Q3

2014

dream alternatives

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LETTER TO UNITHOLDERS

It is with great pleasure that we present Dream Hard Asset Alternatives Trust's ("Dream Alternatives") inaugural quarterly results and we are very excited to have completed our first quarter. It has been 121 days since the creation of Dream Alternatives and there have been significant positive changes for the Trust. The opportunity to grow this business is exceptional.

On July 8th 2014, Dream Alternatives successfully completed the restructuring of four ROI Capital funds with an opening net asset value of approximately $725 million. The original portfolio of investments included $218 million of real estate loans, $162 million of real estate developments, $257 million of income producing properties and approximately $90 million of cash.

From July 8th to November 6th we have traded almost 14 million Units, representing 19% of our investor base. We believe the high volume of trading is a result of the reorganization providing an exit opportunity for the original investor base and that going forward, we will continue to attract new investors whose interests are aligned with the long-term strategy of the Trust. Over the quarter, there has been a lot of interest in the fund and we have had the opportunity to meet with a variety of both retail and institutional investors interested in Dream Alternatives.

Our focus continues to be on managing the investments of the original portfolio while repositioning the assets to obtain higher risk-adjusted returns. As of November 6th, we have committed over $100 million toward new investments. We are pleased to announce that the Trust has agreed to make its first renewable power investments, which are expected to generate a return in excess of 11% on $26 million of invested equity. In aggregate, the new investments made by Dream Alternatives represent a portfolio turnover of 14% from the original assets. The weighted average yield on all committed investments is 9.03%; higher than the original ROI portfolio yield.

We are pleased with the activity of the Trust and our investments to date. With the Trust's flexible investment mandate we are seeing a large number of unique, attractive new investment opportunities. With Dream Asset Management Corporation ("DAM") acting as our asset manager, Dream Alternatives benefits from the access to DAM's platform. Dream Alternatives has the ability to leverage DAM's transaction experience, capital markets expertise, track record of development & value creation and asset management capabilities.

Over time, Dream Alternatives will continue to grow and reposition the portfolio to increase the overall average rate of return by investing in assets that generate consistent and higher return, such as renewable power, lending and development activities. We are focused on building and maintaining a growth-oriented portfolio that will provide predictable and sustainable cash distributions on a tax-efficient basis. We are excited to continue to provide an opportunity for Unitholders to invest in hard asset alternative investments.

We are very excited for what the future has in store and look forward to updating you on our business and initiatives for many quarters and years to come!

Michael J. Cooper
Portfolio Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All dollar amounts are presented in thousands of Canadian dollars, except rental rates, Unit and per Unit amounts unless otherwise stated)

SECTION I – OVERVIEW AND FINANCIAL HIGHLIGHTS

OVERVIEW OF THE TRUST

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust focused on hard asset alternative investments comprising real estate, real estate lending, real estate development, and renewable power. In the Trust's operating segment reporting, these investments are referred to as income properties, lending portfolio, investment holdings and renewable power, respectively. The Trust is managed by Dream Asset Management Corporation ("DAM" or "Asset Manager"), one of Canada's leading real estate companies with approximately $14.7 billion of assets under management in North America and Europe. DAM has an established track record for being innovative and for its ability to source, structure and execute on compelling investment opportunities. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN".

On June 16, 2014, the Unitholders of the three publicly listed Return On Innovation ("ROI") funds, ROI Canadian High Income Mortgage Fund ("CHIM"), ROI Canadian Mortgage Income Fund ("CMI"), and ROI Canadian Real Estate Fund ("CRE"), approved the reorganization to indirectly transfer all of their respective assets together with those of ROI Institutional Private Placement Fund ("RIPPF" and together with CHIM, CMI and CRE, the "Distributing Funds") to Dream Alternatives. The underlying assets of the Distributing Funds were subsequently acquired in exchange for the issuance of 72,617,739 Dream Alternatives Units, which were then listed on the TSX on July 8, 2014 ("Closing"). In connection with the reorganization on July 8, 2014 as described in note 2 to the interim consolidated financial statements, Dream Alternatives completed an initial distribution of 1,000,000 Units in exchange for gross proceeds of $10,000 and the ROI Distributing Funds completed a secondary distribution of 72,617,739 Units subsequently exchanged for the holders of the units of the ROI Distributing Funds.

OUR OBJECTIVES

Our objectives are to:

- provide an opportunity to invest in hard asset alternative investments, including real estate, real estate lending, real estate development, and infrastructure, including renewable power, managed by an experienced team with a successful track record;
- build and maintain a growth-oriented portfolio;
- provide predictable and sustainable cash distributions to Unitholders on a tax efficient basis; and
- grow and re-position the portfolio to increase the annualized AFAD return on total investment and provide the opportunity to increase distributions to Unitholders over time.

FINANCIAL OVERVIEW

The Trust provides Unitholders with exposure to hard asset alternative investments, currently consisting of the following:

- Income properties – a portfolio of co-owned office and retail commercial real estate properties in Canada;
- Lending portfolio – interest paying mortgages and corporate loans;
- Investment holdings – participating mortgages receivable and indirect investments in income producing properties;
- Renewable power – operational solar power projects and a wind power project under development.

Adjusted funds available for distribution ("AFAD")[1] for the quarter ended September 30, 2014 was $5,926 and net income and other comprehensive income was $122,857. Net income and other comprehensive income includes an acquisition gain of $127,270 and reorganization related costs of $11,832 relating to the reorganization as described in note 2 to the interim consolidated financial statements. The acquisition gain is the result of the difference between the value of the Trust's Units issued in exchange for the underlying assets of six of the seven ROI funds (determined using the weighted average trading value of the Trust Units over the first 20 days of trading after the reorganization), and the fair value of the underlying assets of the six ROI funds acquired as required by the International Financial Reporting Standards ("IFRS"). The acquisition gain is therefore due to the Units trading at a discount to the fair value of the assets immediately after the reorganization. At September 30, 2014, the Trust has $95,423 of cash and $69,480 available for immediate investment (not including borrowings available from the $50,000 revolving credit facility). Unfunded commitments and approved investments at September 30, 2014 total $80,022 relating to loan investments and renewable power projects.

The net asset value per Unit was $9.80 at September 30, 2014. The difference in net asset value from the issue price of $10.00 is due mainly to $11,832 of reorganization related costs ($0.16 per Unit) incurred related to the July 8, 2014 reorganization as disclosed in the prospectus dated July 4, 2014, and $2,125 of income tax expenses ($0.03 per Unit), which is mainly due to a non-recurring deferred tax charge that is not expected to result in an actual tax obligation in the future.

INCOME PROPERTIES

At September 30, 2014, occupancy including future commitments on vacant space was 91.5%, which is above the national industry average of 89.7% and is consistent with the occupancy rate of 91.5% at Closing. The segment's net income for the three months ended September 30, 2014 was $5,413 and AFAD was $4,280.

LENDING PORTFOLIO

Lending portfolio segment net income was $4,024 and AFAD was $3,887 for the quarter ended September 30, 2014, which represents a stable recurring cash flow for the Trust. The Trust received loan principal repayments of $14,893 and advanced two first mortgage investments of $13,000 during the quarter ended September 30, 2014. The new loans helped increase the weighted average effective interest rate of the lending portfolio from 7.72% at Closing to 8.02% at September 30, 2014. Commitments to fund additional loans total $64,675 at September 30, 2014. These are expected to yield 8.00% and have an average term of 1.6 years.

INVESTMENT HOLDINGS

The project manager is in active leasing discussions with respect to the retail development projects and has executed leases representing 35.6% of the total projected gross leasable area of 1.2 million square feet, which is favourable to the percentage of executed leases of 29.7% at Closing. In terms of residential developments, the project manager has sold 60.8% of 1,944 total projected condominium and single family residential units, which is favourable to the percentage of unit sales of 59.0% at Closing. During the quarter, cash distributions of $6,957 were received from the investment holdings portfolio. Significant future cash distributions are not expected to be received until closer to development completion dates. These payments were available for distribution due to higher than anticipated financing proceeds from two of the projects.

RENEWABLE POWER

During the quarter, the Trust funded $10,851 to both solar and wind power projects that are either operating or under development. The operating solar power projects generated $165 of AFAD during the quarter while the projects under development are expected to have a MW capacity of 14.4 MWh upon completion. The wind power project is expected to be operational in August 2015. Investments in additional renewable power projects as approved by the Trust's board total $15,347 at September 30, 2014 and have an annual levered return of 11.5%.

[1] For definition of AFAD, please refer to page 26 under the heading non-IFRS measures.

BUSINESS UPDATE

Our focus continues to be on managing the investments of the original portfolio while repositioning the assets to obtain higher risk-adjusted returns. We are pleased with the performance of our mortgage portfolio to date. Many of the loans which had been considered high risk have been prepaid by the borrowers, and we expect to have 38% of the original mortgage portfolio paid down by the end of the year. We have seen a variety of lending opportunities at higher interest rates. With our investment strategy and flexible structure we believe we are positioned to take advantage of opportunities that are not in line with the investment mandates of other mortgage corporations and alternative investment managers. From Closing to November 6, 2014, we have committed $77,675 in mortgages with a weighted average interest rate of 8.21% and average term of 1.7 years. Going forward we expect to be able to continue to find attractive lending opportunities to achieve higher risk-adjusted returns based on DAM's core competency of lending and investing directly in development of residential properties, renewable power projects and commercial income-producing properties.

Our portfolio of real estate properties, which are co-owned with Dream Office REIT and managed by Dream Office Management Corp. ("DOMC"), performed in line with expectations at Closing. Retaining tenants, replacing vacancy and investing in our properties is top of mind. In addition, we continue to focus the property management teams and on-site building operators on improving our customer service and the tenant experience in the buildings. At the present time, the portfolio has a committed occupancy of 91.5% with 28,707 sq. ft. of renewals and 43,186 sq. ft. of new leases taking place during the quarter. We anticipate that, subject to all necessary Board approvals, Dream Office REIT and the Trust will work in a co-operative fashion with respect to the portfolio of co-owned properties to meet shared objectives. With the ability to invest in all asset classes, we will continue to explore potential acquisitions of new real estate properties that we believe will complement and add value to the Trust.

As at September 30, 2014, the Trust has $158,930 invested in development projects: seven retail, two multi residential and one mixed use development and $15,303 in indirect investments in income producing properties. The multi residential developments remain both on time and on budget. We are working closely with our partners on the retail projects and we look forward to the ongoing progress on these developments. We continue to be approached on many development opportunities and are exploring those that fit with the Trust's strategy.

Investments in renewable power have been a key focus of the Trust, and up to November 6, 2014, we have committed to invest $26,130 of equity with an average levered return of 11.5%. The Ontario market continues to see a large amount of activity arising from the build-out of the original Feed-in Tariff ("FIT") contracts awarded in 2010 and 2011, as the majority of these projects must be constructed by the end of 2014. Although the Ontario government has decided to move to a competitive procurement process for larger projects, they are continuing the FIT program for rooftop solar projects (and other projects less than 500 kW in size) and plan to award an additional 150 MW per year, over the next three years. As both a landlord and a solar power investor, the Trust is well positioned in the Ontario rooftop solar space to develop new partnerships as well as develop solar projects on existing commercial properties. In other provinces, Quebec has an upcoming request for proposal ("RFP") for an additional 450 MW of wind power generation, which is expected to present new opportunities in 2015. In addition to new generation, the Canadian mergers and acquisitions ("M&A") market for existing renewable power generation (operational projects) continues to be active, but competitive. The Trust is active on both acquiring operational projects and generating new opportunities through existing partners.

Overall, we are pleased with the activities and our investments to date. As at November 6, 2014, we have turned over 14% of the total portfolio. With the Trust's flexible investment mandate, we are seeing a large number of new investment opportunities and feel confident we will be successful in re-positioning the assets in new investments, increasing the average rate of return and providing an opportunity to increase distributions over time.

FINANCIAL HIGHLIGHTS OF THE TRUST

For the periods ended September 30,	Three months ended 2014	2013 [1]	Nine months ended 2014 [1]	2013 [1]
Results of operations				
Total income	**$ 21,983**	$ 6,098	**$ 25,488**	$ 15,384
Total comprehensive income excluding acquisition related items and deferred income tax expense [2]	**9,476**	-	**9,904**	-
FAD [3] [4]	**6,579**	-	**n/a**	-
AFAD [3] [4]	**5,926**	-	**n/a**	-
Annualized AFAD return on net assets [4]	**3.28%**	-	**n/a**	-
Trust Unit information				
Units outstanding – end of period	**73,632,332**	n/a	**73,632,332**	n/a
Market capitalization [5]	**$ 538,989**	n/a	**$ 538,989**	n/a
Distributions paid per Unit	**0.06**	n/a	**0.06**	n/a
Distributions declared per Unit	**0.09**	n/a	**0.09**	n/a
Net asset value per Unit [6]	**9.80**	n/a	**9.80**	n/a
Total comprehensive income excluding acquisition related items and deferred income tax expense per Unit [2]	**0.13**	n/a	**0.13**	n/a
FAD per Unit	**0.09**	n/a	**n/a**	n/a
AFAD per Unit [4]	**0.08**	n/a	**n/a**	n/a
Closing price per Unit [7]	**7.32**	n/a	**7.32**	n/a

As at	September 30, 2014	December 31, 2013
Financial position		
Cash	**$ 95,423**	**$** 2,378
Net assets [8]	**721,930**	356,528
Total assets	**1,002,871**	359,056
Debt contractual value	**252,146**	-
Debt-to-gross book value [9]	**25.14%**	-

[1] Results to June 30, 2014 are those of the ROI Canadian High Income Mortgage Fund, earned prior to July 8, 2014. Refer to page 9, basis of presentation, for details

[2] Total comprehensive income excluding acquisition related items is calculated as total comprehensive income of $122,857 less gain on acquisition of $127,270 plus reorganization related costs of $11,832 for the three months and $12,260 for the nine months ended September 30, 2014 and non-recurring deferred taxes of $2,057 for the three months and nine months ended September 30, 2014

[3] FAD and AFAD – the reconciliation of these non-IFRS measures can be found in “Section II Executing the Strategy” under the heading “Reconciliation of FAD and AFAD”

[4] FAD, AFAD per Unit and annualized AFAD return on net assets was impacted by carrying average cash during the quarter of $100,743. The Asset Manager does not believe that these measures represent the cash flow generating ability of our assets once the cash is invested in accordance with the Trust’s investment strategy

[5] Market capitalization is the total market value of the Units based on the number of the Units outstanding and the closing price on the Toronto Stock Exchange as at September 30, 2014

[6] Net asset value per Unit is the total net assets of the Trust divided by the number of Units issued and outstanding as at September 30, 2014

[7] Closing price of the Units on September 30, 2014 on the Toronto Stock Exchange

[8] Net assets as at December 31, 2013 represents the net assets attributable to holders of redeemable units

[9] Our debt-to-gross book value is calculated as the contractual balance of debt payable of $252,146 divided by the gross asset value of the Trust of $1,002,871

OUR PORTFOLIO

INCOME PROPERTIES

The Trust has equity interests in co-owned commercial real estate properties of $241,252 with a gross asset value of $507,596. The income properties consist of 16 office properties and three retail buildings, comprising over 3,836 square feet of gross leasable area ("GLA") in Ontario, largely within the Greater Toronto Area ("GTA"), downtown Toronto, eastern Canada, and western Canada. The Trust owns varying non-managing interests in the assets, in the range of 50.1% – 65.0%, with its owned share of GLA aggregating to approximately 2,128 square feet. All of the income properties are held in co-ownership with Dream Office REIT, which provides property management services for a fee of 3.0% – 3.5% of property revenues, which is in line with market terms.

LENDING PORTFOLIO

The lending portfolio consists of interest paying mortgages and corporate loans with fixed interest rates and terms. As at September 30, 2014, the lending portfolio consisted of 24 mortgages and real property loans and two corporate loans. This includes one portfolio-based first mortgage outstanding on nine hotel properties, and a second mortgage on three properties, having a combined outstanding principal of $65,705. The 12 hotel properties are located in British Columbia and Alberta. Outside of this hotel based portfolio and the corporate loans, the average mortgage and loan investment size is approximately $7,950. Also included in the lending portfolio are seven mortgages of development properties with total outstanding principal of $36,353.

INVESTMENT HOLDINGS

Investment holdings consist of: (a) $87,493 of participating loans in seven primarily retail projects currently in various stages of development, co-owned and managed by Villarboit Development Corporation ("Villarboit"); (b) $62,127 of participating loans in two separate residential projects in the GTA that are in pre-development, co-owned and managed by Empire Communities ("Empire"); (c) $9,311 of participating loans in a mixed-use pre-development project in Toronto, co-owned and managed by Castlepoint Studio Partners ("Castlepoint"); and (d) $15,303 equity value in two separate limited partnerships with interests in three shopping centers and one office building. The participating loans (a, b and c above) have rights to participate in the underlying cash flows of the assets in pre-development, subject to various terms in the respective agreements.

RENEWABLE POWER

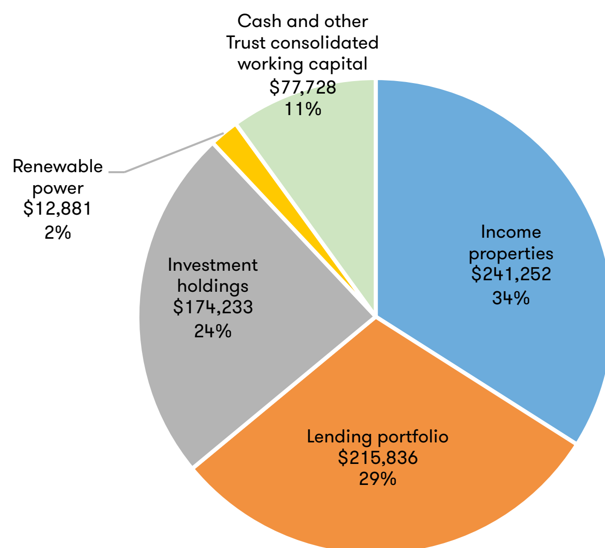
The Trust's renewable power segment consists of solar power and wind power portfolios with a gross asset value of $12,167 at September 30, 2014. The Solar power portfolio consists of three operational rooftop projects in Ontario with an installed capacity of 0.7MWh, and a portfolio of solar projects under development in Ontario. The wind power portfolio consists of a 10.6MW wind project located in Nova Scotia, and is expected to become operational in August 2015. All projects within the solar and wind power portfolio have a 20 year government or regulated utility power purchase agreement, allowing the projects to sell the generated energy at a fixed contract rate, providing a stable and predictable cash flow to the Trust.

CASH AND OTHER TRUST CONSOLIDATED WORKING CAPITAL

The Trust deploys cash as it becomes available should the investment opportunities meet the Trust's strategy requirements and target returns.

HIGHLIGHTS BY BUSINESS SEGMENT

The chart below summarizes the Trust's net assets as at September 30, 2014 by business segment.



