TRANSEASTERN POWER TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 2014 AND FOR THE PERIOD FROM FEBRUARY 4, 2014 TO JUNE 30, 2014**

This Management's Discussion and Analysis ("MD&A") is dated as of August 29, 2014 and should be read in conjunction with Transeastern Power Trust's ("Transeastern" or the "Trust") unaudited condensed interim consolidated financial statements and related notes for the three and 147 day period ended June 30, 2014 and the audited consolidated statement of financial position as at February 4, 2014. Reference should also be made to the Trust's filings with Canadian securities regulatory authorities, which are available at www.sedar.com. This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review and disclosure both directly and through its audit committee.

All amounts are expressed in Canadian dollars ($) unless otherwise stated and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

TRUST OVERVIEW

Transeastern Power Trust ("Transeastern" or the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on February 3, 2014 pursuant to a declaration of trust, later replaced by an amended and restated trust indenture dated February 4, 2014 (the "Trust Indenture").

The Trust directly and indirectly owns all of the membership rights of Transeastern Power Coöperatief U.A. ("Netherlands Parent"), which owns all of the issued and outstanding shares of Transeastern Power B.V. ("Netherlands Holdco"). Netherlands Parent and Netherlands Holdco jointly own 100% of four Romanian companies (the "Romanian Acquisitioncos") formed for the purpose of acquiring the shares or assets of Romanian hydroelectric power projects. On May 28, 2014, Netherlands Holdco and three of the Romanian Acquisitioncos respectively acquired 100% of the shares of each of two Romanian hydroelectric power companies, Rott Energy Srl ("Rott") and Zagra Hidro Srl ("Zagra"), and the assets of a third hydroelectric power project ("Suha"), from arm's length owners to the Trust (the "Romanian Projects"). Each of the Romanian Projects is a Romanian hydroelectric power producer that generates and sells or expects to generate and sell electricity to licensed electricity buyers in Romania.

Equity Financial Trust Company, trustee of the Trust (the "Trustee") has delegated most of its powers and duties relating to the operations and governance of the Trust to Transeastern Power Administrator Inc., as administrator of the Trust (the

"Administrator"), pursuant to an Administrative Services Agreement dated February 4, 2014. All of the shares of the Administrator are owned by Transeastern Management Inc. (the "Administrator Shareholder"), all of the shares of which are owned by Mr. Eadie, the Chief Executive Officer and Mr. Sood, the Chairman of the Administrator.

The Trust qualifies as a "mutual fund trust" and not a "SIFT trust" (each as defined in the Tax Act) in accordance with the restrictions set forth in the Trust Indenture. The Administrator is responsible for monitoring the Trust's investments and holdings of property to ensure the Trust is not at any time a "SIFT trust" and does not hold any "non-portfolio property".

The principal head and registered office of each of the Trust, the Administrator, the Administrator Shareholder and the Trust's Canadian subsidiaries are located at Suite 1800, 181 Bay Street, Toronto, Ontario. References to the Trust herein include reference to the applicable subsidiary where appropriate.

On May 28, 2014, the Trust completed an initial public offering (the "IPO") issuing 11,045,800 Trust units ("Units") at a price of $1.00 per Unit and issuing 11,763 7.5% convertible unsecured subordinate debentures ("Debentures") at a price of $1,000 per Debenture. The Debentures mature on May 28, 2019 and have interest payable semi-annually. The outstanding principal under the Debentures may, at the option of the holder, be converted into Units at a conversion rate of 800 Units per $1,000 of the principal amount of the Debentures.

The majority of the proceeds of the IPO were used to purchase the Romanian Projects and to set up the business and human resources of the Trust in Romania. The three Romanian Projects are comprised of 11 run-of-river hydroelectric power plants with total capacity of over 5.1 megawatts ("MW"). Each of the Romanian Projects is an independent Romanian hydroelectric power producer that generates and sells, or expects to generate and sell, electricity to licensed electricity buyers in Romania.

