PORTLAND
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Portland Focused Plus Fund LP

Financial Statements

For the period October 31, 2012 (commencement of operations) to December 31, 2012

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FINANCIAL STATEMENTS

PORTLAND FOCUSED PLUS FUND LP

PARTNERSHIP INFORMATION

General Partner:	Portland General Partner (Alberta) Inc.
Directors of the General Partner:	Michael Lee Chin James Cole Michael Perkins
Registered Office:	c/o Borden Ladner Gervais LLP 1900, 520 – 3rd Avenue S.W. Calgary, Alberta T2P 0R3
Custodian:	UBS Bank (Canada) 154 University Avenue, Suite 800 Toronto, Ontario M5H 3Z4
Investment fund manager and portfolio manager:	Portland Investment Counsel Inc. 1375 Kerns Road, Suite 100 Burlington, Ontario L7P 4V7
Administrator:	Citigroup Fund Services Canada Inc. 2920 Matheson Boulevard East Mississauga, Ontario L4W 5J4
Auditor:	PricewaterhouseCoopers LLP 18 York Street, Suite 2600 Toronto, Ontario M5J 0B2
Members of Independent Review Committee:	David Sharpless Jim O'Donnell John Doma

Independent Auditor's Report

To the Partners of
Portland Focused Plus Fund LP (the "Partnership")

We have audited the accompanying financial statements of the Partnership, which comprise the statements of investment portfolio and net assets as at December 31, 2012, and the statement of operations, changes in net assets and cash flow for the period from October 31, 2012 (commencement of operations) to December 31, 2012, and the related notes which comprise 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 the financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 an 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 auditor's 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 the Partnership as at December 31, 2012 and the results of its operations, the changes in its net assets and its cash flow for the period from October 31, 2012 (commencement of operations) to December 31, 2012 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 19, 2013

Statement of Investment Portfolio
as at December 31, 2012

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
EQUITIES				
Energy				
36,000	Ensign Energy Services Inc.	$511,920	$551,160	10.9%
Consumer Staples				
20,000	Archer-Daniels-Midland Company	520,538	544,697	10.9%
	Total investments	1,032,458	1,095,857	21.8%
	Transaction costs	(1,121)	-	-
	Total investment portfolio	1,031,337	1,095,857	21.8%
	Other assets less liabilities		3,936,358	78.2%
	TOTAL NET ASSETS		$5,032,215	100.0%

Statement of Net Assets

		As at December 31, 2012
ASSETS		
Investments, at fair value	$	1,095,857
Cash and cash equivalents		4,013,422
Accrued investment income		3,960
		5,113,239
LIABILITIES		
Accrued management fees	$	3,841
Accrued performance fees		3,353
Accrued expenses		1,415
Legal and registration fees payable		72,415
		81,024
NET ASSETS REPRESENTING PARTNERS' EQUITY	$	5,032,215
NET ASSETS REPRESENTING PARTNERS' EQUITY		
General Partner's Equity	$	100
Class A Units		747,216
Class B Units		1,993,272
Class BN Units		1,993,765
Class F Units		297,862
	$	5,032,215
NUMBER OF UNITS OUTSTANDING (note 6)		
Class A Units		14,969
Class B Units		39,611
Class BN Units		39,601
Class F Units		6,000
NET ASSETS PER UNIT (note 9)		
Class A Units	$	49.92
Class B Units	$	50.32
Class BN Units	$	50.35
Class F Units	$	49.64

Approved on behalf of the General Partner

Director Director

Statement of Operations

for the period ending December 31		2012*
INCOME		
Interest	$	1,776
Dividends		7,465
		9,241
Foreign withholding taxes	$	(526)
Net investment income		8,715
EXPENSES (note 7)		
Management fees	$	6,835
Performance fees		4,164
General & administrative expenses		20,985
Interest expense & bank charges		775
Audit fees		12,660
Independent review committee fees		807
Legal and registration fees		74,912
Total expenses		121,138
Less: expenses absorbed by Manager		(34,347)
Net Expenses	$	86,791
NET INVESTMENT INCOME (LOSS) FOR THE PERIOD	$	(78,076)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Foreign exchange gain (loss) on currencies and other net assets	$	(3,258)
Transaction costs		(1,121)
Net change in unrealized appreciation (depreciation) in the value of investments		64,520
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	$	60,141
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$	(17,935)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	$	(2,834)
Class B Units	$	(6,728)
Class BN Units	$	(6,235)
Class F Units	$	(2,138)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Class A Units	$	(0.27)
Class B Units	$	(0.17)
Class BN Units	$	(0.16)
Class F Units	$	(0.36)