TOTAL TRUST NET ASSET VALUE PER UNIT

As at September 30,		2014 [1]
Income properties	$	3.28
Lending portfolio		2.93
Investment holdings		2.37
Renewable power		0.17
Cash and other Trust consolidated working capital		1.05
Total Trust net asset value per Unit	$	9.80

INCOME PROPERTIES

For the three months ended September 30,		2014 [1]
Results of operations		
Income properties revenue	$	14,940
Segment net income [2]		5,413
FAD		5,442
AFAD		4,280
Annualized AFAD return on net assets		7.10%
As at September 30,		2014
Financial position		
Net assets	$	241,252
Total assets		507,596
Net asset value per Unit		3.28
Leverage ratio		50.50%

[1] The nine months ended 2014 and 2013 results are excluded from the segmented highlights as the results to June 30, 2014 reflect those of the ROI Canadian High Income Fund's portfolio of publicly traded securities, which are not comparable to the segment within the Trust. Please refer to page 9 "Basis of Presentation" for more information

[2] See section II "Executing the Strategy" under the heading "Net Income by Segment" for a reconciliation of net income by segment to the net income in the interim consolidated financial statements

LENDING PORTFOLIO

For the three months ended September 30,		2014 [1]
Results of operations		
Lending portfolio interest and lender fee income	$	**4,112**
Segment net income [2]		**4,024**
AFAD		**3,887**
Annualized AFAD return on net assets		**7.20%**
Weighted average effective interest rate		**8.02%**
Weighted average term to maturity		**0.95 years**

As at September 30,		2014
Financial position		
Net assets	$	**215,836**
Total assets		**215,866**
Net asset value per Unit		**2.93**

INVESTMENT HOLDINGS

For the three months ended September 30,		2014 [1]
Results of operations		
Total GLA projected on completion		**1,192,622 sq. ft.**
Percentage of GLA leased or committed		**35.6%**
Total number of projected units		**1,944**
Percentage of projected units presold		**60.8%**
AFAD	$	**580**
Annualized AFAD return on net assets		**1.33%**

As at September 30,		2014
Financial position		
Net assets	$	**174,233**
Net asset value per Unit		**2.37**

RENEWABLE POWER

For the three months ended September 30,		2014 [1]
Results of operations		
Renewable power revenue	$	**180**
Segment net income [2]		**155**
AFAD		**165**
Annualized AFAD return on net assets		**5.13%**
Installed capacity (in development/construction) (MW) [3]		**14.4**
Installed capacity (operational) (MW) [3]		**0.7**

As at September 30,		2014
Financial position		
Net assets	$	**12,881**
Total assets		**14,355**
Net asset value per Unit		**0.17**

[1] The nine months ended 2014 and 2013 results are excluded from the segmented highlights as the results to June 30, 2014 reflect those of ROI Canadian High Income Fund's portfolio of publicly traded securities, which are not comparable to the segment within the Trust. Please see section "Basis of Presentation" for more information

[2] See section II "Executing the Strategy" under the heading "Net Income by Segment" for a reconciliation of net income by segment to the net income in the interim consolidated financial statements

[3] MW capacity is a commonly used measure in the electricity sector to describe the amount of power an electrical facility is capable of generating. One MW of capacity, running at 100% production for one hour, will produce one MWh of electricity

CASH AND OTHER TRUST CONSOLIDATED WORKING CAPITAL

For the three months ended September 30,		2014 [1]
Results of operations		
Other interest income	$	230
AFAD		(2,986)

As at September 30,		2014
Financial position		
Net assets [2]	$	77,728
Net asset value per Unit		1.05

[1] The nine months ended 2014 and 2013 results are excluded from the segmented highlights as the results to June 30, 2014 reflect those of ROI Canadian High Income Fund's portfolio of publicly traded securities, which are not comparable to the segment within the Trust. Please see section "Basis of Presentation" for more information

[2] Net assets includes cash of $90,263 and excludes NCI of $1,862

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and operating results of Dream Alternatives should be read in conjunction with the interim consolidated financial statements of Dream Alternatives for the period ended September 30, 2014. The Trust's basis of financial reporting is International Financial Reporting Standards ("IFRS").

This MD&A is dated as at November 6, 2014, except where otherwise noted.

Certain market information has been obtained from CBRE, Canadian Market Statistics, a publicly available document prepared by an independent third-party commercial firm that provides information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding expected returns on committed loans, projected gross leasable area of our retail development projects, projected units of residential development projects, expected commencement and completion dates of our retail and residential development projects, and expected completion dates of development stage-power projects. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. The assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein as well as assumptions relating to general and local economic and business conditions; the regulatory environment; the real estate market in general; the financial condition of tenants and borrowers; interest and mortgage rates; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions and renewable power projects; and the development and operation of our real estate and renewable power projects on anticipated terms.

All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions; there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; changes to the regulatory environment; environmental risks; local real estate conditions, including the development of properties in close proximity to the Trust's properties and changes in real estate values; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants' and borrowers' financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; dependence on our partners in the development and operation of our real estate and renewable power projects; uncertainty surrounding the development of new projects and delays and cost overruns in the design, development and operation of projects; adverse weather conditions and variability in wind conditions and solar irradiation; our ability to execute strategic plans and meet financial obligations; interest and mortgage rates and regulations; inflation; availability of equity and debt financing; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of November 6, 2014. Dream Alternatives does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our web site at www.dreamalternatives.ca.

When we refer to terms such as "we", "us", and "our", we are referring to the Trust, Dream Alternatives Master LP and its subsidiaries.

The financial results presented for 2013 and the first six months of 2014 (the "Comparative Results") represent the results for ROI Canadian High Income Mortgage Fund ("CHIM" or "Acquiror Fund"), one of the seven funds previously managed by ROI whose assets were indirectly acquired in connection with the reorganization as described in note 2 of the interim consolidated financial statements. IFRS requires the selection of one acquiror after considering the facts and circumstances of the transactions if the entity acquiring control of a group of entities does not meet the definition of a business. The Trust did not meet the definition of a business at the date of the reorganization because it did not have operating assets, it did not have any established business processes, and it did not create any outputs. CHIM was selected as the acquiror fund for accounting purposes because its unitholders, as a group, received the largest portion of voting rights in the combined entity (i.e. the Trust) after the reorganization, thus its financial results represent the historical financial results of the Trust for periods prior to the July 8, 2014 reorganization.

The Comparative Results are included in the MD&A and the interim consolidated financial statements to meet the IFRS requirement as described above. Accordingly, users of the MD&A are cautioned that the historical results of the Acquiror Fund for the period to Closing are not representative of the presentation of the financial results and the business of the Trust subsequent to the reorganization due to CHIM's ownership of only a small proportion of the total combined investment value of all seven Funds that were indirectly acquired by the Trust over this period. The Asset Manager also believes that the inclusion of CHIM's historical results in the comparative figures provides limited benefit to users due to the difference in the accounting presentation of CHIM as an investment entity from the accounting presentation of the Trust, which includes the consolidation of limited partnerships, as discussed in note 2 of the interim consolidated financial statements. Furthermore, the majority of assets owned by CHIM prior to the reorganization consisted of a portfolio of publicly traded securities pledged as security against the forward contract, as disclosed in note 32 of the interim consolidated financial statements, and are not comparable to the assets and segmented results and balances of the Trust. The presentation of CHIM's management fees in the comparative results provides limited comparability to the asset management fees of the Trust due to the execution of the new asset management agreement between DAM and the Trust upon the Trust's indirect acquisition of the assets of the ROI Funds on July 8, 2014. The per unit results of CHIM have been excluded as they are not comparable to the Trust's current period's per unit results due to the differences in the investment base and in the ownership structure. Due to these limitations, comparative measures for many of the Trust's measures and results discussed in MD&A have been excluded.

DISTRIBUTION / RETURN OF CAPITAL

At September 30, 2014, our monthly distribution rate was $0.03333. Approximately 2.41% of our total Units are enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") as described in further detail in note 17 of the interim consolidated financial statements.

As at September 30,		2014
Annualized distribution amount	$	**0.39996**
Monthly distribution amount	$	**0.03333**
Annualized distribution yield on closing Unit price		**5.46%**

SECTION II – EXECUTING THE STRATEGY

OUR OPERATIONS

INCOME PROPERTIES

Revenue from income properties includes 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 is reasonably assured. Percentage participation rents are recognized on an accrual basis once tenant sales revenues exceed contractual thresholds. Other revenues are recorded as earned.

As at September 30, 2014, the income properties had an in-place and committed occupancy of 91.5%, a weighted average remaining lease term of 5 years and an average tenant size of 12,388 sq.ft. Average in-place net rent is $14.36 per sq.ft. as compared to the average market rate of $15.20 per sq.ft., representing an opportunity to capture rent increases and corresponding income growth as leases are renewed or re-leased. The income properties occupancy rate of 91.5% compares favourably with the national industry average occupancy rate of 89.7% (CBRE, Canadian Market Statistics Third Quarter 2014). Our occupancy rates include lease commitments for space that is currently being readied for occupancy but for which rent is not yet being recognized. During the quarter, there was 10,983 sq.ft. of positive absorption, consisting of 60,910 sq.ft. of expiries and terminations and 71,893 sq.ft. of renewals and new leases.

Estimated market rent represents the Asset Manager's best estimate of the net rental rate that would be achieved in the event that a unit becomes vacant in a non-arm's length lease after a reasonable marketing period with an inducement and lease term appropriate for the particular space. Market rent by property is determined on a quarterly basis by our Asset Manager's leasing and portfolio management teams. The basis of calculating market rents depends on leasing deals that are completed for similar space in comparable properties in the area. Market rents may differ by property or by units within the property and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build out for the units, appropriate lease term and normal tenant inducements. Market rental rates are also compared against the external appraisal information that is gathered for the Trust's properties and/or other comparable properties managed by the Asset Manager, on a quarterly basis, as well as other external market data sources.

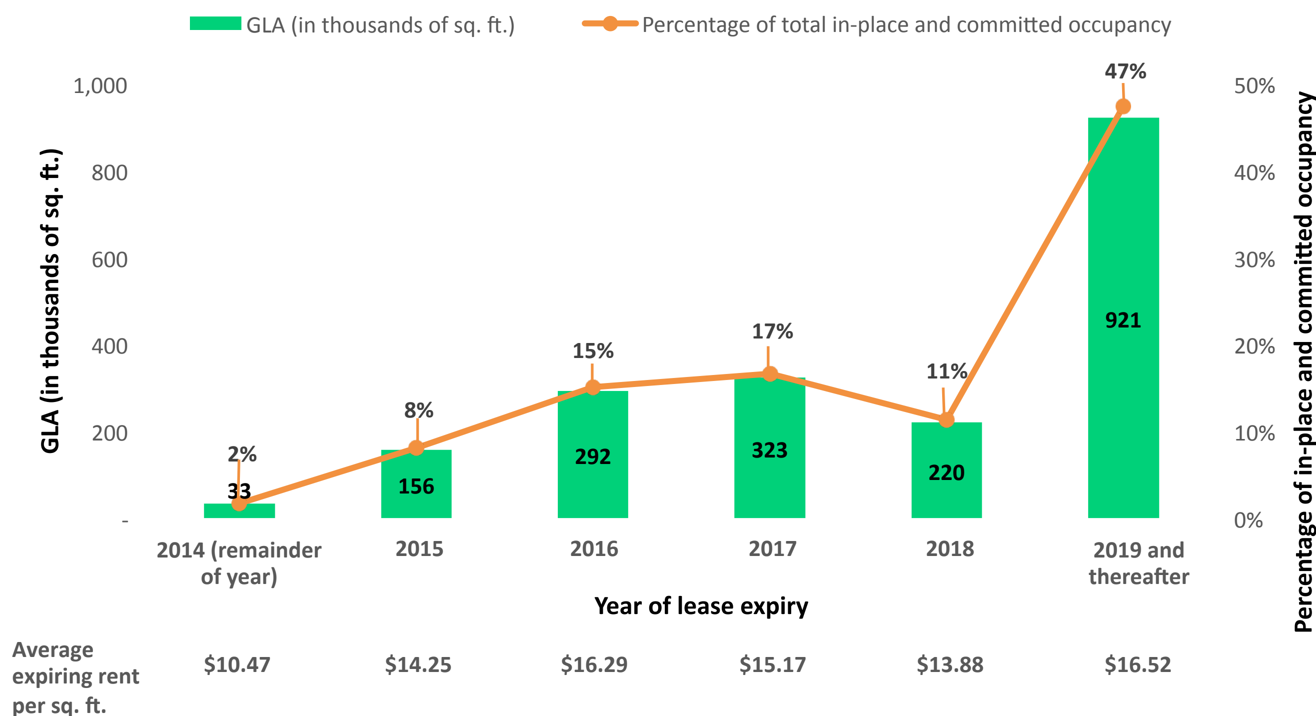
The following table details the key performance indicators "KPI" related to the income properties.

For the period ended September 30,		2014
Portfolio		
Number of properties		**19**
Owned GLA (in millions of sq.ft.)		**2.1**
Occupancy rate (period-end) - including committed		**91.5%**
Occupancy rate (period-end) – in-place		**88.6%**
Average tenant size in sq.ft.		**12,388**
Average in-place base rent per sq.ft. (period-end)	**$**	**14.36**
Average market base rent		**15.20**
Operating Results		
Weighted average remaining lease term		**5.0 years**
Net asset value per Unit	**$**	**3.28**
Income properties revenue		**14,940**
NOI		**7,560**
FAD		**5,442**
AFAD		**4,280**
Fair value changes to income properties		**-**
Financing		
Leverage ratio (LTV)		**50.5%**
Fixed to floating interest rate ratio		**54.26% / 45.74%**
Weighted average effective interest rate on debt (period-end)		**3.31%**
Weighted average face interest rate on debt (period-end)		**4.05%**
Weighted average remaining term to maturity of debt (period-end)		**2.4 years**

The Trust defines net operating income ("NOI") as income properties revenues less income properties operating expenses. NOI is an important measure used by the Asset Manager in evaluating the property operations; however, it is not defined by IFRS, does not have a standard meaning, and may not be comparable with similar measures presented by other trusts.

Fair values were determined using the direct capitalization method and/or the discounted cash flow method. The direct capitalization method applies a capitalization rate ("cap rate") to stabilized NOI and incorporates allowances for vacancy and management fees. The resulting capitalized value is further adjusted for extraordinary costs and non-recoverable capital expenditures, where applicable. Individual properties were valued using cap rates in the range of 6.25% to 7.75%. The discounted cash flow method discounts the expected future cash flows, generally over a term of ten years, and uses discount rates and terminal cap rates specific to each property. The weighted average cap rate of the Trust's income properties is 6.57%. The increase in fair value of income properties during the period of $2,993 represents investments in the portfolio for building improvements, lease incentives and initial direct leasing costs. There was no fair value gain recorded in the interim consolidated statements of comprehensive income for the period ended September 30, 2014.

The chart below summarizes lease expiries in our income properties in thousands of sq.ft. and as a percentage in-place and committed occupancy.



LENDING PORTFOLIO

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

The Trust sources its investments in traditional mortgages by working primarily with Canadian Mortgage Capital Corporation ("CMCC"), which provides both mortgage servicing and mortgage brokerage services. The Trust believes that CMCC's experience and information gathering capabilities will result in the origination of loans with attractive risk-adjusted returns.

From July 8, 2014 to September 30, 2014, the Trust invested $13,000 in two first mortgages and loans with a weighted average effective interest rate of 9.62%, which compares favourably to the weighted average interest rate of the portfolio of 8.02% at September 30, 2014. The weighted average term remaining to maturity at September 30, 2014, for the new mortgages and loans was 2.21 years, which compares to the weighted average term to maturity of the entire portfolio of 0.95 years. The average contractual loan size is $9,983.

The Trust recognized $4,112 of interest and lender fees, $411 of contractual principal repayments and a $13,856 early principal repayment on a loan that was not obligated to pay a prepayment penalty. At September 30, 2014, the Trust has $1,212 of interest receivable. The Asset Manager has determined that none of the lending portfolio balance including interest receivable is impaired at September 30, 2014.

The following table details the KPIs related to the lending portfolio.

As at September 30,		2014
Number of loans outstanding		**26**
Security allocation (1st mortgages / other)		**81.35% / 18.65%**
Expected repayments within the next 12 months (maturities and principal repayments)	**$**	**72,084**
Weighted average effective interest rate on debt receivable (period-end)		**8.02%**
Weighted average face interest rate on debt receivable (period-end)		**7.69%**
Weighted average remaining term to maturity of debt receivable (period-end)		**0.95 years**

For the period ended September 30,		2014
Segment net income	**$**	**4,024**
AFAD		**3,887**

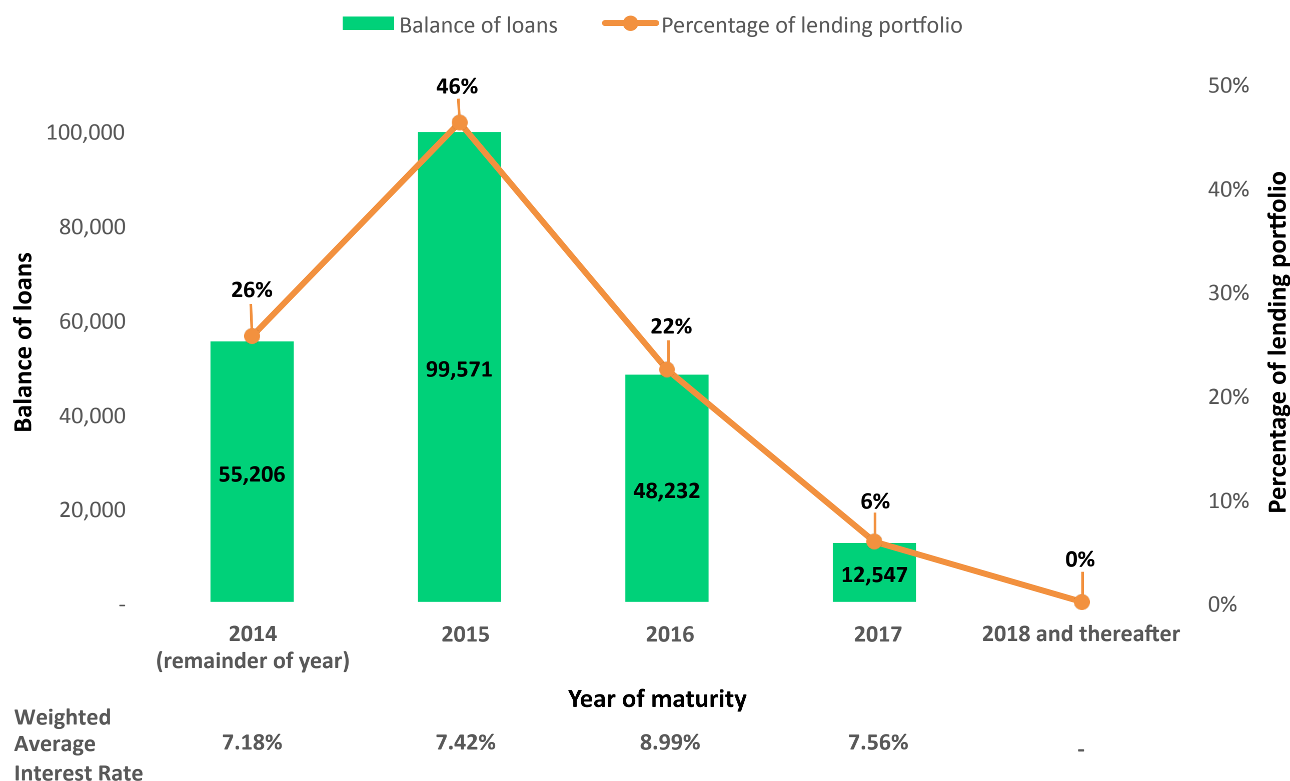
The following table illustrates the number and percentage of the lending portfolio by property type based on amortized cost.

As at September 30, 2014	No. of Individual Mortgages Outstanding	% of Total	Weighted average effective interest rate
Property Type:			
Hospitality	9	52.1%	6.94%
Corporate Loan / Other [1]	2	9.7%	10.00%
Industrial / Self Storage	2	0.4%	6.15%
Multi-Residential / Condominium	1	4.7%	9.00%
Retirement Home	2	9.5%	12.82%
Land	7	16.9%	8.49%
Retail	3	6.7%	4.97%
Total	**26**	**100.0%**	**8.02%**

As at July 8, 2014	No. of Individual Mortgages Outstanding	% of Total	Weighted average effective interest rate
Property Type:			
Hospitality	9	52.2%	6.94%
Corporate Loan / Other [1]	2	9.4%	10.01%
Industrial / Self Storage	2	0.4%	6.15%
Multi-Residential / Condominium	1	4.6%	9.00%
Retirement Home	2	9.3%	12.77%
Land	5	10.9%	7.86%
Retail	4	13.2%	5.08%
Total	25	100.0%	7.72%

[1] Includes an unsecured corporate loan outstanding to MMS Enterprise Holdings Inc. with an amortized cost, as at September 30, 2014, of $20,786. MMS Investments Inc. is the parent company of award-winning home builder Empire, which was established in 1993. The loan is guaranteed by Empire.

The chart below summarizes the maturity dates of the lending portfolio:



INVESTMENT HOLDINGS

During the quarter, cash distributions of $6,957 were received from the investment holdings portfolio, which consists of $5,364 of interest income and $1,423 of principal repayments from the participating mortgages, and $170 from the limited partnership interests. The payments received from the participating mortgages of $6,787 were the result of higher than anticipated financing proceeds from two of the developments ($410 of this payment is estimated to relate to interest earned for the quarter ended September 30, 2014). The receipt of payments from the participating mortgages (as described in the sections with the headings "Villarboit", "Empire Communities" and "Castlepoint" below) are subject to available cash balances in the development projects and additional receipts may not be received until after the expected development completion dates and unit sale closing dates.

The net fair value gain recognized during the quarter ended September 30, 2014 for the investment holdings portfolio was $2,751, calculated using a discounted cash flow approach. The discount rates used to calculate the fair value gain were between 13.0% and 19.5%. The discount rates used were higher than the underlying interest rates of the participating mortgages of 8.0% to 13% and reflect a risk premium due to the uncertainty regarding the timing of payments and the long term horizon of the developments.

The Trust's ownership interest and key development measures for the investment holdings are detailed in the following table.

