FORM 45-106 F2

Offering Memorandum for Non-Qualifying Issuers

Date:	**May 1, 2019**	
The Issuer		
Name:	Tri City Group Monthly Income Mortgage Trust (the "Trust")	
Head office:	1000-850 West Hastings Street Vancouver, BC V6C 1E1	
	Phone #:	(604) 569-2015 x 248
	E-mail address:	TrustAdmin@tricitygroup.ca
	Fax #:	(604) 569-2014
Currently listed or quoted?	No. **These securities do not trade on any exchange or market**.	
Reporting issuer?	No.	
SEDAR filer?	No.	
The Offering		
Securities offered:	Series A-1, Series A-2, Series A-3, Series A-C, Series A-IN, Series P-1, Series P-2, Series P-3 and Series P-IN Trust units ("Units").	
Price per security:	$1,000 per Unit.	
Minimum/Maximum offering:	**There is no minimum**. **Funds available under the offering may not be sufficient to accomplish our proposed objectives**.	
Minimum Subscription Amount:	10 Units ($10,000) in the case of Series A-1, Series A-2, Series A-C, Series P-1 and Series P-2; 250 Units ($250,000) in the case of Series A-IN and Series P-IN and 200 Units ($200,000) in the case of Series A-3 and Series P-3	
Payment terms:	Bank draft or cheque on closing.	
Proposed closing date(s):	Continuous offering with closings as subscriptions are accepted.	
Tax consequences:	There are important tax consequences to these securities. See "Income Taxes and RRSP Eligibility".	
Selling agent?	Currently, the Trust has contracted with Harbour Park Capital Partners Ltd. ("HPCP" or the "Dealer") to act as its registered securities dealer. From time to time, other registered securities dealers may also be contracted to sell the Trust's units. The maximum compensation to be paid to HPCP and to other parties is as follows: : 1. In the case of Series A-1, Series A-C and Series P-1 Units, an amount up to 6.0% of the subscription price payable at the time of the initial investment and an annual trailer fee of up to 1.0% of the subscription price; 2. In the case of Series A-C Units, an amount up to 6.0% of the subscription price payable at the time of the initial investment; 3. In the case of Series A-2 Units, an amount up to 1.0% of the subscription price payable at the time of initial investment and an annual trailer fee of up to 1.0% of the subscription price; 4. In the case of Series P-2 Units, an amount up to 1.0% of the subscription price payable at the time of initial investment and an annual trailer fee up to 0.75% of the subscription price; and 5. In the case of Series A-3, Series A-IN, Series P-3 and Series P-IN Units, an amount up to 1.0% of the subscription price payable at the time of initial investment and no annual trailer fee.	

Resale restrictions: You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions". However, the Units are redeemable in certain circumstances. Units are redeemable at discounts of 6% or less, depending on the Series and the year in which the redemption occurs. See "Securities Offered – Redemption".

Purchaser's rights: You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Purchaser's Rights".

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors".

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SUMMARY

The following is a summary of certain information contained in this Offering Memorandum. Reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. Capitalized terms are defined in the Glossary.

The Trust

The Trust is a limited purpose, unincorporated open-ended investment trust, governed by the terms and conditions of the Declaration of Trust. It has been established for the purposes of making investments in a portfolio of Mortgages secured by carefully selected commercial, industrial and residential Real Property situated in Canada. An investment in Units is intended to provide investors with the opportunity to receive regular cash distributions from the Mortgage portfolio. The Trust is an evolution of the business of a mortgage investment trust formed by the Manager which has made continuous distributions to its Unitholders since it commenced operations in September, 2011. See "Development of the Business".

The Trust has created Series A-1, Series A-2, Series A-3, Series A-C, Series A-IN, Series P-1, Series P-2, Series P-3 and Series P-IN Units in connection with this Offering and the establishment of the Trust's portfolio of Mortgages. The Trust is authorized to issue an unlimited number of Units and create additional Series of Units without Unitholder approval, provided that the number of Units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time. (The Trust previously offered Series A Units and Series P Units and those Units have been re-designated as Series A-1 Units and Series P-1 Units, respectively.) The Trust may also issue other securities, such as debentures or notes, without Unitholder approval, provided that the issue price of such additional securities may not exceed 20% of the aggregate Subscription Price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate Subscription Price of all Units issued at any one time.

The Trust may invest in, finance or purchase, Mortgages. Mortgages will be secured by charges, which will be in either first position or a subsequent-ranking position on the underlying Real Property. The Mortgages will be identified by the Manager, on behalf of the Trust. Both the Trust and the Manager are licensed mortgage brokers in the Province of British Columbia. Mortgages will also be identified by licensed mortgage brokers in other provinces in which the Trust invests in Mortgages. See "Risk Factors - Conflicts of Interest and Interest of Management and Others in Material Transactions".

Unless otherwise approved by 75% of the Board of Directors of the Manager, the loan to value ratio of the Mortgages, calculated on a portfolio basis, will not exceed 75% of the aggregate appraised values of the Real Property which is mortgaged. Investments in Mortgages will be made as set out in "The Trust's Business – Investment Policies".

Offering

This Offering Memorandum is for a continuous offering of Series A-1, Series A-2, Series A-3, Series A-C, Series A-IN, Series P-1, Series P-2, Series P-3 and Series P-IN Units. There is no minimum or maximum offering. The subscription price per Unit is $1,000. Series A-1, Series A-2, Series A-C, Series P-1 and Series P-2 investors must acquire a minimum of 10 Units ($10,000). Series A-IN and Series P-IN investors must acquire a minimum of 250 Units ($250,000). Series A-3 and Series P-3 investors must acquire a minimum of 200 Units ($200,000). See "Subscription Procedure" for particulars regarding subscribing for Units.

Prior Offerings

Pursuant to prior offerings, 31,663 Units were sold, yielding proceeds of $31,663,761 to March 31, 2019. See "Capital Structure – Prior Sales and Redemptions".

Amounts Distributable to Unitholders

Unitholders will receive two types of distributions: a monthly distribution and, when appropriate, a “top up” distribution, which will be paid annually.

Series P-1, P-2, P-3 and P-IN Units will be entitled to monthly distributions in priority to the monthly distributions payable to other Unitholders at a rate per annum (inclusive of reinvestment of distributions) which has been set by the Manager at 6.65% per annum for P-1 and P-IN; 5.15% per annum for P-2 and 5.65% per annum for P-3, for the period from January 1, 2019 to December 31, 2019 and will automatically be reset by the Manager on January 1 each year to be the 2-year Government of Canada bond rate prevailing on that date plus 480 basis points for P-1 and P-IN, plus 330 basis points for P-2, or plus 380 basis points for P-3 (collectively, the “Preferred Return”). Series A Units will be entitled to a monthly distribution at a rate of 8.0% per annum (the “Base Distribution”), except as reduced as a result of additional Trailer Fees and/or additional Management Fees payable on Series A-2 and except as reduced as a result of additional Management Fees payable on Series A-3 and Series A-C Units (see “Distribution Policy”). There is no guarantee that monies will be available to pay the Preferred Return or the Base Distribution, but amounts outstanding under the Preferred Return and the Base Distribution must be paid before the Manager’s Performance Fee is paid (see “The Manager” below), provided that amounts outstanding under the Preferred Return and the Base Distribution are non-cumulative after the Fiscal Year. At the end of each Fiscal Year, after the Preferred Returns and Base Distributions have been paid to Series P and Series A unitholders, respectively, and when appropriate,, and after all Series Units’ equity have been replenished back to $1,000/unit (first to Series P, then to Series A), the Manager’s Performance Fee will be paid, and the balance of any Net Revenue will be distributed to the holders of Series A Units (the “Top Up Distribution”). The Top Up Distribution will be calculated annually and distributed at such time if funds are available.

Series

The Manager may create one or more new Series without Unitholder approval (provided same are within the investment objectives set out in the Declaration of Trust and provided that the number of Units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time). Units are redeemable by the Manager. Before the issue of a new Series, the Manager will execute a supplemental Declaration of Trust creating the new Series and the terms and investment objectives relating thereto. Any new Series created by the Manager shall:

a) be designated by letter or letters or letters and numbers; and

b) have Series’ rights (including the rights of Redemption) established by the Manager.

Pursuant to the Second Supplement, the Series A-3 Units and the Series P-3 Units were created.

Eligibility for Investment

The Trust is a “quasi-mutual fund trust” under the Income Tax Act (Canada) and will not invest in any asset which in any way does not qualify as a “qualified investment” for a trust governed by a Deferred Plan or would disqualify the Trust as such. Ultimately, the Trust intends to qualify as a “mutual fund trust” pursuant to the provisions of the Tax Act, at which time the Trust’s purposes may be expanded. As a result, the Trust is and intends to continue to be a “registered investment”, as defined in the Tax Act, and as such, Units are a qualified investment for Deferred Plans. See “Income Taxes and RRSP Eligibility”.

Distribution Policy

The Trust intends to make monthly distributions of Net Income and Net Capital Gains (“Net Revenue”) earned in each calendar month. Monthly distributions will be paid in arrears on the 21st day following the month to which distribution relates, except the December 31 distribution which will be made in two payments. The first payment for the year end will be made on January 21 following the year end in an amount determined in the same manner as the previous monthly distributions. The final payment for the year end will be paid in arrears not later than 90 days following the year end in an amount equal to any amount payable in excess of the distributions previously paid for the year and less any reserves that the Manager deems appropriate and less non-capital losses carried forward, if any, for the Fiscal Year. For example, if some financial crisis were to occur in the future, the Manager would intend to retain interest collected in the Trust's Mortgage portfolio as a reserve against any future Mortgage impairment to ensure all the Unitholders' equity are treated fairly. The Manager's Performance Fee will be calculated and, when appropriate, paid, on an annual basis together with the Top Up Distribution payable to Series A Unitholders for any given year. See "The Trust's Business – Distributions".

Provided funds are available to make such payment, Series P Unitholders will be entitled to receive the Preferred Return, in priority to other Unitholders and Series A Unitholders will be entitled to receive the Base Distribution. The Manager's Performance Fee will be calculated and, when appropriate, paid, on an annual basis together with any Top Up Distribution payable to Series A Unitholders for any given year.

Distributions in respect of Series will differ as a result of the deduction of amounts in respect of Trailer Fees and/or Management Fees at different levels in respect of certain Series, and the lack of deductions in respect of Trailer Fees in respect of Series A-3 Units, Series A-C Units, Series A-IN Units, Series P-3 Units and Series P-IN Units. As well, Series A-C Units provide that a percentage of distributions otherwise payable to Series A-C Unitholders will be paid to a designated charity, which amount, as a one-time contribution, will be matched by the Manager in the 1st year only.

Distribution Reinvestment

Upon their initial subscription, investors may elect to receive distributions on Units by way of cash payment or to receive such distributions by the issuance to them of additional Units or fractional Units. Investors may make a new election by written notice not less than 15 days before a Distribution Payment Date.

Mortgage Portfolio

For a listing of loans as of March 31, 2019, please see "Mortgage Portfolio".

Redemption

Mortgages are an illiquid investment. However, Unitholders may redeem their Units on March 31, June 30, September 30 and December 31 in each year, in whole or in part subject to the following:

1. Notice seeking redemption must be delivered to the Manager not later than the 15th day of the month preceding the relevant redemption date.

2. Payment of the redemption price will be made 60 days after the end of the calendar quarter in which the redemption notice was delivered, except that payment of the redemption price will be made up to 90 days after December 31 in each year.

3. In order to protect the interests of remaining Unitholders and to discourage short-term trading in the Trust, Unitholders will be subject to a short-term trading deduction.

4. Series A-1 Units and Series A-C Units will be redeemed at a redemption price equal to 94% of the Adjusted Book Value for the first year after their purchase, representing a 6.0% discount to the Adjusted Book Value and the redemption discount will be reduced by one (1%) percentage point on each anniversary of the original subscription date, so that after the sixth anniversary of the original subscription date, such Units will be redeemed at the Adjusted Book Value.

5. Series A-2 Units, Series A-3 Units and Series A-IN Units will be redeemed at a redemption price equal to 99% of the Adjusted Book Value for the first year after their purchase, representing a 1.0% discount to their

Adjusted Book Value, so that after the first anniversary of the original subscription date, such Units will be redeemed at their Adjusted Book Value.

6. Series P-1 Units will be redeemed at a redemption price equal to 94% of the Subscription Price for the first year after purchase, representing a 6.0% discount to the Subscription Price, and the redemption discount will be reduced by one (1%) percentage point on each anniversary of the original subscription date, so that after the sixth anniversary of the original subscription date, such Units will be redeemed at the Subscription Price.

7. Series P-2 Units, Series P-3 Units and Series P-IN Units will be redeemed at a redemption price equal to 99% of the Subscription Price for the first year after purchase, representing a 1.0% discount to the Subscription Price, so that after the first anniversary of the original subscription date, such Units will be redeemed at the Subscription Price.

The Declaration of Trust provides that the Trust will not redeem Units for which Redemption Notices are given, if: (i) redemption of the aggregate number of Units subject to the Redemption Notices would result in the Trust having redeemed a number of Units during the period of time since the start of the most recent Fiscal Year which is greater than 25% of the Units issued and outstanding (as at the beginning of the Fiscal Year during which the last of such Redemption Notices are given) or (ii) redemption of the aggregate number of Units subject to the Redemption Notices given for a particular Redemption Date would result in the Trust redeeming a number of Units which is greater than 5% of the Units issued and outstanding (as at the beginning of the Fiscal Year during which such Redemption Notices are given). The Manager may suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for a period of not more than 180 days, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the value of the assets held by the Trust. See "Terms of Units – Redemption" for further details.

The Manager may in its discretion at any time, by providing a written redemption notice to a Series A Unitholder or a Series P Unitholder, redeem all or any of the Series A Units or Series P Units, as the case may be, held by such Unitholder at a price per Unit to be redeemed equal to, in the case of the Series A Units, the Adjusted Book Value, and in the case of the Series P Units, equal to the Subscription Price, less any applicable redemption penalties, of the Units to be redeemed, plus the Unitholder's Proportionate Share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date. Payment of the redemption price will be made at the same times and in the same manner as payments upon redemption by a Unitholder.

Subordination Agreement

Pursuant to the Subordination Agreement, Tri City Capital Corp. has agreed to hold Units in the Trust with an aggregate Subscription Price of not less than $1,000,000. Tri City Capital Corp. will subordinate its rights in respect of the Units it holds in the Trust up to an aggregate Subscription Price of $1,000,000, so that it will only receive a return of its invested capital when the Trust is wound up after all other Unitholders have received a return of all their invested capital.

The covenant to hold Units with an aggregate Subscription Price of not less than $1,000,000 and the subordination set out above will terminate on the earlier of:

a) August 1, 2021; and

b) the date upon which the aggregate Unitholder equity of the Trust is $30,000,000.

For sake of certainty, redemption of Units in the ordinary course will be based upon Adjusted Book Value of the Units to be redeemed, which may be less than the Subscription Price of such Units.

Closing

Closings of subscriptions for Units will take place on such dates as the Manager determines.

The Manager

The Manager is responsible for managing the business and administration of the Trust and the conduct of the affairs of the Trust. Pursuant to the Declaration of Trust, the Trust will retain the services of the Manager to provide advice with respect to the acquisition of interests in Mortgages. The Trust will retain any lending fees paid by the borrower. The Trust will also pay any brokerage fees it receives from borrowers which are required to compensate third party brokers. Both the Trust and the Manager are registered under the *Mortgage Brokers Act* (British Columbia). The Manager will identify potential transactions principally through its own network of business contacts and repeat borrowers. The Manager will seek out, review and present Mortgage investment opportunities to the Trust which are consistent with the investment and operating policies and objectives of the Trust and will service the Mortgages on behalf of the Trust. The Trust will also engage licensed mortgage brokers in other provinces in which the Trust invests in Mortgages.

Pursuant to the Declaration of Trust, the Manager will be entitled to receive a fee equal to 1.25% per annum of the Assets Under Management for Series A-1, A-IN, P-1 and P-IN Units, a fee equal to 2.25% per annum of the Assets Under Management for Series A-2, A-3, A-C and P-3, and a fee equal to 2.00% per annum of the Assets Under Management for Series P-2 Units (the "Management Fee"). The Manager will also be paid an annual fee (the "Performance Fee") equal to 30% of the amount by which the Net Revenue for the Fiscal Year exceeds the sum of the Series P Preferred Return for the Fiscal Year and Series A Base Distribution for the Fiscal Year and any replenishment of Series Units' equity to $1,000/unit. The Management Fee and the Performance Fee are collectively referred to as the "Manager's Fees". The Trust will be obligated to pay any applicable GST or other taxes on the Management Fee and Performance Fee.

The Management Fee is paid monthly, in arrears and is to be estimated and paid 15 days following the end of each such month. The Performance Fee is paid annually. The payments of the Management Fee and the Performance Fee due for the month ending December 31st will be determined taking into consideration the previous payments of the Management Fee made on an estimated basis and will be paid in two payments, the first being paid on January 15 and the second being paid not later than 90 days following December 31st. The Trust will be obligated to pay any applicable GST or other taxes on such fees.

See "Directors, Management, Promoters and Principal Holders – Manager Fees".

The Trust will reimburse the Manager for all expenses incurred in connection with the management of the Trust. The Manager's expenses will include a pro rata portion of overhead expenses, such as any office rent and employee salaries used by the Manager to operate the Trust. The Manager intends to equitably allocate its overhead expenses between the Trust and TCMIF, and any other funds it may choose to operate in the future.

See "Directors, Management, Promoters and Principal Holders – Expenses of the Trust" and "Risk Factors".

The Trustee

Computershare Trust Company of Canada is the Trustee.

Sales Fee

As per the latest Securities regulations, the Trust may pay a sales fee to registered securities dealers or to other unregistered parties (subject to applicable securities regulations) in an amount up to 6.0%, in the case of Series A-1 Units, Series A-C Units and Series P-1 Units, or up to 1.0%, in the case of Series A-2 Units, Series A-3 Units, Series A-IN Units, Series P-2 Units, Series P-3 Units and Series P-IN Units, of the Subscription Price of Units (the "Sales Fee"), which Sales Fee will be payable at the time of the initial investment. Series A-IN Units and Series P-IN Units are only available to investors who make investments in the Trust of at least $250,000. Series A-3 Units and Series P-3 Units are only available to investors who make investments in the Trust of at least $200,000. The Manager may pay an annual trailer fee (the "Trailer Fee") on behalf of the Trust or where permissible, the Trust may pay the trailer directly itself, up to 1.0% of the subscription monies obtained by such persons in respect of the Series A-1

Units, Series A-2 Units and Series P-I Units and up to 0.75% of the subscription monies obtained by such persons in respect of the Series P-2 Units. Series A-2 Units and Series P-2 Units are designed for investors who are advised by registered securities dealers. The Sales Fee and/or the Trailer Fee may be paid to registered securities dealers, exempt market dealers, internal sales personnel of the Manager and to other parties (subject to securities regulations). No Trailer Fees are paid in respect of the Series A-3 Units, Series A-C Units, Series A-IN Units, Series P-3 Units and the Series P-IN Units. Trailer fees will be paid in arrears annually or on a schedule as determined by the Manager.

