$ 1,986,269	Multi-Residential	n/a	n/a	–
Pier 27 Toronto (North) Inc., April 2015	Ontario	Canada	1st Mortgage	$12,227,430	Real Estate Development	n/a	n/a	–
Pomeroy Lodging LP (Best Western Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$11,027,359	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Best Western Prince George), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 1,994,309	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Hoilday Inn Express Grande Prairie), September 2015	Alberta	Canada	1st Mortgage	$ 9,209,018	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Motel 6), September 2015	Alberta	Canada	1st Mortgage	$ 4,399,212	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Chetwynd), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 4,809,805	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Dawson Creek), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 9,384,986	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Fort St. John), September 2015	Bristish Columbia	Canada	1st Mortgage	$ 6,862,771	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Pomeroy Inn & Suites Grimshaw), September 2015	Alberta	Canada	1st Mortgage	$ 2,639,527	Hospitality	n/a	n/a	–
Pomeroy Lodging LP (Ramada Grande Prairie Clairmont), September 2015	Alberta	Canada	1st Mortgage	$ 7,097,396	Hospitality	n/a	n/a	–
Roybridge Holdings Limited, May 2012	Ontario	Canada	1st Mortgage	$ 5,329,135	Hospitality	n/a	n/a	–
Sarup Enterprises Inc., July 2016	Ontario	Canada	1st Mortgage	$ 3,362,900	Hospitality	n/a	n/a	–
Skyline – 66 Temperance Inc., January 2012	Ontario	Canada	1st Mortgage	$ 1,000,833	Real Estate Development	n/a	n/a	–
Storage Capital – 2 L.P., January 2014	Quebec	Canada	1st Mortgage	$ 2,004,392	Self Storage	n/a	n/a	–
Strathroy Land Corporation (Villarboit), June 2012	Ontario	Canada	1st Mortgage	$ 3,200,000	Retail – Consumer Discretionary	n/a	n/a	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 911,165	Industrial	n/a	n/a	–
Villamark Inc., June 2012	Ontario	Canada	1st Mortgage	$11,483,921	Real Estate Development	n/a	n/a	–
Whiterock 200 Ste-Foy Inc., November 2015	Quebec	Canada	2nd Mortgage	$ 4,536,562	Office	n/a	n/a	–

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as at December 31, 2013

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 160,011	Office	60.00%	9.50%	$ 0
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,177,997	Office	60.00%	9.50%	$ 0
181191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,140,730	Office	50.10%	9.50%	$ 0
2010 Winston Park Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,451,097	Office	60.00%	9.50%	$ 0
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,241,146	Office	60.00%	9.50%	$ 0
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,015,710	Office	50.10%	9.50%	$ 0
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,091,188	Retail – Consumer Discretionary	60.00%	9.50%	$ 0
401 & 405 West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$16,310,520	Office	60.00%	9.50%	$ 0
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,679,744	Office	60.00%	9.50%	$ 0
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,470,023	Office	60.00%	9.50%	$ 0
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,671,996	Office	60.00%	9.50%	$ 0
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 3,835,958	Retail – Consumer Discretionary	19.86%	19.86%	$ 0
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 7,457,388	Office	60.00%	9.50%	$ 0

as at December 31, 2013 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$10,101,253	Office	50.10%	9.50%	$ 0
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,531,050	Multi-Residential	78.80%	0%	$ 0
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 4,752,903	Hospitality	n/a	n/a	$3,653,393
2276844 Ontario Limited (Villarboit – Brantford), Equity	Ontario	Canada	Profit Participating Mortgage	$ 4,531,713	Retail – Consumer Discretionary	77.00%	0%	$ 0
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,819,814	Retail – Consumer Discretionary	n/a	n/a	$ 0
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 333,790	Hospitality	n/a	n/a	$ 0
Applewood II Hotel Holdings Inc., November 2015	Ontario	Canada	1st Mortgage	$ 4,929,753	Hospitality	n/a	n/a	$ 0
Castlepoint Studio Partners Limited, Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,458,883	Multi-Residential	80.00%	0%	$ 0
Empire (Estates of Wyndance) Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 758,306	Multi-Residential	n/a	n/a	$ 0
Empire Communities (2183 Lakeshore Blvd.,) LP, Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,999,503	Multi-Residential	80.00%	0%	$ 0
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 1,152,326	Multi-Residential	n/a	n/a	$ 0
Gerrard House Inc., January 2014	Ontario	Canada	1st Mortgage	$ 2,200,000	Multi-Residential	n/a	n/a	$ 0
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 4,385,760	Multi-Residential	n/a	n/a	$ 0
JB Sons Hospitality Corp., December 2015	Ontario	Canada	1st Mortgage	$ 4,520,364	Hospitality	n/a	n/a	$ 0
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 2,284,329	Hospitality	n/a	n/a	$ 0
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,791,973	Hospitality	n/a	n/a	$ 0
McLeod Square Inc., Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,829,519	Retail – Consumer Discretionary	86.00%	0%	$ 0
2154197 Ontario Inc. & Benjamin Hospitality Inc., October 2017	Ontario	Canada	1st Mortgage	$ 4,358,445	Hospitality	n/a	n/a	$ 0
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 2,500,000	Multi-Residential	n/a	n/a	$ 0
Uxbridge Industrial Ltd., February 2014	Ontario	Canada	1st Mortgage	$ 833,187	Industrial	n/a	n/a	$ 0
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,561,287	Retail – Consumer Discretionary	84.02%	0%	$ 0
Whitetail Properties Inc., April 2017	Ontario	Canada	2nd Mortgage	$ 1,829,647	Retail – Consumer Discretionary	n/a	n/a	$ 0

as at December 31, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 126,459	Office	60.00%	9.50%	–
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,106,870	Office	60.00%	9.50%	–
181,191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,273,341	Office	50.10%	9.50%	–

as at December 31, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2010 Winston Park Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,615,249	Office	60.00%	9.50%	–
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,682,602	Office	60.00%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,993,092	Office	50.10%	9.50%	–
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,066,885	Retail – Consumer Discretionary	60.00%	9.50%	–
401 & 405 West Mall LP Junior	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$16,590,088	Office	60.00%	9.50%	–
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,753,515	Office	60.00%	9.50%	–
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,504,883	Office	60.00%	9.50%	–
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,778,422	Office	60.00%	9.50%	–
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 3,334,967	Retail – Consumer Discretionary	19.86%	19.86%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,957,619	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$11,017,018	Office	50.10%	9.50%	–
2088013 Ont. Inc., (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 2,582,748	Multi-Residential	78.80%	0%	–
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 4,248,720	Hospitality	n/a	n/a	$ 263,486
2276844 Ontario Limited (Villarboit – Brantford), Equity	Ontario	Canada	Profit Participating Mortgage	$ 3,373,884	Retail – Consumer Discretionary	77.00%	0%	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,882,586	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc., (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 339,128	Hospitality	n/a	n/a	–
Applewood II Hotel Holdings Inc. & Combo Construction Limited, November 2015	Ontario	Canada	1st Mortgage	$ 4,928,490	Hospitality	n/a	n/a	–
Castlepoint Studio Partners Limited, Equity	Ontario	Canada	Profit Participating Mortgage	$ 2,461,121	Multi-Residential	80.00%	0%	–
Empire (Estates of Wyndance) Ltd., December 2013	Ontario	Canada	1st Mortgage	$ 990,020	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP	Ontario	Canada	Profit Participating Mortgage	$ 3,973,437	Multi-Residential	80.00%	0%	–