As at September 30, 2014		Investment value	% of presold/preleased	Current occupancy	Range of dates for expected closing / completion date
Villarboit	$	87,492	35.6%	n/a	Q4 2014 - Q4 2018
Empire Brampton		21,548	46.5%	n/a	Q2 2017 - Q2 2018
Empire Lakeshore		40,579	68.6%	n/a	Q2 2018 - Q2 2019
Castlepoint		9,311	n/a	n/a	n/a
Bayfield Limited Partnership ("LP") investments		15,303	n/a	84.33%	n/a
	$	**174,233**			

Villarboit Development Corporation

Villarboit is a Toronto based developer of retail properties with a 25 year history of delivering properties for its clients and investors. The company is fully integrated, with in-house capabilities for all primary aspects of the development business including acquisitions, site planning, construction, leasing, as well as property and asset management. It also provides construction services to select national retailers and other third-party developers.

The Villarboit investments are retail development projects commenced in 2012 or later and are in various stages of leasing and construction. The investments consist of six non-recourse participating loan investments with initial terms of ten years and one co-ownership interest. The Trust's security under the participating loans ranges from an approximately 65% to 89% interest in the properties and does not have recourse to Villarboit directly. Investments structured as participating mortgages have a stated interest return of up to 13% and the co-ownership investment is expected to generate a cash return once the second phase of development is complete. Projected completion dates for the developments range from the fourth quarter of 2014 to the end of 2018. At September 30, 2014, 35.6% (July 8, 2014 – 29.7%) of the total projected development GLA of 1.2 million sq.ft. has been committed or leased.

Empire Communities

Empire has established a tradition of creating prestigious, award winning new homes, new condos and communities in the Greater Toronto, Hamilton and Niagara regions while earning a reputation for outstanding attention to detail and customer service. The company has recently received recognition as Ontario's 2013 Green Builder of the year. Past awards include The President's Award from the Ontario New Home Warranty Program for Outstanding Service and Achievement, the Ontario Community of the Year Award for its Wyndfield and Wyndance communities and previous Green Builder of the Year Awards from the Hamilton-Halton Home Builders' Association and Building Industry and Land Development Association.

The participating mortgage investments are in a high-rise condominium development and a detached/semi-detached/townhouse development being constructed by Empire, each by way of a mortgage instrument and a participating agreement, which allow the Trust to participate in a percentage of the profits of the development in excess of the proceeds of the mortgages. Construction for the two tower condominium development is expected to commence in early 2015 with projected completion in 2019. The low-rise multi-phase residential development is actively selling residential homes with construction having commenced in October 2014. The first home closings are expected in the second quarter of 2015 with the final home closings projected in the second quarter 2018. At September 30, 2014 Empire had sold 60.8% across both towers (July 8, 2014 – 59.0%) of 1,944 total projected condominium and single family residential units.

Castlepoint

The participating mortgage investment in Castlepoint's mixed-use development project is through a mortgage instrument and a participating agreement. The project is currently in pre-construction and is located in Toronto's west end. The commercial site is being redeveloped by Castlepoint Studio Partners into a mixed-use development with both residential and commercial space. The project is substantially rezoned with leasing and pre-construction sales expected to commence in early 2015.

Bayfield Limited Partnership ("LP") Investments

The Bayfield LP investments (the "LP") consist of limited partnership interests of less than 20% in two separate LPs that own co-ownership interests in three shopping centers and a 100% interest in one office tower. RioCan REIT owns the balance of these shopping centers and a subsidiary of RioCan REIT is the property manager of each of the retail properties. Cash distributions received from the Bayfield LP investments during the quarter were consistent with the annual target distribution rate of the LP as communicated by the LP's asset manager, Bayfield Realty Advisors.

RENEWABLE POWER

KPIs relating to the renewable power segment are as follows:

For the three months ended September 30,		2014
Renewable power revenue	$	**180**
AFAD		**165**
Annualized AFAD return on net assets		**5.13%**
Installed capacity (in development/construction) (MW)		**14.4**
Installed capacity (operational) (MW)		**0.7**

For the quarter ended September 30, 2014, the Trust invested in an operational solar power portfolio and a wind power portfolio that is under development. The solar power portfolio consists of three operational rooftop projects in Ontario. Projects under development include a wind project located in Nova Scotia and a portfolio of rooftop projects in Ontario. The wind power project is expected to become operational in August 2015. All projects within the solar and wind power portfolio have a 20-year government or regulated utility power purchase agreement, allowing the projects to sell the generated energy at a fixed contract rate and providing a stable and predictable cash flow to the Trust.

The solar power portfolio generated $165 of AFAD and $155 of segment net income during the quarter.

RELATED PARTY TRANSACTIONS

During the quarter the Trust incurred base annual management fees of $2,297 and acquisition fees of $161 payable to DAM, which was related to the Trust on the basis that it provides key management personnel services to the Trust. During the quarter, the Trust purchased solar power facilities from DAM for $2,414.

UNITHOLDER ACTIVITY

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash flow from operating activities and cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines.

Cash flows generated from operating activities can fluctuate significantly from period to period because of timing of payments and receipts. Net income contains a number of non-cash items, the effects of which are shown in the table below.

Three months ended September 30,		**2014**
Total comprehensive income	**$**	**122,857**
Add (deduct):		
Gain on acquisition net of reorganization related costs		**(115,438)**
Deferred income tax expense		**2,057**
Adjusted comprehensive income		**9,476**
Cash generated from operating activities		**1,739**
Add (deduct):		
Reorganization related costs		**11,832**
Investment in lease incentives and initial direct leasing costs		**1,824**
Change in non-cash working capital		**(6,858)**
Adjusted cash flows from operating activities		**8,537**
Distribution paid and payable		**6,848**
Excess (shortfall) of adjusted comprehensive income over distributions paid and payable		**2,628**
Excess (shortfall) of adjusted cash generated from operating activities over distributions paid and payable	**$**	**1,689**

RECONCILIATION OF FAD AND AFAD FOR THE 3 MONTHS ENDED SEPTEMBER 30, 2014

		Income properties		Renewable power		Lending portfolio		Investment holdings		Other [1]		**Total**
Net income	**$**	5,413	**$**	155	**$**	4,024	**$**	2,751	**$**	110,330	**$**	**122,673**
Add (Deduct):												
Amortization of lease incentives		29		-		-		-		-		**29**
Depreciation and amortization		-		10		-		-		-		**10**
Amortization of lender fees received		-		-		(1)		-		-		**(1)**
Fair value gains in income holdings		-		-		-		(2,751)		-		**(2,751)**
Deferred income taxes expense		-		-		-		-		2,057		**2,057**
Gain on acquisition		-		-		-		-		(127,270)		**(127,270)**
Acquisition related costs		-		-		-		-		11,832		**11,832**
FAD	**$**	5,442	**$**	165		4,023	**$**	-	**$**	(3,051)	**$**	**6,579**
AFAD												
Add (Deduct)												
Straight-line rent		(126)		-		-		-		-		**(126)**
Income received from investment holdings related to the current period [2]		-		-		-		410		-		**410**
Distributions received from investment holdings AFS for the current period [2]		-		-		-		170		-		**170**
Amortization of discounts on assumed mortgages receivable		-		-		(157)		-		-		**(157)**
Amortization of premiums on assumed mortgages payable		(430)		-		-		-		-		**(430)**
Lender fees received during the quarter		-		-		21		-		-		**21**
Deferred Unit compensation expense		-		-		-		-		65		**65**
Normalized initial direct leasing costs and lease incentives		(606)		-		-		-		-		**(606)**
AFAD	**$**	4,280	**$**	165		3,887	**$**	580	**$**	(2,986)	**$**	**5,926**

[1] Includes other Trust amounts not specifically related to the segments

[2] Total cash received from the investment holdings and investment holdings AFS during the three months ended September 30, 2014 was $6,957. Interest earned on investment holdings from which the distribution was paid was estimated to be $410 for the quarter ended September 30, 2014

NET INCOME BY SEGMENT

For the three months ended September 30, 2014	Income properties	Renewable power	Lending portfolio	Investment holdings	Other [1]	**Total**
INCOME						
Income properties revenues	$ 14,940	$ -	$ -	$ -	$ -	**$ 14,940**
Renewable power revenues	-	180	-	-	-	**180**
Lending portfolio interest and lender fees	-	-	4,112	-	-	**4,112**
Fair value gains, net, on investment holdings	-	-	-	2,751	-	**2,751**
TOTAL INCOME	14,940	180	4,112	2,751	-	**21,983**
EXPENSES						
Income properties operating	7,380	-	-	-	-	**7,380**
Renewable power operating	-	13	-	-	-	**13**
Depreciation of property, plant and equipment	-	10	-	-	-	**10**
Interest	2,147	-	-	-	48	**2,195**
Asset management fees	-	-	-	-	2,458	**2,458**
General and administrative	-	2	88	-	707	**797**
TOTAL EXPENSES	9,527	25	88	-	3,213	**12,853**
OPERATING INCOME	5,413	155	4,024	2,751	(3,213)	**9,130**
Other interest income	-	-	-	-	230	**230**
Gain on acquisition	-	-	-	-	127,270	**127,270**
Reorganization related costs	-	-	-	-	(11,832)	**(11,832)**
EARNINGS BEFORE INCOME TAX EXPENSE	5,413	155	4,024	2,751	112,455	**124,798**
INCOME TAX EXPENSE						
Current	-	-	-	-	68	**68**
Deferred	-	-	-	-	2,057	**2,057**
TOTAL INCOME TAX EXPENSE	-	-	-	-	2,125	**2,125**
NET INCOME	5,413	155	4,024	2,751	110,330	**122,673**
OTHER COMPREHENSIVE INCOME						
Fair value gains, net, in investment holdings available-for-sale (net of tax $nil – reclassified to earnings on sale)	-	-	-	184	-	**184**
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	184	-	**184**
TOTAL COMPREHENSIVE INCOME	**$** 5,413	**$** 155	**$** 4,024	**$** 2,935	**$** 110,330	**$ 122,857**

[1] Includes other Trust amounts not specifically related to the segments

For the nine months ended September 30, 2014		Income properties		Renewable power		Lending portfolio		Investment holdings		Other [1]		**Total**
INCOME												
Income properties revenues	$	14,940	$	-	$	-	$	-	$	-	**$**	**14,940**
Renewable power revenues		-		180		-		-		-		**180**
Lending portfolio interest and lender fees		-		-		4,112		-		-		**4,112**
Fair value gains, net, in investment holdings		-		-		-		2,751		3,505		**6,256**
TOTAL INCOME		14,940		180		4,112		2,751		3,505		**25,488**
EXPENSES												
Income properties operating		7,380		-		-		-		-		**7,380**
Renewable power operating		-		13		-		-		-		**13**
Depreciation of property, plant and equipment		-		10		-		-		-		**10**
Interest		2,147		-		-		-		48		**2,195**
Asset management fees		-		-		-		-		4,341		**4,341**
General and administrative		-		2		88		-		1,392		**1,482**
TOTAL EXPENSES		9,527		25		88		-		5,781		**15,421**
OPERATING INCOME		5,413		155		4,024		2,751		(2,276)		**10,067**
Other interest income		-		-		-		-		230		**230**
Gain on acquisition		-		-		-		-		127,270		**127,270**
Reorganization related costs		-		-		-		-		(12,260)		**(12,260)**
Increase in net assets attributable to holders of redeemable units		-		-		-		-		(509)		**(509)**
EARNINGS BEFORE INCOME TAX EXPENSE		5,413		155		4,024		2,751		112,455		**124,798**
INCOME TAX EXPENSE												
Current		-		-		-		-		68		**68**
Deferred		-		-		-		-		2,057		**2,057**
TOTAL INCOME TAX EXPENSE		-		-		-		-		2,125		**2,125**
NET INCOME		5,413		155		4,024		2,751		110,330		**122,673**
OTHER COMPREHENSIVE INCOME												
Fair value gains, net, in investment holdings available-for-sale (net of tax $nil – reclassified to earnings on sale)		-		-		-		184		-		**184**
TOTAL OTHER COMPREHENSIVE INCOME		-		-		-		184		-		**184**
TOTAL COMPREHENSIVE INCOME	$	5,413	$	155	$	4,024	$	2,935	$	110,330	**$**	**122,857**

[1] Includes other Trust amounts not specifically related to the segments and results of the Acquiror Fund prior to the Reorganization

BALANCE SHEET BY SEGMENT

As at September 30, 2014	Income properties	Renewable power	Lending portfolio	Investment holdings	Other [1]	**Total**
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 499,089	$ -	$ -	$ -	$ -	**$ 499,089**
Lending portfolio	-	-	143,782	-	-	**143,782**
Investment holdings	-	-	-	174,233	-	**174,233**
Renewable power assets	-	12,167	-	-	-	**12,167**
Other non-current assets	577	1,944	-	-	-	**2,521**
	499,666	14,111	143,782	174,233	-	**831,792**
CURRENT ASSETS						
Lending portfolio - current portion	-	-	72,084	-	-	**72,084**
Amounts receivable	2,142	154	-	-	544	**2,840**
Prepaid expenses	699	19	-	-	14	**732**
Cash	5,089	71	-	-	90,263	**95,423**
	7,930	244	72,084	-	90,821	**171,079**
TOTAL ASSETS	$ 507,596	$ 14,355	$ 215,866	$ 174,233	$ 90,821	**$ 1,002,871**
LIABILITIES						
NON-CURRENT LIABILITIES						
Mortgages payable	$ 230,135	$ -	$ -	$ -	$ -	**$ 230,135**
Deferred income taxes	-	-	-	-	1,257	**1,257**
Deferred Units incentive plan	-	-	-	-	65	**65**
	230,135	-	-	-	1,322	**231,457**
CURRENT LIABILITIES						
Mortgages payable - current portion	26,700	-	-	-	-	**26,700**
Amounts payable and accrued liabilities	9,509	1,474	30	-	7,387	**18,400**
Income tax payable	-	-	-	-	68	**68**
Distributions payable	-	-	-	-	2,454	**2,454**
	36,209	1,474	30	-	9,909	**47,622**
TOTAL LIABILITIES	266,344	1,474	30	-	11,231	**279,079**
NON-CONTROLLING INTEREST	-	-	-	-	1,862	**1,862**
NET ASSETS	$ 241,252	$ 12,881	$ 215,836	$ 174,233	$ 77,728	**$ 721,930**

[1] Includes other Trust amounts not specifically related to the segments.

OUR CAPITAL

LIQUIDITY AND CAPITAL RESOURCES

The Trust's primary sources of financing are cash generated from operating activities, lending activities, credit facilities, mortgage financing and refinancing. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, debt principal repayments, interest payments, property acquisitions, mortgage lending, and investment in infrastructure. It is the Trust's objective to meet all of our ongoing obligations with current cash, cash flows generated from operating activities, cash from maturing mortgage receivables, conventional mortgage refinancing and, as growth requires and when appropriate, new equity or debt issues.

We strive to maintain high levels of liquidity to ensure that we can meet distribution requirements and react quickly to potential investment opportunities.

Our discussion of financing activities is based on the mortgage payable balances secured against the income properties summarized below:

As at September 30,		2014
Mortgages payable	$	252,146
Unamortized balance of premium		4,689
Mortgages payable (per interim consolidated financial statements)	$	256,835

SUMMARY OF DEBT

The KPIs of our debt are as follows:

As at September 30,		2014
Weighted average effective interest rate (period-end) [(1)]		3.31%
Weighted average face rate of interest (period-end)		4.05%
Proportion of total debt due in following year	$	26,700
Debt-to-gross book value [(2)]		25.14%
Debt – average term to maturity (years)		2.4 years

[(1)] Weighted average effective interest rate is calculated as the weighted average face rate of interest net of amortization of fair value adjustments and financing costs of all interest bearing debt.

[(2)] Our debt-to-gross book value is calculated as the contractual balance of debt payable of $252,146 divided by the gross asset value of the Trust of $1,002,871.

We currently use cash flow performance and debt level indicators to assess our ability to meet our financing obligations. Our current interest coverage ratio is 3.28 times, demonstrating our ability to more than adequately cover interest expense requirements.

At quarter end, our cash balance is $95,423. After reserving for current payables, operating requirements and funds held in co-tenancy bank accounts, approximately $69,480 is available for immediate investment (not including borrowings available from the $50,000 revolving credit facility). The difference between cash available for acquisitions and the $80,022 of commitments at September 30, 2014 will be funded by expected lending portfolio investment maturities and prepayments to be received prior to the funding dates of the new investments. Our debt-to-gross book value is 25.14% which is a conservative position and may help the Trust grow using additional financing in the future.

Debt Strategy

Our strategy is to maintain a balanced debt profile, taking into account market conditions and the financial characteristics of each property. Our debt strategy is 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.

Debt Maturities

The existing mortgages payable are characterized by a staggered maturity profile and are non-recourse to the Trust. The following table sets out the principal instalments and maturity balances on the mortgages payable to be repaid each year.

Debt maturities		Outstanding balance at maturity		Scheduled principal repayments		Amount	%	Weighted average effective interest rate on balance outstanding (%)	Weighted average face rate on balance outstanding (%)
2014 (remainder of year)	$	-	$	1,325	$	1,325	0.5%	-	-
2015		71,363		5,232		76,595	30.4%	3.49%	3.49%
2016		39,050		4,462		43,512	17.3%	3.43%	4.15%
2017		68,836		3,264		72,100	28.6%	3.13%	4.80%
2018		51,529		1,001		52,530	20.8%	3.16%	3.59%
2019 and thereafter		3,223		2,861		6,084	2.4%	4.13%	5.15%
Subtotal	**$**	**234,001**	**$**	**18,145**	**$**	**252,146**	**100.0%**	**3.31%**	**4.05%**
Fair value adjustments		-		-		4,689			
Total	**$**	**234,001**	**$**	**18,145**	**$**	**256,835**			

FINANCING ACTIVITIES

There were no financing activities during the quarter ended September 30, 2014.

REVOLVING CREDIT FACILITY

A demand revolving credit facility is available up to a formula-based maximum not to exceed $50,000, in the form of rolling one-month Bankers' Acceptance ("BA") bearing interest at the BA rate plus 2% or at the bank's prime rate (3% as at September 30, 2014) plus 1%, and is effectively secured by a general security agreement over all assets of Dream Alternatives Lending Services LP and Dream Alternatives Master LP. As at September 30, 2014, no amounts were drawn on the facility.

OUR EQUITY

As at September 30, 2014, the Trust had 73,632,332 units outstanding and a Unitholders' equity balance of $721,930.

Distribution Reinvestment and Unit Purchase Plan ("DRIP")

We have a DRIP entitling Unitholders to reinvest all cash distributions made by us into additional Units. Participants electing to reinvest cash distributions in Units pursuant to the DRIP receive a further "bonus" distribution equal to 4% of the amount of each cash distribution that they reinvest, on which further distributions are also 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 and a maximum investment amount of $250 per calendar year. Participants in the DRIP will not receive a bonus distribution of Units in connection with any optional cash purchases. The Trust may amend, suspend or terminate the DRIP at any time.

Distributions

The distributable cash flow and 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. DAM forecasts the distributable cash flow from the Trust's operating segments to help the Trust Board determine the targeted annual distribution amount.

The following table summarizes the changes in our outstanding equity:

	Units
Units issued upon the Trust formation on July 8, 2014	**72,617,739**
Units issued pursuant to initial distribution of Units	**1,000,000**
Units issued pursuant to the DRIP	**14,593**
Total Units outstanding on September 30, 2014	**73,632,332**
Units issued pursuant to the DRIP on October 15, 2014	**9,866**
Total Units outstanding on November 6, 2014	**73,642,198**

NON-IFRS MEASURES

We have presented certain non-IFRS measures because we believe these non-IFRS measures represent our ability to earn and pay 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) or cash flows from operating activities determined in accordance with IFRS as indicators of the Trust's performance.

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

"Net operating income ("NOI")" is defined by the Trust as the total investment property revenue less investment property operating expenses, including the share of rental income from investment in joint ventures and property management income, if any. This non-IFRS measurement is an important measurement used by the Trust in evaluating property operating performances; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. Since the Trust did not have any investments in joint ventures, NOI is calculated as the difference between income properties revenue and income properties operating expenses as presented in the interim consolidated statements of comprehensive income, and therefore a reconciliation between total comprehensive income and NOI is not presented in the MD&A.

"Stabilized NOI" for an individual property is defined by the Trust as investment property revenues less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. This non-IFRS measurement is an important measurement used by the Trust in determining the fair value of individual investment properties; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

"Net assets" refers to the net difference between total assets and total liabilities presented on the interim consolidated statements of financial position or balance sheet by segment in the MD&A.

"Rate of return" refers to any changes in fair value and interest, dividends or other such cash flows expected to be received from an investment.

"Face interest rate" is the contractual interest rate stated in the loan agreement and paid by the borrower.

"Effective interest rate" is a calculation of the interest rate using the contractual interest amounts received based on the value of the mortgage at the time it was acquired or originated including upfront fees received or paid as well as the impact of compounding. The effective interest rate reflects the impact of any discount, premiums or lender fees recorded on acquisition or origination related to the mortgages.