OUTLOOK

Following the closing of the IPO and the completion of the acquisition of the Romanian Projects, the Trust's indirect wholly-owned subsidiaries own and operate the three Romanian Projects. Management has negotiated and entered into contracts for the three Romanian Projects with a related party of the seller of Zagra and Suha, namely Industrial Energy SA, which provide a floor bidding price of €44 per green certificate for the first 90,000 green certificates in aggregate for terms ranging from 12 to 16 months and €43.5 per megawatt hour ("MWh") for the first 35,000 MWh of power in aggregate for terms ranging from 12 to 24 months (the "Power and GC Purchase Arrangement"), giving stability to its income flow for this period.

The revenues from the Romanian Projects forecast for the foreseeable future are expected to exceed their projected raw materials and consumables used, general and administrative expenses and to generate pre-tax profits.

Forecast power production is based on the Trust's independent due diligence and technical assessment of the plants and corresponding river flow data (hydrology). The forecast power price and green certificate price are based on the power and green certificate purchase arrangement described above.

Management expects to source funding required for additional acquisitions and development related to its business, the Trust's primary growth strategy, from operating cash-flows, commercial lenders, and through the issuance of debt and equity securities in the capital markets.

In 2014, the Trust is expected to receive interest payments and principal repayments from Netherlands Holdco under a subordinated promissory note denominated in Euros issued by Netherlands Holdco to the Trust. Netherlands Holdco will, in turn, be entitled to receive interest payments and demand principal repayments on intercompany debt advanced to the Romanian Acquisitioncos. Management expects such payments to be sufficient to allow Netherlands Holdco to satisfy its payment obligations to the Trust. The Romanian Acquisitioncos will make the payments of interest and repayments of principal using cash-flow generated by the Romanian Projects. In 2014, it is anticipated that 100% of distributions received by Unitholders will be classified as return of capital.

In 2015 and potentially thereafter, the Romanian Acquisitioncos expect to pay a dividend to Netherlands Holdco and Netherlands Parent based on the income earned in the previous year, in order to permit Netherlands Holdco and Netherlands Parent to make dividend payments to the Trust's Canadian subsidiaries, which in turn are expected to pay dividends to the Trust. In 2015 and subsequent years, management anticipates an increasing component of any distributions to be classified as a dividend.

The Trust intends to make quarterly distributions of a portion of its available cash to Unitholders, and management intends to use the remainder of available cash to fund growth through additional acquisitions and capital expenditures.

The Trust declared distributions totaling $90,023 for the period ended June 30, 2014, in respect of the period from and including May 28, 2014 (being the closing date of the Trust's IPO) to June 30, 2014, to Unitholders of record on June 30, 2014. On an annualized basis, the current distribution is equal to $0.0875 per Unit or an 8.75% yield based on a $1.00 initial issuance price. The distribution of cash in the amount of $18,467 occurred on July 15, 2014, the remaining $71,556 of distributions payable were settled through the issuance of Units in respect to the Trust's distribution reinvestment plan.

SELECTED INTERIM INFORMATION

The following selected financial information has been derived from the unaudited condensed interim consolidated financial statements as of March 31, 2014 and June 30, 2014 and for the period from February 4, 2014 to March 31, 2014 and for the three months ended June 30, 2014:

	March 31, 2014 ($)	June 30, 2014 ($)
Operating Results		
Revenue	-	20,375
Operating Expenses	-	(2,997,301)
Operating Loss		(2,976,926)
Loss for the period	-	(2,585,917)
Total comprehensive loss after tax	-	(2,761,872)
Loss per weighted average number of units		
Basic & Diluted	-	(0.23)
Financial Position		
Current assets	15	1,740,548
Non-current assets	-	18,746,916
Total assets	15	20,487,464
Current liabilities (including current portion of: Employee incentive liability)		
Current liabilities		2,908,111
Non-current liabilities	-	11,196,725
Total Unitholders' equity (net assets)	15	6,382,628
Cash distributions declared per Unit	-	$0.0081
Units outstanding	-	11,045,800

REVIEW OF OPERATIONS

The selected financial information in the table below has been derived from the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2014.

	Trust ($)	Rott ($)	Zagra ($)	Suha ($)	Romanian Management Company ($)	Total ($)
Revenue and other income						
Sale of electricity	-	20,375	-	-	-	20,375

Sale of green certificates	-	-	-	-	-	-
Total operating expenses	**(2,815,149)**	**(37,400)**	**(40,140)**	**(84,511)**	**(20,101)**	**(2,997,301)**
Operating loss	**(2,815,149)**	**(17,025)**	**(40,140)**	**(84,511)**	**(20,101)**	**(2,976,926)**

As the Trust acquired the Romanian Projects on May 28, 2014, there are no material differences between the operational results of the Trust between the three months ended June 30, 2014 and for the period from February 4, 2014 to June 30, 2014.

