

Dream Hard Asset Alternatives Trust

**Interim Financial Statements as at June 30, 2014
(Unaudited)**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51 – 102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Dream Hard Asset Alternatives Trust for the period from April 28, 2014 to June 30, 2014 have been prepared by and are the responsibility of the Trust's Manager.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by The Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

DREAM HARD ASSET ALTERNATIVES TRUST

**Interim Balance Sheet
(Unaudited)
As at June 30, 2014**

ASSET	
Cash.....	\$ 10
Total Assets	<u>\$ 10</u>
UNITHOLDER'S EQUITY	<u>\$ 10</u>

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

(signed "James Eaton")

James Eaton, Trustee

(signed "David Kaufman")

David Kaufman, Trustee

See accompanying notes to the interim financial statements

DREAM HARD ASSET ALTERNATIVES TRUST

**Interim Statement of Changes in Unitholder's Equity
For the Period from April 28, 2014 to June 30, 2014
(Unaudited)**

ISSUANCE OF UNITS ON FORMATION	\$ 10
Comprehensive income.....	<u>—</u>
UNITHOLDER'S EQUITY, END OF PERIOD	<u>\$ 10</u>

See accompanying notes to the interim financial statements

DREAM HARD ASSET ALTERNATIVES TRUST

Interim Statement of Cash Flows
For the period from April 28, 2014 to June 30, 2014
(Unaudited)

FINANCING ACTIVITIES

Issuance of Unit	<u>\$ 10</u>
Net increase in cash	10
Cash, beginning of period	<u>—</u>
CASH, END OF PERIOD	<u><u>\$ 10</u></u>

See accompanying notes to the interim financial statements

**Notes to the Interim Financial Statements
(Unaudited)**

1. Organization

Dream Hard Asset Alternatives Trust (the "Trust") is an unincorporated open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014. In connection with the formation of the Trust by Dream Asset Management Corp. ("Dream" or "Manager"), Dream contributed \$10.00 in cash to the Trust for one unit of the Trust.

The address of the Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada, M5C 3H1. The Trust's financial statements as at June 30, 2014 were authorized for issue by the Board of Trustees of the Trust (the "Trustees") on July 28, 2014, after which date the financial statements may be amended with Trustee approval.

2. Significant Accounting Policies

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are in Canadian Dollars.

Unitholder's Equity

The Trust is authorized to issue an unlimited number of units ("Units"), and classifies issued Units as equity in the balance sheet pursuant to the provisions of IAS 32, Financial Instruments: Presentation, on the basis that the Units meet all of the criteria in IAS 32 for such classification.

The criteria in IAS 32 are as follows:

- The Units entitle the unitholder to a pro rata share of the Trust's net assets in the event of the Trust's liquidation. The Trust's net assets are those assets that remain after deducting all other claims on its assets;
- The Units are in the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the Trust on liquidation, and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments (including these Units) in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Trust to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under condition that are potentially unfavourable to the Trust, and it is not a contract that will or may be settled in the Trust's own instruments; and
- The total expected cash flows attributable to the Units over their life is based substantially on the profit or loss, the change in the recognized net assets and unrecognized net assets of the Trust over the life of the Units.

Units are initially recognized at the fair value of the consideration received by the Trust. Any transaction costs arising from the issue of Units are recognized directly in unitholder's equity as a reduction of the proceeds received.

**Notes to the Interim Financial Statements
(Unaudited)**

3. Related Party Transactions and Arrangements

From time to time, the Trust enters into transactions with related parties that are conducted under normal commercial terms. Effective July 8, 2014, the Trust has a management agreement (the "Management Agreement") with Dream, a subsidiary of Dream Unlimited Corp., pursuant to which Dream provides certain asset management services to the Trust.

Management Agreement

The Management Agreement provides for a broad range of asset management services 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 Dream for 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 (including a reasonable allocation for overhead) in providing such other services which the Trust and Dream agree in writing are to be provided from time to time by Dream.

Related Party Transactions

There were no related party transactions for the period from April 28, 2014 to June 30, 2014. Transactions completed subsequent to June 30, 2014 are described under Note 4, "Subsequent Events".

**Notes to the Interim Financial Statements
(Unaudited)**

4. Subsequent Events*a) Restructuring of Organization and Initial Public Offering*

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, among others, Return On Innovation Advisors Ltd. ("ROI Capital") and Dream made as of July 4, 2014 (the "Purchase Agreement"). On July 8th, 2014 ("Closing"), pursuant to the Reorganization, 72,617,739 Units were distributed (Secondary Distribution) 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 (Secondary Distribution) 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, \$10,000,000 was used by ROI Capital to purchase 1,000,000 Units (Primary Distribution) at an agreed upon price of \$10.00 per Unit. Additionally, the one unit issued to Dream on April 28, 2014 was redeemed for \$10.00. Concurrent with completion of the Reorganization, the Trust along with Dream Alternatives Master LP ("Master LP") and its Subsidiaries entered into a Management Agreement with Dream replacing the existing management agreement with ROI Capital.

The identifiable assets acquired and liabilities and contingent liabilities assumed in the Reorganization will be measured initially at their fair value at the date of acquisition, and goodwill, if any, will be recognized. The Trust's Manager is in the process of completing its preliminary accounting for the acquisition.

b) Revolving Operating Facility Credit Agreement

On July 8, 2014, Dream Alternatives Lending Services LP ("Lending Services LP"), a subsidiary limited partnership, wholly-owned by the Master LP, entered into a revolving operating facility credit agreement, bearing interest generally at the bank's prime rate plus 1% or at bankers' acceptance rate plus 2%. The facility is available up to a formula-based maximum not to exceed \$50,000,000 and is effectively secured by a general security agreement over all assets of Lending Services LP and Master LP. As at July 28, 2014, no amounts were drawn on the facility.

c) Amendment to the Declaration of Trust

On July 8, 2014, the Trust amended and restated its Declaration of Trust to, among other things, authorize the Trust to issue an unlimited number of Special Trust Units and to create and issue preferred units in addition to Units.

Special Trust Units

Special Trust Units shall only be issued in connection with or in relation to the issuance of securities which are exchangeable into Units including the Master LP's B units, for the purpose of providing voting rights with respect to the Trust to the holders of such securities. Special Trust Units will not be transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. No Special Trust Units have been created at this time.

Preferred Units

The Trust is authorized to create and issue preferred units in one or more classes with rights, privileges, restrictions and conditions as may be determined by the Trustees. No preferred units have been created at this time.

**Notes to the Interim Financial Statements
(Unaudited)**

d) Commercial Mortgage Servicing Agreement

On July 8, 2014, 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 acquired at Closing ("Lending Services Agreement"). In consideration of the services received the Lending Services LP will pay CMSC the following fees:

- A monthly fee of 1.25 basis points (15 basis points annually) calculated on the principal amount of each mortgage in the loan portfolio outstanding at the beginning of each month; and
- Any origination fees paid by a borrower 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, the Lending Services LP will reimburse 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.

e) July 2014 Monthly Distribution

On July 28, 2014, a distribution for the month of July 2014 in the amount of \$0.0263 per Unit for the period from July 8, 2014 to July 31, 2014 was declared by the Trust. The distribution will be payable on August 15, 2014 to unitholders on record as at July 31, 2014.