"Weighted average face (or effective) interest rate" is the average face (or effective) rate of interest on a portfolio of mortgages payable or receivable, weighted by the size of the mortgages in that portfolio.

"Interest coverage ratio" Management believes this non-IFRS measurement is an important measure in determining our ability to cover interest expense based on our operating performance. Interest coverage ratio as shown below is calculated as FAD plus current income tax expense, interest expense and deferred unit compensation expense less straight-line rent and amortization of discount of mortgage receivable, all divided by interest expense on total debt excluding deferred financing and mark-to-market adjustments.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below calculates the interest coverage ratio.

Amounts per consolidated financial statements		Three months ended September 30, 2014
FAD	$	**6,579**
Add (deduct):		
Current income tax expense		**68**
Interest expense		**2,195**
Deferred Unit compensation expense		**65**
Straight-line rent		**(126)**
Amortization of discount of mortgage receivable		**(157)**
		8,624
Interest expense incurred, at contractual rate	$	**2,625**
Interest coverage ratio (times)		**3.28**

"Funds available for distribution ("FAD")" – The Asset Manager believes FAD is an important measure of our operating performance. This non-IFRS measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flow from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund Dream Alternatives' needs.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FAD has been reconciled to net income in this section under the heading "Reconciliation of FAD and AFAD for the three months ended September 30, 2014".

"Adjusted funds available for distribution ("AFAD")" – The Asset Manager believes AFAD is an important measure of our economic performance and is indicative of our ability to pay distributions. This non-IFRS measurement is commonly used for assessing real estate performance; however, it does not represent cash flow from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund Dream Alternatives' needs.

Our calculation of AFAD includes a deduction for an estimated amount of normalized initial direct leasing costs and lease incentives that we expect to incur based on our current portfolio and expected average leasing activity. Our estimates of initial direct leasing costs and lease incentives are based on the average of our expected leasing activity multiplied by the average cost per square foot that we incurred and committed to during the period, adjusted for properties that have been acquired or sold. Our calculation of AFAD also includes adjustments for the amount of cash distributions received from investment holdings relating to the current period that were included in fair value changes in investment holdings and investment holdings AFS that were deducted in the determination of FAD. The receipt of cash distributions from investment holdings is subject to the availability of cash for distribution from the development projects, and future payments may not be received until the development completion dates of the underlying investments (projected dates range from the fourth quarter of 2014 to 2020).

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", AFAD has been reconciled to net income in this section under the heading "Reconciliation of FAD and AFAD for the three months ended September 30, 2014".

"Leverage ratio" is a percentage calculated as total mortgages payable over the gross fair value of income properties as shown on the consolidated statements of financial position.

"Levered return" is the return of an investment taking into account the use of various financial instruments such as equity and debt.

SECTION III – DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Trust does not have a Chief Executive Officer or a Chief Financial Officer. The President and Chief Executive Officer and VP of Finance of DAM are responsible for the design of the Trust's Disclosure Controls and Procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filing ("NI 52-109")) to provide reasonable assurance that: (i) material information relating to the Trust and its consolidated subsidiaries is made known to them by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by the Trust in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported on a timely basis. The President and Chief Executive Officer and VP of Finance of DAM are also responsible for the design of the Trust's Internal Control over Financial Reporting (as defined by NI 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with section 3.3(1)(b) of National Instrument 52-109, the President and Chief Executive Officer and VP of Finance of DAM have limited the scope of the design of the Trust's Disclosure Controls and Procedures and Internal Control over Financial Reporting to exclude controls, policies and procedures related to the acquisition of initial assets on July 8, 2014, as they form the business that we acquired less than 365 days before our financial year-end. The results of the acquired businesses, which collectively form our entire business, are included in our consolidated financial statements for the period ended September 30, 2014. We intend to complete our design of Disclosure Controls and Procedures and Internal Control over Financial Reporting by the end of the second quarter in 2015.

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

Investing in Units involves a moderate degree of risk. In addition to the other information contained in the interim consolidated financial statements, 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. 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 mortgages and other loans we issue. 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 those of 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, renewable power projects, 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 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

There is a risk that the issuer of an investment security will not make a payment on debt securities 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.

SENSITIVITY TO INTEREST RATES

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 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. A decline in interest rates could depress the housing market, which may affect our investment holding mortgage investments in condominium and home development. 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 lending portfolio may be negatively impacted.

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 and corporate loans, real estate, renewable power projects and other investment opportunities at favourable yields or potential rates of return. We will compete with other investors, managers, corporations, institutions, developers, and owners of real estate for investment opportunities in the financing and/or acquisition of assets, including real estate and real estate and other lending. 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, real property lending assets, renewable power projects, 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 and renewable power projects, 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, dichlorodiphenyltrichloroethane, pentachlorophenol or linden above the allowable or recommended thresholds. Other environmental risks could also 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 for 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, or our property or asset manager's 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 neighboring property may also have an adverse effect on us.

As an owner of real estate, we are 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, or our property or asset manager's 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, acting on the recommendations of DAM, may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures which cause DAM to review and monitor environmental exposure. These policies include the requirement to conduct a phase I environmental site assessment, or review a current phase I, before we acquire real properties or originate 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.

We cause DAM and our property managers to place insurance mitigating 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.

ADVERSE WEATHER CONDITIONS AND NATURAL DISASTERS

Power generation, real estate and development assets could be exposed to the effects of significant events, such as severe weather conditions, natural disasters, and major accidents, acts of malicious destruction, sabotage or terrorism, which could limit the ability to utilize such assets or continue or complete such developments. In certain cases, some events may not excuse us from performing obligations pursuant to agreements with third parties and we may be liable for damages or suffer further losses as a result.

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 exceed 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 industries in which we operate are 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 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:

- general market conditions;
- the market's perception of our growth potential;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price of our Units.

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

- 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;
- certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates;
- a high level of debt would increase vulnerability to general adverse economic and industry conditions;
- covenants contained in debt facilities could limit our ability to borrow additional funds, dispose of assets, encumber our assets, pay distributions and make potential investments;
- 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;
- our debt covenants may affect flexibility in planning for, and reacting to, changes in the economy and in the industry;
- 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
- 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, real estate and corporate lending, and renewable power projects; 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 our assets 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 development, ownership, operation and leasing of certain of our assets, 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

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 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 continues. 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 funds available for distribution 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.

JOINT VENTURE RISKS

Many of our investments, including certain renewable power projects, mortgage loans, property developments and our income properties are made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with ours, the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on us to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers'/partners' consents with respect to certain major decisions in respect of such properties. We attempt to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint ventures or partnerships.

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:

- the potential insolvency of a developer;
- the developer's failure to use advanced funds in payment of construction costs;
- construction or unanticipated delays;
- incurring construction costs before ensuring rental revenues will be earned from a project;
- cost over-runs on a project; and
- the failure of tenants to occupy and pay rent in accordance with lease arrangements.

Such risks are minimized, but not avoided, 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 carry, or cause to be carried, general liability, umbrella liability and excess liability insurance with limits which are typically obtained for similar operations in Canada and otherwise acceptable to the Trust Board on the recommendation of DAM. For the property risks we cause "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) to be carried. We also cause boiler and machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown to be carried. 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. 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, or may cause to be carried, 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.

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 creditworthiness 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 DAM 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 that the value of the assets securing the debt would cover the amount that would be owed to Dream Alternatives Master LP. 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 RENEWABLE POWER

REGULATORY REGIME, POLITICAL ENVIRONMENT AND PERMITS

The development and operation of renewable power projects is subject to extensive regulation by various government agencies at the municipal, provincial and federal level. As legal requirements frequently change and are subject to interpretation and discretion, we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Any new law or regulation could require additional expenditures to achieve or maintain compliance or could adversely affect our ability to generate and deliver power.

We hold permits and licenses from various regulatory authorities for the construction and operation of our renewable power facilities and additional licenses may be required for our current and future development power projects. These licenses and permits are critical to the operation of our renewable power business. If we fail to satisfy the conditions or comply with the restrictions imposed by our permits and licenses, or the restrictions imposed by regulatory requirements, we may become subject to regulatory enforcement action and the operation of our facilities could be adversely affected or be subject to fines, penalties or additional costs, or revocation of our permits or licenses. In addition, it may not be possible to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation or further development of renewable power projects, which could result in development, construction or operational disruptions or delays.

The profitability of any wind or solar project will be in part dependent upon the continuation of a favourable regulatory climate with respect to the continuing operations, future growth and development of the independent power industry. Government regulations and incentives currently have a favourable impact on the building of wind and solar power facilities. Should the current governmental regulations or incentive programs be modified, our renewable power business may be materially adversely affected.

RELATIONSHIPS WITH STAKEHOLDERS

The social acceptance by local stakeholders, including, in some cases, First Nations and other aboriginal peoples, and local communities is critical to our ability to find and develop new sites suitable for viable renewable power projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project. We enter into various types of arrangements with communities or joint venture partners for the development of our renewable power projects, and in certain cases such arrangements may be required as part of the permitting and approval process for permits, licenses and PPAs. In the event that any such arrangements are terminated, the success of our renewable power projects may be negatively impacted. In addition, certain of these partners may have or develop interests or objectives which are different from or even in conflict with our objectives. Any such differences could have a negative impact on the success of our projects. We are sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations, community groups and municipalities. Any unforeseen delays in this process may negatively impact our ability to complete any given project on time or at all.

INABILITY TO OBTAIN PURCHASE AGREEMENTS

Securing new power purchase agreements ("PPAs") (such as Feed-in Tariff contracts in Ontario) is a key component of our growth strategy. We expect that we will continue to enter into PPAs for the sale of power. PPAs are mainly obtained through participation in competitive requests for proposals or regulated application processes. During these processes, we face competitors ranging from large utilities to small independent power producers. There is no assurance that we will be selected as power supplier following any particular request for proposals in the future or that existing PPAs will be renewed or will be renewed on acceptable terms and conditions upon their expiry. Failure to secure or renew PPAs on acceptable terms will limit the expansion and growth of the renewable power business.

CONTRACT PERFORMANCE

Our renewable power operations are highly dependent upon parties to certain agreements fulfilling their contractual obligations, including counterparties to PPAs, construction, operating and maintenance agreements and other key suppliers. An inability or failure of any such party to meet its contractual commitments or a failure or refusal to accept delivery of power by counterparties to our PPAs or FIT contracts may have a material adverse effect on our renewable power business as it may not be possible to replace the agreement with an agreement on equivalent terms and conditions. The ability of our renewable power facilities to generate the maximum amount of power which can be sold to purchasers of electricity under PPAs or FIT contracts is an important determinant of the revenues of our renewable power business. If one of these facilities delivers less than the required quantity of electricity in a given contract period, penalty payments may be payable to the relevant purchaser. The payment of any such penalties could materially adversely affect us. In addition, should one or more of our key suppliers or contractors be unable to meet their contractual obligations, we could experience construction delays, increases in construction costs and losses of revenue. Failure of any key supplier or contractor to meet its contractual obligations may lead to potential defaults under our PPAs.

DELAYS AND COST OVER-RUNS

Delays and cost over-runs may occur in completing the construction of development projects, prospective projects and future projects that may be undertaken. A number of factors that could cause such delays or cost over-runs include, but are not limited to, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. In addition, if one of our development projects is not brought into commercial operation within the time stipulated in its related PPA, we may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

OPERATIONAL FAILURES

Our operational power generation facilities may not continue to perform as they have in the past and our development projects may not perform as anticipated due to a number of factors, including equipment failure due to wear and tear, latent defect, design error, operator error, and early obsolescence. These factors, among others, could adversely affect the amount of power produced, and thus the revenues and profitability of our renewable power business. Unplanned outages or prolonged downtime for maintenance and repair typically increase operation and maintenance expenses and reduce revenues. To the extent that a facility's equipment requires longer than forecasted downtimes for maintenance and repair, or suffers disruptions of power generation for other reasons, our renewable power business could be adversely affected.

NEW OPERATIONS

All of our renewable power projects are either in the development stage or have recently become operational. New power projects do not have an operating history and accordingly they may not operate as planned, and such performance issues could have a material adverse impact on our business, operating results, financial condition, or prospects.

LAND OR SITE RIGHTS

We hold certain licenses and leases that have land access rights upon which our renewable power business depends to operate our facilities. We expect that our rights and/or our licenses will be renewed. However, if we are not granted renewal rights or our rights and licenses, as the case may be, are renewed under conditions which would impose additional costs, or if additional restrictions such as setting a price ceiling for power sales are imposed, our profitability and operational activity could be adversely impacted.

CHANGES IN TECHNOLOGY

There are other alternative technologies that can produce renewable power, such as fuel cells and micro turbines. Research and development activities are ongoing to seek improvements in such alternative technologies, and their cost of producing electricity is gradually declining. It is possible that advances will further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of our renewable power projects may be impaired.

ENVIRONMENTAL, HEALTH AND SAFETY

The ownership, construction and operation of our renewable power facilities carry an inherent risk of liability related to health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination or damage. We could also be exposed to potential penalties for contravention of health, safety and environmental laws and potential civil liability. In the ordinary course of business we incur capital and operating expenditures to comply with health, safety and environmental laws, to obtain and comply with licenses, permits and other approvals and to assess and manage related risks. The costs to comply with these laws (and any future laws or amendments enacted) may increase over time and result in additional material expenditures. We may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters as a result of which our operations may be limited or suspended. The occurrence of any of these events or any changes or amendments to or more rigorous enforcement of health, safety, security and environmental laws could have a material and adverse impact on operations and result in additional material expenditures. Additional environmental, health and safety issues relating to presently known or unknown matters may require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) that may be material and adverse to us.

ASSESSMENT OF WIND AND SOLAR RESOURCES

The strength and consistency of the wind and solar resources at any project site may vary from what we anticipate. Weather patterns could change or the historical data could prove to be an inaccurate reflection of the strength and consistency of the wind or the level of solar irradiation in the future. The conclusions of wind and solar studies and power production estimates are based on a particular methodology and a set of assumptions about the existence of certain conditions, and the assumption that these conditions will continue in the future. The assumptions and factors are inherently uncertain and may result in actual power production being different from estimates. A decline in wind conditions at our wind facilities or solar irradiation levels at our solar facilities could materially adversely affect revenues and cash flows from such facilities.

TRANSMISSION CAPACITY AND CURTAILMENT

Our power generation facilities depend on electric distribution grid systems and related facilities owned and operated by third parties to deliver the electricity we generate to delivery points where ownership changes and we are paid. Electrical distribution grid systems have finite capacity to accommodate additional electricity that is supplied to the system. In order for projects to be developed, they need to be connected to the distribution grid system in a location where there is sufficient capacity to handle the additional electricity produced by the project. In most cases the distribution grid system can be upgraded in order to accommodate such increased capacity; however, we are generally required to cover all or a portion of the costs and expenses in connection with any construction and/or upgrades that are required, which impacts the financial viability of such projects. There is also a potential risk associated with transmission curtailment from the transmission system operator. The curtailments may reduce the amount of annual revenue generated by our projects below the forecasted financial models, thus reducing the expected investment return from these projects.

RISKS RELATING TO OUR RELATIONSHIP WITH DAM AND OTHERS

RELIANCE ON DAM FOR MANAGEMENT SERVICES

We rely on DAM with respect to the asset management of our investments. Consequently, our ability to achieve our investment objectives depends in large part on DAM and its ability to properly advise us. Although the management agreement we have entered into with DAM (the "management agreement") does not have a fixed term, DAM 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 DAM within the meaning of such agreement. Accordingly, there can be no assurance that DAM will continue to be our asset manager. If DAM 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 DAM 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 DAM under the management agreement.

DAM WILL EXERCISE SUBSTANTIAL INFLUENCE OVER DREAM ALTERNATIVES MASTER LP AND WE ARE HIGHLY DEPENDENT ON DAM

DAM is the sole shareholder of Dream Alternatives Master GP Inc. As a result of its ownership of Dream Alternatives Master GP Inc., DAM 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 DAM under the management agreement. DAM 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 DAM. 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 its LP A 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 Inc., 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 assets 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 DAM MAY BE PUT IN A POSITION OF CONFLICT AS A RESULT OF THEIR POSITIONS HELD AND INTERESTS IN OTHER BUSINESSES

The trustees of the Trust and the directors of Dream Alternatives Master GP Inc. may also be trustees, directors and/or officers of other entities, including DAM, 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 Trust's amended and restated 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 trustees' 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 of Dream Alternatives Master GP Inc. 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.

DAM 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, DAM 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 DAM, which could materially adversely affect us.

RISKS RELATING TO THE REORGANIZATION AND THE ACQUISITION OF THE INITIAL ASSETS

WE MAY ASSUME UNKNOWN LIABILITIES IN CONNECTION WITH THE ACQUISITION OF THE INITIAL ASSETS

We assumed 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 DAM 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 DAM will be fully protected in the event of a breach of such representations and warranties. Although ROI Capital has agreed to indemnify DAM 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 DAM pursuant to such indemnity for a breach of any representations or warranties relating to the Initial Assets or otherwise.

RISKS RELATING TO 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 was established in the Trust's amended and restated declaration of Trust and may only be changed with the approval of at least two-thirds 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 provides 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 annual investment plan or to otherwise fund its ongoing operations. However, distributions to the Trust by Dream Alternatives Master LP are determined by the board of directors of Dream Alternatives Master GP Inc. and are 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 DAM. 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.

UNITHOLDER LIABILITY

The Trust's amended and restated declaration of Trust provides that no Unitholder will be subject to any personal liability whatsoever to any person in connection with the holding of a Trust 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.

SECTION V – SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Dream Alternatives' critical accounting judgments, estimates and assumptions in applying accounting policies are described in note 5 to the interim consolidated financial statements.

FUTURE POLICY CHANGES

Dream Alternatives' future accounting policy changes are described in note 6 to the interim consolidated financial statements. Additional information relating to the Trust is available on SEDAR at www.sedar.com.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(in thousands of Canadian dollars)	Note		**September 30, 2014**		(Note 2) December 31, 2013
ASSETS					
NON-CURRENT ASSETS					
Income properties	7	**$**	**499,089**	$	-
Lending portfolio	8		**143,782**		-
Investment holdings	9, 32		**174,233**		326,691
Renewable power assets	10		**12,167**		-
Other non-current assets	11		**2,521**		-
			831,792		326,691
CURRENT ASSETS					
Lending portfolio – current portion	8		**72,084**		-
Amounts receivable	12		**2,840**		558
Prepaid expenses			**732**		-
Cash			**95,423**		2,378
Unrealized gain on forward contract	32		**-**		29,429
TOTAL ASSETS		**$**	**1,002,871**	$	359,056
LIABILITIES					
NON-CURRENT LIABILITIES					
Mortgages payable	13	**$**	**230,135**	$	-
Deferred income taxes	22		**1,257**		-
Deferred unit incentive plan	14		**65**		
Net assets attributable to holders of redeemable units	32		**-**		303,049
			231,457		303,049
CURRENT LIABILITIES					
Mortgages payable – current portion	13		**26,700**		-
Amounts payable and accrued liabilities	15		**18,400**		663
Distributions payable	16		**2,454**		1,865
Income tax payable	22		**68**		-
Net assets attributable to holders of redeemable units – current portion	32		**-**		53,479
TOTAL LIABILITIES			**279,079**		359,056
UNITHOLDERS' EQUITY					
Unitholders' equity	17		**605,921**		-
Retained earnings			**115,825**		-
Accumulated other comprehensive income	9		**184**		-
TOTAL UNITHOLDERS' EQUITY			**721,930**		-
Non-controlling interests	10		**1,862**		-
TOTAL EQUITY			**723,792**		-
TOTAL LIABILITIES AND EQUITY		**$**	**1,002,871**	$	359,056

See accompanying notes to the interim consolidated financial statements

Commitments and contingencies note 26

Please refer to Note 2 for information regarding financial results for the period prior to the Reorganization on July 8, 2014

On behalf of the Board of Trustees of Dream Hard Asset Alternatives Trust:

