WOODFINE CAPITAL PROJECTS INC.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2015

(Expressed in Canadian dollars)

January 12, 2017

Independent Auditor's Report

To the Board of Directors of
Woodfine Capital Projects Inc.

We have audited the accompanying consolidated financial statements of Woodfine Capital Projects Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Woodfine Capital Projects Inc. and its subsidiaries as at December 31, 2015 and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Woodfine Capital Projects Inc. to continue as a going concern.

Other matter
The consolidated financial statements of Woodfine Capital Projects Inc. for the year ended December 31, 2014, are unaudited.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Woodfine Capital Projects Inc.

Consolidated Statement of Financial Position

(Expressed in Canadian Dollars)

	Notes	At December 31, 2015	At December 31, 2014 (unaudited)
		$	**$**
Assets:			
Current assets			
Cash		371,778	1,000,093
Advance to Woodfine Properties Inc.	6	43,530	6
Deposits on land purchases	7	375,000	-
		790,308	1,000,099
Non-current assets			
Loan to Woodfine Properties Inc.	8	250,000	-
Total assets		**1,040,308**	**1,000,099**
Liabilities:			
Current liabilities			
Accounts payable and accrued liabilities		40,209	-
Accrued compensation	12	8,750,000	7,000,000
Total liabilities		8,790,209	7,000,000
Shareholders' deficiency:			
Share capital	9	99	99
Other reserves	10	108,916	108,916
Accumulated deficit		(8,741,000)	(7,000,000)
Shareholders' deficiency attributable to shareholders of the parent		(8,631,985)	(6,890,985)
Non-controlling interest	10	882,084	891,084
Total shareholders' deficiency		(7,749,901)	(5,999,901)
Total shareholders' deficiency and liabilities		**1,040,308**	**1,000,099**
Going concern	2		
Commitments	12		

Approved on behalf of Woodfine Capital Projects Inc. by the Board of Directors.

(Signed) Ralph Peterson	*(Signed) Peter M. Woodfine*
Ralph Peterson, Independent Director	Peter M. Woodfine Director and CEO

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

Woodfine Capital Projects Inc.

Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes	For the year ended December 31, 2015	For the year ended December 31, 2014 (unaudited)
		$	$
Revenue		-	-
Expenses			
Compensation	12	1,750,000	1,750,000
		1,750,000	1,750,000
Net loss before income taxes		1,750,000	1,750,000
Income taxes	11	-	-
Total loss and comprehensive loss for the year		**1,750,000**	**1,750,000**
Attributable to:			
Shareholders of the parent		**1,519,886**	**1,750,000**
Non-controlling interests		**230,114**	**-**
Total loss and comprehensive loss for the year		**1,750,000**	**1,750,000**

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

Woodfine Capital Projects Inc.

Consolidated Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Attributable to shareholders of the parent				Non-controlling interest	Total
	Share capital	Other reserves	Accumulated deficit	Total		
Balance at January 1, 2014 (unaudited)	99	-	(5,250,000)	(5,249,901)	-	(5,249,901)
Net loss (unaudited)	-	-	(1,750,000)	(1,750,000)	-	(1,750,000)
Non-controlling interest on issuance of limited partnership units (unaudited)	-	108,916	-	108,916	891,084	1,000,000
Balance at December 31, 2014 (unaudited)	99	108,916	(7,000,000)	(6,890,985)	891,084	(5,999,901)

	Attributable to shareholders of the parent				Non-controlling interest	Total
	Share capital	Other reserves	Accumulated deficit	Total		
Balance at January 1, 2015 (unaudited)	99	108,916	(7,000,000)	(6,890,985)	891,084	(5,999,901)
Net loss	-	-	(1,519,886)	(1,519,886)	(230,114)	(1,750,000)
Transactions recognized within equity of the non-controlling interest	-	-	(221,114)	(221,114)	221,114	-
Balance at December 31, 2015	99	108,916	(8,741,000)	(8,631,985)	882,084	(7,749,901)

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

Woodfine Capital Projects Inc.

Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)

For the year ended	For the year ended December 31, 2015	For the year ended December 31, 2014 (unaudited)
	$	$
CASH PROVIDED BY/(USED IN):		
Operating activities		
Net loss for the year	(1,750,000)	(1,750,000)
Working capital changes:		
Advance to Woodfine Properties Inc.	(43,524)	(7)
Accrued compensation	1,750,000	1,750,000
Accounts payable and accrued liabilities	40,209	-
Cash used in operating activities	(3,315)	(7)
Investing activities		
Deposits for land purchase	(375,000)	-
Loan to Woodfine Properties Inc.	(250,000)	-
Cash used in investing activities	(625,000)	-
Financing activities		
Sale of limited partnership units to a non-controlling interest	-	1,000,000
Cash provided by financing activities	-	1,000,000
(Decrease)/increase in cash for the year	(628,315)	999,993
Cash, beginning of the year	1,000,093	100
Cash, end of the year	**371,778**	**1,000,093**

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

(Expressed in Canadian Dollars)

1. Nature of operations

Woodfine Capital Projects Inc. (the "Parent Company") is incorporated under the laws of Canada under the Canada Business Corporations Act. The Company and its subsidiaries are engaged in the business of procurement, development, and management of real property. It is also involved in identifying investment opportunities that are intended to produce sustainable yield and diversification. The registered office of the Company is Oceanic Plaza, 23rd Floor, 1066 West Hasting Street, Vancouver, BC, V6E 3X2. Woodfine Management Corp., a subsidiary of the Parent Company, has established an office in New York, NY, for purposes related to the business, including financing.

The consolidated financial statements for the year ended December 31, 2015, comprise the Parent Company and its subsidiaries (together, the "Company"). The Parent Company is ultimately controlled by Peter M. Woodfine ("Peter").

The country of incorporation and principal activities of the subsidiary entities are set out below:

Subsidiary entity	Share/unit-holding	Country of incorporation/registration	Principal activities
Woodfine Advisors Inc.	100%	Canada	Provides advisory services to the Company.
Woodfine Management Corp.	100%	USA	Provides management services through selected third-party consultants to develop and maintain the Company's projects and Limited Partnerships.
Woodfine Credit Ltd.	100%	Canada	Accumulates the retained earnings of the Company for investment purposes.
Benetti Holdings Inc.	100%	Canada	Acts as a trust company for the Company to align its interests with the investors.
Woodfine Professional Centres Inc.	100%	Canada	Acts as a general partner of Woodfine Professional Centres Limited Partnership ("General Partner").
Woodfine Professional Centres Limited Partnership	10% (note 5)	Canada	Engaged in procuring land and development and managing new properties in Western Canada.

The Company also includes wholly owned subsidiaries, not listed above, that are inactive.

To date the majority of operations of the Company relate to Woodfine Professional Centres Limited Partnership ("the Limited Partnership"). 90% of the Limited Partnership units ("Units") are owned by a related party which is not part of the consolidated group and therefore, only 10% of the results of the Limited Partnership are attributable to the Parent Company.

The Limited Partnership filed a final prospectus dated October 21, 2013 in connection with the proposed public offering by the Limited Partnership of a minimum of 150,000 and a maximum of 500,000 Units at a price of $100 per Unit and a minimum of 16,667 and a maximum of 55,555 Units for cash consideration of $0.001 per Unit to Benetti Holdings Inc. ("Benetti"). The prospectus marketing period lapsed without issuance of any Units by the Limited Partnership.

On September 25, 2014, the Limited Partnership announced a plan to sell Limited Partnership Units at $100 per Unit of a minimum of 150,000 Units and a maximum of 500,000 Units by way of private placement to accredited investors in all jurisdictions in Canada (except for the province of Québec), with a closing date of December 31, 2014. On September 28, 2015, the Limited Partnership announced that the closing date for the offering was extended to December 31, 2015 and was available to accredited investors in all jurisdictions in Canada, including Québec. The minimum subscription was $250,000 per investor, and the minimum amount required for a first closing was $1,000,000. The private placement lapsed without issuance of any Units by the Limited Partnership.