as at December 31, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Empire Communities (St. George) Ltd., and Empire Communities (St. George) L.P., February 2015	Ontario	Canada	1st Mortgage	$ 1,067,481	Multi-Residential	n/a	n/a	–
Empire Communities (Yorkville) Ltd,. and Empire Communities (Yorkville) L.P., January 2014	Ontario	Canada	1st Mortgage	$ 555,567	Retail – Consumer Discretionary	n/a	n/a	–
Gerrard House Inc., December 2012	Ontario	Canada	1st Mortgage	$ 2,200,000	Multi-Residential	n/a	n/a	–
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 4,129,495	Multi-Residential	n/a	n/a	–
JB Sons Hospitality Corp., December 2015	Ontario	Canada	1st Mortgage	$ 4,666,585	Hospitality	n/a	n/a	–
Mady Steeles 2011 Ltd., Januray 2013	Ontario	Canada	1st Mortgage	$ 3,499,682	Retail – Consumer Discretionary	n/a	n/a	–
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 985,943	Hospitality	n/a	n/a	–
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 2,352,244	Hospitality	n/a	n/a	–
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,896,785	Hospitality	n/a	n/a	–
McLeod Square Inc., April 2022	Ontario	Canada	Profit Participating Mortgage	$ 3,717,126	Retail – Consumer Discretionary	86.00%	0%	–
MMS Investments Inc., (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$ 4,993,375	Multi-Residential	n/a	n/a	$ 320,731
Noorani Holdings Inc. & 1236233 Ontario Inc., (Newmarket), July 2016	Ontario	Canada	1st Mortgage	$ 989,956	Hospitality	n/a	n/a	–
Newmarket Golden Space Inc. & Newmarket Gorham LP, November 2016	Ontario	Canada	1st Mortgage	$ 1,202,632	Real Estate Development	n/a	n/a	$7,547,368
2154197 Ontario Inc & Benjamin Hospitality Inc., October 2017	Ontario	Canada	1st Mortgage	$ 1,026,446	Hospitality	n/a	n/a	$3,373,554
Argus Hospitality Group, December 2017	British Columbia	Canada	1st Mortgage	$ 601,697	Real Estate Development	n/a	n/a	$5,523,303
1650702 Ontario Inc., (Welland), November 2013	Ontario	Canada	1st Mortgage	$ 6,318,511	Real Estate Development	n/a	n/a	–
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 2,503,164	Multi-Residential	n/a	n/a	–
Sarup Enterprises Inc., July 2016	Ontario	Canada	1st Mortgage	$ 3,490,896	Hospitality	n/a	n/a	–
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 1,135,268	Industrial	n/a	n/a	–
Villarmark Inc. (Villarboit – Markham), Equity	Ontario	Canada	Profit Participating Mortgage	$ 6,099,854	Retail – Consumer Discretionary	84.02%	0%	–
Whitetail Properties Inc., March 2017	Ontario	Canada	2nd Mortgage	$ 1,860,680	Retail – Consumer Discretionary	n/a	n/a	–

as at January 1, 2012

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
55 Northfolk Street South LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 108,391	Office	60.00%	9.50%	–
10 Lower Spadina LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 890,205	Office	60.00%	9.50%	–
1155 Chomedey Boulevard LP	Quebec	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,223,643	Office	60.00%	9.50%	–
181, 191 & 195 The West Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,663,403	Office	50.10%	9.50%	–
2010 Winston Park Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 4,120,176	Office	60.00%	9.50%	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
2261 Keating Cross Road LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,831,388	Office	60.00%	9.50%	–
300, 302 & 304 The East Mall LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 2,743,033	Office	50.10%	9.50%	–
310 Henderson LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 8,265,256	Industrial	85.00%	9.50%	–
350-450 Lansdowne Street LP	British Columbia	Canada	Mezzanine Debt/Limited Partnership Units	$ 3,649,412	Retail – Consumer Discretionary	60.00%	9.50%	–
401 & 405 West Mall LP Junior	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$12,036,368	Office	60.00%	9.50%	–
6501-6523 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,092,055	Office	60.00%	9.50%	–
6531-6559 Mississauga Road LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,116,256	Office	60.00%	9.50%	–
80 Whitehall Drive LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 1,428,894	Office	60.00%	9.50%	–
Bayfield Mill Woods Limited Partnership	Alberta	Canada	Limited Partnership Units	$ 2,888,014	Retail – Consumer Discretionary	19.86%	19.86%	–
London City Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 6,302,781	Office	60.00%	9.50%	–
Sussex Centre LP	Ontario	Canada	Mezzanine Debt/Limited Partnership Units	$ 9,900,894	Office	50.10%	9.50%	–
1006029 Ontario Inc., o/a HI&S London, January 2016	Ontario	Canada	1st Mortgage	$ 989,392	Hospitality	n/a	n/a	–
1162117 Ontario Ltd. (Magnum), February 29, 2012	Ontario	Canada	1st Mortgage	$ 1,800,000	Industrial	n/a	n/a	–
1650702 Ontario Inc. (Welland, Ontario), November 2013	Ontario	Canada	1st Mortgage	$ 1,502,798	Real Estate Development	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), August 2012	Ontario	Canada	1st Mortgage	$ 4,625,075	Real Estate Development	n/a	n/a	–
2088013 Ont. Inc. (Empire Communities – Brampton), Equity	Ontario	Canada	Profit Participating Mortgage	$ 1,686,379	Multi-Residential	78.80%	0%	–
2256227 Ontario Inc. (St. Jacobs Country Inn), October 2015	Ontario	Canada	1st Mortgage	$ 7,412,014	Hospitality	n/a	n/a	–
2276844 Ontario Limited (Villarboit – Brantford) – Equity	Ontario	Canada	Profit Participating Mortgage	$ 192,397	Real Estate Development	n/a	n/a	–
2276844 Ontario Limited (Villarboit – Brantford), December 2012	Ontario	Canada	1st Mortgage	$ 2,250,075	Real Estate Development	n/a	n/a	–
318 Queen St. West Inc. & 360 Queen St. West Inc., December 2015	Ontario	Canada	1st Mortgage	$ 1,882,844	Retail – Consumer Discretionary	n/a	n/a	–
4171624 Canada Inc. (Quality Hotel and Suites), August 2015	Quebec	Canada	1st Mortgage	$ 344,259	Hospitality	n/a	n/a	–

as at January 1, 2012 (Continued)