David Kaufman
Chair

James Eaton
Trustee

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30, **2014**	(Note 2) 2013	Nine months ended September 30, **2014**	(Note 2) 2013
INCOME					
Income properties revenues		**$ 14,940**	$ -	**$ 14,940**	$ -
Renewable power revenues		**180**	-	**180**	-
Lending portfolio interest income and lender fees		**4,112**	-	**4,112**	-
Fair value gains, net, in investment holdings	9	**2,751**	6,098	**6,256**	15,384
TOTAL INCOME		**21,983**	6,098	**25,488**	15,384
EXPENSES					
Income properties operating	18	**7,380**	-	**7,380**	-
Renewable power operating	19	**13**	-	**13**	-
Depreciation of property, plant and equipment	10	**10**	-	**10**	-
Interest	21	**2,195**	-	**2,195**	-
Asset management fees	24, 32	**2,458**	1,249	**4,341**	3,749
General and administrative	20	**797**	79	**1,482**	400
TOTAL EXPENSES		**12,853**	1,328	**15,421**	4,149
OPERATING INCOME		**9,130**	4,770	**10,067**	11,235
Other interest income		**230**	-	**230**	-
Gain on acquisition	2	**127,270**	-	**127,270**	-
Reorganization related costs	2	**(11,832)**	-	**(12,260)**	-
Increase in net assets attributable to holders of redeemable units	32	**-**	(4,770)	**(509)**	(11,235)
EARNINGS BEFORE INCOME TAX EXPENSE		**124,798**	-	**124,798**	-
INCOME TAX EXPENSE					
Current	22	**68**	-	**68**	-
Deferred	22	**2,057**	-	**2,057**	-
TOTAL INCOME TAX EXPENSE		**2,125**	-	**2,125**	-
NET INCOME		**122,673**	-	**122,673**	-
OTHER COMPREHENSIVE INCOME					
Fair value gains, net, in investment holdings available-for-sale (net of tax of $nil and reclassified to earnings on sale)	9	**184**	-	**184**	-
TOTAL OTHER COMPREHENSIVE INCOME		**184**	-	**184**	-
TOTAL COMPREHENSIVE INCOME		**$ 122,857**	$ -	**$ 122,857**	$ -
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Unitholders		**$ 122,857**	$ -	**$ 122,857**	$ -
Non-controlling interests		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME		**$ 122,857**	$ -	**$ 122,857**	$ **-**

See accompanying notes to the interim consolidated financial statements

Please refer to Note 2 for information regarding financial results for the period prior to the Reorganization on July 8, 2014

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited)

(in thousands of Canadian dollars, except for number of Units)	Note	Number of Units		Unitholders' equity		Retained earnings		Accumulated other comprehensive income		Non-controlling interests		Total
Balance at July 8, 2014	2	29,986,752	$	301,082	$	-	$	-	$	-	$	301,082
Units issued in business combination	2	42,630,987		295,006		-		-		-		295,006
Public offering of Trust Units	2	1,000,000		10,000		-		-		-		10,000
Net income for the period		-		-		122,673		-		-		122,673
Other comprehensive income				-		-		184		-		184
Distributions paid	16	-		-		(4,394)		-		-		(4,394)
Distributions payable	16	-		-		(2,454)		-		-		(2,454)
Distribution Reinvestment Plan	17	14,593		104		-		-		-		104
Issue costs, net of deferred tax		-		(271)		-		-		-		(271)
Contribution by non-controlling interests		-		-		-		-		1,862		1,862
Balance at September 30, 2014		**73,632,332**	**$**	**605,921**	**$**	**115,825**	**$**	**184**	**$**	**1,862**	**$**	**723,792**

See accompanying notes to the interim consolidated financial statements

Please refer to Note 2 for information regarding financial results for the period prior to the Reorganization on July 8, 2014

Please refer to Note 32 under the heading "net assets attributable to holders of redeemable units" for details of balances prior to July 8, 2014

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands of Canadian dollars)	Note		Nine months ended September 30, 2014		2013
Generated from operating activities					
Net income for the period		**$**	**122,673**	$	-
Non-cash items					
Amortization of leasing incentives	7		**29**		-
Straight-line rent adjustment	11		**(126)**		-
Fair value gains, net, in investment holdings			**(6,256)**		(15,384)
Amortization of lending portfolio discount	8		**(157)**		-
Interest added to lending portfolio balance	8		**(660)**		-
Depreciation of property, plant and equipment	10		**10**		-
Amortization of mortgage payable premium	13		**(430)**		-
Deferred unit compensation expense	14		**65**		-
Gain on acquisition	2		**(127,270)**		-
Deferred income taxes	22		**2,057**		-
Increase in net assets attributable to holders of redeemable units			**509**		11,235
Interest and dividend income received included in fair value gains, net, in investment holdings	9		**168**		2,768
Change in non-cash working capital	25		**6,858**		593
Investment in lease incentives and initial direct leasing costs	7		**(1,314)**		-
Investment in investment holdings post-Closing	9		**(1,375)**		(403)
Receipts from investment holdings post-Closing	9		**6,787**		-
Distributions received from investment holdings available-for-sale	9		**170**		-
Proceeds from the sale of marketable securities, net			**-**		10,000
			1,738		8,809
Generated from investing activities					
Investment in building improvements	7		**(1,035)**		-
Proceeds from sale of investment holdings prior to Closing			**57,521**		13,165
Investments in renewable power assets	10		**(10,851)**		-
Lending portfolio additions, net of lender fees	8		**(12,978)**		-
Principal repayments received from lending portfolio	8		**14,893**		-
			47,550		13,165
Generated from (utilized in) financing activities					
Cash recognized on consolidation of limited partnerships	2		**25,127**		-
Cash acquired from business combination	2		**62,434**		-
Repayments of mortgages payable	13		**(870)**		-
Units issued for cash	2		**10,000**		-
Unit issue costs			**(369)**		-
Distributions paid on Units	16		**(4,290)**		(19,608)
Redemptions and distributions paid on Acquiror Fund units			**(48,275)**		(28,321)
			43,757		(47,929)
Increase (decrease) in cash			**93,045**		(25,955)
Cash, beginning of period			**2,378**		38,740
Cash, end of period		**$**	**95,423**	$	12,785

See accompanying notes to the interim consolidated financial statements

Please refer to Note 2 for information regarding financial results for the period prior to the Reorganization on July 8, 2014

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)
(All dollar amounts are presented in thousands of Canadian dollars, except for Unit and per Unit amounts, unless otherwise stated)

1. ORGANIZATION

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014, amended and restated on July 8, 2014. The interim consolidated financial statements of Dream Alternatives include the accounts of Dream Alternatives and its consolidated subsidiaries. The Trust was formed by and is managed by Dream Asset Management Corporation ("DAM" or "Asset Manager").

The Trust's registered office is 30 Adelaide Street East, Suite 1600, Toronto, Ontario, Canada, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN". Dream Alternatives' interim consolidated financial statements for the three and nine months ended September 30, 2014 were authorized for issuance by the Board of Trustees on November 6th, 2014, after which date they may only be amended with the Board of Trustees' approval.

Equity is described in Note 17; however, for simplicity, throughout the Notes, reference is made to the following:

"Units" meaning Trust voting units, and
"Unitholders" meaning holders of Trust voting units

2. FORMATION OF THE TRUST AND ACQUISITION OF INITIAL ASSETS

In connection with DAM's formation of the Trust, DAM contributed $10.00 in cash to the Trust for one Unit. On July 4, 2014, the Trust filed a prospectus to qualify Units for distribution in connection with the reorganization and other transactions (the "Reorganization") contemplated by the amended and restated purchase agreement between Return On Innovation Advisors Ltd. ("ROI Capital"), other entities related to ROI Capital, and DAM as of July 4, 2014 (the "Purchase Agreement"). On July 8, 2014 ("Closing"), pursuant to the Reorganization, 72,617,739 Units were 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 were managed by ROI Capital. In connection with the Reorganization, the Trust indirectly acquired 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 assumed the related property-specific debt in consideration for the issuance of Units issued on July 8, 2014 to the Distributing ROI Funds. On Closing, the Trust also assumed all of the outstanding liabilities of the Distributing ROI Funds relating to the Initial Assets acquired. Also on Closing, in accordance with the Purchase Agreement, $10,000 was used by ROI Capital to purchase 1,000,000 Units at an agreed upon price of $10.00 per Unit ("Primary Distribution"). Additionally, the one unit issued to DAM on April 28, 2014 was redeemed for $10.00. Concurrent with completion of the Reorganization, the Trust along with Dream Alternatives Master LP ("DAMLP"), a subsidiary of the Trust, and its subsidiaries entered into a management agreement with DAM, replacing the existing management agreement with ROI Capital.

Pursuant to the transactions outlined above, including the Reorganization, the Trust directly or indirectly acquired various real estate related assets from the ROI Funds. Under IFRS 3, "Business Combinations," ("IFRS 3"), the ROI Funds each met the definition of a business. However, the Trust itself did not meet the definition of a business prior to Closing and accordingly, could not be the acquiror for accounting purposes in this transaction. Under IFRS 3, the entity that obtains control of the acquirees is required to be identified as the acquiror. Where there is no clear acquiror, IFRS 3 requires selection of one acquiror after considering the facts and circumstances of the transactions. The Trust considered which of the Distributing ROI Funds' owners, as a group, received the largest portion of the voting rights in the combined entity at Closing, and accordingly identified ROI Canadian High Income Mortgage Fund as the acquiror fund ("CHIM" or "Acquiror Fund"), for accounting purposes, to acquire the assets of ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (the "Acquiree Funds"). In these financial statements of the Trust, the Acquiror Fund is considered the predecessor business and its financial results have formed the history of the Trust for periods prior to Closing.

The accounting policies used in the preparation of the financial results of the Acquiror Fund prior to Closing include those required for investment entities as defined under International Financial Reporting Standards ("IFRS"). As an investment entity, interests in all investments, including controlled subsidiaries, joint arrangements and associates, were recorded at fair value, rather than on a consolidated basis or an equity-accounted-for basis. The Acquiror Fund held certain real estate investments through limited partnerships that were carried at fair value, with changes in fair value recorded in net income. As the Trust is not considered to be an investment entity, these limited partnerships have been consolidated in the financial statements of the Trust from Closing and accordingly, the real estate assets held by these limited partnerships are reflected as income properties along with the associated assets and liabilities, and revenues and expenses. The financial results of the Acquiror Fund relating to periods prior to July 8, 2014, which represent the history of the Trust, were prepared in accordance with the significant accounting policies as disclosed in Note 31. Accordingly, users of the interim consolidated financial statements are cautioned that the historical results of the Acquiror Fund in the comparative figures and for the period to Closing are not representative of the presentation of the financial results and the business of the Trust subsequent to the Reorganization due to: (1) the difference in the accounting presentation of the Acquiror Fund as an investment entity compared to the accounting presentation of the Trust subsequent to the Reorganization, which includes the consolidation of limited partnerships, as discussed above; and (2) the results presented are only those of the Acquiror Fund, one of the seven funds acquired in the Reorganization, which owned a significantly lower proportion of the Initial Assets than the combined Initial Assets of all seven funds that are reflected in the financial results subsequent to the Reorganization.

On Closing, 29,986,752 Units of the Trust were distributed to unitholders of the Acquiror Fund. As a result, the residual interest in the Acquiror Fund, which was presented on the balance sheet as "Net assets attributable to holders of redeemable units", has been transferred to Unitholders' equity of the Trust. The Units issued have been measured at $301,082, the carrying value of the net assets of the Acquiror Fund on July 8, 2014, which was determined as the carrying value of the identifiable net assets of the Acquiror of $310,631 less the Acquiror Fund's existing interest in the ROI Canadian Real Estate Fund ("CRE Fund") of $9,549, which was eliminated on the Reorganization. The assets and liabilities of the limited partnerships have been recognized based upon the carrying value of the Acquiror Fund's investment in the limited partnerships prior to the reorganization. Upon the Reorganization on July 8, 2014, the Trust became a taxable SIFT Trust and accordingly has recognized a deferred tax asset of $737 on the interim consolidated statements of financial position and a deferred tax recovery on the interim consolidated statements of comprehensive income in respect of differences between the tax and accounting bases related to the Acquiror Fund's assets and liabilities.

Pursuant to the Reorganization, the Acquiror Fund settled a forward purchase and sale contract ("Forward Contract") with a Canadian chartered bank (the "Counterparty") on July 7, 2014. Upon termination of the Forward Contract, the Acquiror Fund tendered a portfolio of publicly traded common shares in exchange for the series A units of the ROI Private Trust held by the Counterparty. The following table details the impact, by balance sheet account, of the Trust's settlement of the Forward Contract resulting in the acquisition of the ROI Private Trust units and the accounting impact of consolidation of the limited partnership interests of the ROI Private Trust upon determining that the Trust does not qualify as an investment entity under IFRS 10, "Consolidated Financial Statements" ("IFRS 10") on July 8, 2014:

	Acquiror Fund balance at Closing	Settlement of forward contract	Total Acquiror Fund net assets (investment entity accounting)	Consolidation of limited partnerships	Total Acquiror Fund net assets (consolidated basis)
Income properties	$ -	$ -	$ -	$ 272,603	$ 272,603
Lending portfolio	-	-	-	40,485	40,485
Investment holdings	292,389	(261,344)	31,045	58,003	89,048
Investment holdings available-for-sale	-	-	-	7,651	7,651
Investment in CRE Fund	9,549	-	9,549	-	9,549
ROI Private Trust units	-	261,344	261,344	(261,344)	-
Amounts receivable	377	-	377	1,612	1,989
Prepaid expenses	-	-	-	519	519
Cash	8,503	-	8,503	25,127	33,630
Income properties debt assumed	-	-	-	(140,514)	(140,514)
Accounts payable and accrued liabilities assumed	(187)	-	(187)	(4,142)	(4,329)
Total carrying value of identifiable net assets	$ 310,631	$ -	$ 310,631	$ -	$ 310,631
Less: Investment in CRE Fund					(9,549)
Carrying value of Units issued					$ 301,082

The Acquiror Fund is assumed, for accounting purposes, to have completed a business combination and acquired the Acquiree Funds. The identifiable assets and liabilities of the Acquiree Funds have been recognized initially at fair value. On Closing, 42,630,987 Units of the Trust were distributed to unitholders of the Acquiree Funds. The Units issued have been measured at the fair value of $6.92 per Unit, based on the weighted average trading price of the Trust's Units from July 8, 2014 to August 6, 2014 (the "Trading Value"). The excess of the fair value of the net identifiable assets and liabilities of the Acquiree Funds acquired over the fair value of the Units issued has been reflected in the consolidated statements of comprehensive income as a "gain on acquisition" of $127,270. The gain on acquisition is due to the weighted average Trading Value of $6.92 being less than the per unit net asset value ("NAV") of the Distributing ROI Funds and Initial Assets of $10.00 per unit at Closing. Pursuant to the acquisition of the Acquiree Funds, a deferred tax asset of $702 has been recognized in respect of differences between the tax and accounting bases related to the Acquiree Fund's assets and liabilities as part of the identifiable net assets and liabilities of the Acquiree Funds acquired on July 8, 2014 in exchange for Units of the Trust.

The following are the recognized amounts of identifiable assets acquired and liabilities assumed of the Acquiree Funds:

As at July 8, 2014	Acquiree Funds	Fair value of previously held interest in the CRE Fund	Acquiree Funds including previously held interest in the CRE Fund
Income properties	$ 216,468	$ 7,025	$ 223,493
Lending portfolio	174,233	1,034	175,267
Investment holdings	69,591	1,297	70,888
Investment holdings available-for-sale	9,100	193	9,293
Deferred tax assets	702	-	702
Amounts receivable	944	-	944
Prepaid expenses	408	-	408
Cash	62,434	-	62,434
Income properties debt assumed	(117,621)	-	(117,621)
Accounts payable and accrued liabilities assumed	(3,532)	-	(3,532)
Total identifiable net assets and liabilities	$ 412,727	$ 9,549	422,276
Fair value of Units issued			(295,006)
Gain on acquisition of Acquiree Funds			$ 127,270

Acquisition related costs relating to the Reorganization comprise transaction costs of $12,260 and have been recorded as an expense in the interim consolidated statements of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated (see Notes 2 and 31).

BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and are in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Trust and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Trust controls by having the power to govern the financial and operating policies of the entity and has exposure, or rights, to variable returns from its involvement with the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Trust controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Trust and are subsequently deconsolidated from consolidated financial statements on the date that control ceases.

Amendments to IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") and IAS 27, "Separate financial statements – Investment entities" ("IAS 27") define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These investments require an investment entity to measure those subsidiaries at fair value through profit or loss, in accordance with IFRS 9, "Financial Instruments", in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The Trust adopted these amendments effective January 1, 2013 and is not considered to be an investment entity effective from the date of Closing (see Notes 2 and 31).

NON-CONTROLLING INTERESTS

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Net income and comprehensive income of subsidiaries is recognized directly in equity attributable between non-controlling interest and owners of the Trust within equity. Changes in the Trust's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

JOINT ARRANGEMENTS

The Trust may enter into joint arrangements via joint operations and joint ventures. A joint arrangement with 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 relevant activities of the joint arrangement require the unanimous consent of the parties sharing control is referred to as joint operations. A joint venture is a joint arrangement that involves the establishment of a separate entity in which each venture has rights to the net assets of the arrangements. In a co-ownership arrangement the Trust owns jointly one or more income properties with another party and has direct rights to the income property, and obligations for the liabilities relating to the co-ownership.

Interests in joint ventures are accounted for using the equity method of accounting. The Trust does not have interests in joint ventures at this time. The Trust's equity accounted investments are carried on the consolidated statement of financial position at cost, adjusted for the Trust's proportionate share of post-acquisition profits and losses and for post-acquisition changes in excess of the Trust's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. The Trust's share of profits and losses is recognized in the share of net earnings from equity accounted investments in the consolidated statements of comprehensive income. 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. The Trust reports its interests in co-ownerships as joint operations by accounting for its share of the assets, liabilities, revenues and expenses. Under this method, the Trust's consolidated financial statements reflect only the Trust's proportionate share of the assets, its share of any liabilities incurred jointly with the other venturers as well as any liabilities incurred directly, its share of any revenues earned or expenses incurred by the joint venture and any expenses incurred directly.

SEGMENT REPORTING

A reportable operating segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other reportable segments. The Trust's primary format for segment reporting is based on business segments. The business segments, income properties, renewable power, lending portfolio and investment holdings, are based on the Trust's management and internal reporting structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Portfolio Manager of Dream Alternatives. The operating segments derive their revenue primarily from rental income, lessees, power sales, interest income and loan fees. Segmented reporting for the comparative periods ending in 2013 are not included in the notes to the consolidated financial statements as the majority of the Acquiror Fund's assets were not similar to the Trust's assets and their performance was not evaluated based on these segments.

4. ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

The significant accounting policies used in the preparation of these consolidated financial statements are described below:

INCOME PROPERTIES

Income properties are initially recorded at cost, including related transaction costs in connection with asset acquisitions and include office and retail properties held to earn rental income and/or for capital appreciation. Income properties are measured at fair value, determined based on available market evidence, at the consolidated balance sheet dates as determined by the property manager, Dream Office Management Corp. ("DOMC"). Related fair value gains and losses are recorded in comprehensive income in the period in which they arise. The fair value of each income 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 balance sheet dates, less future estimated cash outflows in respect of such properties. To determine fair value, the Trust first considers whether it can use current prices in an active market for a similar property in the same location and condition, which is subject to similar leases and other contracts. The Trust has concluded there is insufficient market evidence on which to base income property valuation using this approach, and has therefore determined that using the income approach is more appropriate. The income approach is one in which the fair value is estimated by capitalizing the net rental income that the property can reasonably be expected to produce over its remaining economic life. The income approach is derived from two methods: the overall capitalization rate method, whereby the net operating income is capitalized at the requisite overall capitalization rate, and/or the discounted cash flow method, in which the income and expenses are projected over the anticipated term of the investment; plus a terminal value discounted using an appropriate discount rate.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of income properties. Lease incentives, which include costs incurred to make leasehold improvements to tenants' space and cash allowances provided to tenants, are added to the carrying amount of income properties and are amortized on a straight-line basis over the term of the lease as a reduction of income properties revenue.

LENDING PORTFOLIO

The lending portfolio is comprised of fixed interest rate amortizing and interest only mortgage and loan investments, which the Trust intends on holding until maturity, and are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the lending portfolio investments are measured at amortized cost using the effective interest rate method, less any impairment losses. The lending portfolio investments are assessed on each reporting date to determine whether there is objective evidence of impairment. A lending portfolio investment is considered to be impaired if there has been a deterioration of credit quality subsequent to its initial recognition such that the Trust no longer has reasonable assurance as to the timely collection of the full amount of principal and interest.

The Trust recognizes interest, lender fees and other income from the lending portfolio in the interim consolidated statements of comprehensive income using the effective interest rate method. Interest and other income includes the Trust's share of any fees received, as well as the effect of any premium or discount received on the mortgage. The effective interest rate method discounts the future cash payments and receipts through the expected life of the lending portfolio mortgage or loan to its carrying amount.

The Trust assesses each lending portfolio investment for objective evidence of impairment. A provision for lending portfolio losses represents the Asset Manager's best estimate of impaired lending portfolio at each reporting date. Judgment is required as to the timing of designating a lending portfolio as impaired and the amount of any provision required.

An impairment loss in respect of a specific lending portfolio investment is calculated as the difference between its carrying amount including accrued interest and the present value of the estimated future cash flows discounted at the investment's original effective interest rate. Losses are recognized in net income and reflected in an allowance account against the lending portfolio investment. When a subsequent event causes the amount of an impairment loss to decrease, the decrease in impairment loss is reversed through net income.