On January 7, 2016, the Limited Partnership announced a plan to sell Limited Partnership Units at $100 per Unit of a minimum of 10,000 Units and a maximum of 490,000 Units by way of private placement to accredited investors in all jurisdictions in Canada, with a closing date of June 30, 2016. The private placement lapsed without issuance of any Units by the Limited Partnership.

On June 30, 2016, the Limited Partnership announced a plan to raise maximum gross proceeds of up to $250,000,000 through the private placement of Limited Partnership Units at $100 per Unit to long-term investors in exempt markets. The proposed offering consists of a minimum of 150,000 and a maximum of 2,500,000 Units, plus a minimum of 16,667 and a maximum of 277,750 Units for cash consideration of $0.001 per Unit to Benetti (0.11111 Units for each Unit sold to investors pursuant to the offering, as further described below). The minimum subscription was $250,000 per investor, and the minimum amount required for a first closing, $15,000,000, must be raised for a closing to occur by December 31, 2016. No amounts have been raised.

A cash commission of 6% is payable to licensed agents who make sales of Units, and a referral fee of the same amount is payable, where permissible, to other persons who introduce purchasers of Units to the Limited Partnership (except that no referral fee is payable to Peter M. Woodfine, his family members and their associates).

Upon the first closing of an offering of Limited Partnership Units, and at subsequent closings if more than one closing occurs, Benetti will be issued Units equal to 11.111% of the number of Units issued for cash consideration of $0.001 per Unit pursuant to the Limited Partnership Agreement ("LPA"). Although the issuance of Units to Benetti is conditional on the closing of an offering, these Units are considered share based payments for services provided by Benetti related to the offering and as founder of the business of the Limited Partnership.

Any Units issued to Benetti will be held in escrow and Benetti will not obtain unrestricted ownership of the Units and will not have the right to transfer its Units to a third party purchaser until the earlier of: (i) the limited partners having received distributions from the Limited Partnership equal to 100% of their initial investment in Units, (ii) the closing of a final sale of all or substantially all of the assets of the Limited Partnership, or (iii) the sale of all of Benetti's Units to the owner or owners of at least 75% of the outstanding Units.

The Units held by Benetti will receive the same per Unit distributions as all Units issued to the investors under an offering.

On the formation of the Limited Partnership, 1 Unit was issued to the Parent Company, as the initial limited partner, for $100 cash. On December 31, 2014, the Limited Partnership issued 10,000 Units at $100 each to Woodfine Properties Inc., a company under common control with Woodfine Capital Projects Inc. A total of 1,111 Limited Partnership Units at $0.001 each (11.111% of the aggregate issued Units) were also issued and placed into escrow in the name of Benetti Holdings Inc.

Under the LPA, the Parent Company is responsible for the costs of an offering and the Limited Partnership will make a contribution to these costs equal to 1% of the gross proceeds of an offering. These costs include all tax, accounting, marketing and legal fees and disbursements, the agent's expenses that may be payable by the Limited Partnership in connection with the Offering in addition to its sales commission, reasonable out-of-pocket expenses incurred by the General Partner, all other costs reasonably incurred in connection with the formation of the Limited Partnership, the Offering of Units, and all other expenses reasonably incurred in connection with the formation or capitalization of the Limited Partnership, but do not include agent's fees which are an additional expense. The Limited Partnership's contribution to expenses will be $150,000 in the case of the sale of 150,000 Units under an Offering or series of Offering and $500,000 in the case of the sale of the maximum number of permitted Units under the LPA.

Effective January 1, 2011, the Parent Company entered into a consulting agreement with Woodfine Properties Inc., a company controlled by Peter Woodfine under which Woodfine Properties Inc. is responsible to pay, without reimbursement by the Company, all of the costs, fees (including legal, accounting, agents', consultants' and other fees) and disbursements incurred by the Company in respect of incorporation, formation, registration, organization, offerings of securities, promotional, communication, website creation and maintenance, record keeping, administration and overhead matters, and salaries.