Investment	Principal place of business	Country of incorporation	Nature of Fund's interests	Carrying Amount	Nature of project / development	Ownership interest %	Voting rights %	Unfurnished loan commitments
Applewood II Hotel Holdings Inc. & Combo Construction Limited, November 2015	Ontario	Canada	1st Mortgage	$ 4,879,112	Hospitality	n/a	n/a	–
Bedford Commons 2 Property Holdings Inc., November 2015	Nova Scotia	Canada	1st Mortgage	$ 1,007,930	Retail – Consumer Discretionary	n/a	n/a	–
Blackwood Realty Fund LP, April 2012	Ontario	Canada	1st Mortgage	$ 1,003,680	Real Estate Development	n/a	n/a	–
Centre 10 Corporation – c/o Trez Capital Corp., August 2011	Alberta	Canada	2nd Mortgage	$12,500,000	Industrial	n/a	n/a	–
Empire (Estates of Wyndance) Ltd., December 2013	Ontario	Canada	1st Mortgage	$ 1,052,713	Multi-Residential	n/a	n/a	–
Empire Communities (2183 Lakeshore Blvd.,) LP	Ontario	Canada	Profit Participating Mortgage	$ 1,927,760	Multi-Residential	80.00%	0%	–
Empire Fovere Inc., May 2013	Ontario	Canada	1st Mortgage	$ 302,305	Multi-Residential	n/a	n/a	–
Gerrard House Inc., December 2012	Ontario	Canada	1st Mortgage	$ 2,200,000	Multi-Residential	n/a	n/a	–
Hilldale Gardens Developments, September 2015	Ontario	Canada	1st Mortgage	$ 5,216,025	Multi-Residential	n/a	n/a	–
JB Sons Hospitality Corp., December 2015	Ontario	Canada	1st Mortgage	$ 4,757,873	Hospitality	n/a	n/a	–
Manga Hotels (Halifax) Inc., June 2016	Nova Scotia	Canada	1st Mortgage	$ 992,332	Hospitality	n/a	n/a	–
Marquee Hotels Ltd., December 2014	Ontario	Canada	1st Mortgage	$ 2,383,482	Hospitality	n/a	n/a	–
Marquee Hotels, Brampton Inc., October 2015	Ontario	Canada	1st Mortgage	$ 3,952,062	Hospitality	n/a	n/a	–
MMS Investments Inc. (Empire), December 2014	Ontario	Canada	Senior Secured Debenture	$ 8,495,784	Multi-Residential	n/a	n/a	$1,286,172
Noorani Holdings Inc. & 1236233 Ontario Inc., July 2016	Ontario	Canada	1st Mortgage	$ 998,546	Hospitality	n/a	n/a	–
Parkbridge Lifestyles Communities Inc., November 2015	Ontario	Canada	1st Mortgage	$ 1,986,269	Multi-Residential	n/a	n/a	–
Pier 27 Toronto (North) Inc., April 2015	Ontario	Canada	1st Mortgage	$ 4,075,810	Real Estate Development	n/a	n/a	–
Queensway 427 Inc., July 2012	Ontario	Canada	1st Mortgage	$ 2,500,266	Real Estate Development	n/a	n/a	–
Richard Gianchetti, August 2014	Quebec	Canada	2nd Mortgage	$ 2,500,000	Multi-Residential	n/a	n/a	–
Roybridge Holdings Limited, May 2012	Ontario	Canada	1st Mortgage	$ 629,807	Hospitality	n/a	n/a	–
Sarup Enterprises Inc., July 2016	Ontario	Canada	1st Mortgage	$ 3,362,900	Hospitality	n/a	n/a	–
Uxbridge Industrial Ltd., May 2013	Ontario	Canada	1st Mortgage	$ 1,518,472	Industrial	n/a	n/a	–
Whiterock 310 Henderson Regina Inc., July 2014	Ontario	Canada	2nd Mortgage	$ 4,043,305	Industrial	n/a	n/a	–

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting year. Actual results could differ from those estimates and those differences could be significant. The most significant estimates are made on the valuation of private investments, which are discussed in note 6 and note 7.

The most significant judgments made in preparing the Reference Funds' financial statements relate to the determination that the Funds are investment entities, including that their objective and business purpose are to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Funds are required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

6. FINANCIAL INSTRUMENTS

The investments in private companies consist of debt and equity instruments. These investments are typically illiquid. The Reference Funds' seek to reduce the risks typically associated with such investments by diversifying the investment portfolio by investing in companies that are in differing stages of development in a variety of growth potential industries.

Financial Instruments Risk

The Reference Funds' activities expose them to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, currency risk and other price risk) and valuation of private investments. The Manager seeks to minimize potential adverse effects of these risks on the Reference Funds' performance by employing professional experience, daily monitoring of the Reference Funds' positions and market events, by diversifying the investment portfolios within the constraints of the investment objectives and, for private investments, by structuring investments to provide the Reference Funds with the maximum protection in the event of problems with the issuer of the security.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Reference Funds. The Reference Funds' investments in debt instruments represent the main concentration of credit risk. The fair value of debt instruments includes consideration of the credit worthiness of the issuer.

If the Reference Funds invest in underlying funds, the Reference Funds, are exposed to credit risk in the event that the underlying funds invest in debt securities.

The credit risk related to interest receivable is subject to the credit worthiness of the underlying investees.

The Reference Funds invest in debt obligations that are secured, unsecured or subordinated to senior creditors. The risks related to debt obligations arise from the potential inability of the issuer to make payments on the debt securities. The inability of the issuer to meet its obligations will affect the fair value of the investment and the Reference Funds may suffer a loss.

ROI Private Trust

The Fund invests in debt instruments. As at December 31, 2013, the Fund held 18.22% (December 31, 2012 – 61.52%, January 1, 2012 – 66.11%) of its net assets in debt securities through its private investment portfolio.

ROI Private Capital Trust

The Fund invests in debt instruments. As at December 31, 2013, the Fund held 57.15% (December 31, 2012 – 72.10%, January 1, 2012 – 88.40%) of its net assets in debt securities through its private investment portfolio.

ROI Strategic Capital Trust

The Fund invests in debt instruments. As at December 31, 2013, the Fund held 26.95% (December 31, 2012 – 39.98%, January 1, 2012 – 55.17%) of its net assets in debt securities through in private investment portfolio.

Liquidity Risk

Liquidity risk is the risk that the Reference Funds will encounter difficulties in meeting obligations associated with financial liabilities. The Reference Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. An illiquid asset is a security or other position that may not be disposed of quickly in the normal course of business. While investments in illiquid assets can present above average growth opportunities, they can be difficult to value and/or sell at the time and price preferred by the Reference Funds.

The liquidity risk associated with the daily cash redemptions of units is managed in two ways – (1) maintaining a portion of the Reference Funds' portfolio in cash and short-term investments and, (2) the monthly repayment of principal and interest on the Fund's private investments.

The trustee may suspend the right to redeem units as it deems appropriate, provided that such suspension is permitted under the applicable securities legislations or under any exempted relief from such securities legislation granted by the applicable securities authorities.

ROI Private Trust

As at December 31, 2013, the Fund held 82.77% (December 31, 2012 – 95.51%, January 1, 2012 – 93.76%) of net assets in private investments which are considered illiquid. It also had 14.72% (December 31, 2012 – 4.24%, January 1, 2012 – 5.80%) of net assets in cash and short-term investments that are traded in active markets and/or can be readily disposed of.

