

Glen Road Trust

Financial Statements

As at December 31, 2017

Financial Statements

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Independent Auditors' Report

To the Unitholders of Glen Road Trust

We have audited the accompanying financial statements of Glen Road Trust., which comprise the statement of net assets as at December 31, 2017, and the statements of income and comprehensive income, changes in net assets attributable to redeemable unitholders, and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Glen Road Management Inc. as at December 31, 2017 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements as at March 6, 2017 were audited by another auditor, who rendered an unmodified opinion on March 6, 2017.

MNP LLP

Toronto, Ontario
March 8, 2018

Chartered Professional Accountants
Licensed Public Accountants

Glen Road Trust

Statement of Net Assets (\$ Canadian)

As at December 31, 2017

	December 31, 2017	March 6, 2017
Assets		
Current assets		
Cash	\$ 178,673	\$ 10
Other current assets	253	-
	178,926	10
Investments (Note 3)	3,097,000	-
Total assets	\$ 3,275,926	\$ 10
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,840	-
Total current liabilities	2,840	-
Trust units (Note 4)	3,192,346	10
Accumulated earnings	80,740	-
Net assets attributable to redeemable unitholders	3,273,086	10
	\$ 3,275,926	\$ 10

Subsequent Events (Note 6)

Signed on the Trust's behalf by:

(signed)
Glen Road Management Inc., Administrator of the Trust

The accompanying notes are an integral part of these financial statements

Glen Road Trust

Statement of Income and Comprehensive Income (\$ Canadian)

For the Period March 6, 2017 to December 31, 2017

	December 31, 2017
Income from associates	\$ 142,924
Operating Expenses	
General and administrative costs	5,331
Net income and comprehensive income	\$ 137,593

The accompanying notes are an integral part of these financial statements

Glen Road Trust

Statement of Changes in Net Assets Attributable to Redeemable Unitholders (\$ Canadian)

For the Period March 6, 2017 to December 31, 2017

	Trust Units	Trust Units	Accumulated	Total
	#	\$	Earnings	\$
			\$	
Settlement of Trust, March 6, 2017	1	\$ 10	\$ -	\$ 10
Units issued (Note 4)	4,456	4,094,446	-	4,094,446
Units bought (Note 4)	(971)	(902,110)	-	(902,110)
Net income and comprehensive income	-	-	137,593	137,593
Distribution of income to unitholders	-	-	(56,853)	(56,853)
Net assets attributable to redeemable unitholders, December 31, 2017	3,486	\$ 3,192,346	\$ 80,740	\$ 3,273,086

The accompanying notes are an integral part of these financial statements

Glen Road Trust

Statement of Cash Flows (\$ Canadian)

For the Period March 6, 2017 to December 31, 2017

	March 6, 2017 to December 31, 2017
Cash provided by (used in)	
Operating activities	
Net income and comprehensive income for the period	\$ 137,593
Net change in other assets	(253)
Net change in accounts payable and accrued liabilities	2,840
	<hr/> 140,180
Financing activities	
Net proceeds from units issued	\$ 4,094,446
Purchase of units	(902,110)
Distributions to unitholders	(56,853)
	<hr/> 3,135,483
Investing activities	
Increase in investments	\$ (3,097,000)
	<hr/>
Net increase in cash	178,663
Cash, beginning of period	10
Cash, end of period	<hr/> \$ 178,673 <hr/>

The accompanying notes are an integral part of these financial statements

Glen Road Trust

Notes to the Financial Statements (\$ Canadian)

December 31, 2017

1. Nature of Operations

Glen Road Trust (“GRT” or “the Trust”) is an open-ended, unincorporated investment trust formed under the laws of Ontario on March 6, 2017. The trustees of the Trust are Stephen Meehan, Christopher Dingle, Kelly Klatik and David Feather. The Trust is governed by the Declaration of Trust between Carlo Pannella as settlor, the trustees, and the unitholders, as beneficiaries, which establishes the rights and obligations of the unitholders and the trustees.

The principal office of GRT is located at 1599 Hurontario Street, Suite 106, Mississauga, ON L5G 4S1.

2. Significant Accounting Policies

(i) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”). These financial statements were authorized for issuance by the Administrator of the Trust, Glen Road Management Inc., on March 8, 2018.

(ii) Basis of Measurement

The financial statements have been prepared under the historical cost convention. The Trust’s functional currency is the Canadian dollar and it has no foreign currency assets, liabilities or transactions.

(iii) Use of Judgments, Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that are significant for the period ended December 31, 2017:

Accounting for investment in Glen Road Fund 1 LP (Note 4)
Classification of the trust units (Note 4)

In the preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

(iv) Financial Instruments

Financial instruments consist of financial assets and liabilities and are initially measured at fair value. Financial assets and liabilities are recognized on the statements of financial position when the Trust has become party to the contractual provision of the instruments. The accounting policies for financial instruments are described below.

Financial Assets

The Trust classifies each financial asset into one of four categories depending on the purpose for which the asset was acquired. The Trust has no financial assets which are classified as fair value through profit or loss, available for sale, or held-to-maturity.

2. Significant Accounting Policies (continued)

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in profit or loss. The Trust has cash which is designated under loans and receivables.

(v) Investments in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

The Company assesses at each year end whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of loss and comprehensive loss.