Residency Requirement

A majority of Unitholders must be residents of Canada. Privately-held Canadian corporations owned by non-residents of Canada may subscribe for and hold Units. The Trustee may force a transfer or redemption of Units of a non-resident if required to maintain the status of the Trust as a quasi-mutual fund trust or mutual fund trust. See "Terms of Units - Forced Redemption Upon Non-Residency".

No Transferability

Units will not be transferable, except: (a) with the approval of the Manager, such approval not to be unreasonably withheld; and (b) if required as a result of a Unitholder becoming a non-resident. Units will not be listed on any stock exchange. As well, securities requirements may prohibit or restrict the transferability of Units. See "Terms of Units - Forced Redemption Upon Non-Residency" and "Resale Restrictions".

Risk Factors

This offering is not suitable for investors who cannot afford to assume any significant risks in connection with their investments. An investment in Units entails a number of risks. Please see "Risk Factors", where such risks are more fully described.

End of Summary

GLOSSARY

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

"**Adjusted Book Value**" of a particular Unit means all assets of the Trust, including accrued interest, minus the recorded value of all Mortgages, plus the face value of all Mortgages minus impairments, minus all liabilities, plus any unamortized offering costs and sales commissions minus the total outstanding face Unit value of the Series P Units, divided by the total number of Units outstanding;

"**Affiliate**" means a Person who is an "associate" or an "insider" of another Person, or an "affiliated company", "controlled company" or "subsidiary company", all within the meaning of the Securities Act;

"**Assets Under Management**" means the value of all investments by the Trust, including Mortgages and Authorized Interim Investments calculated in accordance with the Valuation Policy;

"**Base Distribution**" means an amount payable to holders of Series A Units at a rate of 8.0% per annum of the Subscription Price of such Units, which is non-cumulative after the Fiscal Year and non-interest bearing and non-interest bearing;

"**Book Value**" means the lower of cost and fair value of the assets of the Trust less all outstanding liabilities as determined and set out in the balance sheet as at the relevant Valuation Day;

"**Calculation Date**" means the last day of each month;

"**Credit Committee**" means the credit committee established by the Manager for the review of Mortgages and loans to be funded by the Trust;

"**Declaration of Trust**" means the Declaration of Trust made as of May 1, 2014 (as amended and restated as of November 15, 2014 and further amended by the First Supplement) creating the Trust under the laws of the Province of British Columbia;

"**Deferred Plan**" means a trust governed by a "registered retirement savings plan", "registered retirement income fund", "deferred profit sharing plan" or "tax free savings account" as those terms are defined in the Tax Act;

"**Distribution Payment Date**" means, for a particular calendar month, in respect of a distribution to Unitholders, the 21st day of the month following the Calculation Date for such calendar month, except in the case of the month ending December 31, in which case the Distribution Payment Date shall be made in two payments, the first payment on January 21 and the second payment not later than 90 days after December 31st;

"**DRIP**" means the distribution reinvestment plan adopted by the Manager;

"**Fiscal Year**" means each consecutive period of 12 months coinciding with the calendar year and ending on December 31, provided that the first Fiscal Year of the Trust will commence on the date of the Declaration of Trust, and end on December 31, 2014;

"**Management Fee**" means, the right of the Manager to receive 1.25% per annum of the Assets Under Management for Series A-1, A-IN, P-1 and P-IN Units, a fee equal to 2.25% per annum of the Assets Under Management for Series A-2, A-3, A-C and P-3 Units and a fee equal to 2.00% per annum of the Assets Under Management for Series P-2 Units, calculated and paid monthly in arrears;

"**Manager**" means Tri City Fund Management Ltd., a company validly existing under the laws of the Province of British Columbia;

"**Mortgage**" means a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property;

"**Net Income**" of the Trust for a calendar year is equal to the Trust's income for the year that would be determined under the Tax Act if:

a) no amount was included or deducted in respect of capital gains and capital losses;

b) there were no gross-up in respect of taxable dividends from corporations resident in Canada; and

c) no amounts were deducted in respect of amounts that became payable to Unitholders;

"**Net Realized Capital Gains**" of the Trust for a calendar year is equal to twice the amount, if any, by which the Trust's taxable capital gains for the year exceed the sum of:

a) the Trust's allowable capital losses for the year;

b) the Trust's net capital losses for prior years which the Trust is permitted to deduct in computing its taxable income for the year; and

c) expenses of the Trust that would otherwise be deductible in arriving at the Trust's taxable income for the year, to the extent determined by the Manager,

provided that if there is a change to the inclusion rate in respect of capital gains for purposes of the Tax Act (which inclusion rate is expressed as a percentage of capital gains realized), the two times factor will thereafter equal the reciprocal of the new percentage and other amounts referred to in this definition will be adjusted, to the extent necessary;

"**Net Revenue**" means, for a particular month, Net Income and Net Realized Capital Gains determined in accordance with International Financial Reporting Standards;

"**Net Subscription Proceeds**" means the gross proceeds to the Trust from the sale of Units less the costs of this offering and the Sales Fee;

"Nominee" means Tri City Nominee Services Ltd., a wholly-owned subsidiary of the Manager;

"**Ordinary Resolution**" means a resolution consented to, in writing, by holders of more than 50% of all outstanding Units of the Trust or where Series are differently affected by the resolution, then more than 50% of each Series, or approved by more than 50% of the votes cast by Unitholders (or Unitholders of that Series) present in person or by proxy at a meeting of Unitholders which has been duly called and at which a quorum is present, as provided herein and excluding the votes of Units owned by the Manager or any Affiliate thereof in respect of any matter in which they have a financial interest (other than as Unitholders);

"**Performance Fee**" means a fee to be paid to the Manager by the Trust in an amount equal to 30% of the amount by which the Net Revenue for the Fiscal Year exceeds the sum of the Series P Preferred Return for the Fiscal Year and the Series A Base Distribution and replenishment of all Series Units' equity to $1,000/unit for the Fiscal Year;

"**Preferred Return**" means an amount payable to holders of Series P Units at a rate per annum which was initially set by the Manager, for Series P-1 Units, at 6.0% per annum for the period from November 1, 2014 to December 31, 2016, and has been re-set by the Manager, for Series P-1 Units and P-IN Units, at 6.65% per annum for the period from January 1, 2019 to December 31, 2019, and will automatically be reset by the Manager on January 1 each year, for Series P-1 Units and P-IN Units, to be the 2 year Government of Canada bond rate prevailing on that date plus 480 basis points, non-cumulative after the Fiscal Year and non-interest bearing. The rate for Series P-2 Units has been set at 5.15% per annum from January 1, 2019 to December 31, 2019 and the rate will automatically be reset by the Manager on January 1 of each year, for Series P-2 Units, to be the 2-year Government of Canada bond rate prevailing on that date plus 330 basis points, non-cumulative after the Fiscal Year and non-interest bearing. The rate for Series P-3 Units has been set at 5.65% per annum from January 1, 2019 to December 31, 2019 and the rate will automatically be reset by the Manager on January 1 of each year, for Series P-3 Units, to be the 2-year Government of Canada bond rate prevailing on that date plus 380 basis points, non-cumulative after the Fiscal Year and non-interest bearing.

"**Proportionate Share**" when used to describe a Unitholder's interest in any amount, means the portion of that amount obtained by multiplying that amount by a fraction, the numerator of which is the number of Units of the Trust registered in the name of that Unitholder and the denominator of which is the total number of Units of the Trust then outstanding;

"**Real Property**" means land, rights or interest in land (including without limitation leaseholds, air rights and rights in condominiums, but excluding Mortgages) and any buildings, structures, improvements and fixtures located thereon;

"**Redemption**" means a redemption of Units by a Unitholder;

"**Sales Fee**" means a fee payable by the Trust at the time of the initial investment;

"Second Supplement" means the Second Supplement to the Declaration of Trust dated May 1, 2018

"**Securities Authority**" means the British Columbia Securities Commission or equivalent authority in the jurisdiction in which the Units are offered;

"**Series**" means a group of units of the Trust which have characteristics which are distinguishable from characteristics of other units;

"**Series A Unit**" means a Series A unit of individual beneficial interest in the Trust, and includes Series A-1 Units, Series A-2 Units, Series A-C Units and Series A-IN Units;

"**Series A-1 Units**" means a Series, designated as Series A-1;

"**Series A-2 Units**" means a Series, designated as Series A-2;

"Series A-3 Units" means a Series, designated as Series A-3;

"**Series A-C Units**" means a Series, designated as Series A-C;

"**Series A-IN Units**" means a Series, designated as Series A-IN;

"**Series A Unitholders**" means those investors whose subscriptions to purchase Series A Units are accepted by the Trust and thereafter at any particular time the persons entered in the register or registers of the Trust as holders of Series A Units and the singular form means one such registered holder, and includes the holders of Series A Units;

"**Series P Unit**" means a Series P unit of individual beneficial interest in the Trust, and includes Series P-1 Units, Series P-2 Units and Series P-IN Units;

"**Series P-1 Units**" means a Series, designated as Series P-1;

"**Series P-2 Units**" means a Series, designated as Series P-2;

"Series P-3 Units" means a Series, designated as Series P-3;

"**Series P-IN Units**" means a Series, designated as Series P-IN;

"**Series P Unitholders**" means those investors whose subscriptions to purchase Series P Units are accepted by the Trust and thereafter at any particular time the persons entered in the register or registers of the Trust as holders of Series P Units and the singular form means one such registered holder, and includes the holders of Series P Units;

"**Special Resolution**" means a resolution consented to, in writing, by holders of more than $66^2/_3$% of all outstanding Units of the Trust or where Series are differently affected by the resolution, then more than $66^2/_3$% of each Series or approved by more than $66^2/_3$% of the votes cast by Unitholders present in person or by proxy at a meeting of Unitholders (or Unitholders of that Series) which has been duly called for that purpose and at which a quorum is present, as provided herein and excluding the votes of Units owned by the Manager or any Affiliate thereof in respect of any matter in which they have a financial interest (other than as Unitholders);

"**Subordination Agreement**" means the agreement entered into between Tri City Capital Corp. and the Trust;

"**Subscriber**" means a subscriber for Units;

"**Subscription Form**" means the subscription form prescribed by the Manager for investors to subscribe for Units;

"**Subscription Price**" means $1,000 per Unit;

"**Subscription Proceeds**" means the gross proceeds to the Trust from the sale of the Units;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1;

"**TCMIF**" means Tri City Mortgage Investment Fund, a mortgage investment trust formed under the laws of British Columbia;

"**Top Up Distribution**" means the balance, if any, of Net Revenue payable to Series A Unitholders at each Fiscal Year end after payment of all other required payments, as set out in the Declaration of Trust, to be estimated and paid annually;

"Trailer Fee" means a fee payable by the Manager on behalf of the Trust, or where permissible, by the Trust itself, at its discretion to registered dealers or other parties permitted to receive same, in an amount up to 1.0% per annum (in respect of Series A-1 Units, Series A-2 Units and Series P-1 Units) or 0.75% per annum (in respect of Series P-2 Units) of the Subscription Price payable in arrears annually or in arrears on a schedule determined by the Manager;

"**Trust**" means Tri City Group Monthly Income Mortgage Trust, a trust created pursuant to the Declaration of Trust;

"**Trust Property**" means all of the property and assets of the Trust held in trust by the Trustee pursuant to the Declaration of Trust;

"**Trustee**" means Computershare Trust Company of Canada, the Trustee named under the Declaration of Trust;

"**Unit**" means a Series A Unit or Series P Unit, or such other Series as may be subsequently created;

"**Unitholders**" means Series A Unitholders, Series P Unitholders or such other Series as may be subsequently created;

"**Valuation Day**" means the last day of the each calendar quarter which the Trustee elects to determine the Book Value for Units submitted for Redemption; and

"**Valuation Policy**" means the policy of the Trustee, defined as such in "Securities Offered - Valuation Policy".

CANADIAN CURRENCY

All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect including, but not limited to: the completion of this Offering, the ability of the Trust to acquire and maintain a Mortgage Portfolio capable of generating the necessary annual yield or returns to enable the Trust to achieve its investment objectives, the ability of the Trust to establish and maintain relationships and agreements with key strategic partners, the maintenance of prevailing interest rates at favourable levels, the ability of borrowers to service their obligations under the Mortgages, the ability of the Manager to effectively perform its obligations to the Trust, anticipated costs and expenses, competition, and changes in general economic conditions. While the Trust anticipates that subsequent events and developments may cause its views to change, the Trust specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Trust’s views as of any date subsequent to the date of this Offering Memorandum. Although the Trust has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Trust. Additional factors are noted under “Risk Factors”.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference as part of this Offering Memorandum:

(a) the marketing materials related to this Offering prepared as at the date of this Offering Memorandum delivered or made reasonably available to a prospective purchaser; and

(b) the marketing materials related to this Offering which may be prepared after the date of this Offering Memorandum and delivered or made reasonably available to a prospective purchaser prior to the termination of this Offering.

USE OF AVAILABLE FUNDS

Net Proceeds and Available Funds

		Assuming $1,000,000 Offering	Assuming $20,000,000 Offering
A.	Amount to be Raised by this Offering	$ 1,000,000[1]	$20,000,000[1]
B.	Estimated Selling Commissions and Fees	$60,000[2]	$1,200,000[2]
C.	Estimated Offering Costs (legal, accounting)	$350,000	$350,000
D.	Net Subscription Proceeds (D = A – B – C)[3]	$590,000	$18,450,000
E.	Current Working Capital (Deficit) at Dec 31, 2018	($295,393)[4]	($295,393)[4]
F.	Available Funds (F = D + E)	$294,607[4)]	$18,154,607[4]

(1) There is a minimum offering of $1,000,000, but no maximum offering. The sum of $20,000,000 has been used for illustrative purposes. Prior offerings have raised $31,663,761 to March 31, 2019.

(2) This assumes a 6.0% commission (as per Series A-1, A-C and P-1)

(3) The Trust will pay the expenses of this Offering.

(4) This includes offering costs incurred to December 31, 2018 and investments in Mortgages with a maturity date of generally fifteen months or less from March 31, 2019.

Use of Available Funds

The Net Subscription Proceeds will be invested in Mortgages. Investments in Mortgages will be made as set out in "Objectives and Policies–Investment Policies". Pending investment in Mortgages, the Net Subscription Proceeds will be invested in Authorized Interim Investments. The Manager will use its reasonable commercial efforts to make suitable investments of the net subscription proceeds in Mortgages as soon as possible following each Closing.

BUSINESS OF THE TRUST

Structure

The Trust is an open-ended investment trust created under the laws of the Province of British Columbia pursuant to a Declaration of Trust. The principal place of business of the Trust is located at 1000 – 850 West Hastings Street, Vancouver, British Columbia V6C 1E1. The Trust is not a "mutual fund" as defined by applicable securities legislation. The Trust differs from a mutual fund in that Units are redeemable quarterly by the Unitholder at their Adjusted Book Value, subject to a short-term trading discount rather than based on their Net Asset Value or market value. Redemptions are processed quarterly, provided notice is given by the 15th day of the month preceding the end of the quarter. The Trust is not subject to the prescribed investment restrictions for mutual funds as defined by applicable securities legislation and, accordingly, is permitted to invest in Mortgages and to borrow funds.

The beneficial interest in the assets of the Trust is divided into trust units issued in Series. The Trust may issue Units in Series. Only Series A and Series P Units are offered hereby. The Manager may issue additional Series without the approval of the Unitholders, provided same are within the investment objectives of the Trust and provided that the number of Units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time. All of the Series of Units have the same investment objective, strategies and restrictions but differ with respect to one or more of their features, such as fees or distributions, as set out in this Offering Memorandum. The Trust may also issue other securities, such as debentures or notes, without Unitholder approval, provided that the issue price of such additional securities may not exceed 20% of the aggregate Subscription Price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate Subscription Price of all Units issued at any one time.

Computershare Trust Company of Canada is the trustee of the Trust ("Trustee") pursuant to the Declaration of Trust. Tri City Fund Management Ltd. is the manager of the Trust ("Manager") under the Declaration of Trust. The principal place of business for the Manager is located at 1000 - 850 West Hastings Street, Vancouver, British Columbia V6C 1E1. The registered office of the Manager is 2900 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

The Trust's Business

The Trust has been created for the purpose of generating revenues from interests acquired in a portfolio of Mortgages. These Mortgages may be either first position or subsequent ranking Mortgages. The underlying Real Property for the Mortgages will be located in Canada.

The principals of the Manager are experienced in the identification of and investment in Mortgages. The principals of the Manager, Michael Goodman, Sandy Oh, Winston Wong and Michael G. Birch, collectively, have over 100 years of experience in the real estate development and investment industry, including the identification and funding of Mortgages. In 2011, the Manager formed and began to operate Tri City Mortgage Investment Fund ("TCMIF"), a mortgage fund similar to the Trust. As at February 28, 2019, TCMIF had a Mortgage Portfolio of $15,147,970 (original loan principal). See "Development of the Business". The Manager has identified the current economic climate as one in which there are significant opportunities to create a portfolio of Mortgages, initially in British Columbia and Alberta, and subsequently across Canada, which will generate a stable stream of income. In order to take advantage of such opportunities, they have caused the Manager and Trustee to establish the Trust.

Industry and Sector Overview

The Trust will primarily originate Loans/Mortgages, but on occasion may invest in or purchase Mortgages relating to any and all types of Real Property. In identifying lending opportunities, the Trust will primarily focus on existing residential, multi-family, commercial, industrial and investment properties. The Trust may, not necessarily will, have a secondary focus on subdivisions, development loans and construction projects. All Mortgages will comply with the investment policies of the Trust set out below. Loans will often be short term and in certain cases may be secured by second or subsequent ranking Mortgages. In some instances, loans will be secured by collateral mortgage security over other properties.

A brief description of the various market sectors for Mortgage loans follows.

Home Acquisition and Re-financing

The most common form of Mortgage loan is made in respect of the acquisition or refinancing of a single-family home, townhome, condominium or other residence. In many cases, owners who do not qualify for loans from traditional lenders such as banks, trust companies and credit unions obtain such financing from private lenders such as the Trust. In some cases, the borrowers are non-residents, who are less likely to qualify under a traditional lender's guidelines. Other borrowers are "asset rich", and are seeking to consolidate debt or restore their credit rating.

Acquisition Financing

Acquisition financing is generally provided in connection with the purchase of a property. The principal amount, repayment term, amortization period, interest rate and other terms of the acquisition financing are determined based upon the tenant profile, net operating income, property condition, and covenant of the borrower. Acquisition financing has typically been in an amount of up to 75% of the value of the underlying property. However, in the current economic climate, in which credit terms have been tightened by traditional lenders, acquisition financing may be limited to 60% or 65% of the value of a property. In these circumstances, an opportunity exists to provide "top up" financing for owners of revenue-producing properties with strong, stable tenants and operating income.