The General Partner has retained Woodfine Advisors Inc. (the "Advisor") to provide procurement, development and management services relating to the Limited Partnership's properties. Once the General Partner has approved a proposal presented by the Advisor for the acquisition and development of a property, the Limited Partnership will reimburse the Advisor for the costs and third party expenses incurred in performing advisory services in relation to the approved project. Approved third party expenses will include the fees, at market rates, of management companies retained by the Advisor to manage the Limited Partnership's properties. The Advisor must cover its own costs and expenses where it proposes an acquisition or development of a site by the Limited Partnership that is not approved by the General Partner.

The Partnership will pay to the Advisor an annual advisory fee equal to 1% per year of the aggregate gross proceeds that have been received by the Limited Partnership from the sale of Units ("Gross Funded Value"). The advisory fee is payable in twelve equal monthly installments on the last day of each month. The amount of the advisory fee remains fixed once the closing of subscriptions of the Limited Partnership has occurred. The amount of the advisory fee is calculated as a fixed percentage of the Limited Partnership's subscribed capital (subject to increase for increases in the Canadian Consumer Price Index), and is not related to the value of the Limited Partnership's net assets, or to any increase in that value that may occur.

For the year ended December 31, 2015, an amount of $10,000 was charged to the Limited Partnership as advisory fee. As this fee is an intercompany transaction, it has been eliminated upon consolidation. However, 90% is reflected in the change in the non-controlling interest of the Limited Partnership for the year.

The independent directors of the General Partner will each be paid an annual fee ranging from $10,500 in the case of an Offering of 150,000 Units to $35,000 in the case of a maximum Offering of 500,000 Units. The Limited Partnership does not compensate the non-independent directors or the executive officers of the General Partner, or the directors or executive officers of the Parent Company, the Advisor or any other member of the Company, except to the extent that they are compensated through the issuance of the Benetti Units described above.

2. Going concern

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of Limited Partnership Units to Woodfine Properties Inc., a company under common control.

During the year ended December 31, 2015, the Company reported a loss of $1,750,000. As at December 31, 2015, the Company had a working capital deficiency of $7,999,901 and a shareholders' deficiency of $7,749,901 and an accumulated deficit of $8,741,000. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon the continuing support of Peter, and the ability to raise funds. The Company intends to undertake an offering of its common shares by way of a private placement and intends to undertake an Offering of Units of the Limited Partnership by way of private placement. To date the Company has not been successful in raising additional funds and the outcome of such an offering is dependent on a number of factors outside of the Company's control. The nature of the real estate sector and current financial equity market conditions make the success of any future financing ventures uncertain. There is no assurance any new financings will be successful. As the outcome of management's actions is dependent on future events, there is no certainty that management will be able to successfully resolve these issues. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

3. Statement of compliance and significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published in the CPA Canada Handbook. These consolidated financial statements were approved for issuance by the Board of Directors on January 12, 2017.

(a) Basis of presentation

The consolidated financial statements include the accounts of the Parent Company and its controlled subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

The consolidated financial statements have been prepared under the historical costs basis. The presentation and functional currency of the Company is the Canadian dollar.

The preparation of financial statements in conformity with IFRS may require the use of certain accounting estimates. It may also require management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

(b) Basis of consolidation

Subsidiaries are those entities which the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company until the date that control ceases.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid, and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

(c) Translation of foreign currency

(i) Foreign currency transactions

Monetary and non-monetary transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Foreign currency translation differences are recognized in earnings or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The earnings and expenditures of foreign operations are translated into Canadian dollars each month using the monthly average foreign exchange rate applicable for that month. Currency translation differences, including those on monetary items that form part of a net investment in a foreign operation, are recognized in other comprehensive income ("OCI") as a translation gain or loss on foreign operations, and may be subsequently reclassified to earnings or loss on disposal of a foreign operation.

(d) Cash

Cash consists of deposits with banks.

(e) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligation has been discharged, cancelled or expired.