The three Romanian Projects are comprised of 11 hydroelectric run-of-river plants in Romania totaling approximately 5.1 MW of installed power. The Romanian Projects have installed power capacities and were commissioned and became (or are expected to become) fully operational on the following dates:

Romanian Project	**Capacity**	**Commission Date**	**Fully Operational Date**
Rott	1.657 MW	May 2012	May 2012
Zagra	1.43 MW	August 2014	See Note (1)
Suha	2.02 MW	September 2014	See Note (1)

Note:

(1) Zagra became fully operational during August, 2014 except for the third power plant which the Trust is finishing capital improvements and is expected to become operational within the next nine months. Suha is expected to be fully operational in September 2014.

Licensing and Accreditation

In Romania there are two regulatory licenses that are needed for renewable power projects that are under the renewable support scheme pursuant to applicable Romanian legislation. A producer needs: (i) a production license; and (ii) green certificate accreditation which grants the producer a certain number of green certificates per MWh of production. Both licenses are granted by National Energy Regulation Authority of Romania (“ANRE”). The green certificate accreditation is enforced by the transmission system operator Transelectrica SA (“Transelectrica”), which monitors energy production and awards the green certificates based on this production.

The acquisitions of the Romanian Projects by the Trust involved both share acquisitions (Zagra and Rott) as well as an asset acquisition (Suha). Pursuant to a share acquisition, the license remains with the company which owns the assets and, as a result, with both Rott and Zagra, no action was required to transfer the power license and green certificate accreditation. Pursuant to the asset acquisition of Suha, the license needed to be transferred post-closing. Under Romanian law, the granting of a temporary production license is part of the transfer protocol in connection with an asset acquisition to enable the continuity of generation under the license during and subsequent to the transfer period. The Trust has commenced the procedure and submitted all necessary documentation to obtain the permanent production license and green certificate accreditation for Suha and expects to receive them by November 2014. Until such time, the Trust will continue to sell its electricity and produce green certificates under the temporary license which is valid until December 18, 2014. The Trust does not anticipate any foreseeable risk in receiving the permanent license and accreditation by such date.

Rott is accredited to receive three green certificates for each MW delivered into the grid, of which: (i) 0.96 of a green certificate is receivable by the Trust and is tradable immediately; (ii) one green certificate is granted and restricted from trading until March 31, 2017; and (iii) 1.04 green certificates are used to retire an interest-free EU loan on Rott (the "EU Loan").

Rott received the EU Loan in February 2014. Based on the terms of this loan, the number of tradable green certificates issued to Rott to date were re-assessed, as the project operated with two tradable green certificates between receiving approval for the EU Loan and the actual funding of this loan. The project was re-assessed with (i) a lower number of tradable green certificates (0.96 green certificates); and (ii) with a green certificate clawback to cover the period that the project received the full number of tradable green certificates. The clawback is issued by Transelectrica and is rated as a green certificate equivalent but given in MWh. The amount to be repaid as assessed by Transelectrica and ANRE for Rott was 3,825 MWh with a start date in February 2014. From February 2014 through to June 30, 2014, the energy generated from Rott was 2655.504 MWh and, as a result, Rott will begin to receive tradable green certificates once it has produced another 1170.377 MWh. Management expects that this production output will occur in October 2014.

Rott is also in discussions with ANRE to negotiate and reverse the clawback. As a result of the re-assessment by ANRE received by Rott in February 2014, the acquisition price payable by the Trust for Rott was reduced prior to the closing of the acquisition by €220,000, an amount which the Trust believes adequately addresses the lost green certificates from such clawback.

Zagra was relicensed and reaccredited in June 2014 to receive 2.3 immediately tradable green certificates for each MW delivered into the grid while Suha (refurbished small hydro) is expected to receive two immediately tradable green certificates for each MW delivered into the grid.