Development Loans

A development loan is normally used to finance the acquisition of land and the installation and construction thereon of roads, drainage and sewage systems, utilities, and similar improvements. Development loan advances are made pursuant to a stipulated schedule after an inspection and review of the project's progress by the lender or its agent and the furnishing of reports by professional engineers, architects or quantity surveyors. In some instances, development loans may be made to finance the acquisition of more land than will be improved immediately, or land, the development of which is contemplated at a later date. Take-out commitments are sometimes a prerequisite to the granting of a development loan.

Take-Out Financing

Take-out financing is provided to an owner, generally of revenue-producing properties, for the purposes of repaying existing development loans or construction loans. Take-out financing is also provided in cases where an existing long-term acquisition loan is coming due. Take-out financing is generally underwritten based on the same criteria as for acquisition financing, as described above.

Mezzanine and Subordinated Debt Financing

Mezzanine and subordinated debt financing is primarily short and medium-term loans provided for the purpose of enabling an owner of a completed or substantially completed income-producing property to defer arranging long-term financing for a project in order to secure more favourable long-term mortgage terms at a later date. Short-term loans are generally for terms of three to 24 months and would not provide for the amortization of principal. Intermediate term loans are generally for terms of 12 to 60 months and may provide for partial amortization of principal during the term.

Investment Objectives and Strategy

The Trust's principal business objective is to provide holders of Units with sustainable income while preserving capital for distribution or re-investment. The Trust will seek to achieve this principal investment objective by investing in Mortgages (primarily through originations) and paying distributions to Unitholders. The Trust's income will primarily consist of interest received from the loans secured by the Mortgages. The Trust is a source of funding for the Manager's mortgage lending business.

All Mortgages will be from parties who are arms' length to the Trust, the Manager and the Trustee. The composition of the loan portfolio is intended to vary over time depending on the Manager's assessment of the appropriate strategy given overall market conditions and outlook. The Trust will endeavour to build a loan portfolio which encompasses the following general characteristics:

a) property type and geographical diversification;

b) short term loans with terms generally not exceeding 24 months;

c) in most cases, loans will require payment of interest only, where there is adequate equity in the mortgaged property to secure the advance of an interest reserve from which interest will be paid; and

d) Mortgage loans will be in Canadian dollars and of Canadian based real estate.

Investment Policies and Guidelines Related to the Net Subscription Proceeds

In order to accomplish the above noted goals and objectives, the Trust will generally comply with the following policies and guidelines with respect to the investment of the Net Subscription Proceeds. These policies and guidelines are consistent with the provisions of the Tax Act and real estate legislation which apply to mortgage investment trusts generally. The following are the investment criteria that the Manager will apply when selecting Mortgages in which the Trust will invest:

1. Until such time as the Trust itself qualifies as a "mutual fund trust", it will invest only in Mortgages on the security of Real Property situated within Canada or in such other assets which qualify as a "qualified investment" for a trust governed by a Deferred Plan.

2. Until it becomes qualified as a "mutual fund trust", the Trust will not invest in Real Property, but may hold Real Property acquired as a result of foreclosure where such foreclosure was necessary to protect the interests of the Trust as a result of a default by the mortgagor. The Trust will use its reasonable best efforts to dispose of such Real Property acquired on foreclosure.

3. The Trust will not make unsecured loans to, nor invest in securities issued by the Manager or its affiliates, nor make loans to the directors or officers of the Manager.

4. The Trust may co-invest in a Mortgage with syndicate partners. The Trust may also tranche Mortgages by selling a senior or junior portion of a Mortgage to another mortgage lender to either increase yield or decrease risk respectively. The Trust may also sell single loans, or a portfolio of loans, to third parties at cost or book value.

5. All loans will be secured by Mortgages.

6. After the Trust has gross assets of not less than $15,000,000 in Mortgage investments, unless otherwise approved by 75% of the Board of Directors of the Manager, no more than 10% of the Trust Property will be invested in any single loan and no Mortgage investment may exceed $2,500,000.

7. Unless otherwise approved by 75% of the Board of Directors of the Manager, the loan to value ratio of the Mortgages, calculated on a portfolio basis, will not exceed 75% of the aggregate appraised values of the Real Property which is mortgaged. In cases where individual loans exceed 75% of the appraised value of the Real Property which is mortgaged, the Trust will attempt to obtain ancillary security from the borrower in the form of personal guarantees or collateral mortgages on other properties.

8. The Credit Committee will review all Mortgages to be made by the Trust until the Trust Mortgage portfolio reaches $5,000,000. After this threshold, only Mortgages greater than $1,000,000 will be reviewed by the Credit Committee. At least one member of the Credit Committee will approve all Mortgages, if the full Credit Committee is not otherwise required to do so.

9. Sources of repayment and ability to repay will be fully assessed.

10. Market values of the Real Property being mortgaged will be confirmed by a third party appraisal or property tax assessment.

11. Interest rates will reflect the level of risk and market conditions.

12. Commitment letters will be issued for every loan approval.

13. All Mortgage security documentation will be prepared by a reputable law firm on the Manager's list of approved solicitors.

14. All Mortgage security will be in place and registered as appropriate prior to the disbursement of any loan funds.

15. All funding conditions precedent set out in the commitment letter will be satisfied prior to any disbursement of loan funds unless specifically waived in writing by the Manager.

16. To the extent that, from time to time, the funds of the Trust are not invested in loans, they will be held in qualified investments for a trust governed by the Tax Act, including cash, bonds and guaranteed investment certificates.

The Trust may purchase Mortgage loans from the existing portfolio of Mortgage loans of the Manager or its affiliates, or from other portfolios that the Manager may identify, provided that such mortgage loans meet the Trust's guidelines and policies as set out above. See "Initial Mortgage Portfolio". The Trust may pay cash for such Mortgage loans or may issue Units in payment of the purchase price of such Mortgage loans. The Trust may acquire partial undivided interests in Mortgage loans, from the Manager or its affiliates or from other parties.

If, due to a change in the provisions of the Tax Act or other legislation applicable to the Trust, any of the foregoing restrictions require amendment in order to comply with such change in legislation, the Manager may make such change and such change will be binding on the Trust, Manager and Trustee. In addition, the foregoing restrictions may be changed at any time (so long as such change complies with applicable legislation) if the change is determined by the Manager to be required in order to ensure that the Trust remains competitive in the making of the loans being undertaken in the marketplace at the time of such change and is in the best interests of the Trust.

The Trust may make investments in Mortgages in which the principal amount (not including any interest reserve or any reserve established to secure against items for which the borrower may have personal liability, such as fraud or misappropriation) exceeds 75% of the value of the Real Property which is mortgaged, which is generally the investment limit for conventional Mortgage lending. However, such loan will be made only after approval of 75% of the Board of Directors of the Manager and in such cases the Manager will require ancillary security from the borrower in the form of personal guarantees or collateral Mortgages on other properties.

The Manager has established a Credit Committee comprised of members of its senior management, who are professionals knowledgeable and experienced in Mortgages and real estate finance. In certain cases, the Trust will invest in Mortgages securing loans where no regular payments of either interest or principal are being made. Such loans will be made only where the Credit Committee has determined that there is sufficient equity in the Real Property which is the subject of the Mortgage to secure both the principal amount of the loan and all accrued interest.

Mortgage Matters

The Mortgages will usually be held by and registered in the name of the Nominee, as a nominee of the Manager. The Nominee will carry on no activities other than as acting as nominee to hold the Mortgages of the Trust. It has no material assets and is wholly owned by the Manager. Mortgages may also be held by another entity or entities holding such Mortgages jointly with and/or in trust for the Trust. Where legal title to a Mortgage is held by the Nominee, the Nominee may also hold legal title to such Mortgage on behalf of the other beneficial owners of such Mortgage.

The Trust may from time to time invest in Mortgages securing more than one property, which may be owned by the same mortgagor or by different mortgagors. The Trust may also acquire interests in Mortgages by entering into participation agreements with other lenders.

The Mortgages to be invested in by the Trust are a common form of financing within the real estate industry. The standard documentation used with respect to Mortgages will provide that, in the event of a failure by the borrower to pay any amount owing under a Mortgage, the Trust will be entitled to enforce the Mortgage in accordance with applicable law. Typically, all legal costs, costs related to registration of Mortgages and costs relating to obtaining appraisals of Real Property, as allowed by law, will be for the account of the borrowers.

In addition, the Trust will obtain standard security in respect of commercial Mortgages which, depending on the specific Mortgage, may include one or more of an assignment of rents, an assignment of insurance proceeds, an assignment of purchase agreements (on residential development projects), a general security agreement and personal covenants from borrowers.

Mortgage Brokerage

Pursuant to the Declaration of Trust, the Trust will retain the services of the Manager to provide advice to the Trust with respect to Mortgage originations and the acquisition of interests in Mortgages. The Manager will identify potential transactions principally through its own network of brokerage contacts and repeat borrowers. The Manager will seek out, review and present to the Trust Mortgage investment opportunities which are consistent with the investment and operating policies and objectives of the Trust and will service the Mortgages on behalf of the Trust.

The Trust will rely on the expertise and experience of the Manager in credit assessment, real estate development, construction management and administration to enhance returns and limit risk. The Manager may delegate its powers to third parties where it deems it advisable. The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in comparable circumstances.

Borrowing

The Trust may borrow up to 50% of the principal amount of its Mortgage portfolio on the security of its Mortgage portfolio, and on standard commercial terms. The Trust may also issue securities, such as debentures or notes without Unitholder approval, provided that such debt instruments would be included in the calculation of the 50% limit.

Growth and Evolution of the Trust – Other Series of Units

The Manager may create one or more new Series without Unitholder approval (provided same are within the investment objectives set out in the Declaration of Trust and provided that the number of Units issued with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time). The Trust may also issue other securities such as debentures or notes, without Unitholder approvals, provided that the issue price of such additional securities may not exceed 20% of the aggregate Subscription Price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate Subscription Price of all Units issued at any one time. Before the issue of a new Series, the Manager will execute a supplemental Declaration of Trust creating the new Series and the terms and investment objectives relating thereto. Any new Series created by the Manager shall:

a) be designated by letter or letters or letters and numbers; and

b) have Series' rights (including the rights of Redemption) established by the Manager.

Pursuant to the First Supplement, the Series A-IN Units, the Series P-2 Units and the Series P-IN Units were created and the existing Series A Units and Series P Units were re-designated as Series A-1 Units and Series P-1 Units, respectively.

Development of the Business

The Trust has retained the services of the Manager to provide advice to the Trust with respect to the origination (and to a lesser extent, acquisition of interests in) of Mortgages. The Manager is responsible for carrying out all the transactions of the Trust, providing management services for the Trust, and supervising the investment and Mortgage Portfolio of the Trust. Investments in Mortgages are reviewed by the Credit Committee to ensure compliance with the Trust's investment objectives. Upon receipt of advice from the Manager and subject to any required approvals of the Credit Committee, the Trust will, from time to time sell investments in Mortgages and reinvest the proceeds or exchange such investments for other investments in Mortgages. See "Organization and Management Details of the Trust - The Manager".

The Manager is established in the non-bank real estate lending industry in Canada, particularly in British Columbia and Alberta. It identifies potential transactions principally through a network of existing business contacts, repeat borrowers and its reputation. The Manager seeks out, reviews and presents to the Trust, Mortgage investment opportunities which are consistent with the investment and operating policies and objectives of the Trust and services such Mortgages on behalf of the Trust.

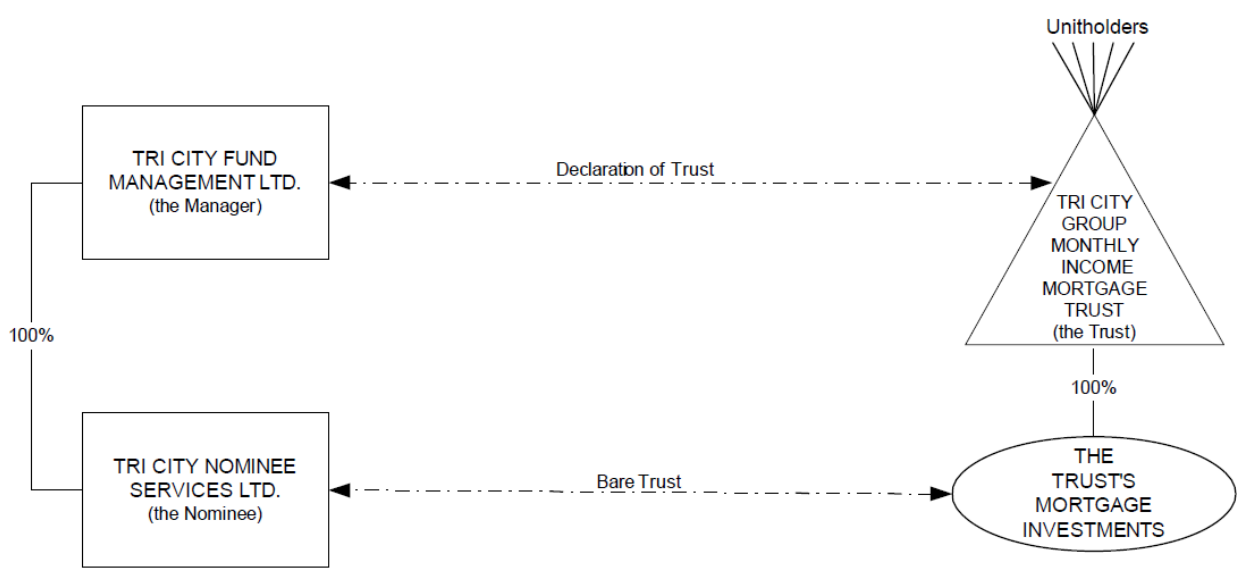
The Manager and its predecessors have successfully originated, underwritten and serviced Mortgage investments on behalf of, and syndicated Mortgage investments with, numerous investor clients and financial institutions over the past 36 years. In 2011, the Manager formed and began to operate TCMIF, a mortgage fund similar to the Trust.

TCMIF commenced operations in September 2011. TCMIF has funded approximately 249 Mortgage loans. As at February 28, 2019, the outstanding Mortgage portfolio held 39 active Mortgages for approximately $15,147,970 (original loan principal) with an average interest rate of 9.96% (excluding lender fees). All of the Mortgage loans are to third parties and the principals of TCMIF do not have any interest in the borrowers. All of the Mortgages are secured by Real Property in British Columbia and Alberta. TCMIF has continuously made distributions to its unitholders since its commencement of operation. The Manager intends to adopt a conservative investment policy and investment restrictions in the Trust, similar to the investment policy and investment restrictions adopted by TCMIF.

The Manager may syndicate or allocate Mortgage investments among the Trust, TCMIF and other funds controlled or owned by Michael Goodman and third parties. The Manager is required to ensure fairness in the allocation of investment opportunities among the Trust, TCMIF and any other mortgage investment entity it manages. Generally, subject to available funds, the more conservative loans are allocated to TCGMIMT, then to TCMIF and then to any other fund controlled by the Manager. When a new Mortgage investment opportunity is presented to it, the Manager will consider the suitability of such Mortgage for each mortgage investment entity, having regard to each mortgage investment entity's investment objectives, strategies and restrictions, its current portfolio holdings, and its expected available cash in the near term. The Manager also may increase a mortgage investment entity's participation in a Mortgage if its available cash, as a percentage of the mortgage investment entity's Book Value, is or recently has been larger than that of other mortgage investment entities participating in the Mortgage.

Organizational Relationships

The investment structure of the Trust and the Mortgage Portfolio are illustrated below. This diagram is provided for illustration purposes only and is qualified by the information set forth elsewhere in this Offering Memorandum.



The Trust's long term objectives are:

a) to provide Unitholders with sustainable income while preserving capital for distribution or re-investment;

b) to establish a portfolio of high quality Mortgages; and

c) to distribute income to Unitholders on a monthly basis.

The Trust will seek to achieve these investment objectives by investing in Mortgages. Subject to future events which may have an impact on the timing of such decisions, it is the current intention of the Manager to continue the Trust for an indefinite period of time.

The Trust's business objectives for the next 12 months are to continue offering Units pursuant to this Offering Memorandum and to continue to grow the Trust's portfolio of high quality Mortgages.

Mortgage Portfolio

The details of the mortgage portfolio of the Trust as at December 31, 2018 are set out below.