The following table summarizes the maturity profile as at December 31, 2013, December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

ROI Private Trust

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest receivable	1,473,011	–	–	–	–	1,473,011
Receivable for investments sold	38,027	–	–	–	–	38,027
Private investments	22,220,886	29,396,436	2,569,201	–	192,012,008	246,198,531
Investment in underlying fund	9,462,714	–	–	–	–	9,462,714
Short-term investment	40,821,880	–	–	–	–	40,821,880
	74,016,518	**29,396,436**	**2,569,201**	**–**	**192,012,008**	**297,994,163**
Liabilities						
Payable for investments purchased	13,262	–	–	–	–	13,262
Accrued expenses	403,318	–	–	–	–	403,318
	416,580	**–**	**–**	**–**	**–**	**416,580**

					As at December 31, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	34,614	–	–	–	–	34,614
Interest receivable	1,891,297	–	–	–	–	1,891,297
Receivable for investments sold	266,221	–	–	–	–	266,221
Private investments	29,416,847	63,250,504	41,617,211	3,717,126	170,654,327	308,656,015
Investments in underlying fund	9,086,354	–	–	–	–	9,086,354
Short-term investment	4,601,848	–	–	–	–	4,601,848
	45,297,181	**63,250,504**	**41,617,211**	**3,717,126**	**170,654,327**	**324,536,349**
Liabilities						
Payable for investments purchased	83,613	–	–	–	–	83,613
Accrued expenses	1,151,388	–	–	–	–	1,151,388
	1,235,001	**–**	**–**	**–**	**–**	**1,235,001**

					As at January 1, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	19	–	–	–	–	19
Interest receivable	2,682,373	–	–	–	–	2,682,373
Receivable for investments sold	208,165	–	–	–	–	208,165
Private investments	66,284,573	38,584,264	85,611,036	18,713,804	105,379,827	314,573,504
Short-term investment	19,452,048	–	–	–	–	19,452,048
	88,627,178	**38,584,264**	**85,611,036**	**18,713,804**	**105,379,827**	**336,916,109**
Liabilities						
Payable for investments purchased	453,781	–	–	–	–	453,781
Accrued expenses	975,541	–	–	–	–	975,541
	1,429,322	**–**	**–**	**–**	**–**	**1,429,322**

ROI Private Capital Trust

As at December 31, 2013, the Fund held 85.11% (December 31, 2012 – 94.78%, January 1, 2012 – 97.46%) of net assets in private investments which are considered illiquid. It also had 14.72% (December 31, 2012 – 5.14%, January 1, 2012 – 2.30%) of net assets in cash and short-term investments that are traded in active markets and/or can be readily disposed of.

The following table summarizes the maturity profile as at December 31, 2013 December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

ROI Private Capital Trust

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	–	–	–	–	–	–
Interest receivable	1,087,890	–	–	–	–	1,087,890
Receivable for investments sold	166,667	–	–	–	–	166,667
Private investments	33,316,554	96,978,764	9,500,672	–	68,394,679	208,190,669
Short-term investment	36,018,726	–	–	–	–	36,018,726
	70,589,837	**96,978,764**	**9,500,672**	**–**	**68,394,679**	**245,463,952**
Liabilities						
Payable for investments purchased	7,535	–	–	–	–	7,535
Accrued expenses	339,750	–	–	–	–	339,750
	347,285	**–**	**–**	**–**	**–**	**347,285**

					As at December 31, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	1,015	–	–	–	–	1,015
Interest receivable	1,417,893	–	–	–	–	1,417,893
Receivable for investments sold	300,397	–	–	–	–	300,397
Private investments	24,534,749	119,805,672	37,788,038	3,110,185	58,252,191	243,490,835
Short-term investment	13,195,975	–	–	–	–	13,195,975
	39,450,029	**119,805,672**	**37,788,038**	**3,110,185**	**58,252,191**	**258,406,115**
Liabilities						
Distributions payable	141	–	–	–	–	141
Payable for investments purchased	102,092	–	–	–	–	102,092
Accrued expenses	1,189,933	–	–	–	–	1,189,933
	1,292,166	**–**	**–**	**–**	**–**	**1,292,166**

					As at January 1, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest receivable	2,114,611	–	–	–	–	2,114,611
Receivable for investments sold	93,213	–	–	–	–	93,213
Private investments	43,885,354	69,653,026	151,581,793	16,743,930	35,065,342	316,929,445
Short-term investment	7,475,374	–	–	–	–	7,475,374
	53,568,552	**69,653,026**	**151,581,793**	**16,743,930**	**35,065,342**	**326,612,643**
Liabilities						
Payable for investments purchased	355,690	–	–	–	–	355,690
Accrued expenses	1,064,658	–	–	–	–	1,064,658
	1,420,348	**–**	**–**	**–**	**–**	**1,420,348**

ROI Strategic Capital Trust

As at December, 2013, the Fund held 91.38% (December 31, 2012 – 95.48%, January 1, 2012 – 93.66%) of net assets in private investments which are considered illiquid. It also had 8.22% (December 31, 2012 – 4.17%, January 1, 2012 – 5.75%) of net assets in cash and short-term investments that are traded in active markets and/or can be readily disposed of.

The following table summarizes the maturity profile as at December 31, 2013, December 31, 2012 and January 1, 2012, of financial instruments by contractual maturity or expected cash flow dates.

ROI Strategic Capital Trust

					As at December 31, 2013	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Interest receivable	941,547	–	–	–	–	941,547
Receivable for investments sold	40,378	–	–	–	–	40,378
Private investments	8,575,822	25,686,683	6,188,092	–	96,716,716	137,167,313
Short-term investment	12,343,977	–	–	–	–	12,343,977
	21,901,724	**25,686,683**	**6,188,092**	**–**	**96,716,716**	**150,493,215**
Liabilities						
Payable for investments purchased	7,535	–	–	–	–	7,535
Accrued expenses	229,411	–	–	–	–	229,411
	236,946	**–**	**–**	**–**	**–**	**236,946**

					As at December 31, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	7,015	–	–	–	–	7,015
Interest receivable	1,056,990	–	–	–	–	1,056,990
Receivable for investments sold	267,712	–	–	–	–	267,712
Private investments	14,143,481	35,563,620	10,158,250	3,717,126	88,292,054	151,874,531
Short-term investment	6,639,793	–	–	–	–	6,639,793
	22,114,991	**35,563,620**	**10,158,250**	**3,717,126**	**88,292,054**	**159,846,041**
Liabilities						
Payable for investments purchased	54,677	–	–	–	–	54,677
Accrued expenses	588,766	–	–	–	–	588,766
	643,443	**–**	**–**	**–**	**–**	**643,443**

					As at January 1, 2012	
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	No specific date	Total
Assets						
Cash	12	–	–	–	–	12
Interest receivable	1,497,419	–	–	–	–	1,497,419
Receivable for investments sold	36,920	–	–	–	–	36,920
Private investments	27,508,903	21,798,859	41,857,368	–	70,066,705	161,231,835
Short-term investments	9,893,751	–	–	–	–	9,893,751
	38,937,005	**21,798,859**	**41,857,368**	**–**	**70,066,705**	**172,659,937**
Liabilities						
Payable for investments purchased	119,850	–	–	–	–	119,850
Accrued expenses	399,560	–	–	–	–	399,560
	519,410	**–**	**–**	**–**	**–**	**519,410**

Market Risk
Market risk comprises three main components: interest rate risk, foreign currency risk and other price risk.

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Funds did not hold any traded marketable equities.

Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments. The Reference Funds' exposure to interest rate risk is concentrated in its investments in debt instruments. Short-term investments, and other financial assets and liabilities are short term in nature and/or non-interest bearing and are not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates. The Reference Funds may also hold securities which earn variable rates of interest. A decrease in interest rates will lead to a decrease in interest earned on these securities.

If the Reference Fund invests in underlying funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the underlying funds.

ROI Private Trust
The Fund held 13.72% (December 31, 2012 – 1.42%, January 1, 2012 – 5.80%) of its net assets in short-term investments which earn a variable rate of interest.

ROI Private Capital Trust
The Fund held 12.48% (December 31, 2012 – 5.14%, January 1, 2012 – 2.30%) of its net assets in short-term Investments which earn a variable rate of interest.