INVESTMENT HOLDINGS

Investment holdings consist of mortgages receivable secured against retail and residential development properties and include participation rights in the profits of the underlying developments. The participation rights represent an embedded derivative. The Trust has elected to designate each of the entire combined contracts as financial assets at fair value through profit or loss, and accordingly investment holdings are initially recorded at the cost of acquisition and are subsequently carried at fair value. Transaction costs are expensed as incurred. These participating mortgages are classified as investment holdings on the consolidated statements of financial position and income earned and the change in fair value is recorded in the consolidated statements of comprehensive income as fair value changes in investment holdings.

INVESTMENT HOLDINGS AVAILABLE-FOR-SALE

Investment holdings available-for-sale ("AFS Investments") consist of one co-ownership interest and two limited partnership interests. The Trust's ownership interest in the two limited partnerships is less than 20%. The limited partnerships own interests in three shopping centers and one office tower. The co-ownership interest is a less than 20% interest in a commercial retail development. These AFS Investments are not subject to control, joint control or significant influence and are non-derivative financial instruments and have been classified as AFS Investments because they do not qualify for classification in any other financial instrument category. The Trust does not intend to sell these investments at the present time. AFS Investments are financial assets that do not earn contractual cash flows nor qualify as fair value through profit and loss ("FVTPL"). AFS Investments are initially recognized at the cost of acquisition, including directly attributable transaction costs, and are subsequently carried at their fair value. They are classified as investment holdings on the interim consolidated statements of financial position and income earned and fair value adjustments are reflected in other comprehensive income ("OCI") on the interim consolidated statement of comprehensive income as fair value changes on investment holdings available-for-sale.

RENEWABLE POWER ASSETS

Renewable power assets consist of tools and equipment related to the Trust's investments in renewable power assets. Tools and equipment are measured at cost less accumulated depreciation and impairment charges. Cost includes expenditures that are directly attributable to the acquisition and development of the asset including interest expense paid or accrued during development. Annual depreciation rates estimated by the Trust are listed in the table below. The depreciation methods, residual values, and estimates of the useful lives of its renewable power assets are reviewed by management at least annually.

Asset Class	Depreciation period
Solar power equipment	
Solar modules, inverters and racking	4% straight line

On sale or retirement, renewable power assets and their related accumulated depreciation are removed from the consolidated financial statements, and any related gain or loss is reflected in net income.

The cost of replacing a component of an item of renewable power assets is recognized in the carrying amount of the item if it is probable that the Trust will receive future economic benefits from the replacement components, and if the cost of the components can be measured reliably. The carrying amount of the replaced component is derecognized.

INTANGIBLE ASSETS

Intangible assets are related to provincial government contracts to supply wind power at rates above fixed price contracts and are recorded at initial cost. The carrying value includes the cost of the contracts less accumulated amortization and any impairment charges. Amortization takes place over the term of the contracts.

IMPAIRMENTS OF RENEWABLE POWER ASSETS AND INTANGIBLE ASSETS

Renewable power assets and intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds their fair value.

For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows. The amount of the loss is recognized in the consolidated statements of comprehensive income within operating expenses. The carrying amount is reduced by the impairment loss directly. If, in a subsequent year, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income and comprehensive income.

REVENUE RECOGNITION

Revenue from income properties and renewable power assets is recognized to the extent that it is probable that the economic benefits will flow to the Trust and that the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable.

INCOME PROPERTIES

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 income properties. Revenues from income 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.

RENEWABLE POWER ASSETS

Revenue from power sales is determined based on the amount of energy produced at the contract rates and is recognized on an accrual basis when the energy produced is received by the client.

BUSINESS COMBINATIONS

The purchase method of accounting is used for acquisitions meeting the definition of a business. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquiror, the liabilities incurred by the acquiror to former owners of the acquiree, and the equity interests issued by the acquiror.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Trust's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Trust's share of the net assets acquired, the difference is recognized directly in profit or loss for the year as a gain on acquisition. Any transaction costs incurred with respect to the business combination are expensed in the period incurred.

DISTRIBUTIONS

Distributions to Unitholders are recognized as a liability in the period in which the distributions are approved by the Board of Trustees and are recorded as a reduction to retained earnings.

INCOME TAXES

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.

Due to uncertainties in the estimation process, particularly with respect to changes in facts and circumstances in future reporting periods (carryforward period assumptions), it is reasonably possible that actual results could differ from the estimates used in the Trust's historical analysis. If the Trust's results of operations are less than projected and there is insufficient objectively verifiable evidence to support the likely realization of its deferred tax assets, adjustments would be required to reduce or eliminate its deferred tax assets.

UNIT-BASED COMPENSATION PLAN

As described in Note 14, the Trust has a Deferred Unit Incentive Plan ("DUIP") that provides for the granting of deferred trust units and income deferred trust units to trustees, officers, employees and affiliates and their service providers (including the Asset Manager). Unvested deferred trust units are recorded as a liability, and compensation expense is recognized over the vesting period at amortized cost based on the fair value of the Units. Once vested, the liability is re-measured at each reporting date at amortized cost, based on the fair value of the corresponding Units, with changes in fair value recognized in comprehensive income as a fair value adjustment to financial instruments.

CASH

Cash excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash are amounts held for repayment of tenant security deposits, as required by various lending agreements. These security deposits are included in other non-current assets. Cash includes cash of $5,089 held in co-tenancy bank accounts that require both the Trust's and co-owner's approval prior to distribution.

FINANCIAL INSTRUMENTS

DESIGNATION OF FINANCIAL INSTRUMENTS

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities:

	Classification	Measurement
Financial assets		
Lending portfolio	Loans and receivables	Amortized cost
Investment holdings	Fair value through profit and loss	Fair value
Investment holdings available-for-sale	Available for sale	Fair value
Deposits	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Cash	Loans and receivables	Amortized cost

Financial liabilities		
Mortgage payable	Other liabilities	Amortized cost
Amounts payable and accrued liabilities	Other liabilities	Amortized cost
Distributions payable	Other liabilities	Amortized cost

The accounting policies for the lending portfolio, investment holdings, and investment holdings available for sale have been discussed previously.

FINANCIAL ASSETS

The Trust classifies its non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables. Loans and receivables are initially measured at fair value, less any related transaction costs, and are subsequently measured at amortized cost.

Amounts receivable are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment. A provision for impairment is established when there is objective evidence that collection will not be possible under the original terms of the contract. Indicators of impairment include payment delinquency and significant financial difficulty of the tenant. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statements of comprehensive income within income properties operating expenses. Bad debt write-offs occur when the Trust determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against income properties operating expenses in the consolidated statements of comprehensive income. Trade receivables that are less than three months past due are not considered impaired unless there is evidence collection is not possible. If in a subsequent period when the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or the Trust transfers substantially all risks and rewards of ownership.

FINANCIAL LIABILITIES

The Trust classifies its financial liabilities on initial recognition as other liabilities measured at amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as other 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 comprehensive income over the expected life of the debt.

INTEREST EXPENSE

Interest expense includes interest on mortgages payable secured by income properties, amortization of ancillary costs incurred in connection with the arrangement of borrowing interest on the revolving loan facility and amortization of fair value adjustments on assumed mortgages payable.

EQUITY

The Trust presents Units as equity, notwithstanding the fact that the Trust's Units meet the definition of a financial liability. Under IAS 32, the Units are considered a puttable financial instrument because of the holder's option to redeem 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 closing price prior to the redemption date or 100% of the closing market price on the redemption date. The total amount payable by Dream Alternatives in any calendar month will not exceed $50 unless waived by Dream Alternatives' Board of Trustees at their sole discretion. The Trust has determined that the Units can be presented as equity and not financial liabilities because the Units have all of the following features, as defined in IAS 32 (hereinafter referred to as the "puttable exemption"):

- Units entitle the holder to a pro rata share of the Trust's net assets in the event of its liquidation. Net assets are those assets that remain after deducting all other claims on the assets.
- Units are 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 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 conditions 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.
- The total expected cash flows attributable to the Units over their lives are based substantially on the net income, and 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 on the issuance of Units are recognized directly in Unitholders' equity as a reduction of the proceeds received.

PROVISIONS

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events; it is probable an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

ACCOUNTING FOR LEVIES IMPOSED BY GOVERNMENTS

IFRIC 21, "Levies" ("IFRIC 21"), provides guidance on accounting for levies in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Trust adopted this new interpretation effective January 1, 2014. There were no material impacts from the adoption of this IFRIC.

5. THE CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

CRITICAL ACCOUNTING JUDGMENTS

The following are the critical accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

FINANCIAL STATEMENT PRESENTATION

An investment entity, as defined under IFRS 10, 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. Following the Reorganization, the Trust determined that it does not qualify as an investment entity under IFRS 10 because it will act as an active partner in its investments to enhance returns by holding and developing its investment properties, real estate lending investments and other investments over the long term. In addition, the Trust does not have an exit strategy for substantially all of its investments, specifically its income properties and renewable power assets, and does not evaluate the performance of substantially all of its investments on a fair value basis, both of which are key elements of an investment entity. As the Trust is not considered to be an investment entity, the real estate assets owned through interests in limited partnerships have been consolidated in the financial statements of the Trust and accordingly, are reflected as income properties along with the associated assets and liabilities, and revenues and expenses.

JOINT ARRANGEMENTS AND SUBSIDIARIES

The Trust holds investments in various assets, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Trust's investment is passive in nature. For joint arrangements, judgement is applied in determining whether the Trust has an interest in the net assets of the arrangement or a direct interest in the underlying assets and a direct obligation for the underlying liabilities of the arrangement. The Trust considers the contractual rights and obligations of the arrangement, and other relevant factors, in determining the appropriate accounting treatment for its investments.

In determining if an entity is a subsidiary of the Trust, the Trust makes significant judgments about whether it has control over such an entity. In addition to voting rights, the Trust considers the contractual rights and obligations arising from other arrangements, and other relevant factors, relating to an entity in determining if the Trust has power and variable returns. The contractual rights and obligations considered by the Trust include, among others, the approvals and decision making process over significant operating, financing and investing activities, the responsibilities and scope of decision making power of the Trust, the termination provisions of agreements, the types and determination of fees paid to the Trust and the significance of any investment by the Trust (if any). The Trust reviews its prior conclusions when facts and circumstances change.

INCOME PROPERTIES AND AFS INVESTMENTS

Critical judgments are made in respect of the fair values of income properties and AFS Investments. The fair values of these investments are reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuators are experienced, nationally recognized and qualified in the professional valuation of office buildings in their respective geographic areas. Judgment is also applied in determining the extent and frequency of independent appraisals. At each annual reporting period, a select number of income properties, determined on a rotational basis, will be valued by qualified valuation professionals. For income properties not subject to independent appraisals, internal appraisals are prepared by DOMC and reviewed during each reporting period.

For income properties, DOMC makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to income properties. Lease incentives, such as cash, rent-free periods and lessee- or lessor-owned improvements, may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of income properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the income property.

INVESTMENT HOLDINGS

Critical judgments are made in determining the fair value of investment holdings. The fair value of these investments is reviewed by management regularly with reference to the applicable local market conditions and in discussion with the development's construction management company. The Trust makes judgments with respect to the completion dates of the developments, the leasing and management cost assumptions for the buildings, and/or unit sales in order to determine the Trust's interest and participating income. Investment holdings are valued using a discounted cash flow model calculated based on future interest and participating profit payments as determined by the Asset Manager and project managers' estimates of unit sales proceeds and/or net operating income of the development properties.

DEPRECIATION OF RENEWABLE POWER ASSETS

The Trust makes estimates and assumptions when determining the annual depreciation rates, residual values, and the useful lives of its depreciable assets. The details of the assets' depreciation rates are detailed in Note 4.

BUSINESS COMBINATIONS

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits to investors. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business. Judgment is used by management in determining whether an acquisition qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition.

When determining whether an acquisition is a business combination or an asset acquisition, the Trust applies judgment when considering the following:

- whether the acquisition is capable of producing outputs
- whether the market participant could produce outputs if missing elements exist

In particular, the Trust considers the following:

- whether employees were assumed in the acquisition
- whether an operating platform has been acquired

IMPAIRMENT

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to amounts receivable, lending portfolio and renewable power assets. Such estimates and assumptions primarily relate to the timing and amount of future cash flows.

IAS 39, "Financial instruments: Recognition and measurement" ("IAS 39"), requires management to use judgment in determining if the Trust's financial assets are impaired. In making this judgment, the Trust evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its carrying amount, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

IAS 36, "Impairment of assets" ("IAS 36"), requires management to use judgment in determining the recoverable amount of assets tested for impairment. Judgment is involved in estimating the fair value less cost to sell or value-in-use of the cash-generating units ("CGUs") to which goodwill has been allocated, including estimates of growth rates, discount rates and terminal rates. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

ESTIMATES AND ASSUMPTIONS

The Trust makes estimates and assumptions that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the consolidated financial statements relate to the following:

VALUATION OF INCOME PROPERTIES, INVESTMENT HOLDING AND AFS INVESTMENTS

Critical assumptions relating to the estimates of fair values of income properties, investment holdings and AFS Investments include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of income properties, investment holdings and AFS Investments may change materially.

VALUATION OF FINANCIAL INSTRUMENTS

The Trust makes estimates and assumptions relating to the fair value measurement and disclosure of the investment holdings, AFS Investments, lending portfolio and mortgages payable. The fair values of mortgages payable are determined based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The critical assumptions underlying the fair value measurements and disclosures include the market interest rates for mortgages, discount rates for investment holdings and stabilized NOI for AFS Investments.

For certain financial instruments, including cash, amounts receivable, amounts payable and accrued liabilities, deposits, and distributions payable, the carrying amounts approximate fair values due to their immediate or short-term maturity. The fair values of mortgages payable and investment holdings are determined based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The fair values of AFS Investments are determined by applying cap rates, which reflect current market conditions for properties with similar terms and risks, to the Asset Manager's assessment of stabilized NOI.

6. FUTURE ACCOUNTING POLICY CHANGES

REVENUE RECOGNITION

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), provides a comprehensive revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

FINANCIAL INSTRUMENTS

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. In addition, the own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. The Trust has yet to assess the full impact of IFRS 9 and has not yet determined when it will adopt the new standard.

IFRS 9, "Financial Instruments" ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and updated and further amended in October 2010, November 2013 and July 2014. It replaces the parts of IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"), that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the condensed consolidated statement of net income, unless this creates an accounting mismatch. IFRS 9 was amended to (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income (without having to adopt the remainder of IFRS 9); (iii) introduces a single, principle-based approach for determining the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held and results in a single impairment model to be applied to all financial instruments, which requires more timely recognition in profit or loss; and (iv) make IFRS 9 effective for annual periods beginning on or after January 1, 2018, although the standard is available for early adoption. The Trust has yet to assess IFRS 9's full impact and will determine the adoption date of IFRS 9 at that time.

7. INCOME PROPERTIES

The Trust's income properties consist of interests in co-owned commercial real estate properties and are accounted for as joint operations. Changes in the Trust's proportionate share of the income properties during the period ended September 30, 2014 is as follows:

For the period ended September 30,	Note		2014
Balance as at July 8, 2014	2	**$**	**272,603**
Additions:			
Property acquisitions pursuant to business combination	2		**223,493**
Building improvements			**1,197**
Lease incentives and initial direct leasing costs			**1,825**
Gains and losses included in net income:			
Amortization of lease incentives			**(29)**
Balance as at September 30, 2014		**$**	**499,089**

The key valuation metrics used to determine the fair value of income properties include cap rates of 6.25% to 7.75%, a discount rate of 7.00% to 8.75% and a weighted average stabilized net operating income of $3,555. The Asset Manager's assessment of the fair value of income properties resulted in no fair value adjustment for three months and nine months ended September 30, 2014. The fair value of all income properties at July 8, 2014 and property acquisitions pursuant to the business combination at July 8, 2014 were valued by an external valuator. No income properties were valued by an external valuator at September 30, 2014.

Generally, an increase in stabilized NOI will result in an increase in fair value of an investment property. An increase in the cap rate will result in a decrease to the fair value of an investment property. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact to the fair value of an investment property than higher rate. Under the discounted cash flow method, an increase in cash flows will result in an increase to the fair value of an investment property. An increase in the discount rate will result in a decrease to the fair value of an investment property. The discount rate magnifies the effect of a change in cash flows, with a lower discount rate resulting in a greater impact to the fair value of an investment property.

If the cap rate were to increase by 25 basis points ("bps"), the value of income properties would decrease by $17,200. If the cap rate were to decrease by 25 bps, the value of income properties would increase by $18,600.

8. LENDING PORTFOLIO

As at September 30,	Note		2014
Balance at July 8, 2014	2	**$**	**40,485**
Additions:			
Lending portfolio additions pursuant to business combination	2		**175,267**
Lending portfolio additions during the period			**13,000**
Accrued interest			**1,212**
Interest added to lending portfolio balance			**660**
Amortization of lending portfolio discount			**157**
Lender fees received net of amortization			**(22)**
Principal repayment			**(14,893)**
Total			**215,866**
Less: Current portion			**(72,084)**
Non-current portion of lending portfolio		**$**	**143,782**

Lending portfolio investments are secured by real property, bear interest at fixed rates with a weighted average effective interest rate of 8.02% and mature between 2014 and 2017. At September 30, 2014, the unamortized balance of the lending portfolio discount was $881. At September 30, 2014, $98,217 of lending portfolio investments contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without prepayment penalty.

Principal repayments, based on contractual maturity dates are as follows:

2014 (remainder of year)	$	55,206
2015		99,571
2016		48,232
2017		12,548
2018 and thereafter		-
Total	**$**	**215,557**

One loan, with a balance of $8,101 is in default as at September 30, 2014. An impairment loss has not been recorded as management expects to recover the full amount of principal and interest in a timely manner based upon an assessment of the underlying security and guarantees.

9. INVESTMENT HOLDINGS

The table below provides a continuity of investment holdings for the three month period ending September 30, 2014:

For the period ended September 30, 2014	Note		Investment holdings		AFS Investments		Total
Balance at July 8, 2014	2	$	89,048	$	7,651	$	96,699
Acquisitions during the period	2		70,888		9,293		80,181
Advances during the period			1,375		-		1,375
Repayments received during the period			(6,787)		(170)		(6,957)
Net change			154,524		16,774		171,298
Fair value gains, net			2,751		184		2,935
Balance as at September 30, 2014		**$**	**157,275**	**$**	**16,958**	**$**	**174,233**

Investment holdings consist of nine long term development loans secured by real property with interest rates of between 8.0% and 13.0%, with terms of 7 to 8 years as determined by the underlying cash flows of the developments. The Trust has entered into agreements to allow the Trust to participate in the remaining profits of the developments after the payment of interest and an equal return to the equity partners is paid.

AFS Investments consist of interests of less than 20% in two limited partnerships and one co-ownership.

Fair value gains, net for the nine month period ending September 30, 2014 of $6,256 include fair value gains, net of $3,505 recognized by the Acquiror Fund up to July 8, 2014.

INVESTMENT HOLDINGS VALUATIONS

The discount rates used in determining the fair value of investment holdings were between 13.0% and 19.5%. Generally, an increase in expected interest and participating profit will result in an increase to the fair value of investment holdings. An increase in the discount rate will result in a decrease to the fair value of the investment holdings. Under the discounted cash flow method, an increase in cash flows will result in an increase to the fair value of investment holdings. The discount rate magnifies the effect of a change in cash flows, with a lower discount rate resulting in a greater impact to the fair value of investments.

If the discount rates were to increase by 25 bps, the value of investments holdings would decrease by $778. If the discount rates were to decrease by 25 bps, the value of investment holdings would increase by $786.

AFS INVESTMENT VALUATIONS

The fair value assessment of AFS Investments is determined by assessing the fair value of the income properties held within the limited partnerships and co-ownership.

Generally, an increase in stabilized NOI will result in an increase to the fair value of an AFS Investment. An increase in the cap rate will result in a decrease to the fair value of an AFS Investment. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact to the fair value of an AFS Investment than a higher rate. Under the discounted cash flow method, an increase in cash flows will result in an increase to the fair value of an AFS Investment. An increase in the discount rate will result in a decrease to the fair value of an AFS Investment. The discount rate magnifies the effect of a change in cash flows, with a lower discount rate resulting in a greater impact to the fair value of an AFS Investment.

If the cap rate were to increase by 25 bps, the value of AFS Investments would decrease by $870. If the cap rate were to decrease by 25 bps, the value of AFS Investments would increase by $807.