Mortgage Number	Type of Mortgage (LTV)	Location of Property	Nature of Underlying Property	Original Principal Amount	Interest Rate	Maturity Date
15-0001	First Mortgage (68%)	B.C.	Residential (multi family x 4)	$650,000	8.50%	Renewing
16-0015	First Mortgage (36%)	B.C.	Residential (single family)	$425,000	7.00%	Renewing
16-0016	Second Mortgage (66%)	B.C.	Residential Construction (single family)	$760,000	8.49%	Renewing
16-0023	Second Mortgage (70%)	B.C.	Residential (single family)	$485,000	8.10%	Renewing
16-0027	Second Mortgage (68%)	B.C.	Residential (single family)	$400,000	8.75%	Renewing
16-0030	Second Mortgage (68%)	B.C.	Residential Construction (single family)	$765,000	8.99%	Renewing
16-0034	Third Mortgage (68%)	B.C.	Residential (single family)	$450,000	8.59%	Renewing
16-0035	Second Mortgage (68%)	B.C.	Residential (multi family)	$70,000	9.29%	Renewing
16-0048	Second Mortgage (63%)	B.C.	Residential (multi family)	$44,000	9.50%	Renewing
17-0052	Second Mortgage (64%)	B.C.	Residential (single + multi family)	$500,000	8.50%	Renewing
17-0055	Second Mortgage (57%)	B.C.	Residential LOC (single family)	$500,000	8.55%	Renewing
17-0056	Second Mortgage (57%)	B.C.	Residential (single family)	$225,000	8.30%	Renewing
17-0057	First Mortgage (22%)	B.C.	Residential Construction (single family)	$370,000	6.99%	Renewing
17-0060	Second Mortgage (69%)	B.C.	Residential (single family)	$140,000	8.30%	Renewing
17-0064	Third Mortgage (58%)	B.C.	Residential (single family)	$120,000	9.25%	Renewing
17-0069	Second Mortgage (66%)	B.C.	Residential (single family)	$560,000	8.27%	Renewing
17-0071	Second Mortgage (60%)	B.C.	Residential Construction (single family)	$565,000	8.50%	Renewing
17-0073	Second Mortgage (63%)	B.C.	Residential (single family)	$475,000	8.99%	Renewing
17-0074	Second Mortgage (65%)	B.C.	Residential (single family)	$280,000	7.99%	Renewing
17-0075	Second Mortgage (54%)	B.C.	Residential (single family)	$315,000	8.49%	Renewing
17-0083	Second Mortgage (63%)	B.C.	Residential (single family)	$250,000	8.39%	Jan 31, 2019
17-0084	First Mortgage (30%)	B.C.	Residential Construction (single family)	$700,000	7.50%	Feb 28, 2019
17-0085	Second Mortgage (66%)	B.C.	Residential (single family x 2)	$650,000	8.93%	Mar 31, 2019
17-0088	Second Mortgage (68%)	B.C.	Residential (single family)	$400,000	8.99%	Mar 31, 2019
18-0089	First Mortgage (68%)	B.C.	Residential (multi family)	$800,000	8.19%	April 30, 2019
18-0090	Second Mortgage (56%)	B.C.	Residential (single family)	$180,000	8.50%	May 31, 2019
18-0091	Second Mortgage (52%)	B.C.	Residential (single family)	$500,000	8.10%	May 31, 2019
18-0092	Second Mortgage (52%)	B.C.	Residential (single family x 3)	$750,000	9.90%	May 31, 2019
18-0093	Second Mortgage (50%)	B.C.	Residential (single family)	$210,000	7.60%	May 31, 2019
18-0095	First Mortgage (60%)	B.C.	Residential Construction (single family)	$550,000	9.25%	June 30, 2019
18-0096	Third Mortgage (58%)	B.C.	Residential (single family)	$315,000	8.60%	May 31, 2019
18-0097	Second Mortgage (61%)	B.C.	Residential (single family + multi family)	$600,000	7.49%	June 30, 2019
18-0098	First Mortgage (63%)	B.C.	Residential (single family)	$600,000	8.20%	June 30, 2019
18-0101	First Mortgage (46%)	B.C.	Residential (single family)	$625,000	8.40%	June 30, 2019
18-0103	Second Mortgage (66%)	B.C.	Residential (multi family)	$155,000	8.75%	August 31, 2019
18-0104	Second Mortgage (62%)	B.C.	Residential (multi family)	$70,000	9.20%	August 31, 2019

18-0106	First Mortgage (42%)	B.C.	Residential (multi family)	$250,000	7.39%	August 31, 2019
18-0108	Second Mortgage (65%)	B.C.	Residential (multi family)	$245,000	8.50%	Sept 30, 2019
18-0109	First Mortgage (40%)	B.C.	Residential (single family)	$600,000	8.00%	Sept 30, 2019
18-0110	Second Mortgage (63%)	B.C.	Residential Construction (single family)	$700,000	8.85%	Oct 31, 2019
18-0111	Second Mortgage (64%)	B.C.	Residential (multi family)	$72,000	8.99%	Sept 30, 2019
18-0112	Second Mortgage (37%)	B.C.	Residential (single family)	$340,000	7.99%	Sept 30, 2019
18-0113	Third Mortgage (67%)	B.C.	Residential Construction (single family)	$570,000	9.25%	Sept 30, 2019
18-0114	First Mortgage (33%)	B.C.	Residential (multi family)	$620,000	7.99%	Oct 31, 2019
18-0115	First Mortgage (56%)	B.C.	Residential (multi family)	$700,000	8.59%	Oct 31, 2019
18-0116	Second Mortgage (55%)	B.C.	Residential (multi family)	$140,000	8.59%	Oct 31, 2019
18-0117	First Mortgage (52%)	B.C.	Residential (single family)	$800,000	8.30%	Oct 31, 2019
18-0118	Second Mortgage (63%)	B.C.	Residential Construction (single family)	$645,000	9.25%	Oct 31, 2019
18-0120	Second Mortgage (66%)	B.C.	Residential (single family)	$520,000	9.05%	Nov 30, 2019
18-0121	Second Mortgage (69%)	B.C.	Residential (multi family)	$260,000	9.50%	Nov 30, 2019
18-0122	Second Mortgage (46%)	B.C.	Residential (single family)	$550,000	8.50%	Nov 30, 2019
18-0123	Second Mortgage (50%)	B.C.	Residential (single family)	$300,000	8.75%	Nov 30, 2019
18-0124	Second Mortgage (62%)	B.C.	Residential (single family)	$680,000	9.50%	Nov 30, 2019
18-0125	Second Mortgage (64%)	B.C.	Residential Construction (single family)	$410,000	9.50%	Nov 30, 2019
18-0126	Second Mortgage (50%)	B.C.	Residential (multi family)	$155,000	9.15%	Dec 31, 2019
18-0127	First Mortgage (44%)	B.C.	Residential Construction (single family)	$900,000	9.25%	Nov 30, 2019
18-0128	Second Mortgage (64%)	B.C.	Residential (single family)	$260,000	9.15%	Jan 31, 2020
18-0129	Second Mortgage (43%)	B.C.	Residential (multi family)	$150,000	8.50%	Dec 31, 2019
18-0130	First Mortgage (65%)	B.C.	Residential (multi family)	$552,000	8.59%	Dec 31, 2019
18-0131	Second Mortgage (67%)	B.C.	Residential (single family)	$800,000	9.30%	Dec 31, 2019
18-0132	Second Mortgage (49%)	B.C.	Residential Construction (single family)	$300,000	9.99%	Dec 31, 2019
18-0133	Second Mortgage (56%)	B.C.	Residential (single family)	$200,000	9.39%	Dec 31, 2019
18-0134	First Mortgage (32%)	B.C.	Residential (single family)	$600,000	7.99%	Dec 31, 2019
18-0135	Second Mortgage (52%)	B.C.	Residential (multi family)	$650,000	8.99%	Dec 31, 2019
18-0136	First Mortgage (42%)	B.C.	Residential (multi family)	$500,000	7.99%	Jan 31, 2020
18-0137	Second Mortgage (56%)	B.C.	Residential Construction (single family)	$1,000,000	9.05%	May 31, 2020
18-0138	First Mortgage (57%)	B.C.	Residential (single family)	$850,000	8.10%	Jan 31, 2020

RECENT DEVELOPMENTS

As of March 31, 2019 the following additional Mortgages were funded:

Mortgage Number	Type of Mortgage (LTV)	Location of Property	Nature of Underlying Property	Original Principal Amount	Interest Rate	Maturity Date
19-0140	Second Mortgage (63%)	B.C.	Residential (single family)	$525,000	9.15%	April 30, 2020
19-0141	First Mortgage (13%)	B.C.	Residential (multi family)	$65,000	9.49%	April 30, 2020
19-0143	Second Mortgage (65%)	B.C.	Residential (multi family)	$300,000	9.99%	April 30, 2020
19-0144	Third Mortgage (54%)	B.C.	Residential (single family)	$250,000	9.15%	April 30, 2020
19-0146	Second Mortgage (67%)	B.C.	Residential (multi family)	$265,000	9.15%	May 31, 2020
19-0147	Third Mortgage (51%)	B.C.	Residential (single family)	$250,000	9.50%	April 30, 2020
19-0148	Second Mortgage (66%)	B.C.	Residential (single family)	$250,000	9.50%	May 31, 2020
19-0149	Second Mortgage (58%)	B.C.	Residential (single family)	$320,000	8.90%	May 31, 2020
19-0150	Second Mortgage (65%)	B.C.	Residential (multi family)	$113,000	9.50%	May 31, 2020
19-0151	Second Mortgage (60%)	B.C.	Residential Construction (single family)	$800,000	10.15%	June 30, 2020
19-0152	Third Mortgage (67%)	B.C.	Residential (multi family)	$214,000	9.79%	April 30, 2020
19-0153	First Mortgage (49%)	B.C.	Residential (single family)	$800,000	7.99%	Sept 30, 2019
19-0154	Second Mortgage (41%)	B.C.	Residential (single family)	$100,000	8.99%	May 31, 2020
19-0155	Second Mortgage (46%)	B.C.	Residential (single family)	$810,000	10.10%	May 31, 2020
19-0156	First Mortgage (60%)	B.C.	Residential Construction (single family)	$960,000	8.70%	May 31, 2020
19-0158	First Mortgage (24%)	B.C.	Residential (multi family)	$200,000	8.49%	Dec 31, 2019

MATERIAL AGREEMENTS

The following is a list of agreements which are material to this offering and to the Trust, both of which are in effect:

a) the Declaration of Trust made as of May 1, 2014 (as amended and restated as of November 15, 2014 and further amended by the First Supplement) between the Manager and the Trustee creating the Trust under the laws of the Province of British Columbia. The Declaration of Trust is described below in “Terms of Units”; and

b) the Subordination Agreement made as of May 1, 2014 between Tri City Capital Corp. and the Trust as described below under “Securities Offered”.

Copies of all contracts referred to above may be inspected during normal business hours at the principal office of the Manager, 1000 - 850 West Hastings Street, Vancouver, BC V6C 1E1.

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

The Manager

Tri City Fund Management Ltd. (the Manager)

Pursuant to the terms and conditions of the Declaration of Trust, the Manager is the manager of the Trust. The Manager is owned by Michael Goodman who is an investor in the Trust through Tri City Capital Corp. In performing its services, the Manager will, at all times, on the terms and conditions of the Declaration of Trust, be subject to the continuing and ultimate authority of the Unitholders. The head office of the Manager is located at 1000-850 West Hastings Street, Vancouver, British Columbia, V6C 1E1. The Trust is a source of funding for the Manager's mortgage lending business.

Duties and Services to be Provided by the Manager

The Manager employs a conservative and risk-averse approach to real estate-based investments. The Manager makes investment decisions on behalf of the Trust. The Manager has taken the initiative in founding and organizing the Trust and, accordingly, may be considered to be a "promoter" of the Trust within the meaning of the securities legislation of certain provinces of Canada.

Subject to the terms of the Declaration of Trust, the Manager will be responsible for managing the business and administration of the Trust pursuant to the terms of the Declaration of Trust. The Manager has coordinated the organization of the Trust, will manage the ongoing business and administration of the Trust and will monitor the investment portfolio of the Trust. As such, the Manager is responsible for managing the business and administration of the Trust and the conduct of the affairs of the Trust, including without limitation:

a) assisting in establishing the investment policies, practices and objectives applicable to the Trust including any restrictions on investments which it deems advisable and to implement such policies, practices and objectives;

b) ensuring that the Net Subscription Proceeds are invested in Mortgages;

c) paying properly incurred expenses out of Trust Property;

d) depositing monies from time to time forming part of the Trust Property in accounts;

e) appointing the accountants of and registrar and transfer agent for the Trust;

f) appointing the bankers of the Trust;

g) ensuring compliance with applicable securities legislation;

h) preparing and filing or causing to be prepared and filed all requisite returns, reports and filings;

i) providing all requisite office accommodation and associated facilities;

j) providing or causing to be provided to the Trust all other administrative and other services and facilities required by the Trust;

k) maintaining or causing to be maintained complete records of all transactions in respect of the investment portfolio of the Trust; and

l) remitting distributions;

all subject to the terms and conditions set out in the Declaration of Trust.

The Manager will also identify potential transactions for the Trust, principally through a network of existing business contacts, repeat borrowers and its reputation. The Manager seeks out, reviews and presents to the Trust, Mortgage investment opportunities which are consistent with the investment and operating policies and objectives of the Trust and services such Mortgages on behalf of the Trust. The Manager will be reimbursed for any costs it incurs in respect of Mortgage origination. The Trust will retain any lending fees paid by the borrower, but the Manager will retain any brokerage fees payable to it. The Trust will also pay any brokerage or referral fees payable to third party brokers.

Directors and Officers

Michael Goodman owns all of the shares of the Manager. None of the directors are compensated for serving in such positions. The name and municipality of residence of each of the directors and senior officers of the Manager, the office held by them and principal occupation in the last five years are as follows:

Name and municipality of principal residence	Positions held (e.g. Director, officer, promoter and/or principal holder)	The date of obtaining that position
Michael Goodman, New Westminster, BC	Principal Holder	November 2, 2010
Sandy Oh, Vancouver, BC	Director and President	April 30, 2014
Winston Wong, Richmond, BC	Director	October 29, 2010
Michael G. Birch, Surrey, BC	Director	April 28, 2015

The Principal Unitholders

Below is a list of all Unitholders with holdings near/above 10.00% as of March 31, 2019**:

Name and municipality of principal residence	Series	Number of units	Initial Principal	% of ownership
Timothy Walsh, Parksville, BC	P-1	3,500	$3,500,000	11.05%

** - excludes reinvested distributions

Management Experience

The principal occupations of the directors and senior officers of the Manager over the past five years are disclosed as follows:

Michael Goodman is the Chairman of Tri City Capital Corp. and principal owner of the Tri City Group of Companies, which includes Tri City Investments Ltd., Tri City Mortgage Broker Services Ltd. and Tri City Fund Management Ltd. The Tri City Group is a group of 30 real estate investment, financing and development companies some of which have existed for over 40 years. Mr. Goodman is a graduate of the University of British Columbia.

Sandy Oh is the President of Tri City Fund Management Ltd. and manages all private lending and mortgage brokerage businesses. Mr. Oh oversees the credit underwriting on any new Mortgage applications, Unitholder relations for the Trust, as well as corporate finance and operational matters. During his tenure as President, Mr. Oh oversaw mortgage originations of over $130 million. Prior to working in the private lending group, Mr. Oh headed Tri City's real estate division including management and development of Tri City's portfolio of assets in B.C. and Alberta. Previously, Mr. Oh was a Vice President for the Newgen Group, a real estate development and management consulting firm with over $300 million in projects and managed assets. Mr. Oh led the financing and management of the income properties portfolio between 2006 and 2010. Mr. Oh has a Master of Business Administration from the University of British Columbia, a Master of Arts from New York University and a Bachelor of Arts from the University of Toronto.

Winston Wong has been an adviser to the Tri City Group for over 15 years and a director of companies within the group since 2006. He has an extensive background in banking. After working in management for 20 years including serving as a Zone Controller with a role in managing 22 branches and 2,000 borrowing clients, in 1984 he was appointed the Marketing Manager of Standard Chartered Bank, Hong Kong in charge of business development through its 110 branches.

Mr. Wong came to Canada in 1986 and in 1988 he founded Magusta Development B.C. Ltd. as a subsidiary of a Hong Kong based conglomerate, and became the Managing Director. During his tenure as the Head of the Canadian subsidiary, Mr. Wong successfully completed residential development projects of over $100 million in the Lower Mainland. He was promoted to the Group Managing Director in 1992 and repatriated back to Hong Kong and ultimately came back to Canada three years later to stay permanently.

Mr. Wong is an active member of the local business community and sat on the board of directors of a number of public companies including Avcorp Industries Inc., the largest aerospace manufacturer in B.C. and Pyxis Capital Inc., which had assets in excess of $700 million. In 2010 he was elected Director of CUAM Greater China Opportunities Absolute Return Master Fund managed by China Universal Assets Management Company Ltd., a fund manager based in Shanghai, China where he served for two years. Mr. Wong is also active in community service, and has been a Trustee, Director and a Member of Finance Committee of Richmond Hospital Foundation since 2008.

Michael G. Birch is the Vice President and Director at Tri City Mortgage Fund Ltd. Mr. Birch brings more than fifty years of banking and mortgage experience to Tri City. Mr. Birch started at the General Guarantee Corp in London, England, a merchant bank, where he rose to the position of Area Manager. In 1975, Mr. Birch emigrated to Canada where he became a branch manager at the Bank of Montreal and at G&F Financial, where he helped them expand branch operations.

Mr. Birch also helped co-found the Home Mortgage Canada Corp, a brokerage company that was a pioneer in private lending in the 1990-2000s. Over the course of his brokerage career, Mr. Birch has transacted over $1.5 billion worth of commercial and residential financings.

Mr. Birch was also one of the co-founders of the original Mortgage Brokers Association of British Columbia.

Penalties, Sanctions and Bankruptcy

No penalty or sanction or any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten years against or with regard to any:

a) director, senior officer or control person of the Manager, or

b) any issuer that a person or company referred to in (a) above was a director, senior officer, or control person of at that time.

Manager's Fees

The Manager is responsible for managing the business and administration of the Trust and the conduct of the affairs of the Trust. Pursuant to the Declaration of Trust, the Manager will be entitled to receive a fee equal to 1.25% per annum of the Assets Under Management for Series A-1, A-IN, P-1 and P-IN Units, a fee equal to 2.25% per annum of the Assets Under Management for Series A-2, A-3, A-C and P-3 Units and a fee equal to 2.00% per annum of the Assets Under Management for Series P-2 Units (the "Management Fee").

The Manager will also be paid an annual fee (the "Performance Fee") equal to 30% of the amount by which the Net Revenue for the Fiscal Year exceeds the sum of the Preferred Return and the Base Distribution for the Fiscal Year and any replenishment of Series Units' equity to $1,000/unit. The Trust will be obligated to pay any applicable GST or other taxes on the Management Fee and Performance Fee.

The Management Fee is paid monthly, in arrears and is to be estimated and paid 15 days following the end of each such month. The Performance Fee is paid annually. The payments of the Management Fee and the Performance Fee due for the month ending December 31st will be determined taking into consideration the previous payments of the

Management Fee made on an estimated basis and will be paid in two payments, the first being paid on January 15 and the second being paid not later than 90 days following December 31st. The Trust will be obligated to pay any applicable GST or other taxes on such fees.

Expenses of the Trust

The Trust will reimburse the Manager for all expenses incurred in connection with the management of the Trust. The Manager's expenses will include a pro rata portion of overhead expenses, such as any office rent and employee salaries used by the Manager to operate the Trust. The Manager intends to equitably allocate its overhead expenses between the Trust and TCMIF, and any other funds it may choose to operate in the future. See "Risk Factors".

It is expected that the operating expenses of the Trust will include, without limitation: preparing, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses and expenses related to Unitholder meetings; costs associated to solicitation of new Unitholders, investor relations, and promotion of the Trust; costs associated with compensation paid to brokers or wholesalers for the origination of Mortgage investments, costs paid for the promotion for purposes of soliciting Mortgage applications; fees payable to the Trustee; fees payable to accountants, the auditors and legal advisors; ongoing regulatory fees, licensing fees and other fees; external bookkeeping fees; any reasonable out–of–pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Trust; any additional fees payable to the Manager for the performance of extraordinary services on behalf of the Trust; any taxes payable by the Trust or to which the Trust is subject; interest expenses; expenses relating to portfolio transactions; and any expenditures that may be incurred upon the termination of the Trust.

The Trust will also reimburse the Manager fees payable to the transfer agent; any expenses incurred in connection with any legal proceedings in which the Manager participates on the Trust's behalf or any other acts of the Manager or any other agent of the Trust in connection with the maintenance or protection of its property, including costs associated with the enforcement of Mortgage loans; consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; other administrative expenses of the Trust (including calculation of Adjusted Book Value); and all taxes, commissions, brokerage commissions (including trailer fees) and other costs of securities transactions, debt service, commitment fees and costs relating to any credit facilities, insurance premiums and any extraordinary expenses which the Trust may incur or which may be incurred on the Trust's behalf from time to time, as applicable. Any of the above services that are provided by the Manager will be provided at no more than "market" rates.