Revenue from Sale of Electricity

Prior to the commissioning dates listed above, the Zagra and Suha Projects were being developed or refurbished and were incurring costs while not being available for generation, and thus did not realize any revenues from the sale of electricity. Zagra completed testing and became fully licensed and operational during August 2014, except for a third powerhouse ("Zagra 3"), which is expected to be fully operational within the next 12 months after the Trust completes its capital improvement plan to finish the Penstock connecting the Zagra 2 and Zagra 3 power houses. The Suha project has been refurbished over the past two years with the Trust completing the refurbishment and the commissioning following the acquisition and is expected to be operational in September 2014.

The following table lists the expected annual production and the actual production of the Romanian Projects from May 28, 2014, the date the Trust acquired the Romanian Projects, until June 30, 2014.

Romanian Project	**Expected Annual Generation Per Year (MWh)**	**Actual Generation from May 28, 2014 to June 30, 2014 (MWh)**
Rott	8,870	537.4
Zagra	3,500(1)	N/A
Suha	5,700	N/A

Note:

(1) The estimated production number is for the Zagra 1 and 2 plants and does not include Zagra 3 being operational. Estimated annual production for Zagra 1, 2 and 3 is 5,000 MWh.

Only Rott had any noteworthy generation during the period resulting in $20,375 of revenues for the period.

<u>Zagra</u>

There were several operational matters that arose during the start-up period of the three Zagra plants given that they were newly commissioned around the time of the Trust's acquisition of Zagra. Operational undertaking issues included the retrofitting of the turbine deflector blades by the turbine manufacturer as they were defective on both Zagra 1 and Zagra 2, as well as replacement of a faulty bearing on the butterfly valve on Zagra 2. These remediations were performed by the turbine manufacturer and covered under warranty. Zagra 1 and 2 commenced operation near the end of June 2014 under a testing period with the grid operator to finalize the grid synchronization. During this period, the Trust was able to secure from the seller the required building permit for the completion of Zagra 3. The Trust's management team is now: (i) performing a detailed engineering review of Zagra 3; and (ii) setting up a tendering process for the work required to complete Zagra 3. It is expected that the capital improvements on Zagra 3 will be completed and Zagra 3 will becoming fully operational in the second quarter of 2015.

Project Name	Operational Construction Status	Turbine Type	Years of Historical Hydrological Data Available	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m^3/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)
ZAGRA							1.430		
Zagra 1	April 2014	Pelton	45	880.0	126.0	0.42		3027	600
Zagra 2	April 2014	Pelton	45	754.9	74.0	0.600		2383	700
Zagra 3	June 2015	Pelton	45	680.0	138.0	0.600		5604	800

Suha

Prior to the acquisition of Suha, the Trust identified a capital expenditure program which is expected to be executed over a 24 month period. The majority of the capital works program will be to refurbish some of the river bank protection and to replace three sections of the penstock which showed penetration. Subsequently to the closing of the acquisition, the Trust finalized the human resources needed for the expenditure program and applied for the permits to begin the works. The Trust is now anticipating the building permit approval in September 2014. Once the building permits have been granted, they will be valid for two years and will encompass the full capital expenditure program. The Trust plans to put in full function of four of Suha's six plants, representing 75% of the total capacity of the full project. The Trust plans to complete the first phase of the capital expenditure program by the end of November 2014, at which time all six plants will be fully operational.

Project Name	Projected Operational Date	Turbine Type	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m^3/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)
SUHA						2.020		
Suha Mare	September 2014	Francis	688.0	47.0	0.800	.289	2040	1000
Valeni	September 2014	Pelton	640.0	119.0	0.600	.233	8300	600
Poiana	September 2014	Francis	520.0	73.0	1.100	.555	6405	1000
Maleni	September 2014	Francis	446.0	42.5	0.850	.249	4525	1000
Gainesti	November 2014	Francis	519.0	80.0	1.050	.122	7366	1000
Slatina	October 2014	Pelton	438.0	70.0	0.230	.563	2590	600

Revenue from Green Certificates

Prior to the commissioning dates listed above, the Romanian Projects were being developed and were incurring costs while not being available for generation, and thus did not realize any revenues from the sale of green certificates. As noted above, for energy produced and sold, Rott is accredited to receive three green certificates for each MW delivered into the grid, of which: (i) 0.96 of a green certificate is received by the Trust and is tradable immediately; (ii) one green certificate is granted and restricted from trading until March 31, 2017; and (iii) 1.04 green certificates are used to retire the EU Loan. Under the terms of the claw back arrangement, Rott will begin to receive tradable green certificates once it has produced another 1170.377 MWh. Management expects that this will occur in October 2014.