10. RENEWABLE POWER ASSETS

Renewable power assets consist of tools and equipment related to the Trust's investments in renewable power projects. The balance for renewable power assets as at September 30, 2014 is $12,167 as summarized in the below table:

	Equipment		
For the period ended September 30, 2014	Solar power	Wind power	**Total**
Balance as at July 8, 2014	$ -	$ -	**$ -**
Additions and acquired renewable power assets during period	4,573	7,604	**12,177**
Depreciation of property, plant and equipment	(10)	-	**(10)**
Balance as at September 30, 2014	$ 4,563	$ 7,604	**$ 12,167**

SOLAR POWER PROJECTS

During the period ended September 30, 2014, the Trust acquired a portfolio of three operational rooftop solar power projects from DAM and has accounted for the transaction as an asset acquisition. The portfolio was acquired at DAM's carrying value.

WIND POWER PROJECT AND NON-CONTROLLING INTEREST

During the period ended September 30, 2014, the Trust invested in an approximately 13.2 MW wind power project in the province of Nova Scotia. The Trust, indirectly through a subsidiary, has an 80% economic interest in the wind power project and also has control over the project's General Partner. The non-controlling partner's 20% economic interest is owned by an unrelated party and has been reflected as a non-controlling interest on the interim consolidated statements of financial position. The assets and liabilities of the limited partnership have been consolidated in the Trust's interim consolidated statements of financial position. At September 30, 2014, the limited partnership is finalizing terms of land leases relating to the wind power project. The wind power project is in the development stage and therefore no operating activity is reported in the interim consolidated statements of comprehensive income for the period ended September 30, 2014.

11. OTHER NON-CURRENT ASSETS

As at September 30,	**2014**
Deposits	**$ 451**
Intangible assets – wind power contract	**1,944**
Straight-line rent receivable	**126**
Total	**$ 2,521**

Deposits largely represent amounts provided by the Trust in connection with utility deposits.

As at September 30, 2014, no amortization has been expensed related to the intangible asset.

12. AMOUNTS RECEIVABLE

As at September 30, 2014 and December 31, 2013		**2014**		2013
Trade receivables	**$**	**1,909**	$	-
Less: Provision for impairment of trade receivables		**(421)**		-
Other amounts receivable		**1,352**		558
Total	**$**	**2,840**	$	558

Amounts receivable are net of credit adjustment aggregating $409.

The movement in the provision for impairment of trade receivables during the nine months ended September 30 is as follows:

For the period ended September 30,		**2014**
Balance, December 31, 2013	**$**	-
Provision for impairment of trade receivables assumed on Reorganization		**509**
Provision for impairment of trade receivables during the period		**(21)**
Receivables written off during the period as uncollectible		**(67)**
Balance, September 30, 2014	**$**	**421**

The carrying value of amounts receivable approximates fair value due to their current nature. As at September 30, 2014, trade receivables of approximately $1,082 were past due but not considered impaired as the Trust has ongoing relationships with these tenants and the aging of these trade receivables is not indicative of expected default.

The Trust leases office properties to tenants under operatory leases. Minimum rental commitments including non-cancellable tenant operating leases over their remaining terms are as follows:

As at September 30,		**2014**
No more than 1 year	**$**	**18,593**
1–5 years		**48,914**
5+ years		**22,620**
Total	**$**	**90,127**

13. DEBT

As at September 30,		**2014**
Mortgages payable	**$**	**252,146**
Unamortized balance of premium		**4,689**
Total		**256,835**
Less: Current portion		**(26,700)**
Total non-current debt	**$**	**230,135**

MORTGAGES PAYABLE

Mortgages payable are secured by charges on specific income properties, bear interest at a weighted average rate of 4.05% and mature between 2016 and 2028. The weighted average effective interest rate of mortgages payable is 3.31% as at September 30, 2014.

The scheduled principal repayments and debt maturities for mortgages payable are as follows:

Debt maturities		Outstanding balance
2014 (remainder of year)	$	1,325
2015		76,597
2016		43,512
2017		72,100
2018		52,530
2019 and thereafter		6,082
Total	**$**	**252,146**

REVOLVING LOAN FACILITY

A revolving loan facility is available up to a formula-based maximum not to exceed $50 million, in the form of rolling one-month BAs bearing interest at the BA rates plus 2% or at the bank's prime rate (3% as at September 30, 2014) plus 1%, and is effectively secured by a general security agreement over all assets of the Trust through its subsidiaries, Dream Alternatives Lending Services LP and Dream Alternatives Master LP. As at September 30, 2014, no amounts were drawn on the facility. The guarantor, Dream Alternatives Master LP was in compliance with all covenants at September 30, 2014.

14. DEFERRED UNIT INCENTIVE PLAN

The Deferred Unit Incentive Plan ("DUIP") provides for the grant of deferred trust units ("DTUs") to trustees, officers and employees as well as affiliates and their service providers, including the Asset Manager. DTUs are granted at the discretion of the trustees and receive distributions in the form of income deferred trust units as they are declared and paid by the Trust. Once granted, each DTU and the related distribution of income deferred trust units from such DTUs vest evenly over a three- or five-year period on the anniversary date of the grant, and such Units will be issued immediately on vesting. As at September 30, 2014, up to a maximum of 3 million DTUs are issuable under the DUIP.

The movement in the DUIP balance was as follows:

For the period ended September 30,		**2014**
Compensation expense	**$**	**63**
Remeasurement of carrying value of deferred trust units		**2**
Total	**$**	**65**

During the nine months ended September 30, 2014, $63 of compensation expense was recorded related to the DTUs and included in general and administrative expenses. For the same period, a fair value loss of $2 was recognized and included in general and administrative expenses, representing the remeasurement of the DUIP liability during the period. During the period ended September 30, 2014, 95,797 DTUs were granted and no DTUs vested under the DUIP. Details of the DTUs granted are detailed below:

On July 28, 2014, 21,797 DTUs were granted to trustees who elected to receive their 2014 annual retainer in the form of DTUs rather than cash. The grant date value of these DTUs was $7.09 per Unit granted.

On July 28, 2014, 74,000 DTUs were granted to trustees, officers and employees as well as affiliates and their service providers including the Asset Manager. Of the DTUs granted, 54,000 related to key management personnel. The grant date value of these DTUs units was $7.09 per Unit granted.

15. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2014 and December 31, 2013		**2014**		2013
Trade payables	**$**	**802**	$	-
Accrued liabilities and other payables		**15,376**		663
Accrued interest		**826**		-
Deferred revenue		**1,396**		-
Total	**$**	**18,400**	$	663

16. DISTRIBUTIONS

Dream Alternatives' declaration of trust endeavors to maintain monthly distribution payments to Unitholders payable on or about the 15th day of the following month. The amount of the annualized distribution to be paid is determined by the trustees, at their sole discretion, based on what they consider appropriate given the circumstances of the Trust. The trustees may declare distributions out of the income, net realized capital gains and capital of the Trust, to the extent such amounts have not already been paid, allocated or distributed.

The following table breaks down distribution payments for the period ended September 30, 2014:

For the period ended September 30,		2014
Paid in cash	$	4,290
Paid by way of reinvestment in Units		104
Add: Payable at September 30, 2014		2,454
Total	**$**	**6,848**

17. UNITHOLDERS' EQUITY

DREAM ALTERNATIVES UNITS

Dream Alternatives is authorized to issue an unlimited number of Units and an unlimited number of special trust units ("STUs"). The STUs may only be issued to holders of exchangeable securities and entitle the holder to exchange the exchangeable securities for Units. The STUs have a nominal redemption value, entitle the holder to votes at the Trust level and do not receive distributions. At September 30, 2014, there were no STUs issued and outstanding. Each Unit represents an undivided beneficial interest in the Trust. Each Unit is transferable and entitles the holder thereof to:

- an equal participation in distributions of the Trust;
- rights of redemption; and
- one vote at meetings of Unitholders.

On July 8, 2014, 72,617,739 Units were issued to the Unitholders of the Distributing ROI Funds to indirectly acquire the Initial Assets and assume all of the debt and outstanding liabilities relating to the Initial Assets acquired. Also on July 8, 2014, in accordance with the Purchase Agreement, the Trust issued 1,000,000 Units to ROI Capital at an agreed upon price of $10.00 per Unit for gross proceeds of $10 million. (See Note 2 for further discussion of the Reorganization and related transactions).

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The Distribution Reinvestment and Unit Purchase Plan ("DRIP") allows holders of Units other than Unitholders who are resident of or present in the United States, to elect to have all cash distributions from Dream Alternatives reinvested in additional Units. Unitholders who participate in the DRIP receive an additional distribution of Units equal to 4% of each cash distribution that was reinvested. The price per Unit is calculated by reference to a five-day weighted average closing price of the Units on the Toronto Stock Exchange ("TSX") preceding the relevant distribution date, which typically is on or about the 15th day of the month following the declaration.

For the period ended September 30, 2014, 14,593 Units were issued under the DRIP for $104.

18. INCOME PROPERTIES OPERATING EXPENSES

	Three months ended September 30,				Nine months ended September 30,			
		2014		2013		**2014**		2013
Income properties operating costs	**$**	**4,801**	$	-	**$**	**4,801**	$	-
Realty tax expense		**2,292**		-		**2,292**		-
Salary and other compensation		**287**		-		**287**		-
Total	**$**	**7,380**	$	-	**$**	**7,380**	$	-

19. RENEWABLE POWER OPERATING EXPENSES

	Three months ended September 30,				Nine months ended September 30,			
		2014		2013		**2014**		2013
Renewable power operating costs	**$**	**12**	$	-	**$**	**12**	$	-
General office and other		**1**		-		**1**		-
Total	**$**	**13**	$	-	**$**	**13**	$	-

20. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Salary and other compensation	**$ 356**	$ -	**$ 356**	$ -
Corporate, service and professional fees	**277**	34	**962**	103
General office and other	**164**	45	**164**	297
Total	**$ 797**	$ 79	**$ 1,482**	$ 400

21. INTEREST EXPENSE

Interest on debt incurred and charged to comprehensive income is recorded as follows:

For the period ended September 30,	**2014**
Interest expense incurred, at contractual rate of debt	**$ 2,577**
Amortization of fair value adjustments on assumed debt	**(430)**
Other bank charges	**48**
Total	**$ 2,195**

Fair value adjustments on assumed debt are amortized to interest expense over the expected life of the debt using the effective interest rate method.

22. INCOME TAXES

During the nine months ended September 30, 2014, the Trust recognized an income tax expense amount of $2,125, the major components of which include the following items:

For the period ended September 30, 2014	**Three months ended**	**Nine months ended**
Current income taxes:		
Current income taxes with respect to profits in the period	**$ 68**	**$ 68**
Current income tax expense	**68**	**68**
Deferred income tax expense (recovery)	**(737)**	**(737)**
Origination and reversal of temporary differences	**2,794**	**2,794**
Deferred income tax expense	**2,057**	**2,057**
Income tax expense	**$ 2,125**	**$ 2,125**

For the nine months ended September 30,	**2014**
Earnings before tax at statutory rate of 26.5%	**$ 33,099**
Effect on taxes of:	
Non-deductible expenses	**392**
Non-taxable revenue – gain on acquisition	**(33,754)**
Rate differences	**(448)**
Conversion of mezzanine debt receivables to partnership interests	**3,527**
Other items	**(691)**
Income tax expense	**$ 2,125**

The movement in the deferred income tax assets and liabilities during the period ended September 30, 2014, and the net components of the Trust's net deferred income tax liabilities, are illustrated in the following table:

	Income properties	Renewable power	Lending portfolio	Investment holdings	Other	Loss carry-forwards	Total
Balance as at July 8, 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(Charged) credited to:							
Business combination - Acquiror Fund (note 2)	606	-	96	-	-	-	702
Earnings for the period	(3,847)	(214)	(66)	(211)	2,281	-	(2,057)
Retained earnings – Issuance costs	-	-	-	-	98	-	98
Balance, September 30, 2014	**$ (3,241)**	$ **(214)**	**$ 30**	$ **(211)**	**$ 2,379**	**$** -	**(1,257)**

23. SEGMENTED INFORMATION

The Trust has identified the operating segments as income properties, renewable power, lending portfolio and investment holdings based on how the chief operating decision maker views the financial results of the business.

For the nine months ended September 30, 2014, asset management fees, other interest income, tax expense, and the majority of general and administrative expenses were not allocated to the segment expenses as these costs are not specifically related to the segments.

SEGMENTED RESULTS OF OPERATIONS

For the three months ended September 30, 2014	Income properties	Renewable power	Lending portfolio	Investment holdings	Other [1]	**Total**
INCOME						
Income properties revenue	$ 14,940	$ -	$ -	$ -	$ -	**$ 14,940**
Renewable power revenue	-	180	-	-	-	**180**
Lending portfolio interest and lender fee	-	-	4,112	-	-	**4,112**
Fair value gain on investment holdings	-	-	-	2,751	-	**2,751**
TOTAL INCOME	14,940	180	4,112	2,751	-	**21,983**
EXPENSES						
Income properties operating	7,380	-	-	-	-	**7,380**
Renewable power operating	-	13	-	-	-	**13**
Depreciation of property, plant and equipment	-	10	-	-	-	**10**
Interest	2,147	-	-	-	48	**2,195**
Asset management fees	-	-	-	-	2,458	**2,458**
General and administrative	-	2	88	-	707	**797**
TOTAL EXPENSES	9,527	25	88	-	3,213	**12,853**
OPERATING INCOME	5,413	155	4,024	2,751	(3,213)	**9,130**
Other interest income	-	-	-	-	230	**230**
Gain on acquisition	-	-	-	-	127,270	**127,270**
Reorganization related costs	-	-	-	-	(11,832)	**(11,832)**
EARNINGS BEFORE INCOME TAX EXPENSE	5,413	155	4,024	2,751	112,455	**124,798**
INCOME TAX EXPENSE						
Current	-	-	-	-	68	**68**
Deferred	-	-	-	-	2,057	**2,057**
TOTAL INCOME TAX EXPENSE	-	-	-	-	2,125	**2,125**
NET INCOME	5,413	155	4,024	2,751	110,330	**122,673**
OTHER COMPREHENSIVE INCOME						
Fair value gains, net, in investment holdings available-for-sale (net of tax of $nil - reclassified to earnings on sale)	-	-	-	184	-	**184**
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	184	-	**184**
TOTAL COMPREHENSIVE INCOME	$ 5,413	$ 155	$ 4,024	$ 2,935	$ 110,330	**$ 122,857**

[1] Includes other Trust amounts not specifically related to the segments

SEGMENTED RESULTS OF OPERATIONS

For the nine months ended September 30, 2014	Income properties	Renewable power	Lending portfolio	Investment holdings	Other [1]	**Total**
INCOME						
Income properties revenue	$ 14,940	$ -	$ -	$ -	$ -	**$ 14,940**
Renewable power revenue	-	180	-	-	-	**180**
Lending portfolio interest and lender fee	-	-	4,112	-	-	**4,112**
Fair value gains, net, in investment holdings	-	-	-	2,751	3,505	**6,256**
TOTAL INCOME	14,940	180	4,112	2,751	3,505	**25,488**
EXPENSES						
Income properties operating	7,380	-	-	-	-	**7,380**
Renewable power operating	-	13	-	-	-	**13**
Depreciation of property, plant and equipment	-	10	-	-	-	**10**
Interest	2,147	-	-	-	48	**2,195**
Asset management fees	-	-	-	-	4,341	**4,341**
General and administrative	-	2	88	-	1,392	**1,482**
TOTAL EXPENSES	9,527	25	88	-	5,781	**15,421**
OPERATING INCOME	5,413	155	4,024	2,751	(2,276)	**10,067**
Other interest income	-	-	-	-	230	**230**
Gain on acquisition	-	-	-	-	127,270	**127,270**
Reorganization related costs	-	-	-	-	(12,260)	**(12,260)**
Increase in net assets attributable to holders of redeemable units	-	-	-	-	(509)	**(509)**
EARNINGS BEFORE INCOME TAX EXPENSE	5,413	155	4,024	2,751	112,455	**124,798**
INCOME TAX EXPENSE						
Current	-	-	-	-	68	**68**
Deferred	-	-	-	-	2,057	**2,057**
TOTAL INCOME TAX EXPENSE	-	-	-	-	2,125	**2,125**
NET INCOME	5,413	155	4,024	2,751	110,330	**122,673**
						-
OTHER COMPREHENSIVE INCOME						**-**
Fair value gains, net, in investment holdings available-for-sale (net of tax of $nil - reclassified to earnings on sale)	-	-	-	184	-	**184**
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	184	-	**184**
TOTAL COMPREHENSIVE INCOME	$ 5,413	$ 155	$ 4,024	$ 2,935	$ 110,330	**$ 122,857**

[1] Includes other Trust amounts not specifically related to the segments and results of the Acquiror Fund prior to the Reorganization

SEGMENTED ASSETS AND LIABILITIES

As at September 30, 2014	Income properties	Renewable power	Lending portfolio	Investment holdings	Other [1]	**Total**
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 499,089	$ -	$ -	$ -	$ -	**$ 499,089**
Lending portfolio	-	-	143,782	-	-	**143,782**
Investment holdings	-	-	-	174,233	-	**174,233**
Renewable power assets	-	12,167	-	-	-	**12,167**
Other non-current assets	577	1,944	-	-	-	**2,521**
	499,666	14,111	143,782	174,233	-	**831,792**
CURRENT ASSETS						
Lending portfolio – current portion	-	-	72,084	-	-	**72,084**
Amounts receivable	2,142	154	-	-	544	**2,840**
Prepaid expenses	699	19	-	-	14	**732**
Cash	5,089	71	-	-	90,263	**95,423**
	7,930	244	72,084	-	90,821	**171,079**
TOTAL ASSETS	$ 507,596	$ 14,355	$ 215,866	$ 174,233	$ 90,821	**$ 1,002,871**
LIABILITIES						
NON-CURRENT LIABILITIES						
Mortgages payable	$ 230,135	$ -	$ -	$ -	$ -	**$ 230,135**
Deferred income taxes	-	-	-	-	1,257	**1,257**
Deferred units incentive plan	-	-	-	-	65	**65**
	230,135	-	-	-	1,322	**231,457**
CURRENT LIABILITIES						
Mortgages payable – current portion	26,700	-	-	-	-	**26,700**
Amounts payable and accrued liabilities	9,509	1,474	30	-	7,387	**18,400**
Distributions payable	-	-	-	-	2,454	**2,454**
Income tax payable	-	-	-	-	68	**68**
	36,209	1,474	30	-	9,909	**47,622**
TOTAL LIABILITIES	$ 266,344	$ 1,474	$ 30	$ -	$ 11,231	**$ 279,079**

[1] Includes other Trust amounts not specifically related to the segments

24. RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time the Trust and its subsidiaries enter into transactions with related parties that are contracted under commercial terms. DAM, which is a subsidiary of Dream Unlimited Corporation, is the Trust's Asset Manager and is a related party on the basis that it provides key management personnel services to the Trust.

ASSET MANAGEMENT AGREEMENT

On July 8, 2014, the Trust entered into a management agreement (the "Management Agreement") with DAM, pursuant to which DAM provides a broad range of asset management services to the Trust for the following fees:

- Base annual management fee calculated and payable on a monthly basis, equal to 1.00% of the gross value of the initial assets on July 8, 2014, plus the gross cost of any asset acquired on the date of such acquisition, plus the gross amount invested in any assets following acquisition, less the gross amount previously included in the calculation of this amount in respect of any asset disposed of or repaid;
- Acquisition/origination fee equal to: (a) 0.40% of the principal amount of any loan originated by the Trust or a subsidiary having an expected term of less than five years; (b) 1.00% of the principal amount of any loan originated by the Trust or a subsidiary having an expected term of five years or more; and (c) 1.00% of the gross cost of any asset acquired or originated by the Trust or a subsidiary represented by all other investments, assets or projects; and
- Disposition fee equal to 0.25% of the gross sale proceeds of any asset (including all indebtedness) sold by the Trust or any subsidiary represented by loans, investments, assets or projects disposed of during the fiscal year, including any part of the initial assets except for the disposition of individual loans having a term to maturity of 12 months or less, and excluding the regular and scheduled repayment of loans.

In addition, the Trust will reimburse DAM for reasonable out-of-pocket costs and expenses incurred in connection with the performance of the management services described in the Management Agreement and the costs and expenses incurred in providing such other services which the Trust and DAM agree in writing are to be provided from time to time by DAM.

Pursuant to the Management Agreement, the Trust incurred fees to DAM as follows:

For the three months ended September 30,		**2014**
Fees paid by the Trust under the Management Agreement:		
Base annual management fee	$	2,297
Acquisition / Origination fee		161
Total fees paid under the Management Agreement	**$**	**2,458**

Asset management fees for the nine month period ending September 30, 2014 of $4,341 consist of fees paid to DAM of $2,458 up to September 30, 2014 and fees paid to ROI Capital by the Acquiror Fund of $1,883 up to July 8, 2014 as described in note 32.