(f) Financial assets and liabilities

The Company classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are initially recorded at fair value and subsequently measured at amortized cost. The Company's loans and receivables comprise of cash, deposits receivable, advances to Woodfine Properties Inc. and loan to Woodfine Properties Inc. in the statement of financial position.

(ii) Other liabilities

Other liabilities are initially recognized at fair value, net of transaction costs incurred and subsequently measured at amortized cost using the effective interest rate method. Other liabilities include accounts payable and accrued liabilities and accrued compensation.

(g) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss equal to the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or through the use of an allowance account.

(h) Income tax

Current and deferred taxes are normally recognized in earnings or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the period, using the tax rates enacted, or substantively enacted, at the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when they relate to taxes levied by the same tax authority on the same taxable entity and there is a legally enforceable right to offset the current tax assets and liabilities.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are determined on a non-discounted basis using tax rates and laws that have been enacted, or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

(i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

4. New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the financial year ended December 31, 2015. The standards issued that are applicable to the Company are as follows:

IFRS 9, Financial Instruments - IFRS 9, Financial Instruments, was issued in July 2014 by the IASB and supersedes IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. IFRS 9 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Company is in the process of evaluating the impact the new standards may have on the consolidated financial statements.

5. Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and judgments about the future that affect the application of accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Estimates and underlying assumption are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Actual results may differ from these estimates. The area involving a higher degree of judgment or estimation that is significant to the consolidated financial statements is as follows:

Consolidation of Woodfine Professional Centres Limited Partnership

The Company has determined that it controls the Limited Partnership even though it owns only 10% of the outstanding Limited Partnership Units.

As the General Partner, the Company has the power to direct the relevant activities of the Limited Partnership.

The Company also considered whether Woodfine Properties Inc., an entity under common control with the Company, is a de facto agent. Because of the relationship between the entities, Woodfine Properties Inc. has been considered a de facto agent of the Company, and the 90% of the Units held by Woodfine Properties Inc. have been aggregated with the interest of the Company in making the assessment of whether the Company controls the Limited Partnership.

As a result, the Company has concluded that it controls the Limited Partnership, and has consolidated it within these financial statements. The 90% of the LP units held by Woodfine Properties has been presented as non-controlling interest.

This assessment of control involves significant judgment and the determination may change over time if the facts and circumstances relating to the power and benefits change. Events which may impact the assessment of control include, but are not limited to, the issuance of additional common shares of the Company, issuance of additional Units of the Limited Partnership, or change in the Limited Partnership Units being held under common control. Therefore, the determination of control and the consolidation of the Limited Partnership by the Company may change in future periods. Such changes would be prospective from the date of the change, but could be material.

6. Advance to Woodfine Properties Inc.

The advance to Woodfine Properties Inc. is unsecured, non-interest bearing and due on demand.

7. Deposits on land purchases

On June 4, 2015, WCP TITLECO 3 Inc. (nominee of the Limited Partnership) entered into a purchase agreement to purchase 6.86 acres of land in Okotoks Alberta. The Limited Partnership paid a refundable deposit of $250,000 towards the purchase of this land. The conditional purchase agreement expired on December 7, 2015.

On July 14, 2015, WCP TITLECO 4 Inc. (nominee of the Limited Partnership) entered into a purchase agreement to purchase 5 acres of land in Airdrie Alberta. The Limited Partnership paid a refundable deposit of $125,000 towards the purchase of this land. The conditional purchase agreement expired on January 11, 2016.

Subsequent to year end the $375,000 in deposits were returned to the Limited Partnership.

8. Loan to Woodfine Properties Inc.

On December 29, 2015, the Limited Partnership made a loan of $250,000 to Woodfine Properties Inc., a corporation under common control.

The following terms are applicable to the loan:

(i) Repayment: Interest only for the first two years of the loan, thereafter one-third of the principal amount of the loan shall be repaid at the end of the third, fourth and fifth years.