Zagra was relicensed and reaccredited in June 2014 to receive 2.3 immediately tradable green certificates for each MW delivered into the grid while Suha (refurbished small hydro) is expected to receive two immediately tradable green certificates for each MW delivered into the grid.

Operating Expenses

In general, operating expenses for the Romanian Projects are comprised of fixed and variable components and represent the costs of maintaining and operating the plants and equipment, including employee salaries, insurance, maintenance, repairs, utilities and supplies and are generally expected to be quite stable. For the periods related to this MD&A, however, the one time upfront transaction costs related to the acquisition of the Romanian Projects ($623,951) and the financing costs related to the Debentures ($1,890,725) totalling $2,514,676 comprise the largest component of these costs. Operating expenses relating to employee costs of $363,495 and depreciation expense of $58,264 make up the other material components of the operational expenses.

During the period ending June 30, 2014 the Trust's operations were not at full performance. The Trust was operationally hindered as management focused on establishing the new operations and undertook the process of hiring appropriate staff for an operation and maintenance team to oversee the Trust's portfolio of hydro assets. The Trust also opened an operations office on June 15, 2014 in Cluj Napoca. Cluj is the largest city in the Romanian region of Transylvania and is strategically located within the Carpathian Mountains between one and to three hours from each the Trust's current Romanian Projects. It is anticipated that due to its geographical location Cluj is the most convenient location from which to manage future hydroelectric acquisitions in Romanian for the Trust which are generally located in the Carpathian mountain range and the region of Transylvania. The Trust has hired an experienced operations and management team which collectively has over 30 years of experience in Romania developing and operating run of river hydro projects. The team consists of three employees located in the Cluj office and is managed by the country manager from the head office in Bucharest.

Key Factors Affecting the Trust's Business

The Trust's operations are subject to seasonality. Apart from the constant flows of the river and constant runoff from variable annual precipitation, the spring snow melt and seasonal precipitation create periods of high flow, while flows generally diminish during the winter and summer dry seasons. A run-of-the-river power plant has little or no capacity for energy storage and therefore periods of low flow create periods of low electricity production. Generally, production will reach a peak after the gradual meltdown of snow that has accumulated on the mountains. This is usually called “spring melt” or “runoff”.

In order to mitigate the Trust’s dependence on one watershed or one predominant weather system or micro climate, the Trust has chosen to acquire Romanian Projects on different water basins and on different sides of the mountain range. Although the Romanian Projects will all be influenced by the same regional climate, all the projects will be influenced by different micro climates as they sit on different regions and aspects in the greater Carpathian Mountain range. The Romanian Projects are located in areas with good rainfall conditions, which add extra flow to the rivers to keep the power plants operational through the year. Although the Trust plans to mitigate hydrology risk further through additional future acquisitions, the Romanian Projects give the Trust some diversity, mitigating the hydrology risk that would exist for assets located in one weather system.

The Trust is reviewing the monitoring and control packages of all of its assets with a view to creating a common platform in order for its management and operations staff to monitor water flows, plant availability and various other metrics so that it can establish plant performance against potential.

The key sources of revenue for the Trust are directly linked to inflation in the European Union. The floor and ceiling trading prices for green certificates are subject to an annual inflation factor based on the EU Inflation Index. Local spot electricity prices are a function of market forces including inflation. This mechanism gives power producers a hedge against inflation by linking the range of potential revenues realized from green certificate sales to prevailing inflation rates. To mitigate these pricing risks, the Trust negotiated and entered into the Power and GC Purchase Arrangement referred to in the section entitled “Outlook” above.