* From October 31, 2012 (commencement of operations) to December 31, 2012

Statement of Changes in Net Assets

for the period ending December 31		2012*
NET ASSETS - BEGINNING OF PERIOD		
Class A Units	$	-
Class B Units		-
Class BN Units		-
Class F Units		-
		-
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	$	(2,834)
Class B Units		(6,728)
Class BN Units		(6,235)
Class F Units		(2,138)
	$	(17,935)
CAPITAL UNIT TRANSACTIONS (note 6):		
Contribution from General Partner	$	100
Proceeds from units issued to limited partners:		
Class A Units		750,050
Class B Units		2,000,000
Class BN Units		2,000,000
Class F Units		300,000
	$	5,050,150
NET ASSETS - END OF PERIOD		
General Partner's Equity	$	100
Class A Units		747,216
Class B Units		1,993,272
Class BN Units		1,993,765
Class F Units		297,862
	$	5,032,215

* From October 31, 2012 (commencement of operations) to December 31, 2012

Statement of Cash Flow

for the period ending December 31	2012*
Cash flows from operating activities:	
Increase (decrease) in net assets from operations	$ (17,935)
Changes in unrealized (appreciation) depreciation in value of investments	(64,520)
	(82,455)
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:	
Purchase of investments	(1,031,337)
(Increase) decrease in accrued investment income	(3,960)
Increase (decrease) in management fees payable	3,841
Increase (decrease) in performance fees payable	3,353
Increase (decrease) in accrued expenses payable	1,415
Increase (decrease) in legal and registration fees payable	72,415
	(954,273)
Cash flows from financing activities:	
Proceeds from units issued	5,050,150
Increase (decrease) in cash during the period	4,013,422
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 4,013,422

* From October 31, 2012 (commencement of operations) to December 31, 2012

Notes to Financial Statements

December 31, 2012

1. ESTABLISHMENT OF THE PARTNERSHIP

Portland Focused Plus Fund LP (the "Partnership") is a limited partnership established under the laws of the Province of Alberta on October 22, 2012. Pursuant to the partnership agreement, Portland General Partner (Alberta) Inc. (the "General Partner") is responsible for the management of the Partnership. The General Partner has engaged Portland Investment Counsel Inc. (the "Manager") to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the Units of the Partnership.

Definitions of Net Asset Value and Net Assets

Net Asset Value and Net Asset Value per unit are terms used to refer to the value of units for unitholder transactions (i.e. for pricing purposes). Net Assets and Net Assets per unit are terms used to describe the value determined solely for the purposes of the financial statements. Please refer to note 2 for the difference in valuation techniques used in the calculation of Net Asset Value and Net Assets. A comparison of Net Assets per unit and Net Asset Value per unit is contained in Note 9.

The Partnership's Net Asset Value per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a "Valuation Date") or on such other date as determined by the Manager (an "Additional Pricing Date"). The Partnership's Net Asset Value is calculated as the value of the Partnership's assets, less its liabilities. The Net Asset Value per unit of each class is computed by dividing the net asset value of the class by the total number of units outstanding at the time. For calculation of the Partnership's Net Asset Values, including the subscription and redemption of units, investments are valued based on the closing price for the Valuation Date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Partnership have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as defined by the Canadian Institute of Chartered Accountants ("CICA") Handbook (the "Handbook"). These financial statements present the financial position and results of operations and cash flows for the Partnership only, and do not include the financial position, results of operations and cash flows of the General Partner and other limited partners. These financial statements include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Partnership.