(Expressed in Canadian Dollars)

(ii) Interest: For the first two years, a floating rate equal to 3 percentage points per year more than the rate announced from time to time by the Bank of Canada as its prime lending rate. As at December 31, 2015 this rate was 5.7% (2014 – 6%). For the last three years, a fixed rate equal to the rate in effect on the last day of the first two years. Interest is payable on the last day of each quarter starting with the last day of the third complete calendar month following the month in which the loan is first advanced.

(iii) Security: In the event there is a closing of the sale of Units of the Limited Partnership, the General Partner shall apply one half of the amount payable by the Limited Partnership on a closing of the sale of Units to the Parent Company in respect of the offering costs of Units sold at that closing in reduction of the loan until the loan and interest are repaid in full.

On March 10, 2016, an additional $300,000 and on May 30, 2016, an additional $325,000 was loaned to Woodfine Properties Inc. under the same terms as described above.

On June 30, 2016 the Company, Woodfine Properties Inc. and Peter entered into an Applications of Funds Agreement which revised the terms of the Security disclosed above (note 12).

9. Share capital

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2015 the Company has 99 common shares issued and outstanding (December 31, 2014 – 99).

10. Non-controlling interest

Set out below is summarized financial information for the Limited Partnership which has a non-controlling interest. The amounts disclosed are before inter-company eliminations.

	As at December 31, 2015	**As at December 31, 2014 (unaudited)**
	$	**$**
Current assets	745,302	1,000,100
Non-current assets	250,000	-
Current liabilities	(15,209)	(10,000)
Non-current liabilities	-	-
Net assets	**980,093**	**990,100**

	For the year ended December 31, 2015	For the year ended December 31, 2014 (unaudited)
	$	$
Revenue	-	-
Expenses	255,682	(338,385)
Loss (income) and comprehensive loss (income)	**(255,682)**	**338,385**

(Expressed in Canadian Dollars)

Cash flows from operating activities	(42,736)	(7)
Cash flows from investing activities	(625,000)	-
Cash flows from financing activities	-	1,000,000
Net (decrease)/increase in cash	**(667,736)**	**999,993**

On December 31, 2014, the Limited Partnership issued 10,000 Units at $100 each to Woodfine Properties Inc., a company under common control. This 90% ownership represents the non-controlling interest. A total of 1,111 Limited Partnership Units at $0.001 each (11.111% of the aggregate issued Units) were also issued and placed into escrow in the name of Benetti Holdings Inc.

The issuance of Units in 2014 in the Limited partnership to a non-controlling interest resulted in other reserves of $108,916 representing the difference between the cash paid for the Units and the net assets of the non-controlling interest.

11. Income taxes

(a) Income tax expense

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the statutory rate applicable to the Company as follows:

	2015	2014
	$	$
		(unaudited)
Tax recovery at statutory rate	455,00	455,000
Adjusted for the tax effect of:		
Unrecognized deductible temporary differences	(455,000)	(455,000)
Total income tax provision	-	-

The statutory tax rate was 26% (2014 – 26%).

(b) Deferred income tax

Deferred income tax assets are recognized for loss carry-forwards and other deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets of $2,275,000 in respect of deductible temporary differences arising from accrued compensation amounting to $8,750,000 that can be deducted against future taxable income when paid.

12. Management compensation

Key management is considered to be the Directors, Chief Executive Officer and Chief Operating Officer of the Company. Effective January 1, 2011, the Parent Company entered into a Consulting Agreement with Woodfine Properties Inc., a company controlled by Peter, Chief Executive Officer. Under this agreement Woodfine Properties Inc. is responsible to pay, without reimbursement by the Company, all of the costs, fees (including legal, accounting, agents', consultants' and other fees) and disbursements incurred by the Company in respect of incorporation, formation, registration, organization, offerings of securities, promotional, communication, website creation and maintenance, record keeping, administration and overhead matters, and salaries. The annual consulting fee under this agreement is $1,750,000 for each year from fiscal 2011 to fiscal 2016 ("the Compensation").