Term and Resignation of the Manager

The appointment of the Manager is for a ten year period and will renew automatically for consecutive ten year periods, unless, not less than 90 days prior to the end of each such ten year period, the Trustee provides written notice to the Manager that the Unitholders have, by Special Resolution, determined to terminate the Manager's appointment.

The Manager has the right to resign as Manager of the Trust by giving notice in writing to the Trustee and the Unitholders not less than 60 days prior to the date on which such resignation is to take effect. Such resignation will take effect on the date specified in such notice. The Trustee will appoint a successor manager of the Trust, and, unless the successor manager is an affiliate of the Manager, such appointment must be approved by a majority of the Unitholders of the Trust. If, prior to the effective date of the Manager's resignation, a successor manager is not appointed or the Unitholders of the Trust do not approve of the appointment of the successor manager as required hereunder, the Declaration of Trust will be terminated on the effective date of resignation of the Manager and the Trust property will be distributed and the Trustee will continue to act as trustee of the Trust until all of the Trust Property has been so distributed.

In the event of the Manager's resignation, or if the Unitholders decide to terminate the Manager's appointment as set out above, the Trust will redeem the Units held by the Manager upon the effective date of the Manager's resignation.

The appointment of the Manager will be terminated immediately following the occurrence of a Termination Event. Each of the following events is a "Termination Event":

a) the Manager is in material default of its obligations under the Declaration of Trust and such default continues for 120 days from the date that the Manager receives written notice of such material default from the Trustee;

b) the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction);

c) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or

d) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

Mortgage Broker Regulation

Mortgage brokers in Canada are regulated by provincial mortgage brokers legislation. The Trust and the Manager are both registered under the *Mortgage Brokers Act* (British Columbia).

The registrar under provincial mortgage brokers legislation regulates the mortgage broker industry, and has the power to grant or renew registration, the power to revoke registration and the power to investigate complaints made regarding the conduct of registered mortgage brokers. Under provincial mortgage brokers legislation, there are several requirements a mortgage broker must meet in order to obtain or maintain its registration. Generally, a mortgage broker's registration may be suspended or cancelled if it is party to a harsh or unconscionable transaction, or it has conducted its business in a manner that is contrary to the public interest.

The Office of the Registrar of Mortgage Brokers at the Financial Institutions Commission regulates the mortgage brokering and lending activities of mortgage investment entities (MIEs) under the *Mortgage Brokers Act*. The Registrar and the *Mortgage Brokers Act* do not regulate the capital raising and investment marketing activities of MIEs which are subject to securities legislation and regulation.

You can find further information at FICOM's website:

htpp://www.fic.gov.bc.ca/pdf/mortgagebrokers/mb-13-001.pdf

The Trustee

Computershare Trust Company of Canada is the trustee of the Trust pursuant to the terms and conditions set out in the Declaration of Trust. The address of the Trustee is 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Declaration of Trust. The Trustee may also sell, encumber or otherwise dispose of Trust Property as directed by the Manager and may borrow money as directed by the Manager.

The Trustee or any successor trustee may resign upon 60 days' notice (or such shorter time as may be agreed to by the Trustee and the Manager) to Unitholders and to the Manager, or may be removed by the Manager on 60 days' notice if approved by Special Resolution. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy occurs in the office of the Trustee, a successor trustee will forthwith be appointed by the Manager to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee will execute and deliver such documents as the Manager may require for the conveyance of any property of the Trust held in the Trustee's name, will account to the Manager for all property of the Trust which the Trustee holds as trustee and shall thereupon be discharged as trustee.

CAPITAL STRUCTURE

Capital Structure

The following are the details of the outstanding securities of the Trust at December 31, 2018.

Description of Security	Number Authorized to be Issued	Number Outstanding as at December 31, 2018**
Series A-1 Units	Unlimited	19,885
Series A-2 Units	Unlimited	218
Series A-3 Units	Unlimited	304
Series A-IN Units	Unlimited	535
Series P-1 Units	Series P not to exceed 60% of total outstanding	7,639
Series P-IN Units	Series P not to exceed 60% of total outstanding	646

** - excludes reinvested distributions

Prior Sales and Redemptions

During the fiscal year ended December 31, 2018, 7,014 Units of Series A-1, 108 Units of Series A-2, 525 Units of Series A-IN, 866 Units of Series P-1, and 336 Units of Series P-IN were sold yielding proceeds of $8,851,473. Redemptions during the fiscal year ended December 31, 2018 were (1,903) Units of Series A-1 and (100) Units of Series P-1, yielding proceeds of ($2,003,381). For the period January 1, 2019 to March 31, 2019, the Trust sold 953 Units of Series A-1, 110 Units of Series A-2, 304 Units of Series A-3, 10 Units of Series A-IN, 197 Units of Series P-1, 24 Units of Series P-2 and 10 Units of Series P-IN yielding proceeds of $1,610,163. Redemptions during the 3 months ending March 31, 2019 were (95) units of Series A-1 yielding proceeds of ($95,684).

Description of Security	Period	Investment/(Redemption)	Amount	Units
Series A-1	12 months ending Dec 31, 2018	Investment	$7,014,028	7,014
Series A-1	12 months ending Dec 31, 2018	(Redemption)	($1,903,381)	(1,903)
Series A-2	12 months ending Dec 31, 2018	Investment	$108,531	108
Series A-IN	12 months ending Dec 31, 2018	Investment	$525,832	525
Series P-1	12 months ending Dec 31, 2018	Investment	$866,905	866
Series P-1	12 months ending Dec 31, 2018	(Redemption)	($100,000)	(100)
Series P-IN	12 months ending Dec 31, 2018	Investment	$336,177	336
Series A-1	3 months ending Mar 31, 2019	Investment	$953,706	953
Series A-1	3 months ending Mar 31, 2019	(Redemption)	($95,684)	(95)

Description of Security	Period	Investment/(Redemption)	Amount	Units
Series A-2	3 months ending Mar 31, 2019	Investment	$110,024	110
Series A-3	3 months ending Mar 31, 2019	Investment	$304,596	304
Series A-IN	3 months ending Mar 31, 2019	Investment	$10,074	10
Series P-1	3 months ending Mar 31, 2019	Investment	$197,250	197
Series P-2	3 months ending Mar 31, 2019	Investment	$24,266	24
Series P-IN	3 months ending Mar 31, 2019	Investment	$10,247	10

SECURITIES OFFERED

Terms of Units

Series A Units and Series P Units

The Trust is authorized to issue an unlimited number of Series A-1, Series A-2, Series A-3, Series A-C, Series A-IN, Series P-1, Series P-2, Series P-3 and Series P-IN Units and, provided that the number of Units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time. Other than with respect to payment of fees and the priority afforded to Series P Units on distribution and liquidation, each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholders.

Each Unit represents an undivided beneficial interest in the net assets of the Trust. The Manager, in its discretion, determines the number of Series of Units and establishes the attributes of each Series, including investor eligibility, the designation and currency of each Series, the initial closing date and initial offering price for the first issuance of Units of the Series any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, fees and expenses of the Series, sales or redemption charges payable in respect of the Series, redemption rights, convertibility among Series and any additional Series specific attributes.

The Trust may issue additional Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. The price or the value of the consideration for which Units may be issued will be determined by the Manager.

Each Unitholder is entitled to one vote for each Unit held and, subject to an adjustment in a Unit's Proportionate Share as a result of the date of first issue of a Unit in the first Fiscal Year, is entitled to participate equally with respect to any and all distributions made by the Trust in respect of such Series, including distributions of taxable income (which they are required to receive their share of) and the non-taxable portion of net realized capital gains, if any. On termination, the Unitholders of record holding outstanding Units, other than Series P Units are entitled to receive all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust and after payment of the Preferred Return, the Adjusted Book Value of the Series P Units, the Base Distribution and any Performance Fees or Management Fees payable to the Manager. See "Termination of the Trust".

Series

The Manager may create one or more new Series without Unitholder approval (provided same are within the investment objectives set out in the Declaration of Trust and provided that the number of Units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all Units issued at any one time). The Trust may also issue other securities such as debentures or notes, without Unitholder approvals, provided that the issue price of such additional securities may not exceed 20% of the aggregate Subscription Price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate Subscription Price of all Units issued at any one time. Before the issue of a new Series, the Manager will execute a supplemental Declaration of Trust creating the new Series and the terms and investment objectives relating thereto. Any new Series created by the Manager shall:

a) be designated by letter or letters or letters and numbers; and

b) have Series' rights (including the rights of Redemption) established by the Manager.

Distributions in respect of Series will differ as a result of the deduction of amounts in respect of Trailer Fees and/or Management Fees at different levels in respect of certain Series and the lack of deductions in respect of Trailer Fees in respect of Series A-3, Series A-C Units, Series A-IN Units, Series P-3 Units and Series P-IN Units. As well, Series A-C Units provide that a percentage of distributions otherwise payable to the Series A-C Unitholders will be paid to a designated charity, which amount, as a one-time contribution, will be matched by the Manager.

The Trust is authorized to issue an unlimited number of redeemable non-transferable units of beneficial interest in Series, each of which represents an equal, undivided interest in the net assets of the Trust. Fractional Units will be issued if required. The Trust may also issue other securities, such as debentures or notes, without Unitholder approval.

Seven Series of Units of the Trust are offered under this Offering Memorandum.

Series A-1 Units are entitled to receive the Base Distribution and the balance of Net Revenue, and pay a Sales Fee in an amount up to 6.0% of the Subscription Price of such Units, payable at the time of the initial investment and the Manager may pay an annual Trailer Fee on behalf of the Trust of up to 1.0% of the Subscription Price of such Units. The Management Fee for this Series is 1.25%. Series A-1 Units are redeemable by the Manager.

Series A-2 Units are entitled to receive the Base Distribution and the balance of Net Revenue, and pay a Sales Fee in an amount up to 1.0% of the Subscription Price of such Units, payable at the time of the initial investment and the Manager may pay an annual Trailer Fee on behalf of the Trust of up to 1.0% of the Subscription Price of such Units. The Management Fee for this Series is 2.25%. Trailer Fees will be deducted from the distributable income to the Series Unitholders. Series A-2 Units are redeemable by the Manager.

Series A-3 Units are entitled to receive the Base Distribution and the balance of Net Revenue, and pay a Sales Fee in an amount of up to 1.0% of the Subscription Price of such Units, payable at the time of the initial investment. The Management Fee for this Series is 2.25%. Series A-3 Units are redeemable by the Manager. Series A-3 Units are only available to investors who make large investments in the Trust of at least $200,000.

Series A-C Units are entitled to receive the Base Distribution and the balance of Net Revenue, and pay a Sales Fee in an amount up to 6.0% of the Subscription Price of such Units, payable at the time of the initial investment. The Management Fee for this Series is 2.25%. Series A-C Units are redeemable by the Manager.

Although the Series A-C Unitholders are entitled to receive the Base Distribution, 1.00% of the distributions that such Unitholders would otherwise be entitled to receive will be donated to a designated charity of the Unitholder's choice. The Manager will make a one-time matching contribution of up to 1.00% of such Unitholder's initial subscription amount in the 1st year only.

A list of ten charities will be posted by the Manager on the Manager's website and Unitholders will have the opportunity to suggest charities to be nominated for the Series A-C. The Manager has complete discretion over approving the ten charities. A Series A-C Unitholder will have the right to direct that his or her 1.00% annual donation contribution plus the matched amount (in the first year only) will go entirely to one of the charities each year (charity receipts may be available) or, if no choice is made, the contribution amount will be paid into a general pool, from which the Manager will donate to a number of different charities/non-profits (no charity receipt will be given).

Series A-IN Units are entitled to receive the Base Distribution and the balance of Net Revenue, and pay a Sales Fee in an amount up to 1.0% of the Subscription Price of such Units, payable at the time of the initial investment and no annual Trailer Fee is paid in respect of such Units. Series A-IN Units are redeemable by the Manager. The Management Fee for this Series is 1.25%. Series A-IN Units are only available to investors who make large investments in the Trust of at least $250,000.

Series P-1 Units are entitled to receive the Preferred Return, but do not share in the balance of any Net Revenue**,** and pay a Sales Fee in an amount up to 6.0% of the Subscription Price of such Units payable at the time of initial investment, and the Manager may pay an annual trailer fee on behalf of the Trust of up to 1.0% of the Subscription Price of such Units, and further provided that the number of Series P Units issued may not exceed 60% of the number of all Units issued at any one time. The Management Fee for this Series is 1.25%. Series P -1 Units are redeemable by the Manager.

Series P-2 Units are entitled to receive the Preferred Return, but do not share in the balance of any Net Revenue**,** and pay a Sales Fee in an amount up to 1.0% of the Subscription Price of such Units payable at the time of initial investment, and the Manager may pay an annual Trailer Fee on behalf of the Trust of up to 0.75% of the Subscription Price of such Units, and further provided that the number of Series P Units issued may not exceed 60% of the number of all Units issued at any one time. Series P-2 Units are redeemable by the Manager. The Management Fee for this Series is 2.00%. Trailer Fees will be deducted from the distributable income to the Series Unitholders. Series P-2 Units are designed for investors who are advised by registered securities dealers.

Series P-3 Units are entitled to receive the Preferred Return, but do not share in the balance of any Net Revenue**,** and pay a Sales Fee in an amount up to 1.0% of the Subscription Price of such Units payable at the time of initial investment, and further provided that the number of Series P Units issued may not exceed 60% of the number of all Units issued at any one time. Series P-3 Units are redeemable by the Manager. The Management Fee for this Series is 2.25%. Series P-3 Units are only available to investors who make large investments in the Trust of at least $200,000.

Series P-IN Units are entitled to receive the Preferred Return, but do not share in the balance of any Net Revenue**,** and pay a Sales Fee in an amount up to 1.0% of the Subscription Price of such Units payable at the time of initial investment, and no annual Trailer Fee is paid in respect of such Units, and further provided that the number of Series P Units issued may not exceed 60% of the number of all Units issued at any one time. Series P-IN Units are redeemable by the Manager. The Management Fee for this Series is 1.25%. Series P-IN Units are only available to investors who make a minimum investment of $250,000 in the Trust.

All Units of the same Series are entitled to participate pro rata: (i) in any payments or distributions made by the Trust to the Unitholders of the same Series; and (ii) upon liquidation of the Trust, in any distributions to Unitholders of the same Series of net assets of the Trust attributable to the Series remaining after satisfaction of outstanding liabilities of such Series.

Outstanding Units of any Series may be subdivided or consolidated in the Manager's discretion. In each case, upon the Manager giving at least 21 days' prior written notice to the Trustee and each Unitholder of its intention to do so, the Manager may change the designation of a Series, provided that the rights attached to such Series are not altered.

Distributions

Provided funds are available, after payment of all expenses, including the Management Fee and the Manager's expenses, the Trust will make a distribution to each Unitholder on a monthly basis. Series P Units will be entitled to monthly distributions in priority to the monthly distributions payable to other Unitholders (the "Preferred Return") at a rate per annum which was initially set by the Manager at 6.0%, for Series P-1, for the period from November 1, 2014 to December 31, 2016, and has been re-set by the Manager, for Series P-1 and P-IN Units at 6.65% per annum for the period from January 1, 2019 to December 31, 2019 and will automatically be reset by the Manager on January 1 each year to be the 2 year Government of Canada bond rate prevailing on that date plus 480 basis points. Series P-2 Units will receive their Preferred Return at the rate of 5.15% for January 1, 2019 to December 31, 2019 and will automatically reset by the Manager on January 1 each year, for Series P-2 Units, to be the 2-year Government of Canada bond rate prevailing on that date plus 330 basis points. Series P-3 Units will receive their Preferred Return at the rate of 5.65% for January 1, 2019 to December 31, 2019 and will be automatically reset by the Manager on January

1 each year, for Series P-3 Units, to be the 2-year Government of Canada bond rate prevailing on that date plus 380 basis points. Series A Units will be entitled to a monthly distribution at a rate of 8.0% per annum, except as reduced as a result of Trailer fees and/or larger Management Fees payable on Series A-2 Units and except as reduced as a result of larger Management Fees payable on Series A-3 and A-C Units (the "Base Distribution"). In addition, Unitholders (other than Series P Unitholders) will receive their Proportionate Share of an amount, after all Series Unit's equity has been replenished back up to $1,000/unit and after payment of the Performance Fee to the Manager, equal to 100% of the Trust's Net Income and Net Realized Capital Gains, less any reserves the Manager deems appropriate and less non-capital losses carried forward, if any, for the Fiscal Year, less amounts distributed previously at each month end as part of the total return to Unitholder. For example, if some financial crisis were to occur in the future, the Manager would intend to retain interest collected in the Trust's Mortgage portfolio as a reserve against any future Mortgage impairment in able to ensure all the Unitholders are treated fairly. Such monthly distributions will be paid in arrears on the 21st day following the month to which distribution relates, except the December 31 distribution, which will be made in two payments, the first payment being made on January 21 and the second payment being made not later than 90 days following December 31st. If the Trust is unable to pay the Base Distribution in any month, the obligation to make such payment will cumulate for that Fiscal Year, but not beyond that Fiscal Year.

Distributions in respect of Series will differ as a result of the deduction of amounts in respect of Trailer Fees and/or Management Fees at different levels in respect of certain Series and the lack of deductions in respect of Trailer Fees in respect of Series A-3 Units, Series A-IN Units, Series P-3 Units and Series P-IN Units. As well, Series A-C Units provide that a percentage of distributions otherwise payable to the Series A-C Unitholders will be paid to a designated charity, which amount, as a one-time contribution, will be matched by the Manager in the 1st year only.

There is no guarantee that monies will be available to pay the Preferred Return or the Base Distribution. Amounts outstanding under the Preferred Return and the Base Distribution are non-cumulative after each Fiscal Year and must be paid before the Manager's Performance Fee is paid (see "The Manager"). In addition any Series Units must also be replenished back up to $1,000/unit before the Manger's Performance Fee is paid. At the end of each Fiscal Year, and when appropriate, the Manager's Performance Fee will be paid, and the balance of any Net Revenue will be distributed to the holders of Series A Units (the "Top Up Distribution"). The Top Up Distribution will be calculated annually and distributed at such time if funds are available.

To the extent distributions are calculated in respect of a period and payable at the end of such period, if for any reason, including the termination of the Trust, such period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened period and be payable at the end of such shortened period.

Upon their initial subscription, Unitholders holding Units may elect to receive distributions on Units by way of cash payment or to receive such distributions by the issuance to them of additional fractional Units. Investors may make a new election by written notice not less than 15 days before a Distribution Payment Date.

In each month or Fiscal Year of the Trust, respectively, with respect to each Unit, the Unitholder holding such Unit shall only be entitled to a Proportionate Share based on the proportion that the number of days between the date of first issue of such Unit and the last day of the calendar month or Fiscal Year bears to the aggregate total number of days in such calendar month or Fiscal Year. By allocating distributions made by the Trust in the aforementioned manner, early subscribers of Units are compensated for the fact that they contributed to the Trust at an earlier date.