(vi) IFRS Standards Not Yet Adopted

The Trust has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published and may impact the Trust but are only effective for its future accounting periods. The potentially relevant new standards that may impact the Trust include:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 regarding the recognition and measurement of financial assets and financial liabilities. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities and includes new requirements related to hedge accounting. This standard is effective for annual periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

Glen Road Trust

Notes to the Financial Statements (\$ Canadian)

December 31, 2017

3. Investments

During the period from March 6, 2017 to December 31, 2017, the Trust acquired units of Glen Road Fund No. 1 LP (“GRF”). GRF is a limited partnership which uses available funds to make secured loans to EWA Capital Partners Inc. (“EWA”). EWA is a private Ontario corporation in the business of, among other things, indirectly acquiring streams of revenue from advisor books of business.

Significant influence arises because the Trust owns 66% of the outstanding units of the Fund. These investments are accounted for under the equity method.

During the period March 6, 2017 to December 31, 2017, the Trust acquired 3,097 units of GRF, at a price of \$1,000 per unit, for a total investment of \$3,097,000. The investment in GRF yielded \$142,924 in distributions to the Trust.

Summary Financial Information of Glen Road Fund No 1. LP:

	December 31, 2017	December 31, 2016
Total assets	4,599,520	772,414
Total liabilities	2,520	5,350
Total revenue	380,659	41,244
Total expenses	3,046	5,430

4. Unitholders' Equity

The Initial Unit was issued to settle the Trust at a price of \$10 on March 6, 2017. Upon the issuance of additional Units, the Initial Unit ceased to have all rights to voting and participating in distributions and assets upon dissolution of the Trust and instead only carried the right to be redeemed for \$10. The Trust redeemed the Initial Unit for a redemption price of \$10 immediately after the first Closing, which occurred on July 12, 2017.

During the period from March 6, 2017 to December 31, 2017, the Trust raised gross proceeds of \$3,000,180 through the issuance of 3,226 Units at a price of \$930 per unit, and \$1,230,000 through the issuance of 1,230 Units at a price of \$1,000 per unit. Costs relating to the issuances totaled \$135,734 and were applied against the gross proceeds of the issuances and charged against Unitholders' equity.

On October 25, 2017, the Trust purchased and cancelled 971 Units at a price of \$930 per unit, for a total purchase price of \$902,110.

The Trust distributed its quarterly net income to unitholders based on holdings and length of time that the units were held. As at December 31, 2017, \$56,853 was distributed to unitholders, with \$80,740 undistributed to unitholders.

Glen Road Trust

Notes to the Financial Statements (\$ Canadian)

December 31, 2017

5. Related Party Transactions

The Trust considers its related parties to consist of key members and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Trust's activities.

Bellwether Alternative Income Fund

Bellwether Alternative Income Fund ("BAIF") is a fund managed by Bellwether Investment Management Inc. ("BIM"). BIM is a wholly-owned subsidiary of Lorne Park Capital Partners Inc. ("LPC"). LPC is a Tier II issuer on the TSX-V. Stephen Meehan, a trustee of the Trust, is the Chairman of the Board of LPC and also directly and indirectly holds shares of LPC. Christopher Dingle, the Chairman of the trustees of the Trust, is a Board Member of LPC. As such, the Trust considers BAIF to be a related party.

During the period March 6, 2017 to December 31, 2017, the Trust raised gross proceeds of \$3,000,180 through the issuance of 3,226 Units at a price of \$930 per unit from BAIF, and on October 25, 2017 the Trust purchase and cancelled 970 Units at a price of \$930 per unit from BAIF, for total purchase price of \$902,100. During the period March 6, 2017 to December 31, 2017, the Trust distributed \$50,084 of income to BAIF.

Glen Road Capital Partners Inc.

Glen Road Capital Partners Inc. ("GRCP") is a corporation that is beneficially owned or controlled, directly or indirectly, by Stephen Meehan and Christopher Dingle, and as such the Trust considers GRCP to be a related party.

The Trust and GRCP agreed that any initial setup costs and marketing support costs relating to the Trust would be borne and paid by GRCP, and GRCP will in turn charge to the Trust a pro-rata amount of those costs based on the maximum offering anticipated by the Trust. It was also agreed that the amount charged back to the Trust by GRCP will not be marked up, and GRCP will assume any risk of recovery of those Trust costs in the event that the maximum offering is not achieved by the Trust.

During the period March 6, 2017 to December 31, 2017, GRCP incurred a total of \$322,286 in costs relating to the Trust, of which \$40,498 was billed to the Trust and is included as a cost relating to the issuance and charged against Unitholders' Equity.

Glen Road Fund No. 1 LP

Glen Road Fund No. 1 LP ("GRF") is a limited partnership which uses available funds to make secured loans to EWA Capital Partners Inc. ("EWA"). EWA is a private Ontario corporation in the business of, among other things, indirectly acquiring streams of revenue from advisor books of business. Glen Road Management Inc. ("GRM") is the General Partner of GRF, and GRCP owns all of the outstanding shares of GRM. Stephen Meehan and Christopher Dingle are also directors and officers of EWA. As such, the Trust considers GRF to be a related party.

As detailed in Note 3, during the period March 6, 2017 to December 31, 2017, the Trust acquired 3,097 units of GRF, at a price of \$1,000 per unit, for a total investment of \$3,097,000. The investment in GRF yielded \$142,924 in distributions to the Trust, which was included in revenues.

Glen Road Trust

Notes to the Financial Statements (\$ Canadian)

December 31, 2017

6. Subsequent Events

On January 31, 2018, the Trust raised gross proceeds of \$280,000 through the issuance of 280 Units at a price of \$1,000 per unit, and \$56,730 through the issuance of 61 Units at a price of \$930 per unit. Costs relating to these issuances totaled \$19,600.

On February 28, 2018, the Trust raised gross proceeds of \$216,000 through the issuance of 216 Units at a price of \$1,000 per unit. Costs relating to this issuance totaled \$15,120.