Valuation of investments

For financial statement purposes, the fair value of the Partnership's investments is determined as follows:

- Investments are recorded at fair value, established by the closing bid price (the amount someone has offered to pay for a security) for long positions and the closing asking price (the amount someone has offered to take for a security) for short positions on the recognized exchange on which the investments are principally traded. Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques on such basis and in such manner as may be approved by the Manager.
- Securities not listed on any exchange are valued in the same manner as above, based upon any available public quotation in common use or at a price estimated to be the fair value thereof on such basis and in such manner as may be approved by the Manager.

For pricing purposes, the fair value of the Partnership's investments is determined as follows:

- The value of any security which is listed or dealt with upon a stock exchange or traded on an over-the-counter market is determined by taking the exchange specific closing price published by the exchange as of the Valuation Date. If there has been no trade, the mid price (average bid and asking price) as of the close of the business on the Valuation Date is used to value the security.
- The value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason, is determined on the basis of such price as the Manager reasonably determines best reflects fair value.

Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. Transaction costs are expensed and included in "Transaction costs" in the Statement of Operations.

Cost of investments

The cost of investments represents the amount paid for each security, and is determined on an average cost basis excluding transaction costs. On the Statement of Investment Portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which include transaction costs.

Investment transactions and income and expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis.

Dividend income is recorded on the ex-dividend date. Interest income is accrued daily and expenses are accrued on each Valuation Date.

Foreign currency translation

Portfolio investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars based on the exchange rate of such currencies against Canadian dollars on each Valuation Date.

Unrealized exchange gains or losses on securities are included in "Net change in unrealized appreciation (depreciation) in the value of investments" in the Statement of Operations.

Purchases and sales of securities and income items denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date.

Foreign exchange gain (loss) on currencies and other net assets arise from sale of foreign currencies, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Legal and registration fees

Organization expenses include legal and registration fees associated with the formation of the Partnership and are amortized over 5 years for purposes of the pricing NAV and for tax purposes. In accordance with Canadian GAAP, these fees have been expensed in their entirety in the first fiscal year of the Partnership and are included as "Legal and registration fees" on the Statement of Operations.

Increase (decrease) in net assets from operations per unit

"Increase (decrease) in net assets from operation per unit" in the Statement of Operations represents the increase (decrease) in net assets from operations, divided by the weighted average units outstanding during the financial period.

Future accounting changes

The Canadian Accounting Standards Board ("AcSB") previously confirmed that effective January 1, 2011, IFRS would replace Canadian Generally Accepted Accounting Principles for publicly accountable enterprises, which includes investment funds. The following events have subsequently occurred:

1) In September 2010, the AcSB approved the optional one year deferral of IFRS adoption for investment companies applying Accounting Guideline 18 - "Investment Companies" ("AcG 18") issued by the Canadian Institute of Chartered Accountants ("CICA"), to years beginning on or after January 1, 2012.
2) In January 2011, the AcSB approved a further one year deferral of IFRS adoption for investment companies applying AcG 18, to years beginning on or after January 1, 2013.
3) In March 2012, the AcSB further extended the deferral of mandatory adoption of IFRS for investment companies by one year to provide time for the International Accounting Standards Board ("IASB") to finalize the guidance on investment entities.

Investment funds will now be required to mandatorily adopt IFRS for annual financial statements relating to annual periods beginning on or after January 1, 2014. Accordingly, IFRS is expected to be applicable for the Partnership effective January 1, 2014.

The Manager will meet the timetable published by the CICA for changeover to IFRS. The disclosure of the qualitative and quantitative impacts, if any, will be presented in the financial statements for 2013.

Distribution to the Unitholders

Distributions will be made to the Unitholders only at such times and in such amounts as may be determined in the discretion of the Manager. All distributions by the Partnership will be automatically reinvested in additional units of the same class of the Partnership held by the investor at the Net Asset Value thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees directly attributable to a class are charged to that class. The Partnership's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each class based upon the relative net asset value of each class.

3. FAIR VALUE

The Partnership's financial instruments may include equity instruments, bonds, short-term investments (collectively referred to as "investments"), cash and cash equivalents, accrued investment income, subscriptions receivable and redemptions payable, receivables for investments sold, payables for investments purchased, distributions payable and accrued liabilities. Investments are classified as held for trading and fair valued based on the accounting policies described in Note 2. All other financial instruments are classified as loans and receivables or financial liabilities, as applicable, and recorded at amortized cost which approximates fair value due to their short-term maturities.

Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on data corresponding to quoted prices for similar instruments in active markets; to quoted prices for identical or similar instruments in non-active markets; to data other than quoted prices used in a valuation model, that are observable for the instrument evaluated and to data derived from mainly observable data or that is corroborated by market data by correlation or other link;
- Level 3 - valuation techniques based on significant unobservable market parameters.

The fair value hierarchy requires the use of observable data on the market each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value.

The following table presents the financial instruments evaluated at fair value as at December 31, 2012, classified under the fair value hierarchy described above:

	Level 1	Level 2	Level 3	Total
Equities - Long	1,095,857	-	-	1,095,857
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
Total	1,095,857	-	-	1,095,857

There were no significant transfers between levels for the period ended December 31, 2012.

4. RISK MANAGEMENT

The Partnership's investment activities may be exposed to various financial risks, including market risk (which entails currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Partnership's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Partnership's investment objectives and risk tolerance per its offering memorandum.

Other Price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the market prices strengthened or weakened by 5% in relation to all other investments held in the investment portfolio, net assets would have increased or decreased by approximately $54,793. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Partnership may be valued in or have exposure to currencies other than the Canadian dollar, the functional currency of the Partnership, and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

Foreign currencies, to which the Partnership had exposure as at December 31, 2012, are as follows:

	Portfolio Holdings ($)	Cash ($)	Foreign exchange forward contracts ($)	Total ($)	Percentage of Net Assets (%)
United States Dollar	544,697	2,959	-	547,656	10.9%
Total	544,697	2,959	-	547,656	10.9%

If the Canadian dollar strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have increased or decreased by approximately $27,383. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Liquidity risk

Liquidity risk is the risk that a counterparty to a financial instrument may not be able to settle or meet its obligations on time or at a reasonable price. The Partnership's exposure to liquidity risk is concentrated in the cash redemption of units. As a result, the Partnership invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The income of the Partnership may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future.

As at December 31, 2012, the Partnership held cash in Royal Bank Savings Account – Series A in the amount of $2,001,776, including $1,776 of accrued interest. This investment is short term in nature and has been included in "Cash and cash equivalents" on the Statement of Net Assets. If there had been a 1% change in interest rates, the accrued interest and net assets would have been higher or lower by $1,421 as at December 31, 2012.

Credit risks

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Partnership had $2,001,776 of its net assets deposited in Royal Bank Savings Account – Series A as at December 31, 2012. The issuer, Royal Bank of Canada, had an S&P credit rating on its short-term debt of A-1+ as at December 31, 2012. This deposit qualifies as an insurable deposit for purposes of Canada Deposit Insurance Corporation.

5. INCOME TAXES

The Partnership calculates its taxable income and net capital gains/(losses) in accordance with the Income Tax Act (Canada). The Partnership is not a taxable entity and is required to allocate its taxable income and net capital gains/(losses) to its limited partners in accordance with the Limited Partnership Agreement. Accordingly, the Partnership has not included a provision for taxes in the financial statements.

The taxation year-end for the Partnership is December 31.

6. UNITHOLDERS' EQUITY

The Partnership is permitted to have an unlimited number of classes of units, having such terms and conditions as the Manager may determine. Additional classes may be offered in future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a class represents an undivided ownership interest in the net assets of the Partnership attributable to that class of units.

The Partnership endeavors to invest its capital in appropriate investments in conjunction with its investment objectives. The Partnership maintains sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

The number of units issued and outstanding for the period ended December 31, 2012 is as follows:

	Class A Units	Class B Units	Class BN Units	Series F Units
Balance, beginning of period	-	-	-	-
Units issued	14,969	39,611	39,601	6,000
Units reinvested	-	-	-	-
Units redeemed	-	-	-	-
Balance, end of period	14,969	39,611	39,601	6,000

In accordance with the Limited Partnership Agreement, the General Partner contributed $100 to the Partnership. No units were issued to the General Partner in exchange for this contribution. Net profit and loss of the Partnership is allocated to the General Partner in accordance with its proportionate allocation which is 0.001%.

7. MANAGEMENT FEES AND EXPENSES

Pursuant to the Limited Partnership Agreement, the Partnership agreed to pay management fees to the Manager, calculated and accrued on each Valuation Date and paid monthly.