ROI Strategic Capital Trust
The Fund held 8.22% (December 31, 2012 – 4.21%, January 1, 2012 – 5.75%) of its net assets in short-term Investments which earn a variable rate of interest.

The private investments held by the Reference Funds generate interest income with varying rates of interest: ROI Private Trust – 5.95% to 12.00%, ROI Private Capital Trust – 5.95% to 10.00% and ROI Strategic Capital Trust – 6.00% to 9.25%.

Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional and presentation currency of the Reference Funds.

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Funds did not have any significant exposure to currency risk.

Other Price Risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All equity securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

ROI Private Trust
As at December 31, 2013, 64.55% (December 2012 – 52.80%, January 1, 2012 – 27.65%) of the Fund's net assets were equity investments.

ROI Private Capital Trust
As at December 31, 2013, 27.96% (December 2012 – 22.68%, January 1, 2012 – 9.06%) of the Fund's net assets were equity investments.

ROI Strategic Capital Trust
As at December 31, 2013, 64.43% (December 2012 – 55.50%, January 1, 2012 – 38.49%) of the Fund's net assets were equity investments.

Valuation of Private Investments
The Reference Funds invest a substantial portion of their net assets in private investments. Generally, these private investments do not have observable market prices. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective to a degree and to the extent that these valuations differ the amount ultimately realized by the Reference Funds, investors in the Reference Funds may gain a benefit or suffer a loss when they purchase or redeem units.

The total amount of the change in fair value recognized in net income during the year that was estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates are as follows: ROI Private Trust – increase of $5,320,758 (December 31, 2012 – increase of $18,796,386); ROI Private Capital Trust – increase of $2,165,274 (December 31, 2012 – increase of $5,721,896); ROI Strategic

Capital Trust decrease of $442,210 (December 31, 2012 – increase of $8,698,373).

Valuation processes

The Manager is responsible for determining recurring fair value measurements included in the financial statements, including fair value of Level 3 investments. The Manager's valuations team prepares a valuation for each investment at least quarterly; however, any new information that may impact the valuation of investments is addressed when known. The reports are reviewed and approved by senior members of the valuations team

The Level 3 investments in the Fund include debt and equity securities. The debt securities are comprised of mortgages and subordinated debentures. The equity securities are comprised of interests in income producing commercial private real estate, commercial development private real estate and residential development private real estate. Equity investments are made in various forms, including ownership interests in real property and loans secured by, or that provide a participating interest in, real property.

The following is a summary by investment type of the valuation techniques and key inputs used by the Manager:

Investment type	Valuation method	Inputs
Mortgage debt/subordinated debentures	Yield to maturity	Risk premium Risk free rate Time to maturity
Income producing commercial private real estate (commercial real estate assets fully built and producing income)	Direct income capitalization	Capitalization rate Stabilized net operating income
Commercial development private real estate (commercial real estate assets in development)	Discounted cash flow	Completion date Discount rate Capitalization rate Stabilized net operating income
Residential development private real estate (residential real estate assets in development)	Discounted cash flow	Completion date Discount rate Expected selling price (realizable value)
	Direct comparison	Comparable property sales

The yield to maturity method applies an appropriate discount rate to all future cash flows of a security. The discount rate is comprised of a risk-free rate plus a risk premium. The risk premium associated with a security is security specific and is determined mainly by the credit quality of the investment, the loan-to-value ratio (a measure of risk for debt investments, represented by the ratio of the loan outstanding divided by the current property value), and time to maturity.

The direct income capitalization method involves identifying the stabilized net operating income of a property and dividing it by an appropriate capitalization rate to determine a gross asset value. Stabilized net operating income is defined as revenues less property operating expenses adjusted for items such as average lease up costs, long term vacancy rates, non-recoverable capital expenditures, and market rental rates. The capitalization rate is the current required rate of return based on location and quality of the property and its income.

The discounted cash flow method applies an appropriate discount rate to the expected future value of the completed development (on a direct income capitalization or realizable value basis). The discount rate is determined by analyzing the risk to completion which, amongst other measures, involves analysis of the current progress, loan-to-value and time to delivery of the future developments.

The direct comparison method involves analysis of recent similar transactions, adjusted for any differences, to determine the current net realizable value of an asset.

Select significant unobservable inputs used in level 3 valuations are as follows:

	Capitalization rates			Net operating income per square foot			Time to completion (Yrs)		
	High	Low	Weighted average	High	Low	Weighted average	High	Low	Weighted average
ROI Private Trust									
2013	7.35%	6.25%	6.65%	19.22	9.87	16.25	4.67	0.75	2.65
2012	7.40%	6.15%	6.56%	19.26	9.70	16.42	3.50	1.33	2.55
ROI Private Capital Trust									
2013	7.25%	6.25%	6.61%	19.22	9.87	16.20	4.67	0.50	2.78
2012	7.30%	6.15%	6.51%	18.76	9.70	16.40	3.50	1.50	2.57
ROI Strategic Capital Trust									
2013	7.35%	6.25%	6.70%	19.22	9.87	16.06	4.67	0.75	2.71
2012	7.40%	6.15%	6.63%	19.26	9.70	16.40	3.50	1.33	2.55

The following tables illustrate the fair value sensitivity of level 3 investments due to changes in key input assumptions in the valuation process:

Investments in Equity Securities:

	Impact of changes to Capitalization Rates		Impact of change to Net Operating Income		Impact of change in Time to Completion
	Increase +0.25%	Decrease −0.25%	Increase +1%	Decrease −1%	Increase by 1 year
ROI Private Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(9,858,026)	$10,164,930	$1,784,106	$(1,901,254)	$(9,428,694)
Increase/(decrease) in fair value as at December 31, 2012	$(9,002,115)	$10,288,047	$1,841,442	$(1,748,075)	$(6,748,338)
ROI Private Capital Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(3,162,955)	$3,370,182	$505,564	$(500,196)	$(4,473,107)
Increase/(decrease) in fair value as at December 31, 2012	$(3,063,156)	$3,355,604	$488,454	$(494,473)	$(3,238,928)
ROI Strategic Capital Trust					
Increase/(decrease) in fair value as at December 31, 2013	$(5,496,585)	$5,691,705	$1,111,433	$(1,233,968)	$(3,034,768)
Increase/(decrease) in fair value as at December 31, 2012	$(5,057,595)	$5,725,575	$1,165,914	$(1,139,971)	$(2,335,101)

Investments in Debt Securities:

	Impact of changes to Interest Rates	
	Increase +1%	Decrease −1%
ROI Private Trust		
Increase/(decrease) in fair value as at December 31, 2013	$ (648,972)	$ 648,972
Increase/(decrease) in fair value as at December 31, 2012	$(2,780,706)	$2,780,706
ROI Private Capital Trust		
Increase/(decrease) in fair value as at December 31, 2013	$(2,472,610)	$2,472,610
Increase/(decrease) in fair value as at December 31, 2012	$(4,006,612)	$4,006,612
ROI Strategic Capital Trust		
Increase/(decrease) in fair value as at December 31, 2013	$ (724,274)	$ 724,274
Increase/(decrease) in fair value as at December 31, 2012	$(1,327,477)	$1,327,477