The Trust intends to distribute all of the Net Income and Net Realized Capital Gains, if any, of the Trust to Unitholders, so that the Trust will not be liable to pay income tax pursuant to the Tax Act during any year. If distributions to Unitholders are in excess of the Net Income and Net Realized Capital Gains, if any, of the Trust, it will generally result in a reduction in the adjusted cost base of the Units to the Unitholder. See "Income Taxes and RRSP Eligibility".

If, on a Distribution Payment Date, the Trust does not have cash in an amount sufficient to pay the cash distribution to be made on such Distribution Payment Date, the Manager may, in its discretion, borrow sufficient funds on such terms as it deems appropriate to make such cash distributions. In the event that the Manager is unable to, or determines that it is not in the best interests of, the Trust and the Unitholders to borrow funds in order to make a distribution wholly in cash, the distribution payable to the Unitholders on such Distribution Payment Date may, at the option of the Manager, include a distribution of additional Units (at $1,000 per Unit) having a value equal to the cash shortfall.

If the Manager determines that the value of a Unit is materially different than $1,000, each additional Unit will be issued at such different value. The distribution of Units will be subject to the requirements of the applicable Securities Authority and if not permitted, distributions will be made in cash. The Manager may, in exceptional circumstances, consolidate the number of outstanding Units after a distribution of additional Units, so that each Unitholder holds the same number of Units held before the distribution of additional Units.

The Trust has adopted a distribution reinvestment plan (the "DRIP"), pursuant to which Unitholders are entitled to elect to have all distributions of the Trust automatically reinvested in additional Units, or fractional Units, at the Subscription Price. No brokerage commission will be payable in connection with the purchase of Units under the DRIP and all administrative costs will be borne by the Trust. Unitholders resident outside of Canada will not be entitled to participate in the DRIP. Upon ceasing to be a resident of Canada, a Unitholder must terminate his or her participation in the DRIP.

Priority of Fiscal Year End Distributions

After payment of all annual expenses, including the Management Fee and the Manager's expenses and the Trustee's fee, and after deducting an amount for reasonable reserves at each Fiscal Year end and less non-capital losses carried forward, if any, for the Fiscal Year and amounts previously distributed, the following distributions will be made of Net Revenue in the following order:

a) first, to the Series P Unitholders, any unpaid Preferred Return for prior periods during the Fiscal Year only;

b) second, to the Series P Unitholders, $^{1}/_{12}$ of their respective Preferred Returns (less any applicable trailer fees payable);

c) third, to the Series A Unitholders, $^{1}/_{12}$ of their respective Base Distributions (less any applicable trailer fees payable);

d) forth, to replenish all Series Units' equity back to $1,000/unit (for any Series Units that are impaired)

e) fifth, to the Manager, the Performance Fee;

f) sixth, to the Series A Unitholders, the balance of Net Revenue.

Distribution on Termination of the Trust

On the termination of the Trust, the assets of the Trust will be liquidated and the proceeds distributed in the following order:

a) to pay the liabilities of the Trust and to establish reserves for the contingent liabilities of the Trust;

b) to repay to the Manager or its Affiliate, as applicable, all amounts payable in connection with any loan advanced by the Manager or Affiliate to the Trust to acquire Mortgage loans;

c) to pay any Management Fee owing;

d) to pay any Preferred Return owing;

e) to pay the Subscription Price of Series P Units to Series P Unitholders;

f) to pay any Base Distribution owing;

g) to replenish all Series Units' equity back up to $1,000/unit (first to Series P, then to Series A)

h) to pay to the Performance Fee; and

i) to pay the balance to the Series A Unitholders, *pro rata* in accordance with the number of Units held by each Unitholder.

Subordination Agreement

Pursuant to the Subordination Agreement, Tri City Capital Corp. has agreed to hold Units in the Trust with an aggregate Subscription Price of not less than $1,000,000. Tri City Capital Corp. will subordinate its rights in respect of the Units it holds in the Trust up to an aggregate Subscription Price of $1,000,000, so that it will only receive a return of its invested capital when the Trust is wound up after all other Unitholders have received a return of all their invested capital.

The covenant to hold Units in the Trust with an aggregate Subscription Price of not less than $1,000,000 and the subordination set out above will terminate on the earlier of:

a) August 1, 2021; and

b) the date upon which the aggregate Unitholder equity of the Trust is $30,000,000.

Meetings of Unitholders and Resolutions

The Trustee may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request in writing of the Manager or of Unitholders holding, in aggregate, 50% or more of the Units outstanding (or in the case of a Series meetings, of that Series).

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Special Resolution or Unanimous Resolution, as discussed below, will require the approval of Unitholders by Ordinary Resolution. A quorum for any meeting convened to consider such matter will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units (or of that Series) outstanding on the record date. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum.

Each Unitholder is entitled to one vote per Unit held.

Matters Requiring Unitholder Approval

The following matters require approval by Ordinary Resolution and shall be deemed approved, consented to or confirmed, as the case may be, upon the adoption of such Ordinary Resolution:

a) matters relating to the administration of the Trust for which the approval of the Unitholders is required by policies of the securities regulatory authorities in effect from time to time;

b) subject to the requirements for a Special Resolution and a Unanimous Resolution, any matter or thing stated herein to be required to be consented to or approved by the Unitholders; and

c) any matter which the Manager or Trustee considers appropriate to present to the Unitholders for their confirmation or approval.

Each of the following actions requires approval by Special Resolution, the terms of which shall specify the date upon which the proposed action shall be undertaken and the party who shall undertake the action:

a) the amendment of the Declaration of Trust (except as provided under "Amendments to the Declaration of Trust" below) or changes to the Trust, including the investment objectives of the Trust (for greater certainty, the establishment of a new Series, provided same are within the investment objectives of the Trust, will not require Unitholder approval);

b) an increase in the fees payable to the Manager;

c) the removal of the Trustee;

d) the appointment of a new trustee;

e) the termination of the Manager; and

f) subject to the right of the Manager to do so, the termination of the Trust.

Notwithstanding the foregoing, any amendment to the Declaration of Trust which would have any of the following effects requires approval by Unanimous Resolution, the terms of which shall specify the date upon which the proposed amendment shall be undertaken and the party who shall undertake the amendment:

a) a reduction in the interest in the Trust of any Unitholder (other than a reduction arising through an issuance of additional Units);

b) a reduction in the amount payable on any outstanding Units of the Trust upon liquidation of the Trust;

c) an increase in the liability of any Unitholder; or

d) the alteration or elimination of any voting rights pertaining to any outstanding Units of the Trust.

Amendments to the Declaration of Trust by the Manager

Subject to the restrictions described under the last paragraph of "Meetings of Unitholders and Resolutions" above, any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the Manager:

a) remove any conflicts or other inconsistencies which may exist between any terms of this Declaration and any provisions of any law or regulation applicable to or affecting the Trust;

b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained herein;

c) bring the Declaration of Trust into conformity with Applicable Laws, including the rules and policies of Securities Authorities or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;

d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of the Trust as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof,

e) effect a Permitted Merger; and

f) if the amendment is not a material change which adversely affects the pecuniary value of the interest of any Unitholder in the Trust.

The Declaration of Trust may also be amended by the Trustee without the consent of the Unitholders for the purpose of changing the Trust's taxation year-end as permitted under the Tax Act or providing the Trust with the right to acquire Units from any Unitholder for the purpose of maintaining the status of the Trust as a "mutual fund trust" for purposes of the Tax Act.

Notwithstanding the above or any other provision herein, no confirmation, consent or approval will be sought or have any effect and no Unitholder will be permitted to effect, confirm, consent to or approve, in any manner whatsoever, where the same increases the obligations of or reduces the compensation payable to or protection provided to either the Manager or the Trustee or which terminates the Manager, except with the prior respective written consent of the Manager or the Trustee, as the case may be.

Any matter affecting a particular Series alone or affecting such Series differently than other Series requires a separate vote of the Unitholders of such Series. The Manager may not, without the approval by Special Resolution of the Unitholders of the affected Series:

a) create a Series which will be entitled to a preference over that Series; or

b) abrogate, affect or alter any rights, privileges, restrictions or conditions attaching to that Series.

Information and Reports

After the close of each Fiscal Year, the Trust's accountant prepared and reviewed financial statements and report will be made available to each Unitholder on or before April 30 in each calendar year. In addition, on or before March 31 in each calendar year, the Trust will forward to each person who received a distribution at any time during the previous calendar year, tax reporting information in such a manner as will enable such person to report the income tax consequences of investment in Units in the Unitholder's annual Canadian income tax return.

No Certificates

If an adequate book-based security register is established, no Certificates for Units will be issued to Unitholders.

Liability of Unitholders

In circumstances where a material obligation of the Trust is created, it is provided in the Declaration of Trust that the Manager or the Trustee, as the case may be, shall use its best efforts to have any such obligations modified so as to achieve disavowal of any personal liability of Unitholders.

In case of claims made against the Trust which do not arise out of contracts, for example, claims for taxes or claims in tort, personal liability may also arise against Unitholders. However, in accordance with prudent real estate practice, the Manager will maintain insurance in respect of the above-mentioned perils and in amounts sufficiently large as to protect the Trust against any foreseeable non-contractual liability. The Manager intends to cause the operations of the Trust to be conducted, with the advice of counsel, in such a way, as far as possible, as to avoid any material risk of liability on the holders of Units for claims against the Trust.

Valuation Policy

The Manager will value the assets of the Trust in accordance with the following policy (the "Valuation Policy"):

Mortgages:

Each Mortgage investment will be valued at its unpaid principal balance including accrued interest, unless in the opinion of the Manager, its fair value is less than the principal amount thereof.

Interim Investments:

Interim investments such as cash, bonds and guaranteed investment certificates, and other assets, will be valued at fair value.

Income and expense recognition:

Interest income from Mortgages, bonds, debentures and notes will be recorded for accounting purposes on the accrual basis. All material expenses or liabilities (including fees payable to the Manager) of the Trust will be calculated on an accrual basis. Recording of interest income will cease on Mortgages in default if the Manager determines there is some reasonable doubt as to the ultimate collectability of principal and interest. Fees associated with Mortgage lending transactions are deferred and amortized over the term of the Mortgage. Realized gains and losses from investment transactions will be calculated on a cost basis.

Foreign currency conversion:

Income, expense and investment transactions in foreign currencies will be converted into Canadian dollars at the rate of exchange prevailing at the dates of such transactions. Foreign currency assets and liabilities will be converted into Canadian dollars at the closing exchange rates.

The Book Value of each Unit will be computed by the Manager as at the close of business on a Valuation Day. The number of Units, the Book Value of the assets of the Trust and the amount of the liabilities of the Trust will be calculated by the Manager in the manner described in the Declaration of Trust.

Redemption

A Unitholder wishing to redeem the whole or any part of his or her Units (a "Redemption") may deliver a notice of such desire (the "Redemption Notice") to the Manager at any time, for all or any of the Unitholder's Units in increments of not less than $5,000. If a Unitholder holds Units with a value of less than $5,000, the Unitholder must redeem all of his or her investment. The Manager may, in its absolute discretion, redeem the Units of the Unitholder if such Units have a value of less than $5,000. Mortgages are an illiquid investment. However, Unitholders may redeem their Units on March 31, June 30, September 30 and December 31 in each year. Notice seeking redemption must be delivered to the Trust not later than the 15th day of the month preceding the relevant redemption date (the "Redemption Date"). A Unitholder delivering a Redemption Notice to the Trust shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon that are declared payable to the Unitholders of record on a date that is subsequent to the Redemption Date. Units shall be considered to be tendered for redemption on the Redemption Date, provided that the Trust has, to the satisfaction of the Manager, received the Redemption Notice and further documents or evidence the Trustee may reasonably require with respect to the identity, capacity or authority of the person giving such Redemption Notice.

In order to protect the interests of remaining Unitholders and to discourage short-term trading in the Trust, Unitholders will be subject to a short-term trading deduction.

For sake of certainty, redemption of Series A Units in the ordinary course will be based upon Adjusted Book Value of the Units to be redeemed, which may be less than the Subscription Price of such Units.

Series A Units, other than Series A-2 Units, Series A-3 Units and Series A-IN Units, will be redeemed at a redemption price equal to 94% of the Adjusted Book Value for the first year after their purchase, representing a 6.0% discount to the Adjusted Book Value and the redemption discount will be reduced by one (1%) percentage point on each anniversary of the original subscription date, so that after the sixth anniversary of the original subscription date, such Units will be redeemed at the Adjusted Book Value.

Series A-2 Units, Series A-3 Units and Series A-IN Units will be redeemed at a redemption price equal to 99% of the Adjusted Book Value for the first year after their purchase, representing a 1.0% discount to the Adjusted Book Value, so that after the first anniversary of the original subscription date, such Units will be redeemed at the Adjusted Book Value.

Series P Units, other than Series P-2 Units, Series P-3 Units and Series P-IN Units, will be redeemed at a redemption price equal to 94% of the Subscription Price for the first year after purchase, representing a 6.0% discount to the Subscription Price, and the redemption discount will be reduced by one (1%) percentage point on each anniversary of the original subscription date, so that after the sixth anniversary of the original subscription date, such Units will be redeemed at the Subscription Price.

Series P-2 Units, Series P-3 Units and Series P-IN Units will be redeemed at a redemption price equal to 99% of the Subscription Price for the first year after purchase, representing a 1.0% discount to the Subscription Price, so that after the first anniversary of the original subscription date, such Units will be redeemed at the Subscription Price.

The redemption price per Unit multiplied by the number of Units tendered for redemption will be paid to a Unitholder by way of a cash payment no later than the 60 days following the calendar quarter in which the Units were tendered for redemption, except that payment of the redemption price will be made up to 90 days after December 31 in each year. The Manager will charge a $125 processing fee for each redemption.

The Declaration of Trust provides that the Trust will not redeem Units for which Redemption Notices are given, if: (i) redemption of the aggregate number of Units subject to the Redemption Notices would result in the Trust having redeemed a number of Units during the period of time since the start of the most recent Fiscal Year which is greater than 25% of the Units issued and outstanding (as at the beginning of the Fiscal Year during which the last of such Redemption Notices are given); or (ii) redemption of the aggregate number of Units subject to the Redemption Notices given for a particular Redemption Date would result in the Trust redeeming a number of Units which is greater than 5% of the Units issued and outstanding (as at the beginning of the Fiscal Year during which such Redemption Notices are given). The Manager may, in its sole discretion, waive either or both of the aforementioned limitations for any Redemption Date, and failing such waiver, Units which are subject to Redemption Notices given for a particular Redemption Date will be redeemed on a basis which is pro rata to the number of Units subject to such Redemption Notices.

Units will be redeemed according to the order in which Redemption Notices are received. Notwithstanding the foregoing limits on payment of the redemption price in cash, as Mortgages are repaid the Trust will endeavour to satisfy redemption requests, or the repayment of promissory notes issued in payment of the redemption price, by way of cash payment.

Suspension of Redemptions

The Manager may suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for a period of not more than 180 days, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the value of the assets held by the Trust. Any such suspension shall take effect at such time as the Manager specifies and thereafter there shall be no redemption of Units during the 180 day period until the Manager declares the suspension at an end.

The suspension may apply to all requests for Redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the Redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for Redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee or Manager shall be conclusive.

Any suspension may apply to all requests for Redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making Redemption requests will be advised by the Manager of the suspension and that Redemption requests previously received will be effected following the termination of the suspension. All such Unitholders will be advised that they have the right to withdraw any requests for Redemption previously submitted. The suspension will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized to be imposed then exists.

Notwithstanding the foregoing, the Trust will not be required to redeem Units if to do so would cause the Trust to cease qualifying as a mutual fund trust under the Tax Act or jeopardize the ability of the Trust to maintain reasonable profitability in its portfolio of Mortgages. The Manager will not authorize any Redemption if there are reasonable grounds for believing that the Trust is, or would after the payment be, insolvent.

Redemption by the Manager

The Manager may in its discretion at any time, by providing a written redemption notice to a Series A Unitholder or a Series P Unitholder, redeem all or any of the Series A Units or the Series P Units, as the case may be, held by such Unitholder at a price per Unit to be redeemed equal to, in the case of the Series A Units, the Adjusted Book Value, and in the case of the Series P Units, equal to the Subscription Price, of the Units to be redeemed, plus the Unitholder's Proportionate Share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date. Payment of the redemption price will be made at the same times and in the same manner as payments upon a redemption by a Unitholder.

Forced Redemption Upon Non-Residency

At no time may non-residents of Canada and/or partnerships that are not Canadian partnerships within the meaning of the Tax Act (or any combination thereof) (collectively, "non-residents") be the beneficial owners of a majority of the Units (on a number of Units or on a fair value basis), and the Manager shall inform the registrar and transfer agent of the Trust of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on a number of Units or on a fair value basis) are, or may be, non-residents, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on a number of Units or on a fair value basis) are beneficially held by non-residents, or that such a situation is imminent, the Manager may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents within such period, the Manager may, on behalf of such Unitholders, redeem such Units at the Subscription Price and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such Redemption, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of Redemption of such Units.

Permitted Mergers

The Manager may, without obtaining Unitholder approval, merge the Trust (a "Permitted Merger") with another fund or funds, provided that:

a) the fund(s) with which the Trust is merged must be managed by the Manager or an affiliate of the Manager (the "Affiliated Fund(s)");

b) Unitholders are permitted to redeem their Units at a redemption price equal to the Subscription Price, less any costs of funding the redemption, including commissions, prior to the effective date of the merger;

c) the funds being merged have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager and by the manager of the Affiliated Fund(s) in their sole discretion;

d) the Manager must have determined in good faith that there will be no increase in the management expense ratio borne by the Unitholders as a result of the merger;

e) the merger of the funds is completed on the basis of an exchange ratio determined with reference to the redemption value per unit of each fund; and

f) the merger of the funds must be accomplished on a tax-deferred rollover basis for unitholders of each of the funds.

Issuance of Units

The Trust may issue new Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. New Units may be issued as part of an ongoing continuous offering by way of this Offering Memorandum, as a distribution, for cash through rights offerings to existing Unitholders (i.e. in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of Units, which rights may be exercised or sold to other investors) or through private placements (i.e. offerings to specific investors which are not made generally available to the public or existing Unitholders). The price or the value of the consideration for which Units may be issued will be $1,000 per Unit, unless the Manager determines that the value of a Unit is materially different than $1,000 in which case each additional Unit shall be issued at such different value.

Fractional Units

The Trust may issue fractional Units, including upon an initial issuance to a Unitholder, as a result of a partial redemption of a Unit or in payment of distributions by the issuance of Units.