The annual management fees rate of the respective class of units are as follows:

- Class A Units 2.00%
- Class F Units 1.00%
- Class B Units 0.75%
- Class BN Units 1.75%

The Manager is entitled to receive a performance fee to be calculated and accrued on each Valuation Date and Additional Pricing Date for each class of Units and paid monthly. The Performance Fee is equal to (a) 10% of the amount by which the Net Asset Value per Unit of the class on the Valuation Date or Additional Pricing Date (including the effect of any declared distributions on said Valuation Date or Additional Pricing Date and adjusted to exclude the accrual of the Performance Fee) exceeds the High Water Mark, multiplied by (b) the number of Units of that class outstanding on such Valuation Date or Additional Pricing Date, prior to giving effect to subscriptions, redemptions and distributions re-invested on such date.

All Performance Fees payable by the Partnership to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable class of Units in the calculation of the Net Asset Value of such class of Units.

For each class of Units, a high water mark ("High Water Mark") will be calculated for use in the determination of the Performance Fee. The highest Net Asset Value per Unit (minus the effect of any declared distributions since the Valuation Date or Additional Pricing Date that last Performance Fee became payable) for each class of Units, upon which a Performance Fee was paid, establishes a High Water Mark for each class of Units which must be exceeded subsequently for the Performance Fee applicable to each class of Units to be payable. Initially the High Water Mark will be the initial Net Asset Value per Unit of the class of Units.

The Partnership is responsible for the payment of the following ongoing fees and expenses relating to its operation: custodian fees, administration fees, accounting expenses, audit fees, interest and dividend expense on securities sold short and safekeeping charges, all taxes (including GST and HST, if any), assessments or other regulatory and governmental charges levied against the Partnership, interest and all brokerage fees. The Manager has absorbed $34,423 of Partnership operating expenses for the period ending December 31, 2012. The Manager may absorb future Partnership operating expenses at its discretion but is under no obligation to do so.

Organization expenses included in "Legal and registration fees" have been expensed in the first year of operations of the Partnership, net of $2,497 absorbed by the Manager.

8. BROKERAGE COMMISSIONS

A portion of the brokerage commissions (referred to as "soft dollars") paid by the Partnership on securities purchases and sales to dealers (generally "full service" dealers) represents fees for goods and services, in the form of proprietary research, provided to the Manager by the dealer which are in addition to order execution services. The Manager may choose to effect portfolio transactions with dealers who provide research, statistical and other similar services to the Partnership or to the Manager at prices which reflect such services. The Manager may direct trades to a dealer in exchange for 'in-house' proprietary research. The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services.

9. COMPARISON OF NET ASSET VALUE

The Partnership calculates its Net Asset Value for capital transaction purposes, such as subscriptions and redemptions, using the closing sale prices of securities and uses the bid price in its financial statements. In addition, organization expenses included in "Legal and registration fees" are fully expensed for financial statement purposes, but are amortized over 5 years for capital transaction purposes.

The difference between the Net Asset Value and the Net Assets presented in the financial statements can be reconciled as follows:

	Net Asset Value Per Unit ($)	Net Assets Per Unit ($)
Class A Units	50.83	49.92
Class B Units	50.99	50.32
Class BN Units	51.02	50.35
Class F Units	50.97	49.64

10. RELATED PARTY TRANSACTION

The Manager, its officers and directors may invest in units of the Partnership from time to time in the normal course of business. All such transactions are measured at net asset value per unit. As at December 31, 2012, two related parties owned greater than 10% of the Partnership.

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Statement of Corporate Governance Practices

Canadian securities law requires certain reporting issuers to publish specific disclosure concerning their corporate governance practices. These disclosure requirements technically do not apply to Portland Focused Plus Fund LP. However, the Manager is committed to adhering to a high standard of corporate governance. The Manager has established an Independent Review Committee consisting of three members appointed to provide independent advice to assist the Manager in performing its services and to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Partnership.

Enquiries can be directed to: Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 • Tel.:1-888-710-4242 • Fax: 1-866-722-4242
Email: info@portlandic.com • Web site: www.portlandic.com

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