Concentration Risk

ROI Private Trust

The Fund's investment portfolio is concentrated in the following segments as at

	December 31, 2013	December 31, 2012	January 1, 2012
PRIVATE INVESTMENTS PORTFOLIO			
Limited Partnerships	36.40%	34.00%	27.66%
Mortgages	45.69%	60.55%	63.68%
Subordinated Secured Debentures	0.68%	0.97%	2.42%
INVESTMENT IN UNDERLYING FUND	3.18%	2.81%	–
SHORT TERM INVESTMENTS	13.72%	1.42%	5.80%
OTHER ASSETS, NET OF LIABILITIES	0.33%	0.25%	0.44%
	100.00%	100.00%	100.00%

ROI Private Capital Trust

The Fund's investment portfolio is concentrated in the following segments as at

	December 31, 2013	December 31, 2012	January 1, 2012
PRIVATE INVESTMENT PORTFOLIO			
Limited Partnerships	11.96%	11.68%	9.06%
Mortgages	73.15%	83.10%	88.40%
SHORT TERM INVESTMENTS	14.72%	5.14%	2.30%
OTHER ASSETS, NET OF LIABILITIES	0.17%	0.08%	0.24%
	100.00%	100.00%	100.00%

ROI Strategic Capital Trust

The Fund's investment portfolio is concentrated in the following segments as at:

	December 31, 2013	December 31, 2012	January 1, 2012
PRIVATE INVESTMENT PORTFOLIO			
Limited Partnerships	45.17%	43.88%	38.49%
Mortgages	46.21%	51.60%	55.17%
SHORT TERM INVESTMENTS	8.22%	4.17%	5.75%
OTHER ASSETS, NET OF LIABILITIES	0.40%	0.35%	0.59%
	100.00%	100.00%	100.00%

7. FAIR VALUE HIERARCHY

The Reference Funds provide disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 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 that are unobservable for the asset and liability.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Reference Funds' financial instruments within the fair value hierarchy as at December 31, 2013, December 31, 2012 and January 1, 2012.

ROI Private Trust

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Short-term investment	–	40,821,880	–	40,821,880
Investment in underlying fund	–	9,462,714	–	9,462,714
Private investments	–	–	246,198,531	246,198,531
	–	**50,284,594**	**246,198,531**	**296,483,125**

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investment	–	4,601,848	–	4,601,848
Investments in underlying fund	–	9,086,354	–	9,086,354
Private investments	–	–	308,656,015	308,656,015
	–	**13,688,202**	**308,656,015**	**322,344,217**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investment	–	19,452,048	–	19,452,048
Private investments	–	–	314,573,504	314,573,504
	–	**19,452,048**	**314,573,504**	**334,025,552**

ROI Private Capital Trust

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	36,018,726	–	36,018,726
Private investments	–	–	208,190,669	208,190,669
	–	**36,018,726**	**208,190,669**	**244,209,395**

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	13,195,975	–	13,195,975
Private investments	–	–	243,490,835	243,490,835
	–	**13,195,975**	**243,490,835**	**256,686,810**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	7,475,374	–	7,475,374
Private investments	–	–	316,929,445	316,929,445
	–	**7,475,374**	**316,929,445**	**324,404,819**

ROI Strategic Capital Trust

	Assets at fair value as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	12,343,977	–	12,343,977
Private investments	–	–	137,167,313	137,167,313
	–	**12,343,977**	**137,167,313**	**149,511,290**

	Assets at fair value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	6,639,793	–	6,639,793
Private investments	–	–	151,874,531	151,874,531
	–	**6,639,793**	**151,874,531**	**158,514,324**

	Assets at fair value as at January 1, 2012			
	Level 1	Level 2	Level 3	Total
Short-term investments	–	9,893,751	–	9,893,751
Private investments	–	–	161,231,835	161,231,835
	–	**9,893,751**	**161,231,835**	**171,125,586**

All fair value measurements above are recurring. Financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. There were no transfers between levels during the years ended December 31, 2013 and 2012.

Short-term Investments

The Reference Funds' short-term investments are classified as Level 2 as they represent overnight cash deposits that are not traded.

Investments in Underlying Fund

The Reference Funds' investment in an underlying fund is classified as Level 2 as this investment is not actively traded.

Private Investments

The Reference Funds' private investments are classified as Level 3 as the determination of fair value requires significant unobservable inputs and the application of valuation techniques. Private investments include investments which are not publicly traded or other assets for which no public market exists.

The following is a reconciliation of level 3 fair value measurements for the years ended December 31, 2013 and 2012:

ROI Private Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2012	**308,656,015**
Purchases	25,660,190
Sales and principal payments	(92,074,689)
Net realized losses	(1,363,743)
Net change in unrealized appreciation	5,320,758
Balance at December 31, 2013	**$246,198,531**

The change in unrealized gain recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2013 is $5,698,529.

ROI Private Capital Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2012	**243,490,835**
Purchases	36,821,983
Sales and principal payments	(72,599,786)
Net realized losses	(1,687,637)
Net change in unrealized appreciation	2,165,274
Balance at December 31, 2013	**$208,190,669**

The change in unrealized gain recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2013 is $2,165,302.

ROI Strategic Capital Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2012	**$151,874,531**
Purchases	18,676,630
Sales and principal payments	(32,730,741)
Net realized losses	(210,897)
Net change in unrealized depreciation	(442,210)
Balance at December 31, 2013	**$137,167,313**

The change in unrealized loss recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2013 is $375,850.

Each private investment is classified as either debt or equity as at December 31, 2013.

ROI Private Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2011	**314,573,504**
Purchases	124,175,097
Sales and principal payments	(151,853,320)
Net realized gains	2,964,348
Net change in unrealized appreciation	18,796,386
Balance at December 31, 2012	**$308,656,015**

The change in unrealized gain recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2012 is $19,607,719.

ROI Private Capital Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2011	**316,929,445**
Purchases	73,193,455
Sales and principal payments	(154,817,170)
Net realized gains	2,463,208
Net change in unrealized appreciation	5,721,896
Balance at December 31, 2012	**$243,490,835**

The change in unrealized gain recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2012 is $6,903,262.

ROI Strategic Capital Trust

Fair value measurements using level 3 inputs

	Private investments
Balance at December 31, 2011	**$161,231,835**
Purchases	46,042,762
Sales and principal payments	(70,290,484)
Net realized gains	6,192,045
Net change in unrealized appreciation	8,698,373
Balance at December 31, 2012	**$151,874,531**

The change in unrealized gain recorded in the statement of comprehensive income during the year related to private investments which continue to be held at December 31, 2012 is $11,683,820.

For disclosure regarding sensitivity analysis on private investments, refer to note 6.

8. REDEEMABLE UNITS

Capital Risk Management

The capital of the Reference Funds is represented by the net assets attributable to holders of redeemable units. The objective when managing the capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds. The Manager monitors the capital on the basis of the value of the net assets attributable to holders of redeemable units.

The capital of the Reference Funds is represented by issued redeemable units with no par value. Unitholders are entitled to distributions, if any, and to payment of a proportionate share based on the series' NAVPU upon redemption. The Reference Funds have no restrictions or specific capital requirements on the subscription and redemption of units other than the minimum subscription requirements. Movements are shown on the statement of changes in net assets attributable to holders of redeemable units.

The authorized capital of the Reference Funds consists of an unlimited number of units without nominal or par value. The unitholders have the right under the Reference Funds' Declarations of Trust to require the Reference Funds to repurchase their units at their current NAV.

All distributions made by the Reference Funds are automatically reinvested in additional units at the current NAVPU, without an acquisition charge at the discretion of the unitholders. Immediately after any such reinvestment, the number of outstanding units of the respective Reference Fund will be consolidated into that number of units that were outstanding prior to the reinvestment of the distributions.