Subscription Procedure

The Units are being offered for sale in Canada. The Units are conditionally offered if, as and when Subscriptions are accepted by the Trust and subject to prior sale. Subscriptions for Units will be received by the Trust subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This offering is being made in accordance with certain statutory registration and prospectus exemptions contained in securities legislation in the jurisdictions in which the Units are being offered. Such exemptions relieve the Trust from provisions under such statutes requiring the Trust to utilize a registered securities dealer to sell the Units and file a prospectus. As such, investors will not receive the benefits associated with the involvement of such registrants or the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions.

The Units are being offered on a continuous basis pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation. In order to subscribe for Units, investors must be within one of the following categories:

a) resident of Canada, other than Quebec, and acknowledges having received and read a copy of this Offering Memorandum; or

b) an “accredited investor” as such term is defined in National Instrument 45-106; or

c) one of the following:

    i) a director, officer, founder, employee or control person of the Manager or an affiliate of the Manager;

    ii) a spouse, parent, grandparent, brother, sister or child of a director, executive officer, founder or control person of the Manager or an affiliate of the Manager;

iii) a parent, grandparent, brother, sister or child of a spouse of a director, executive officer, founder or control person of the Manager or an affiliate of the Manager;

iv) a close personal friend of a director, executive officer, founder or control person of the Manager or an affiliate of the Manager;

v) a close business associate of a director, executive officer, founder or control person of the Manager or an affiliate of the Issuer;

vi) a founder of the Manager or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Manager;

vii) a parent, grandparent, brother, sister or child of the spouse of a founder of the Manager;

viii) a person, the majority of the voting securities of which are beneficially owned by, or a majority of the directors of which are, persons described in paragraphs (i) to (vii); or

ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors of which of which are beneficially owned by persons described in paragraphs (i) to (vii),

provided that to qualify for this exemption no Sales Fee will be payable in respect of the distribution of Units to any such person; or

d) a non-individual acquiring Units that have a Subscription Price of not less than $150,000.

In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, an investor must qualify as an "eligible" investor to purchase more than $10,000 of Units. In the provinces of Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan, investors relying on the Offering Memorandum exemption must complete the schedules in the Risk Acknowledgement Form attached to the Subscription Agreement. Depending on the circumstances of each investor in those provinces, certain investment limits will apply to all Units acquired under the Offering Memorandum exemption as follows:

- in the case of a "non-eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $10,000;

- in the case of an "eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $30,000;

- in the case of an "eligible" investor that is an individual and that receives advice from a portfolio manager, investment dealer or exempt market dealer that the investment above $30,000 is suitable, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $100,000.

Investors may subscribe for Units by returning to the Manager at 1000-850 West Hastings Street, Vancouver, BC V6C 1E1 the following:

a) a completed Subscription Form; and

b) either:

i) a cheque or bank draft in the amount of $1,000 per Unit subscribed for, payable to "Tri City Group Monthly Income Mortgage Trust"; or

ii) an irrevocable direction to a financial institution to pay to Tri City Group Monthly Income Mortgage Trust the amount of $1,000 per Unit subscribed for upon delivery of certificates representing the Units to the financial institution or to the Investor.

Each Investor will also be required to sign two copies of a Risk Acknowledgment (Form 45-106F4), in accordance with the requirements of National Instrument 45-106 and two further copies of a Risk Acknowledgment Form (Appendix A to BC Instrument 32-513). In accordance with the requirements of National Instrument 45-106, the Manager will hold the subscription monies advanced by each Investor in trust for the Investor until midnight on the second business day after the Subscription Form is signed by the Investor.

Subscriptions received will be subject to rejection or allotment by the Trust in whole or in part in the Manager's sole discretion. The Trust is not obliged to accept any subscription. If any subscription is not accepted, the Trust will promptly return to the subscriber the Subscription Form and the money comprising such subscription. Confirmation of acceptance of a subscription will be forwarded to the subscriber by the Trust. The Trust reserves the right to close the subscription books at any time without notice.

The Trust intends to accept subscriptions for Units on a twice-monthly basis, generally on middle and on the last day of each month. For convenience, subscription funds which are received by the Trust prior to any acceptance date will be held in a separate bank account of the Trust until subscriptions are accepted by the Trust. The deposit of subscription funds by the Trust into such bank account shall not constitute acceptance of the subscription for Units in respect of which such funds have been delivered.

The Units have not been and will not be registered under the *United States Securities Act* of 1933, as amended, and subject to certain exceptions, may not be offered or sold in the United States.

All subscription documents should be reviewed by prospective subscribers and their professional advisers prior to subscribing for Units.

INCOME TAXES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Income Tax Consequences

The following summary outlines the Canadian federal income tax consequences to a Subscriber who is resident in Canada of investing in Units. The income tax consequences will not be the same for all Subscribers but will vary depending on a number of factors, including: (i) the province in which the Subscriber resides or carries on business; (ii) whether the Units acquired by the Subscriber will be characterized as capital property; (iii) whether the Subscriber is an individual, trust or corporation: (iv) the nature and amount of the Subscriber's income from other sources; and (v) whether the Units are purchased by, or contributed or sold by the Subscriber to, the Subscriber's registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP"), deferred profit sharing plan ("DPSP"), or tax-free savings account ("TFSA"). The following discussion of the income tax consequences of an investment in Units is, therefore, of a general nature only, is not intended to constitute an exhaustive analysis of those income tax consequences and should not be interpreted as legal or tax advice to any particular Subscriber.

Each prospective Subscriber should obtain independent tax advice as to both the federal and provincial income tax consequences of an investment in Units.

This summary is based on the current provisions of the Tax Act, the regulations to the Tax Act (the "Regulations"), all specific amendments to the Tax Act proposed by or on behalf of the Minister of Finance for Canada prior to the date hereof, and the current published administrative practices of the Canada Revenue Agency ("CRA"), and it assumes that those specific amendments will be enacted substantially as proposed, although no assurance in this regard can be given. This summary does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action nor does it take into account provincial or foreign income tax legislation or considerations.

Introduction

This summary focuses on the Tax Act's requirements for investments in the Trust to be qualified for RRSP, RRIF, RESP, DPSP, and TFSA purposes. The determination of whether or not the Units will qualify depends on whether the Trust meets the definition of a "mutual fund trust" as defined in the Tax Act or would otherwise meet the definition of a "quasi-mutual fund trust" if certain prescribed conditions were not met. Hence, the central focus of the summary is whether the basic requirements to become a quasi mutual fund trust have been met and if so, whether the Trust's proposed investments will disqualify it from being held by RRSPs, RRIFs, RESPs, DPSPs and TFSAs.

Requirements for Becoming a Mutual Fund Trust

A. Definition of Mutual Fund Trust

In order for the Trust to meet the definition of a mutual fund trust, the following requirements must be met:

a) the Trust must be a "unit trust" resident in Canada.

b) the Trust's only undertaking must be:

  i) the investing of its funds in property (other than real property or an interest in real property);

  ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the Trust; or

  iii) any combination of the activities described in subparagraphs (i) and (ii);

c) the Trust must comply with prescribed conditions relating to the number of its Unitholders, dispersal of ownership of its units and public trading of its units; and

d) the Trust must not be maintained primarily for the benefit of non-residents.

B. Unit Trust Resident in Canada

For a trust to qualify as a "unit trust" it must be an *inter vivos* trust, with the interest of Unitholder described by reference to units of the Trust. The Trust is an *inter vivos* trust under which the interest of each beneficiary is described by reference to units. The residence of a trust is a question of fact. However, the Trust will generally be considered to reside where the Trustee of the Trust resides. The Trustee is a taxable Canadian corporation which is resident of Canada for the purposes of the Tax Act. Hence the Trust should be resident in Canada for the purposes of the Tax Act and thus meet the requirement of being resident in Canada.

C. Redeemability of Units

The units of a "unit trust" must meet certain prescribed conditions regarding redeemability. In the view of the Manager, the provisions of the Declaration of Trust (see "Terms of Units – Redemption") relating to the redemption of Units comply with the redemption requirement necessary for a "unit trust". If the Trust fails to meet the redemption on demand test for a closed ended unit trust and fails to meet the investment restrictions for an open ended unit trust, the Trust would not meet the definition of a "unit trust". As a result, the Trust would fail to meet the definition of a "qualified investment" for RRSP, RRIF, RESP, DPSP and TFSA purposes because the Trust fails to meet the "registered investment" definition outlined in section 204 of the Tax Act (see discussion below under the heading "Qualified Investment Status").

D. Restricted Activities of Mutual Fund Trust

In order for the Trust to meet the definition of a "mutual fund trust", the activities of the Trust must be restricted to (i) the investing of its funds in property, (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the Trust, or (iii) some combination of the foregoing. Hence, a mutual fund trust is permitted to invest its funds in shares, debt obligations, and limited partnership interests, and in real property as long as the real property is capital property to the Trust. Investment in real property for the purposes of development and resale is not permitted. However, the CRA has commented that, in its view, investment in real property that will be developed and thereafter held as capital property would be acceptable.

The Declaration of Trust includes provisions which restrict the type of the Trust's investments in such manner that this requirement should be met.

E. Ownership of Units

The Trust must comply with "prescribed conditions" relating to the number of its Unitholders, dispersal of ownership of its units and public trading of its units at a particular time in order to qualify as a mutual fund trust. In essence, in order for the Trust to qualify as a mutual fund trust at a particular time, the Trust must have at least 150 beneficiaries each of whom holds a block of Units with an aggregate fair value of not less than $500, and the Units must have been qualified for distribution to the public by way of a prospectus or similar disclosure document, such as an offering memorandum.

Upon the Trust achieving at least 150 Unitholders each holding a block of Units with an aggregate fair value of $500 or more, the Trust can qualify as a mutual fund trust. If the Trust does not have the requisite number of Unitholders, the Trust will apply to be a "quasi mutual fund trust" (see discussion below under "Qualifying Investment Status Prior to the Trust Becoming a Mutual Fund Trust").

F. Non-Resident Ownership of Trust Units

The final requirement of a trust maintaining its mutual fund trust status is that the Trust not be primarily held for the benefit of non-resident persons. The term "primarily" is generally interpreted to mean greater than 50%. Under the terms of the Declaration of Trust, no non-resident persons are permitted to hold units of the Trust. Accordingly, this test should be met.

Qualified Investment Status

Under the Regulations, an investment in a trust that meets the definition of a "mutual fund trust" is a qualified investment for a Deferred Plan. Accordingly, when the Trust meets all of the requirements to be a mutual fund trust, as discussed above, an investment in Units of the Trust will be a qualified investment for Deferred Plans.

At its initial stages, the Trust will not qualify as a mutual fund trust because it is expected to initially have less than 150 Unitholders. As a result, the Trust will have to rely on other provisions within the Regulations in order for its Units to be a qualified investment for a Deferred Plan.

The Regulations include a provision which allows a trust which has fewer than 150 Unitholders to qualify for investment by a Deferred Plan by holding only "prescribed investments" for such type of plan or fund. The Trust intends to comply with these provisions by limiting its investments to Mortgages of real property in Canada until such time as it meets the distribution and minimum number of beneficiary requirements to qualify as a mutual fund trust.

Therefore, for the period where the Trust has fewer than 150 Unitholders, as long as the Trust invests in mortgages that are fully secured by real property in Canada and are not made to an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the plan trust (including persons not dealing at arm's length with such persons), the secured mortgage investments should meet the definition of a qualified investment for RRSP, RRIF, RESP and TFSA purposes.

Taxation of the Trust and Unitholders

The Trust will not pay tax on the net income and net realized capital gains that are distributed to Unitholders (pursuant to the terms of the Declaration of Trust), provided the Trust has no non-resident or other designated beneficiaries. The Declaration of Trust prohibits the issue of Units to non-resident or other designated beneficiaries. Losses incurred by the Trust cannot be allocated to Unitholders but may be deducted by the Trust in future years. As a registered investment for Deferred Plans, the Trust will also be liable for a penalty tax if, generally speaking, at the end of a month, the Trust holds property that is not a qualified investment for the type of Deferred Plan that holds Units. The Declaration of Trust prohibits the Trust from holding property which is not a qualified investment for a Deferred Plan.

In computing their taxable income, Unitholders will be required to include the income and the taxable portion of capital gains distributed to them by the Trust. Distributions not included in taxable income, other than the untaxed one-half of capital gains, will generally reduce a Unitholder's adjusted cost base of the Units held.

On a redemption or other disposition of Units, the Unitholder will realize a capital gain or loss to the extent that the proceeds of disposition exceed or are exceeded by the adjusted cost base of the Units, respectively. One-half of a capital gain must be included in a Unitholder's income as a taxable capital gain. One-half of a capital loss is an allowable capital loss which may be applied against taxable capital gains realized in the year, with any excess (adjusted to reflect the appropriate inclusion rate) available for carry back three years or forward indefinitely and applied against taxable capital gains realized in those earlier or later years.

COMPENSATION PAID TO SELLERS AND FINDERS

The Trust may pay a Sales Fee and/or Trailer Fee to registered securities dealers, or where permitted, non-registrants: (i) in the case of Series A-1 Units and Series A-C Units, a Sales Fee up to 6.0% of the subscription monies and/or a Trailer Fee up to 1.0% of the subscription monies, obtained by such persons,; (ii) in the case of Series A-2 Units, a Sales Fee of up to 1.0% of the subscription monies and an annual Trailer Fee up to 1.0% of the subscription monies obtained by such persons; (iii) in the case of Series A-3 Units and Series A-IN Units, a Sales Fee up to 1.0% of the subscription monies obtained by such persons and no Trailer Fee; (v) in the case of Series P-1 Units, a Sales Fee up to 6.0% of the subscription monies and/or a Trailer Fee up to 1.0% of the subscription monies, obtained by such persons; (v) in the case of Series P-2 Units, a Sales Fee of up to 1.0% of the subscription monies and an annual Trailer Fee up to 0.75% of the subscription monies obtained by such persons; and (vi) in the case of Series P-3 Units and Series P-IN Units, a Sales Fee up to 1.0% of the subscription monies obtained by such persons and no Trailer Fee. The Sales Fee or the Trailer Fee may be paid to registered securities dealers, exempt market dealers, select non-registrants and internal sales personnel of the Manager. Trailer fees will be paid in arrears annually or on a schedule determined by the Manager.

On October 1, 2018, Harbour Park Capital Partners Ltd. ("HPCP" or the "Dealer") was registered as an Exempt Market Dealer in British Columbia. The Trust/management company has entered into an agency agreement with Harbour Park in terms of which Harbour Park will sell the securities of the Trust and be paid a Sales Fee of up to 6.0% and an annual Trailer Fee of up to 1.0% of the subscription monies on certain series units sold (dependent on the Series Unit sold; see above). HPCP is owned by Michael Goodman, who also owns TCFM (the Manager) and is also an investor in the Trust.

RISK FACTORS

The purchase of Units involves a number of risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following factors.

Marketability of Units

There is currently no market for the Units and it is not anticipated that any market will develop. The Units are not transferable, except: (a) with the approval of the Manager, such approval not to be unreasonably withheld; and (b) if required as a result of a Unitholder becoming a non-resident. As well, securities requirements may prohibit or restrict transferability of Units. Consequently, holders of Units will not be able to resell their Units. See “Terms of the Trust Units - Forced Redemption Upon Non-Residency” and “Resale Restrictions”.

No Guaranteed Return

Although investments in Mortgages will be carefully chosen by the Manager, there is no representation made by the Manager that such investments will have a guaranteed return to Unitholders, nor that losses will not be incurred by the Trust in respect of such investments. The Trust may not earn sufficient revenues to pay the Base Distribution, the Top Up Distribution or the Preferred Return. The Adjusted Book Value of the Units may decline if the Trust is unable to cover its expenses. **This offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.**

Portfolio Offering

Investors will be relying on the good faith and expertise of the principals of the Manager and their principals in continuing to identify potential Mortgage investment opportunities for the Trust which meet its intended investment criteria. Depending on the return on investment achieved on such Mortgages, the Unitholders’ return on their investment in the Units will vary.

Nature of Mortgage Backed Investments

Investments in Mortgages are affected by general economic conditions, local real estate markets, demand for leased premises, fluctuation in occupancy rates and operating expenses, and various other factors. The value of a real estate property may ultimately depend on the credit and financial stability of the tenants. Investments in Mortgages are relatively illiquid. Such illiquidity will tend to limit the Trust’s ability to change its portfolio promptly in response to changing economic or investment conditions. Investments in Mortgages on real properties under development may be riskier than investments in Mortgages on existing properties.

Availability of Mortgage Investments

The ability of the Trust to make investments in Mortgages in accordance with its investment policies will depend upon the availability of suitable investments and the amount of Mortgages available. The Trust will compete with individuals, partnerships, companies, trusts and institutions for the investment in the financing of real properties. Many of these competitors have greater resources than the Trust or operate with greater flexibility.

Subordinate and Non-Conventional Financing

Some of the Mortgages held by the Trust will be second mortgages or by subsequent-priority mortgages. Mortgages ranking subsequent to a first charge are generally considered a higher risk than first position mortgages since they are subject to the interests of prior charge holders. When a charge on a real property is in a position other than first-ranking on a real property, it is possible for the holder of a prior charge on the real property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the real property in order to realize the security given for his loan. Such actions may include a foreclosure action, or an action forcing the real property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first-ranking charge the security of the real property. In some cases, the Trust may acquire a first-ranking charge to protect its investment in the real property. If an action is taken to sell the real property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the property, the holder of a subsequent charge may lose his investment or part thereof to the extent of such deficiency, unless he can otherwise recover such deficiency from other property owned by the debtor.

The Manager intends that the Trust will invest in a diversified portfolio of first and subsequent-priority Mortgages which, on a portfolio basis, will not exceed 75% of the aggregate appraised values of the real property securing the Mortgages. However, the Trust may make investments in Mortgages in which the principal amount (not including any interest reserve or any reserve established to secure against items for which the borrower may have personal liability, such as fraud or misappropriation) exceeds 75% of the value of the real property which is mortgaged, which is generally the investment limit for conventional Mortgage lending. However, such loan will be made only after approval of 75% of the Board of Directors of the Manager and in such cases the Trust will require ancillary security from the borrower in the form of personal guarantees or collateral Mortgages on other properties.

In certain cases the Trust will invest in Mortgages securing loans where no regular payments of either interest or principal are being made. Such loans will be made only where the Credit Committee has determined that there is sufficient equity in the Real Property which is the subject of the Mortgage to secure both the principal amount of the loan and all accrued interest.

Potential Liability under Environmental Protection Legislation

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, as the owner of real estate properties, the Trust could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on, from or in one or more of the properties. The failure to remove or remediate such substances, if any, may adversely affect the Trust's ability to sell such a property or to borrow using a property as collateral. The Trust will require disclosure from all borrowers of environmental reports and studies relating to the real property being Mortgaged and will take standard commercial steps to reduce any risk to the Trust of liability for environmental contamination.