The Trust’s operations are subject to fluctuations in currency. All of the operating assets of the Trust are currently located in Romania. The Romanian Projects’ revenues are also received in RON or Euros. Interest and principal payments to Netherlands Holdco under certain intercompany loan agreements are denominated in Euros and any distributions paid by the Romanian Projects on their shares are denominated in Euros. The Trust, on the other hand, raises capital and pays interest and principal on the Debentures and any distributions to Unitholders in Canadian dollars. The Trust also expects to raise funds primarily from the sale of offered securities in Canadian dollars and invest indirectly through its subsidiaries in Romanian assets, using Euros and RON. Thus, when the Canadian dollar increases in value against the Euro and/or the RON, the Trust’s indirect investments in Romanian assets will be less expensive; however, the value of distributions received by the Trust directly or indirectly from subsidiaries will also be reduced. When the Canadian dollar decreases in value against the Euro and/or RON, the cost of the Trust’s indirect investments in Romanian assets will be more expensive. However, the value of distributions received by the Trust directly or indirectly from the subsidiaries will increase.

The Trust may in the future utilize derivative instruments in order to manage exposures to changes in foreign currency rates and to mitigate the currency risk impact on the long-term sustainability of distributions to Unitholders and payments to holders of Debentures. The Trust may also change its offering currency or pursue other measures to mitigate its currency risk exposure.

There are a number of different areas of environmental policy that are important to the power sector in Romania and have direct bearing on the Trust and other renewable energy producers in Romania, namely compliance with the following legislation and policies: (i) The Kyoto Protocol and the EU Emissions Trading Scheme; (ii) Large Combustion Plant Directive and the Industrial Emissions Directive; and (iii) The EU Renewables Directive. These policies impact wholesale electricity prices indirectly by changing asset investment and retirement decisions, as well as directly impacting the costs of generation. The Trust is aware of current legislative proposals that would enact a feed in tariff "FIT" scheme for renewable energy producers of less than 500 Kwh and/or 1 MW of capacity. If enacted, such a scheme may have a positive impact on the Trust's assets by providing long-term fixed pricing with a stable counterparty for the sale of its energy produced as all of the assets on Suha are under 1 MW and Zagra 1 and Zagra 2 which share a connection point are also under 1 MW. The Trust is waiting for further information on such proposals in order to assess its economic viability to the Trust.

Update on Use of Proceeds

The following table sets forth a comparison of the disclosure regarding the Trust's intended use of proceeds set out in the prospectus related to the IPO dated March 31, 2014 (the "IPO Prospectus") and the estimated use of proceeds as at June 30, 2014:

	Estimated Use of Funds (as of the date of the IPO Prospectus)	**Actual Use of Funds (as of June 30, 2014)**
Proceeds		
Net proceeds from the Offering	$19.1(1)	$18.0(6)
Use of Proceeds:		
Acquisition price of Rott	$5.9(1)(2)	$5.3(7)
Acquisition price of Zagra	$5.3(1)(2)(3)	$6.7(8)
Acquisition price of Suha	$5.0(1)(3)	$4.9(9)
Total acquisition price for the Romanian Projects	$16.2	$16.9
Additional Financing:		
Bank financing	$1.5(4)	-(10)
Additional Expenditures:		
Completion of Zagra Plant 3	$1.5(1)(5)	0(11)
Suha capital expenditures	$0.8(1)(5)	0(12)
General corporate purposes	$2.1	$1.00(13)
	$19.1	

Notes:

(1) Previously disclosed in the IPO Prospectus based on noon rate of exchange of $1.52:€1.00 as posted on March 28, 2014 by the Bank of Canada.