As at January 1, 2017, the amount of the Compensation that remains unpaid will commence to bear interest at a floating rate equal to 3 percentage points greater than prime. Interest shall be payable quarterly.

On June 30, 2016, the Company entered into an Applications of Funds Agreement with Woodfine Properties Inc. Subject to the paragraph below, under this agreement the Company shall pay to Woodfine Properties Inc. all monies that the Company raises by way of subscriptions for the issue of securities, receives by way of the reimbursement of offering costs, and receives by way of net income, until the Company has paid an aggregate amount of $2,000,000 to Woodfine Properties Inc. Once the Company has paid to Woodfine Properties Inc. the aggregate amount of $2,000,000, the Company shall pay to Woodfine Properties Inc. the excess over the $2,000,000 that remains owing of the Compensation by paying to Woodfine Properties Inc. all of the money received by way of reimbursement of offering costs, until such time as the Company has paid to Woodfine Properties Inc. an aggregate amount equal to the Compensation.

As disclosed in note 1, under the LPA, the Parent Company is responsible for the costs of an offering and the Limited Partnership will make a contribution to these costs equal to 1% of the gross proceeds of an offering. Under the Application of Funds Agreement the Parent Company shall use these funds in equal amounts to repay the Limited Partnership, on behalf of Woodfine Properties Inc., the loans to Woodfine Properties Inc. (note 8) and the Compensation. Once the loans to Woodfine Properties Inc. are repaid in full, these funds will be used to pay the Compensation until it is paid in full. If the Parent Company receives the funds within one year of a payment being due on the Loans to Woodfine Properties Inc., it will hold the funds until such time as the payment is due. If it is more than one year until a payment is due on the loans to Woodfine Properties Inc. the funds will be applied to the Compensation.

The Company is not obligated to pay Woodfine Properties Inc. its consulting fee except in the manner and from the sources of cash as described above.

Remuneration to directors and key management personnel was as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014 (unaudited)
	$	$
Key management compensation		
Chief executive officer	1,750,000	1,750,000
Chief operating officer	-	-
Chief financial officer	-	-
Director fees	-	-
	1,750,000	**1,750,000**

13. Financial instruments

(a) Fair value

The Company's financial instruments consist of cash, deposits receivable, advance to Woodfine Properties Inc., loan to Woodfine Properties Inc., accounts payable and accrued liabilities and accrued compensation. The carrying value of cash, advance to Woodfine Properties Inc., accounts payable and accrued liabilities, and accrued salary approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair value of the loan to Woodfine Properties Inc. is not considered to be significantly different from its carrying value.

(b) Financial risk management

The Company's activities are exposed to a variety of financial risks: price risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

Price risk - Currency risk

Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company maintains a US dollar bank account and has a payable to Woodfine Properties Inc. in US dollars. The impact of fluctuations in foreign exchange rates created by these two balances offset; therefore, the Company is not exposed to currency risk.

Price risk - Interest rate risk

The Company is subject to interest rate cash flow risk on its loan to Woodfine Properties Inc. which is at floating rates (note 8).

Credit risk

The Company is exposed to credit risk through cash and its loan to Woodfine Properties Inc. Cash is maintained with major chartered banks and therefore, is considered to have minimal exposure to credit risk. Woodfine Properties Inc. is under common control and the Company has assessed its exposure as being insignificant.

Liquidity risk

Liquidity risk is the risk the Company will have difficulty in meeting its obligations associated with financial liabilities as they come due. Liquidity risk is measured by reviewing the Company's future net cash flows. The Company manages liquidity risk by ensuring cash flow forecasting is performed by management. Management monitors the cash flow forecasts to ensure it has sufficient cash to meet its needs. The Company is exposed to liquidity risk due to the fact that it currently does not have any source of revenue and is economically dependent upon promissory notes from the controlling shareholder. See also going concern disclosures, note 2.

14. Capital management

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may assume additional debt or issue new shares. The Company considers share capital, other reserves and accumulated deficit as its capital, which is $8,631,985 at December 31, 2015. There have been no changes to the way the Company manages its capital during the year.