Changes in redeemable units per series are summarized as follows:

ROI Private Trust

For the year ended December 31, 2013

	Series A	Series R
	# of units	# of units
Balance – beginning of year	2,277,291	11
Issued:		
For cash	–	–
On reinvestment of distributions	98,857	1
Consolidation of units	(98,857)	(1)
Repurchased for cash	(271,946)	–
Balance – end of year	2,005,345	11

ROI Private Trust

For the year ended December 31, 2012

	Series A	Series R
	# of units	# of units
Balance – beginning of year	2,597,015	11
Issued:		
For cash	48,382	127,431
On reinvestment of distributions	261,554	–
Consolidation of units	(261,554)	–
Repurchased for cash	(368,106)	(127,431)
Balance – end of year	2,277,291	11

ROI Private Capital Trust

For the year ended December 31, 2013

	Series A	Series R
	# of units	# of units
Balance – beginning of year	2,006,433	11
Issued:		
For cash	–	1
On reinvestment of distributions	94,340	1
Consolidation of units	(94,340)	(1)
Repurchased for cash	(187,041)	–
Balance – end of year	1,819,392	12

ROI Private Capital Trust

For the year ended December 31, 2012

	Series A	Series R
	# of units	# of units
Balance – beginning of year	2,726,973	11
Issued:		
For cash	91,477	–
On reinvestment of distributions	210,632	1
Consolidation of units	(210,632)	(1)
Repurchased for cash	(812,017)	–
Balance – end of year	2,006,433	11

ROI Strategic Capital Trust
For the year ended December 31, 2013

	Series A	Series R
	# of units	# of units
Balance – beginning of period	1,013,852	75,436
Issued:		
For cash	–	–
On reinvestment of distributions	29,080	3,328
Consolidation of units	(29,080)	(3,328)
Repurchased for cash	(90,740)	–
Balance – end of period	923,112	75,436

ROI Strategic Capital Trust
For the year ended December 31, 2012

	Series A	Series R
	# of units	# of units
Balance – beginning of period	1,182,650	127,666
Issued:		
For cash	135,537	–
On reinvestment of distributions	146,891	75,425
Consolidation of units	(146,891)	–
Repurchased for cash	(304,335)	(127,655)
Balance – end of period	1,013,852	75,436

Valuation of Series and Units

A net asset value ("NAV") is calculated for each series of units of the Reference Funds daily. The NAV of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Reference Funds common to all series, less the liabilities of the Reference Funds attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses and net gains and losses on investments are allocated proportionately to each series based upon the relative net assets of each Reference Fund.

Units of the Reference Funds are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the NAV per series. A valuation date is each day on which the Toronto Stock Exchange is open for business. The NAVPU of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Reference Funds attributable to each series by the total number of units of the series of the Reference Funds outstanding at such time. The net assets per series unit are determined by dividing the net assets of each series of the Reference Funds by the total number of units of each Reference Fund outstanding. Refer to the liquidity risk disclosure in note 6 for additional details.

9. FORWARD CONTRACTS

ROI Private Trust

ROI Private Trust is the Reference Fund to ROI Canadian High Income Mortgage Fund. ROI Canadian High Income Mortgage Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of February 14, 2017. Under the terms of the forward contract, the Counterparty has agreed to pay ROI Canadian High Income Mortgage Fund an amount equal to the redemption proceeds of the number of units of ROI Private Trust Series A specified in the forward contract, in exchange for ROI Canadian High Income Mortgage Fund's common share portfolio at fair market value, or net settlement in cash.

ROI Private Capital Trust

ROI Private Capital Trust is the Reference Fund to ROI Canadian Mortgage Income Fund. ROI Canadian Mortgage Income Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of May 6, 2013. Subsequently, the Fund entered into a new 179 day contract maturing November 1, 2013. On October 25, 2013, in advance of the November 1, 2013 maturity date, the Fund entered into a new forward contract with a term of at least 30 days, with the intention of entering into one or more forward agreements with a final valuation date of no later than December 31, 2014. Under the terms of the forward contract, the Counterparty has agreed to pay ROI Canadian Mortgage Income Fund an amount equal to the redemption proceeds of the number of units of ROI Private Capital Trust Series A specified in the forward contract, in exchange for ROI Canadian Mortgage Income Fund's common share portfolio at fair market value, or net settlement in cash.

ROI Strategic Capital Trust

Strategic Capital Trust is the Reference Fund to Strategic Private Placement Fund. ROI Canadian Real Estate Fund has entered into a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty") that has a maturity date of March 25, 2014. Due to the extension, the Fund intends to enter into new forward contracts, with terms of at least 30 days, ending no later than December 31, 2014. Under the terms of the forward contract, the Counterparty has agreed to pay ROI Canadian Real Estate Fund an amount equal to the redemption proceeds of the number of units of ROI Strategic Capital Trust Series A specified in the forward contract, in exchange for ROI Canadian Real Estate Fund common share portfolio at fair market value, or net settlement in cash.

10. MANAGEMENT FEES AND OPERATING EXPENSES

ROI Private Trust

Effective November 10, 2012, management fees were charged to the Reference Fund due to the restructuring of ROI Canadian High

Income Fund. The Manager is responsible for the day-to-day management of the Funds. In consideration, the Manager is entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.00% and Series R – nil%. During the year ended December 31, 2013, the Fund incurred $3,612,910 (December 31, 2012 – $552,040), with $284,783 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $308,650; January 1, 2012 – $ nil).

ROI Private Capital Trust

Effective November 10, 2012, management fees were charged to the Reference Fund due to the restructuring of ROI Canadian Mortgage Income Fund. The Manager is responsible for the day-to-day management of the Funds. In consideration, the Manager is entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.00% and Series R – nil%. During the year ended December 31, 2013, the Fund incurred $2,931,085 (December 31, 2012 – $428,992), with $234,197 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $244,817; January 1, 2012 – $nil).

ROI Strategic Capital Trust

Effective November 10, 2012, management fees were charged to the Reference Fund due to the restructuring of ROI Canadian Real Estate Fund. The Manager is responsible for the day-to-day management of the Funds. In consideration, the Manager is entitled to receive a management fee based on the average NAV of the Fund, calculated daily and payable monthly at the following annualized rates: Series A – 1.00% and Series R – nil%. During the year ended December 31, 2013, the Fund incurred $1,720,628 (December 31, 2012 – $249,560), with $136,497 in outstanding fees for the year ended December 31, 2013 (December 31, 2012 – $143,939; January 1, 2012 – $ nil).

The Reference Funds will pay for all of their normal course expenses incurred in connection with their operation and administration. In addition, no sales fees or redemption fees are payable in respect of units of the Reference Funds. The operating expenses of the Reference Funds, which include but are not limited to legal, audit, custodian, transfer agency, independent review committee and fund administration expenses and the cost of financial statements and other reports, are the direct responsibility of the Reference Funds. The Manager pays certain of these expenses on behalf of the Reference Funds and is then reimbursed by the Reference Funds. The decision to do so is reviewed annually and determined at the sole discretion of the Manager.

Under the terms of the forward contract in note 9, the Reference Funds paid the Counterparty, a fee that was expected to be no greater than 0.50% per annum based on the NAV of the Reference Funds. Effective November 10, 2012, forward fees were charged to the ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund and ROI Canadian Real Estate Fund due to the restructuring of these funds. As a result, no forward fees have been charged to the Reference Funds since the date of the restructuring.