(2) The acquisition prices for Rott and Zagra are payable in two instalments with the second instalment being subject to post-closing reconciliations.
(3) Net of vendor take-back loans in the amount of €1,000,000 (equal to approximately $3,060,000 based on the noon rate of exchange of $1.52:€1.00 as posted on March 28, 2014 by the Bank of Canada for conversion of Euros to $) on each of Zagra and Suha.
(4) At the time of the IPO Prospectus the Trust was in receipt of a term sheet with a European based bank for a term loan in the amount of €1,000,000, the terms of which were still subject to negotiation. The closing of the loan was expected to occur within 60-90 days after the closing of the IPO.
(5) These estimates were based on expected costs of €1,000,000 for completion of the third powerhouse of Zagra between June - August 2014 and capital expenditures of €500,000 on Suha within one month of completion of the acquisition.
(6) The Trust raised a net amount of $9,872,275 through the issuance of convertible debentures and $9,234,508 through the issuance of Trust units.
(7) The acquisition price for Rott was $5,727,250 (€3,875,000). The first instalment of $5,319,618 (€3,599,200) was paid at the closing of the acquisition; the second instalment of $147,800 (€100,000) is payable within six months of the closing of the Rott acquisition; and the balance of $259,832 (€175,800) is in the form of a non-interest bearing loan held by the Rott sellers.
(8) The acquisition price for Zagra was $6,651,000 (€4,500,000), the first instalment of $5,284,511 (€3,575,447) was paid on closing, the balance of the purchase price was in the form of a non-interest bearing loan provided by the Zagra sellers to the buyers in the amount of $1,366,489 (€924,553), secured by way of a fixed charge against the Zagra assets. This loan amount has been fully paid.
(9) The acquisition price for property, plant and equipment of Suha is $6,355,400 (€4,300,000). The first instalment of $4,877,400 (€3,300,000) was paid on closing. The balance of the purchase price was in the form of a non-interest bearing loan provided by the Suha sellers to the buyers in the amount of $1,478,000 (€1,000,000), repayable on the date that is 14 months from closing and secured by way of a fixed charge against the Suha assets.
(10) The Trust is in discussions with financial institutions regarding debt financing at the project level and anticipates closing such a financing by the end of 2014. The Trust anticipates using the proceeds of said financing to complete the capital expenditure programmes on Zagra and Suha and for general working capital requirements.
(11) The Trust has not yet incurred these expenses but management has budgeted for these amounts over the next nine months.
(12) The Trust has not yet incurred these expenses but management has budgeted for these amounts over the next 24 months.
(13) General corporate costs of $1,004,117 consist of transaction costs, legal and professional fees and other general and administrative expenses.

The Trust is currently on target with respect to its anticipated expenses for completion of Zagra Plant 3 and Suha capital expenses. Most of the other anticipated uses of funds included in the table above are scheduled to be incurred by end of fiscal 2015, with operational equipment scheduled to be purchased in fiscal 2014. Other than as disclosed below, there are no variances on uses of funds which have impacted the Trust's ability to achieve its business objectives and milestones.

SUMMARY OF QUARTERLY RESULTS

Given the Trust acquired the Romanian Projects on May 28, 2014, there are no material differences between the operational results of the Trust between the three months ended June 30, 2014 and for the period from February 4, 2014 to June 30, 2014. The Trust did not prepare financial statements for any quarters prior to becoming a reporting issuer. The following table provides the available summary financial data for the Trust's last eight quarters.

	Three months ended June 30, 2014 ($)	Period from February 4, 2014 to June 30, 2014 ($)
Revenue	20,375	20,375
Operating Expenses	(2,997,301)	(2,997,301)
Other Expenses	396,143	396,143
Net Loss for the period	(2,585,917)	(2,585,917)
Total Comprehensive Loss After Tax	(2,761,872)	(2,761,872)
Basic & Diluted loss per Unit	(0.23)	(0.23)

SUMMARY OF FINANCIAL POSITION

Summarized selected consolidated financial information with respect to the Trust as at February 4, 2014 and June 30, 2014 is as follows:

	June 30, 2014 ($)	February 4, 2014 ($)
Total Current Assets	1,740,548	15
Total Current Liabilities	2,908,111	-
Working Capital	(1,167,563)	15
Total Assets	20,487,464	15
Total Liabilities	14,104,836	-
Trust Capital	9,234,523	15
Retained Earnings	(2,675,940)	-
Other Comprehensive Income	(175,955)	-
Total Liabilities and Equity	20,487,464	15

The changes in the financial position from February 4, 2014 to June 30, 2014 reflect the IPO, the acquisition of the Romanian Projects as well as the operations of the Trust during the period.

LIQUIDITY AND CAPITAL RESOURCES

The Trust's objectives when managing capital are primarily to support the creation of Unitholder value, but also to ensure that the Trust is able to meet its financial obligations as they become due.

Management expects to have sufficient liquidity to fund the planned operations for the foreseeable future. Generally, four sources of funding for future expenditures are expected by management to be available: (i) internally generated cash flow from operations; (ii) existing working capital; (iii) external debt financing, when appropriate;

and (iv) external equity financing through the issuance of additional Units or other trust securities, if available on suitable terms.