TRANSACTION WITH DAM

During the period ended September 30, 2014, the Trust acquired a portfolio of rooftop solar power projects from DAM. The assets were purchased at DAM's carry value of $2,414, which was determined to represent a fair transaction value to the Trust by an independent valuator.

AMOUNTS DUE TO RELATED PARTIES

Amounts payable and accrued liabilities at September 30, 2014 include $2,458 related to the Management Agreement.

25. SUPPLEMENTARY CASH FLOW INFORMATION

Significant components of changes in non-cash working capital include:

For the nine months ended September 30,		2014
Increase in other non-current assets	$	(451)
Decrease in amounts receivable		273
Decrease in prepaid expenses		195
Amounts payable and accrued liabilities		7,985
Income tax payable		68
Lending portfolio interest accrual		(1,212)
Total	$	6,858

26. COMMITMENTS AND CONTINGENCIES

Dream Alternatives and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of Dream Alternatives.

PROPERTY MANAGEMENT AGREEMENT

Subsidiaries of the Trust assumed the 19 property management agreements with DOMC in connection with the Reorganization. Pursuant to the agreement DOMC will perform property management services including tenant administration, leasing services, accounting etc. for a fee of 3.0 – 3.5% of income property revenues.

SERVICES AGREEMENT

The Trust entered into a services agreement (the "Service Agreement") with DOMC on July 8, 2014. DOMC is owned by Dream Office REIT, the co-owner of the Trust's income properties. The agreement is for a one-year term and will be automatically renewed for further one-year terms unless and until the agreement is terminated in accordance with its terms or by mutual agreement of the parties. Pursuant to the agreement, DOMC will be providing administrative and support services including the use of office space, office equipment, communication services and computer systems and the provision of personnel in connection with accounts payable, human resources, taxation and internal controls. DOMC will receive a monthly fee sufficient to reimburse it for all the expenses incurred in providing these services.

During the period from July 8, 2014 to September 30, 2014, the Trust paid $22 to DOMC pursuant to the Service Agreement. Amounts payable and accrued liabilities as at September 30, 2014 include $99 related to this agreement.

COMMERCIAL MORTGAGE SERVICING AGREEMENT

On July 8, 2014, Dream Alternatives Lending Services LP ("Lending Services LP") entered into a commercial mortgage servicing agreement ("Mortgage Servicing Agreement") with Canadian Mortgage Servicing Corporation ("CMSC"), to manage and service the loan portfolio and select other debt investments for the following fees:

- A monthly fee of 1.25 bps (15 bps annually) calculated on the principal amount of each mortgage in the loan portfolio outstanding at the beginning of each month; and
- Origination fees paid by a borrower of up to 1% of the principal amount of each new mortgage investment originated by CMSC and up to 50% of the origination fee paid by a borrower in excess of 1%.

In addition, Lending Services LP reimburses CMSC for all reasonable third party disbursements and expenses made or incurred in connection with the performance of the services described in the Mortgage Servicing Agreement.

COMMITMENTS

The Trust has invested $7,721 in three lending portfolio investments and has committed to invest $56,954 in four lending portfolio investments as at November 6, 2014.

27. CAPITAL MANAGEMENT

The primary objectives of the Trust's capital management are to ensure it remains within its quantitative banking covenants and to establish a credit rating.

The Trust's capital consists of debt, including mortgage payables, revolving credit facilities, and Unitholders' equity. The Trust's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions, to fund leasing costs and capital expenditure requirements, and to provide for resources needed to acquire new properties, originate new real estate lending, acquire development properties and acquire renewable power assets.

Various debt, equity and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross carrying value. Other significant indicators include the weighted average interest rate, average term to maturity of debt and variable debt as a proportion of total debt. These indicators assist the Trust in assessing that the debt level maintained is sufficient to provide adequate cash flows for Unitholder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion. Various mortgages and the revolving credit facility have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, interest coverage ratios and debt service coverage ratios. These covenants are measured at the subsidiary limited partnership level, and all have been complied with.

The Trust's equity consists of Units, in which the carrying value is impacted by earnings and Unitholder distributions. The Trust endeavors to make annual distributions to Unitholders. Amounts retained in excess of the distributions are used to fund leasing costs, capital expenditures, other investments as the Trust sees fit, and working capital requirements. Management monitors distributions through various ratios to ensure adequate resources are available. These ratios include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of funds available for distribution.

During the period ended September 30, 2014, the Trust did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

28. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

IFRS 7, "Presentation of Financial Statements" ("IFRS 7"), places emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Trust manages those risks, including market, credit and liquidity risks.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. The Trust has exposure to interest rate risk primarily as a result of its variable rate debt payable included in mortgages payable. There are no variable rate mortgages or loans within the lending portfolio. In addition, there is interest rate risk associated with the Trust's fixed rate debt payable due to the expected requirement to refinance such debts in the year of maturity. The Trust is exposed to the variability in market interest rates on maturing debt payable and lending portfolio investments to be renewed. Variable rate debt payable at September 30, 2014 was 46% of the Trust's total debt payable. In order to manage exposure to interest rate risk, the Trust endeavors to maintain an appropriate mix of fixed and variable rate debt, manage maturities of fixed rate debt and match the nature of the debt with the cash flow characteristics of the underlying asset.

The following interest rate sensitivity table outlines the potential impact of a 1% change in the interest rate on variable rate financial assets and liabilities held at the consolidated statements of financial position date. A 1% change is considered a reasonable level of fluctuation on variable rate financial assets and liabilities.

	Interest rate risk					
	-1%			+1%		
	Amounts	Income	Equity	Amounts	Income	Equity
Financial assets						
Cash[1]	$ 95,423	$ (954)	$ -	$ -	$ 954	$ -
Fixed rate debt receivable due to mature in the next 12 months	71,824	(718)	-	-	718	-
Financial liabilities						
Fixed rate debt payable due to mature in the next 12 months and total variable debt	112,197	1,122	-	-	(1,122)	-

(1) At September 30, 2014, interest was received on cash balances at a rate of 1.15%. Cash is short term in nature and the current balance may not be representative of the balance for the rest of the year

Foreign exchange risk is the risk that an investment's value will fluctuate due to changes in currency exchange rates. The Trust is not exposed to any foreign exchange risks.

Credit risk related to income properties and AFS Investments arises from the possibility that tenants in income properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risks by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. Credit risk related to the lending portfolio and investment holdings arises from the possibility that a borrower may not be able to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Trust. The Trust mitigates risk by actively monitoring the mortgage and loan investments and initiating recovery procedure, in a timely manner, when required.

The maximum exposure to credit risk at September 30, 2014 is the contractual value of investment holdings and the carrying value of its lending portfolio, including interest receivable, which totals $389,550. The Trust has recourse under these investments in the event of default by the borrower, in which case, the Trust would have a claim against the underlying collateral. Cash, deposits and restricted cash carry minimal credit risk as all funds are maintained with highly reputable financial institutions.

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they become due. The Trust manages lending portfolio advances, maturities of mortgages payable, and monitors the repayment dates to ensure sufficient capital will be available to cover obligations as they become due.

29. FAIR VALUE MEASUREMENTS

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the period.

The following tables summarize fair value measurements recognized in the consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

			Fair value		
As at September 30, 2014	Carrying value		Level 1	Level 2	Level 3
Recurring measurements					
Income properties	$ 499,089	$	-	$ -	$ 499,089
Investment holdings	174,233		-	-	174,233
	$ 673,322	**$**	**-**	**$ -**	**$ 673,322**

		Fair value		
As at December 31, 2013	Carrying value	Level 1	Level 2	Level 3
Recurring measurements				
Marketable securities	$ 268,032	$ 268,032	$ -	$ -
Other securities	11,653	-	11,653	-
Cash	2,378	-	2,378	-
Private investments	47,006	-	-	47,006
Unrealized gain on forward contract	29,429	-	-	29,429
	$ 358,498	**$ 268,032**	**$ 14,031**	**$ 76,435**

Financial instruments carried at amortized cost where the carrying value does not approximate fair value are noted below:

		Fair value		
As at September 30, 2014	Carrying value	Level 1	Level 2	Level 3
Fair values disclosed				
Lending portfolio	$ 215,866	$ -	$ -	$ 214,639
Mortgages payable	256,835	-	-	256,971
	$ 472,701	**$ -**	**$ -**	**$ 471,610**

At December 31, 2013, there were no financial instruments carried at amortized cost.

Amounts receivable, cash, deposits, the DUIP, amounts payable and accrued liabilities, and distributions payable are carried at amortized cost which approximates fair value due to their short-term nature.

INCOME PROPERTIES AND AFS INVESTMENTS

The Trust's accounting policy as indicated in Note 4 is to measure income properties and AFS Investments at fair value using the income approach which is derived from two methods: overall capitalization rate method and discounted cash flow method, which result in these measurements being classified as Level 3 in the fair value hierarchy. Valuations of income properties are most sensitive to changes in discount rates and capitalization rates. In applying the overall capitalization rate method, the stabilized net operating income ("stabilized NOI") of each property is divided by an appropriate capitalization rate ("cap rate").

The key assumptions in the valuation of income properties are as follows:

- Cap rate – based on actual location, size and quality of the properties and taking into account any available market data at the valuation date.
- Stabilized NOI – revenues less property operating expenses adjusted for items such as average lease-up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items.
- Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows.
- Terminal rate – taking into account assumptions regarding vacancy rates and market rents.
- Cash flows – based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

Income properties are valued on a highest and best use basis. For all of the Trust's income properties, the current use is considered the highest and best use.

INCOME PROPERTIES VALUATION PROCESS

The Trust is responsible for determining the fair value measurements included in the consolidated financial statements. DAM, in its capacity as asset manager for the Trust, provides the Trust with a valuation of each income property every quarter. The valuations team is headed by an experienced valuator. On a quarterly basis, the Trust engages independent professionally qualified valuators who hold a recognized relevant professional qualification and have recent experience in the locations and categories of the income properties to complete valuations of selected properties. DAM's objective is to have each property valued by an independent valuator at least once every three years. For properties subject to an independent valuation report, the valuations team verifies all major inputs to the valuation and reviews the results with the independent valuators. Discussion of valuation processes, key inputs and results are held between the Trust and the valuations team at least once every quarter, in line with the Trust's quarterly reporting rules. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the Trust and the valuations team.

LENDING PORTFOLIO

There are no quoted prices in an active market for the lending portfolio investments. The Trust determines fair value based on its assessment of the current lending market for lending portfolio investments of same or similar terms in consultation with CMSC, the manager and servicer of the lending portfolio, and other publicly available information.

MORTGAGES PAYABLE

The fair value of mortgages payable as at September 30, 2014 is determined by discounting the expected cash flows of each mortgage payable using an assessment of the market interest rate ranging from 3.03% to 4.40%. The market interest rates are determined using the Government of Canada benchmark bond yield for instruments with corresponding maturity dates plus a credit spread in accordance with the Trust's assessment of credit risk. In determining the adjustment for credit risk, the Trust considers market conditions, the value of the properties that the mortgage is secured by and other indicators of the Trust's creditworthiness.

INVESTMENT HOLDINGS

The fair value of investment holdings at September 30, 2014 is determined by discounting the expected cash flows of each participating mortgage's future operating income or unit sales discounted at rates between 13.0% and 19.5%. In determining the discount rate, the Trust considers market conditions, time to completion of the development, the percentage of space leased on units sold, and other publicly available information.

30. SUBSEQUENT EVENTS

Subsequent to September 30, 2014, the Trust invested $7,721 in three lending portfolio investments with a weighted average effective rate of 8.78% and a weighted average maturity of 1.3 years.

31. ACQUIROR FUND – POLICIES FOR FINANCIAL RESULTS PRIOR TO REORGANIZATION

Certain of the financial statement balances of the Acquiror Fund have been reclassified to conform to the Trust's financial statement presentation. The significant accounting policies followed by the Acquiror Fund as presented in the comparative results as at December 31, 2013 and for the nine months ended September 30, 2013 and for the period prior to July 8, 2014 were as follows:

INVESTMENT AND FINANCIAL INSTRUMENTS

The Acquiror Fund's financial instruments consisted primarily of short-term investments, marketable securities, private investments, interest and dividends receivable, receivable for investment sold, distributions payable, redemptions payable, payable for investments purchased, accrued expenses and unrealized gain on the Forward Contract. The Acquiror Fund recognized financial instruments at fair value upon initial recognition.

ROI Capital determined that the Acquiror Fund met the definition of an 'investment entity' and as a result, it measured subsidiaries, other than those which provided services to the Acquiror Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provided services to the Acquiror Fund were 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 Acquiror Fund made in determining that it met this definition was that its objective and business purpose were to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income, and that fair value was the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Acquiror Fund's financial instruments, including private investments, marketable securities, associates, joint ventures and short-term investments, were designated at FVTPL. The Forward Contract was a derivative asset and therefore was classified as a "held for trading" financial asset measured at FVTPL. On cash settlement, the fair value of the Forward Contract equaled the difference between the fair value of the Acquiror Fund's common share portfolio, and the Net Asset Value ("NAV") of ROI Private Trust, (the "Reference Fund") as specified in the Forward Contract.

Amounts receivables represented loans and receivables, and were initially recognized at fair value and subsequently measured at amortized cost, which approximated fair value due to their short-term nature.

The Acquiror Fund's units contained multiple contractual obligations in addition to the ongoing redemption obligation and therefore, were classified as financial liabilities presented at the value of the net assets to which unitholders were entitled, which also represented the annual redemption amount. In the Trust's financial statements, the Acquiror Fund's units have been described in the consolidated statements of financial position as "Net assets attributable to holders of redeemable units".

Amounts payable and accrued liabilities, and distributions payable were designated as other financial liabilities, and were measured at amortized cost, which approximated fair value due to their short-term nature.

The Acquiror Fund's accounting policies for measuring the fair value of its investments and derivatives were identical to those used in measuring its NAV for transactions with unitholders of the Acquiror Fund, except for marketable securities which were recorded at fair value, established as the last bid price for the security on the recognized exchange on which it was principally traded for financial reporting but used closing prices for transactional NAV.

Financial assets and liabilities were offset and the net amount reported in the statement of financial position when there was a legally enforceable right to offset the recognized amounts and there was an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

FAIR VALUE MEASUREMENT

Cash represented overnight cash deposits and its fair value approximated amortized cost due to its short-term nature.

Marketable securities held in the common share portfolio were recorded at fair value, established as the last bid price for the security on the recognized exchange on which they were principally traded. Where securities were not traded on that date, a valuation adjustment could have been applied by the Asset Manager of the Acquiror Fund acting in good faith.

Investments that were not publicly traded or other assets for which no public market existed were valued at estimated fair value. The fair values of investments were 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 existed was 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 were, in the opinion of the Asset Manager, inaccurate, unreliable, not reflective of all available material information or not readily available were valued at their fair value, as determined by the Asset Manager. Fair value represents the price that would have been 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 trust investments included preparation by management, on at least a quarterly basis, of a comprehensive report that included a recommendation for the carrying value of the private investments.

INVESTMENT TRANSACTIONS, INCOME RECOGNITION AND TRANSACTION COSTS

Investment transactions were accounted for on the trade date.

Interest received by the Acquiror Fund was accounted for on an accrual basis. Dividend income was recognized on the ex-dividend date. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments were calculated with reference to the average cost of the related investments, which excluded 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 Acquiror Fund were recognized in the statements of comprehensive income as they arose.

INCOME TAXES

The Acquiror Fund was 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 2013. All of the Acquiror Fund's 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 Acquiror Fund. As a result, the Acquiror Fund did not record income taxes.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements required management of the Acquiror Fund to make estimates and assumptions that affected 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 were made on the valuation of private investments.

The most significant judgments made in preparing the Acquiror Fund's financial statements related to the determination that the Acquiror Fund was an investment entity, such that its objective and business purpose was to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value was the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Acquiror Fund was required to make significant judgments about whether or not the business of the Acquiror Fund was to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

32. ACQUIROR FUND – SIGNIFICANT TRANSACTIONS AND OTHER INFORMATION PRIOR TO REORGANIZATION

INVESTMENT HOLDINGS

Investment holdings consist of a portfolio of publicly traded common shares as well as interests in a portion of the income properties and lending portfolio investments that were shared with the other Distributing ROI Funds. The portion of the income properties and lending portfolio investments not previously owned were acquired by the Acquiror Fund in the Reorganization, as described in Note 2. Details of investments at fair value at December 31, 2013 are as follows:

		As at December 31, 2013
Marketable securities	$	268,032
Interest in CRE Fund		11,653
Income properties		21,951
Lending portfolio		25,055
	$	326,691

FORWARD CONTRACT

Prior to the Reorganization the Acquiror Fund participated in a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty"). The Acquiror Fund purchased and pledged to the Counterparty the publicly traded common share portfolio. Under the terms of the Forward Contract, the Counterparty agreed to pay the Acquiror Fund an amount equal to the redemption proceeds of the number of units of ROI Private Trust (the "Reference Fund") specified in the Forward Contract, in exchange of the Fund's common share portfolio at fair market value. As at December 31, 2013, the NAV of the Reference Fund was $297,463. The common share portfolios subject to the Forward Contract were agreed to between the Fund and the Counterparty and were 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 provided 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.

On July 7, 2014, the Acquiror Fund settled the forward purchase and sale contract with the Counterparty. Upon termination of the forward contract, the Acquiror Fund tendered the portfolio of publicly traded common shares in exchange for the Series A units of the ROI Private Trust held by the Counterparty. The value of the ROI Private Trust units recognized on settlement of the Forward Contract was $261,344 and was determined using the Asset Manager's assessment of fair value of the ROI Private Trust's investments on July 8, 2014.

MANAGEMENT AND PERFORMANCE FEES

ROI Capital was responsible for the day-to-day management of the Acquiror Fund for the period prior to Closing. In consideration, ROI Capital received a management fee from the Acquiror Fund equal to the aggregate of (i) 0.35% per annum of the average daily NAV of the Acquiror Fund, (ii) 1.00% per annum of the average daily Direct Assets ("Direct Assets" – NAV excluding the value of the forward contract that provided exposure for the Acquiror Fund to the Reference Fund and the value of any Canadian securities portfolio of the Acquiror Fund that were sold forward by the Acquiror Fund pursuant to any forward agreement that provided exposure for the Acquiror Fund to the Reference Fund) NAV of the Acquiror Fund and (iii) 0.50% per annum of the average daily NAV of the Acquiror Fund, which reflects the amount of the service fee payable (as defined as below) by ROI Capital. ROI Capital was entitled to a performance fee from the Acquiror Fund on a per outstanding unit basis equal to 20% of the amount by which the sum of (i) any increase in the Direct Assets net asset value per unit (without taking into account the performance fee), and (ii) the distributions paid on such units during the previous 12 months, exceeded the benchmark (expressed as a dollar amount per unit) for the year, calculated and accrued daily and payable annually in arrears.

During the period ended July 8, 2014, the Acquiror Fund incurred $1,883 (three months ended September 30, 2013 – $1,249 and nine months ended September 30, 2013 – $3,749) in management fees, with nil in outstanding fees for the period ended July 8, 2014 (December 31, 2013 – $328).

SERVICE FEES

ROI Capital paid each registered dealer whose clients held units a service fee equal to 0.50% per annum of the average daily NAV of the Acquiror 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 up to Closing.

NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Changes in the Acquiror Fund's net assets attributable to holders of redeemable units balance during the period are as follows:

For the periods ended July 8, 2014 and September 30, 2013		**2014**		2013
Net assets attributable to holders of redeemable units - January 1	**$**	**356,528**	$	463,500
Increase in net assets attributable to holders of redeemable units		**509**		11,235
Distributions to unitholders				
From return of capital		**(89,490)**		(19,741)
Redeemable unit transactions				
Units issued on reinvestment of distributions		**43,084**		281
Units redeemed		**-**		(26,440)
Net assets attributable to holders of redeemable units – July 8, 2014 and September 30, 2013	**$**	**310,631**	$	428,835

Corporate information

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Stock exchange listing

The Toronto Stock Exchange
Listing symbol: DRA.UN

Distribution Reinvestment And Unit Purchase Plan

The purpose of our Distribution Reinvestment and Unit Purchase Plan ("DRIP") is to provide Unitholders with a convenient way of investing in additional units without incurring transaction costs such as commissions, service charges or brokerage fees. By participating in the Plan, you may invest in additional units in two ways:

Distribution reinvestment: Unitholders will have cash distributions from Dream Alternatives Trust reinvested in additional units as and when cash distributions are made. If you register in the DRIP, you will also receive a "bonus" distribution of units equal to 4% of the amount of your cash distribution reinvested pursuant to the Plan. In other words, for every $1.00 of cash distributions reinvested by you under the Plan, $1.04 worth of units will be purchased.

Cash purchase: Unitholders may invest in additional units by making cash purchases.

To enrol, contact:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Services
Or call their Customer Contact Centre at
1 800 564-6253 (toll free)
or (514) 982-7555

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alternatives