The Manager may be paid work fees (“work fees”) by companies in which the Funds invest. The work fees are paid for work done in connection with the financing of such companies. Such financing work may include sourcing investment opportunities, structuring investments, due diligence and preparation of loan participation agreements or other investment documentation. Beginning March 14, 2012, the Manager elected to direct all work fees received to the applicable fund or funds. The work fees are included in net gains on investments on the statement of comprehensive income over the life of the associated investment.

In addition, the Manager may be paid a monitoring fee or commitment, renewal, extension, discharge, prepayment or other administrative fee by companies in which the Fund invests. Beginning March 14, 2012, the Manager elected to direct all of such fees received to the applicable fund or funds. The fees are included in net gains on investments on the statement of comprehensive income in the year in which they are received.

11. INCOME TAXES

Non-capital losses are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Reference Funds had $nil non-capital and net capital losses available to carry forward.

12. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2013 and 2012 is calculated as follows:

ROI Private Trust

	2013		2012	
	A	R	A	R
Increase in net assets attributable to holders of redeemable units	14,301,269	89	33,125,065	1,176,558
Weighted average units outstanding during the year	2,211,192	11	2,581,650	93,002
Increase in net assets attributable to holders of redeemable units per units	6.47	8.13	12.83	12.65

ROI Private Capital Trust

	2013		2012	
	A	R	A	R
Increase in net assets attributable to holders of redeemable units	12,708,513	82	23,719,351	109
Weighted average units outstanding during the year	1,974,279	12	2,705,766	11
Increase in net assets attributable to holders of redeemable units per units	6.44	7.12	8.76	10.10

ROI Strategic Capital Trust

	2013		2012	
	A	R	A	R
Increase in net assets attributable to holders of redeemable units	4,474,409	376,429	20,103,601	1,268,967
Weighted average units outstanding during the year	1,006,444	74,403	1,256,816	70,065
Increase in net assets attributable to holders of redeemable units per units	4.45	5.06	15.99	18.11

13. TRANSITION TO IFRS

The effect of the Funds' transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Reference Funds upon transition was the ability to designate a previously recognized financial asset or financial liability at fair value through profit and loss upon transition to IFRS. The Reference Funds have determined that they meet the definition of 'investment entity' and as a result, they measure subsidiaries, other than those which provide services to the Fund, at FVTPL. The Reference Funds account for investments in associates and joint ventures at FVTPL, rather than applying the equity method and accounts for all investments that are financial instruments at FVTPL. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Classification of redeemable units issued by the Fund

Under Canadian GAAP, the Reference Funds accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Reference Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

In addition to the adjustments above, the Fund has reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS, including adjustments to presentation resulting from the fact that these financial statements have not been prepared to comply with the requirement of National Instrument 81-106, Investment Fund Continuous Disclosure. There were no measurement adjustments which arose as a result of the Fund's transition to IFRS.

14. ACCOUNTING STANDARDS, INTERRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

IAS 32, "Financial Instruments: Presentation" ("IAS 32")

The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IAS 36, "Impairment of Assets" ("IAS 36")

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. The adoption of the amendments is not expected to have a significant impact on the Fund's financial statements.

IFRIC 21, "Levies" ("IFRIC 21")

The International Financial Reporting Interpretations Committee ("IFRIC") issued an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard is not expected to have a significant impact on the Fund's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in November 2009 and amended in October 2010 and November 2013, and is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's current classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged; however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. Gains or losses caused by changes in an entity's own credit risk on such liabilities are no longer recognized in profit or loss but instead are reflected in Other Comprehensive Income.

Revisions to hedge accounting were issued in November 2013 as part of the overall IFRS 9 project. The amendment introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

In November 2013, the IASB removed the mandatory effective date of January 1, 2015. The IASB has stated that a new effective date will be determined when all three phases of the IFRS 9 project are closer to completion. The Funds are still assessing the impact of these changes.

15. UNFUNDED COMMITMENTS

As at December 31, 2013, ROI Private Trust and ROI Strategic Private Capital Trust had outstanding commitments to contribute up to approximately $7.3 million (December 31, 2012 – $54.9 million; January 1, 2012 – $43.9 million) in connection with unfunded financing in which the total amount will be funded in additional tranches. The unfunded commitment balances may not be indicative of the Funds' actual obligations because the borrowers may never draw upon the commitment. In addition, the borrowers' ability to draw may be subject to certain conditions such as no material adverse change in either market conditions or the borrowers' financial condition, among other factors.

16. REGULATORY FIELD AUDIT

As a result of a field audit by the regulator, on February 15, 2012, the Ontario Securities Commission ("OSC") placed "terms and conditions" on Return on Innovation Management Ltd. and Return On Innovation Advisors Ltd (the "Management Entities"). The terms and conditions included the requirement to report working capital on a monthly basis for a minimum six-month period and the requirement to retain an independent consultant to prepare and assist in implementing a plan to strengthen the compliance systems of the Management Entities (the "Plan"). The Management Entities appointed an independent consultant and submitted the Plan to the OSC prior to the March 30, 2012 deadline. The Management Entities were required to provide ongoing regular reports to the OSC on the status of the implementation of the Plan. Subsequent to the amalgamation of the Management Entities, on October 2, 2012, the "terms and conditions" that were placed on the Management Entities by the OSC were removed.

Subsequent to the reporting of terms and conditions, there was an abnormal inflow of redemption requests. As a result, on March 9, 2012, the Manager temporarily halted redemptions of the Fund (other than in respect of any redemptions set up pursuant to registered retirement income funds and pre-authorized withdrawal plans established prior to the suspension). The redemption of $21,195,698 processed March 8, 2012, were postponed. These redemptions were subsequently paid on June 1, 2012. Notwithstanding the above, the Manager continued to operate the Fund as before. On August 24, 2012, the unitholders considered and approved resolutions authorizing the restructuring of the fund.

17. SUBSEQUENT EVENT

On April 2, 2014 the Manager entered into an agreement (the "Purchase Agreement") with DREAM Asset Management Corporation ("DREAM"), whereby DREAM will acquire the rights to manage ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (together the "ROI Funds").

In connection with the Purchase Agreement, it is proposed that the ROI Funds will complete a reorganization involving, among other things, the transfer of the assets of each ROI Fund and its respective reference fund of each ROI Fund to a newly-formed, open-ended trust which will be managed by DREAM. In connection with the termination of the ROI Funds, unitholders of the ROI Funds will receive units in DREAM Hard Asset Alternatives Trust.

The transaction is subject to, among other things, the approval by the unitholders of the ROI Funds at the meeting of the unitholders expected to take place in June 2014. In addition to such unitholder approval, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Subject to the satisfaction of these conditions, the transaction is expected to close in July 2014.

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roicapital.ca

CERTIFICATE OF THE TRUST AND THE PROMOTER

Dated: May 14, 2014

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

DREAM HARD ASSET ALTERNATIVES TRUST

(Signed) Michael J. Cooper	(Signed) Pauline Alimchandani
President and Chief Executive Officer of the trust's promoter, DREAM Asset Management Corporation	Chief Financial Officer of the trust's promoter, DREAM Asset Management Corporation

On behalf of the Board of Trustees

(Signed) Michael J. Cooper

Sole Trustee

DREAM ASSET MANAGEMENT CORPORATION

(as Promoter)

By: (Signed) Michael J. Cooper

President and Chief Executive Officer

dream
alternatives