Given that all of the Projects are expected to be operating by early September, Management expects internally generated cash flow to fund operations for the foreseeable future. Further, the revenues of the Projects forecast for the foreseeable future are expected to exceed their projected raw materials and consumables used, general and administrative expenses, including interest payable on intercompany debt owing to Netherlands Holdco, and to generate pre-tax profits. Thus any additional capital raise is expected to be required for growth opportunities and not to fund the current operations or financial commitments such as interest and dividend payments. However, results of operations may vary going forward.

The Power and GC Purchase Arrangement has been entered into in order to provide the Trust with stability in pricing. Based on the anticipated electricity output volumes and green certificate entitlements of the Romanian Projects, management expects this minimum bidding price arrangement to last for the first 12 to 18 months of the Trust's operations, giving stability to its income flow for this period.

The Trust is in discussions with three Romanian banks regarding debt financing at the project level and anticipates closing a financing by the end of 2014. The Trust anticipates using the proceeds of such financing to finalize the capital expenditure programs on Zagra and Suha, working capital needs and to repay the vendor take back loan owing to the Suha sellers.

OFF-BALANCE SHEET ARRANGEMENTS

The Trust had no off-balance sheet arrangements as at June 30, 2014.

CRITICAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements to which this MD&A relates have been prepared in accordance with International Financial Reporting Standards. The critical accounting policies followed by the Trust are as follows:

Functional and Presentation Currency

The functional and presentation currency of the Trust is Canadian dollars. Unless otherwise noted, all currency references are to Canadian dollars.

Trust Units

An unlimited number of Units may be issued pursuant to the Trust Indenture. Each Unit represents an equal, undivided beneficial interest in the Trust and all Units rank equally and rateably with all of the other Units without discrimination, preference or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders. Unitholders are entitled to receive non-cumulative distributions from the Trust if, as and when, declared by the Trustee. Units are redeemable on demand by the holders thereof, and may be purchased for cancellation by the Trust through offers made to, and accepted by, such holders. Under IAS 32, Financial Instruments - Presentation ("IAS 32"), puttable instruments, such as the Units, represent financial liabilities. However, if certain criteria are met the puttable instruments may be presented as equity. The Trust units meet the criteria under IAS 32 to be presented as equity.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Trust's financial instruments consist of only cash. As of June 30, 2014, the Trust has not entered into any derivative contacts.

SUMMARY OF OUTSTANDING SECURITIES

The authorized capital of the Trust consists of an unlimited number of Units, of which 11,134,451 Units are issued and outstanding as of the date of this MD&A. In addition, the Trust has CDN$11,763,000 principal amount of Debentures outstanding.

Assuming the exercise or conversion of all of the outstanding Debentures, an aggregate of 20,544,851 Units will be issued and outstanding on a fully diluted basis.

RISKS AND UNCERTAINTIES

The Trust and its operations are subject to various business, financial and operational risks that could materially adversely affect the Trust's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A. For a more comprehensive discussion of the risks faced by the Trust, please refer to the IPO Prospectus available at www.sedar.com.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Trust's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Trust participates or is seeking to participate and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Trust's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, the risk factors discussed herein under the section heading "Risks and Uncertainties". Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Trust. These forward-looking statements are made as of the date of this MD&A and the Trust assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Trust's present and future business strategies and the environment in which the Trust will operate in the future, including assumptions regarding expected energy prices, business and operating strategies, future acquisitions and the Trust's ability to operate its facilities on a profitable basis.

Some of the risks which could affect future results and would cause results to differ materially from those expressed in the forward-looking statements contained herein include: risks related to foreign operations (including various political, economic and other risks and uncertainties), the interpretation and implementation of the energy law, expropriation of property rights, political instability and bureaucracy, limited operating history, lack of profitability, high inflation rates, failure to obtain bank financing, fluctuations in currency exchange rates, competition from other businesses, reliance on various factors (including local labour, importation of machinery and other key items and business relationships), risks related to seasonality (including adverse weather conditions, shifting weather patterns, and global warming), a shift in energy trends and demands, a shift in energy generation in the European Union, vulnerability to fluctuations in the world market, the lack of availability of qualified management personnel and stock market volatility.