Risks Associated with Redemptions

The payment in cash by the Trust of the redemption price of Units will reduce the amount of cash available to the Trust for the payment of distributions to the Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

The Trust will endeavour to make all redemption payments in cash, and expects that due to the short-term nature of the Loans it generally will be in a position to do so. However, the total cash amount available for the payment of the redemption price of Units by the Trust is limited in any twelve month period to 5.0% of the aggregate subscription price of all Units that were issued and outstanding at the start of such twelve month period. Therefore, there can be no assurance that Unitholders will be able to retract any or all of their Units for cash payment when they wish to do so.

Very Limited Role of the Trustee

The Trustee does not supervise or monitor the Manager in any respect. The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Declaration of Trust. All other powers, authorities and responsibilities are those of the Manager. The Trustee acts on the basis of instructions from the Manager, without independent investigation.

Allocation of Expenses

The Manager will allocate a portion of its overhead expenses, such as any office rent and employee salaries, used by the Manager to operate the Trust, as well as the operating expenses to operate the Trust, to the Trust. While the Manager intends to allocate these expenses equitably between TCMIF and the Trust, and any other fund the Manager may form in the future, there is no upper limit on such expenses.

Tax Matters

The Trust and Unitholders may be adversely affected by changes in income tax laws and other laws, governmental policies or regulations.

The return on the Unitholder's investment in Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Unitholders acquiring, holding or disposing of Units.

Future changes in the Tax Act may result in the Trust ceasing to meet the requirements for a registered investment as a quasi-mutual fund trust. In such a case, the registration of the Trust may be revoked. If so, Units would cease to be qualified investments for Deferred Plans which could result in Deferred Plans which hold Units becoming liable for a penalty tax.

Conflicts of Interest

Transactions between the Trust and the Manager and one or more of their affiliates or associates or the officers and directors thereof may be entered into without the benefit of arm's length bargaining. Therefore, situations may arise in which the Manager may be making determinations which could benefit itself, its affiliates or associates, or its officers or directors to the detriment of the Trust or the Unitholders. On October 1, 2018, Harbour Park Capital Partners Ltd. ("HPCP" or the "Dealer") was registered as an Exempt Market Dealer in British Columbia and entered into an agency agreement with the Trust/management company in terms of which Harbour Park will be paid a Sales Fee and an annual Trailer Fee for securities of the Trust that it sells. HPCP is owned by Michael Goodman, who also owns TCFM (the Manager) and is an investor in the Trust.

Unitholders must rely on the standard of care owed by the Manager to all Unitholders as set out in the Declaration of Trust to prevent over reaching by others in transactions with the Trust to prevent over reaching by others in transactions with the Trust.

The Manager is not in any way limited or affected in its ability to carry on business ventures for its own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Trust. In addition, the Manager and its affiliates may establish in the future other trusts or other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Trust and to act as adviser and/or manager to such trusts. However, the Declaration of Trust includes a covenant of the Manager to exercise its powers in good faith and in the best interests of the Trust, and in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent manager would exercise in comparable circumstances.

Personal Liability of Unitholders

The Declaration of Trust provides that no Unitholder shall be held to have any personal liability as such, and no resort shall be had to a Unitholder's private property, for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Trust or any obligation in respect of which a Unitholder would otherwise have to indemnify the Manager or the Trustee for any liability incurred by the Trustee, but rather only the Trust Property is intended to be liable and subject to levy or execution for satisfaction of any obligation or claim.

There is a risk that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations in connection with the Trust (to the extent that claims are not satisfied by the Trust). It is intended that the Trust's operations be conducted in such a way as to minimize any such risk and, in particular and where practical, to cause every written contract or commitment of the Trust to contain an express statement that liability under such contract or commitment is limited to the value of the assets of the Trust.

Under the *Income Trust Liability Act*, a new British Columbia statute, Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Trust. This statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds. Unitholders who are resident in jurisdictions which have not enacted legislation similar to the British Columbia legislation may not be entitled to the protection of the British Columbia legislation. As a general rule, the Manager, when making investments for the Trust, contracts as principal and therefore, subject to contract, the Manager is liable for all obligations incurred in carrying out such investments for the Trust. Legal title will be held in the name of the Nominee.

In any event, the Manager considers that the risk of any personal liability of Unitholders is minimal in view of the size of the anticipated equity of the Trust, the nature of its activities and the requirement of the Trust that any written contract or commitment of the Trust (except where such inclusion is not reasonably possible) include an express limitation of liability. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available assets of the Trust.

Borrowing

The Trust may issue securities in addition to Units, such as debentures or notes, without Unitholder approval, provided that the issue price of such additional securities may not exceed 20% of the aggregate Subscription Price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate Subscription Price of all Units issued at any one time. Such borrowings could increase the risk of the Trust's insolvency and Unitholder liability.

REPORTING OBLIGATIONS

As the Trust is not a "reporting issuer" as defined in the applicable securities legislation, the continuous reporting requirements of those acts do not generally apply to the Trust. The Trust will, however, on or before April 30th in each calendar year, provide to each Unitholder annual financial statements and all other information required to file Canadian income tax returns, together with notice as to how the proceeds raised pursuant to this Offering Memorandum have been used, in accordance with Form 45-106F16.

RESALE RESTRICTIONS

The Units are not transferable, except by operation of law (such as the death or bankruptcy of a Unitholder or in circumstances where the Manager deems appropriate in its absolute discretion. In addition, Investors will not be able to trade the Units unless they comply with an exemption from the prospectus and registration requirements under securities legislation

For Investors resident in British Columbia, unless permitted under securities legislation, Investors cannot trade the securities before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada. The Trust has no immediate intention of becoming a reporting issuer.

PURCHASERS' RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

a) **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

b) **Statutory Rights of Action in the Event of a Misrepresentation -** If there is a misrepresentation in this Offering Memorandum, you may have a right to sue:

   i) the Issuer to cancel your agreement to buy the Units; or

   ii) for damages against the Issuer, every person who was a director at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

   This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

> If you intend to rely on the rights described in (i) or (ii) above, you must do so within strict time limitations. You must commence your action to cancel the Subscription Agreement within 180 days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation or 3 years after you signed the agreement to purchase the Units.

The following is a summary of the rights of the rescission or damages, or both, available to investors under securities legislation in British Columbia. Such rights will be expressly conferred upon investors in the Subscription Agreement to be executed by investors in connection with the offering of securities hereunder.

If an Investor is (i) resident in British Columbia; (ii) not an "accredited investor", as defined in *National Instrument 45-106 Prospectus and Registration Exemptions,* and (iii) not purchasing, as principal, a sufficient number of Units such that the aggregate Subscription Price to the Investor is not less than Cdn$150,000, then if there is a misrepresentation in this Offering Memorandum, the Investor will have a statutory right of action for damages against the Trust and every director of the Manager at the date of this Offering Memorandum and every person who signs this Offering Memorandum. The Trust has granted an identical contractual right of action in the Subscription Agreement to Investors resident in British Columbia who are "accredited investors" or purchasing a sufficient number of Units such that the aggregate Subscription Price is not less than $150,000.

Alternatively, the Investor may elect to exercise a right of rescission against the Trust in which case the Investor will have no right of action for damages against the Trust or the Manager.

If applicable, the statutory right to sue is available to an Investor whether or not the Investor relied on the misrepresentation. However, there are various defences available to the Trust and the Manager or entities that an Investor has a right to sue, including if it can be proven that the Investor knew of the misrepresentation when the Investor purchased the securities in an action for damages, the amount an Investor may recover will not exceed the price that the Investor paid for his securities and will not include any part of the damages that the Trust or the Manager prove does not represent the depreciation in value of the securities resulting from the misrepresentation.

If an Investor intends to rely on the rights described above, the Investor must do so within strict time limitations. An Investor must commence his action to cancel the agreement within 180 days after he signed the agreement to purchase the securities. The Investor must commence his action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after he signed the agreement to purchase the securities.

The foregoing summary is subject to the express provisions of the *Securities Act* (British Columbia) and the rules and the regulations thereunder and reference is made thereto for the complete text and provisions. Investors should refer to those provisions for the particulars of these rights or consult with a lawyer.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the Investor may have at law.

FINANCIAL STATEMENTS

Please see the attached audited financials from KPMG

Financial Statements
(Expressed in Canadian dollars)

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Year ended December 31, 2018

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Tri City Group Monthly Income Mortgage Trust

We have audited the financial statements of Tri City Group Monthly Income Mortgage Trust (the Entity), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

KPMG

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vancouver, Canada
May 8, 2019

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Statement of Financial Position
(Expressed in Canadian dollars)

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 24,801	$ 992,670
Accounts receivable	-	82,300
Prepaids	3,506	3,505
Interest receivable	735,169	347,663
Receivable from the Manager (note 4)	410,556	319,728
Mortgage loan investments (note 5)	27,305,721	18,570,552
	28,479,753	20,316,418
Liabilities		
Bank line of credit (note 12)	1,189,510	-
Accounts payable and accrued liabilities	195,837	40,564
Distributions payable	84,078	67,139
	1,469,425	107,703
Net assets attributable to holders of redeemable units	$ 27,010,328	$ 20,208,715
Net assets attributable to holders of redeemable units:		
Series A	$ 18,157,398	$ 13,093,230
Series A (subordinated)	-	-
Series A-2	108,531	-
Series A-IN	525,832	-
Series P	7,578,205	6,811,300
Series P-IN	640,362	304,185
	$ 27,010,328	$ 20,208,715
Redeemable units outstanding (note 6):		
Series A units	18,518	13,407
Series A (subordinated)	1,000	1,000
Series A-2	109	-
Series A-IN	526	-
Series P	7,578	6,811
Series P-IN	640	304
Net assets attributable to holders at redeemable units per unit:		
Series A	$ 980	$ 976
Series A (subordinated)	-	-
Series A-2	995	-
Series A-IN	1,000	-
Series P	1,000	1,000
Series P-IN	1,000	1,000

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

Approved by the Directors of the Manager,
Tri City Fund Management Ltd.:

____________________ Director ____________________ Director

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Statement of Comprehensive Income
(Expressed in Canadian dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Interest income	$ 2,137,224	$ 1,447,488
Mortgage fee income	360,217	200,141
Other income	92,143	25,037
	2,589,584	1,672,666
Expenses:		
Management fees (note 7)	-	24,535
Administrative support	151,181	79,201
Professional fees	83,578	76,388
Consulting fees	36,858	63,569
Other expenses	35,743	41,020
Broker fees	28,447	40,076
Rent	46,229	32,565
Advertising	5,870	29,142
Interest and bank charges	80,003	28,041
Trustee fees	11,348	11,253
Insurance	14,954	8,353
Office expenses	175	421
Allowance for bad debts	(1,139)	-
	493,247	434,564
Expenses waived by the Manager (note 4)	(88,450)	(199,646)
	404,797	234,918
Income before distribution to holders of redeemable units	2,184,787	1,437,748
Distributions to holders of redeemable units	(1,765,431)	(1,217,963)
Increase in net assets attributable to holders of redeemable units, before issuance costs	419,356	219,785
Issuance costs of Series A units	419,356	605,885
Decrease in net assets attributable to holders of redeemable units, from operations	$ -	$ (386,100)

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

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)

Year ended December 31, 2018

	Redeemable units												
	Series A		Series A Subordinated		Series A-2		Series A-IN		Series P		Series P-IN		
	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Total
Capital contributed, beginning of year	13,407	$ 13,407,119	1,000	$ 1,000,000	-	$ -	-	$ -	6,811	$ 6,811,300	304	$ 304,185	$ 21,522,604
Capital contributed, during the year	6,411	6,411,268	-	-	107	107,000	500	500,154	659	659,008	300	300,000	7,977,430
Capital contributed, end the year	19,818	19,818,387	1,000	1,000,000	107	107,000	500	500,154	7,470	7,470,308	604	604,185	29,500,034
Accumulated issuance costs allocated to subordinated Series A units, beginning of year		(313,889)		(933,311)									(1,247,200)
Accumulated decrease in net assets attributable to holders of redeemable units, beginning of year		-		(66,689)		-		-		-		-	(66,689)
IFRS 9 opening adjustment (note 13)		(46,479)	-	-		-		-		-		-	(46,479)
Issuance costs allocated to Series A units current year		(383,078)		-	-	(6,393)		(29,885)					(419,356)
Increase in net assets attributable to holders of redeemable units, current year		383,078		-	-	6,393		29,885					419,356
Reinvestment of distributions	603	602,760			2	1,531	26	25,678	208	207,897	36	36,177	874,043
Redemption of units	(1,903)	(1,903,381)			-	-	-		(100)	(100,000)	-	-	(2,003,381)
Balance, December 31, 2018	18,518	$ 18,157,398	1,000	$ -	109	$ 108,531	526	$ 525,832	7,578	$ 7,578,205	640	$ 640,362	$ 27,010,328

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

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)

Year ended December 31, 2017

	Redeemable units								
	Series A		Series A Subordinated		Series P		Series P-IN		
	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Total
Capital contributed, beginning of year	8,731	$ 8,730,535	1,000	$ 1,000,000	1,523	$ 1,522,977	-	$ -	$ 11,253,512
Capital contributed, during the year	4,502	4,501,595	-	-	5,166	5,166,814	300	300,000	9,968,409
Capital contributed, end the year	13,233	13,232,130	1,000	1,000,000	6,689	6,689,791	300	300,000	21,221,921
Accumulated issuance costs allocated to subordinated Series A units, beginning of year	-	-	-	(641,315)	-	-	-	-	(641,315)
Accumulated decrease in net assets attributable to holders of redeemable units, beginning of year	-	-	-	(286,474)	-	-	-	-	(286,474)
Issuance costs allocated to Series A units current year	-	(313,889)	-	(291,996)	-	-	-	-	(605,885)
Increase in net assets attributable to holders of redeemable units, current year	-	-	-	219,785	-	-	-	-	219,785
Reinvestment of distributions	392	392,276	-	-	122	121,509	4	4,185	517,970
Redemption of units	(218)	(217,287)	-	-	-	-	-	-	(217,287)
Balance, December 31, 2017	13,407	$ 13,093,230	1,000	$ -	6,811	$ 6,811,300	304	$ 304,185	$ 20,208,715

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

TRI CITY GROUP MONTHLY INCOME MORTGAGE TRUST

Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Decrease in net assets attributable to holders of redeemable units, from operations	$ -	$ (386,100)
Adjustments for:		
Allowance for bad debts	45,340	-
Mortgage loan advances	(21,157,100)	(17,415,000)
Mortgage loan repayments	12,309,231	8,416,733
Un-amortized mortgage fees	67,360	46,630
Issuance costs of Series A units	419,356	605,885
Distributions to holders of redeemable units	1,765,431	1,217,963
Changes in non-cash operating working capital:		
Accounts receivable	82,300	(82,300)
Prepaids	(1)	20,316
Interest receivable	(387,506)	(284,728)
Receivable from the Manager	(90,828)	(148,375)
Accounts payable and accrued liabilities	155,273	19,564
IFRS 9 Adjustment	(46,479)	-
	(6,837,623)	(7,989,412)
Financing activities:		
Gross proceeds from issuance of Series A units	6,411,268	4,501,595
Redemption of Series A units	(1,903,381)	(217,287)
Gross proceeds from issuance of Series A-2 units	107,000	-
Gross proceeds from issuance of Series A-IN unit	500,154	-
Issuance costs	(419,356)	(605,885)
Gross proceeds from issuance of Series P units	659,008	5,166,814
Redemption of Series P units	(100,000)	-
Gross proceed from issuance of Series P-IN units	300,000	300,000
Distributions paid on redeemable units	(874,449)	(676,886)
Increase in line of credit	1,189,510	-
	5,869,754	8,468,351
(Decrease) Increase in cash and cash equivalents	(967,869)	478,939
Cash and cash equivalents, beginning of year	992,670	513,731
Cash and cash equivalents, end of year	$ 24,801	$ 992,670

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

1. Nature of business:

Tri City Group Monthly Income Mortgage Trust (the "Trust") is an unincorporated, open-ended investment trust established in the Province of British Columbia by a Declaration of Trust dated May 1, 2014, as amended on November 15, 2014. The Trust was established for the purposes of making investments in a pool of mortgages secured by carefully selected commercial, industrial and residential real property situated in Canada. The investment objective of the Trust is capital preservation and acquisition and maintenance of a high-quality pool of mortgages which will generate income and allow the Trust to pay monthly distributions to unitholders.

The Trust's registered office is at 1000 - 850 West Hastings Street, Vancouver, British Columbia.

Computershare Trust Company of Canada is the Trustee of the Trust. The Trustee has exclusive authority to manage the operations and affairs of the Trust, and to make all decisions regarding the business of the Trust. Pursuant to the Declaration of Trust, the Trustee delegated these responsibilities to Tri City Fund Management Ltd. (the "Manager") as the Manager of the Trust.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Manager on May 8, 2019.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Trust.

(d) Use of estimates and judgments:

The preparation of financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In making estimates, the Manager relies on external information and observable inputs where possible supplemented by internal analysis as required. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the financial statements are related to investment in mortgages. Estimates and judgments related to allowance for credit losses for investments in mortgages have been revised following adoption of IFRS 9 Financial Instruments ("IFRS 9"), effective January 1, 2018 as follows:

Investments in mortgages:

The Trust is required to make an assessment of the impairment of investments in mortgages. Mortgage investments are considered to be impaired only if objective evidence indicates that one or more events (“loss events”) have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary by a material amount.

3. Summary of significant accounting policies:

(a) Cash and cash equivalents:

The Trust considers cash equivalents to be highly liquid investments with an original maturity of three months or less and that are subject to an insignificant risk of changes in fair value.

(b) Other financial liabilities:

Distributions payable, accounts payable and accrued liabilities, and redeemable units are measured at amortized cost, with amortization of premiums or discounts included in current period interest expense. The carrying amounts of distributions payable and accounts payable and accrued liabilities as at December 31, 2018 and 2017, approximate their fair values due to their short-term nature or maturities.

(c) Revenue recognition:

Interest income is recognized in the statement comprehensive income in the year in which it is earned on an effective interest rate basis.

Lender fees received are recognized in the statement of comprehensive income in the year in which it is earned on an effective interest rate basis.

(d) Redeemable units:

The Trust classifies redeemable units as financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Trust has issued two series of redeemable units: Series A and Series P units. The Series P and Series P-IN units have priority on both distributions and liquidation. On liquidation, the Series P and Series P-IN units will have their Preferred Return and subscription price paid in priority to any Base Distribution and redemption of Series A units, which are described further in note 6.

A related company, controlled by the sole shareholder of the Manager, is required to hold units in the Trust with an aggregate subscription price of not less than $1,000,000. The related company, controlled by the sole shareholder of the Manager, is required to subordinate its rights of these units it holds in the Trust up to an aggregate subscription price of $1,000,000. This requirement and the subordination of the units will terminate on the earlier of August 1, 2021 and or the date upon which the aggregate unitholder equity of the Trust is $30,000,000.

The redeemable units provide investors with the right to require redemption for cash as described in note 6 at each calendar quarter end (“redemption date”), subject to certain restrictions, and in the event of the Trust’s liquidation, and accordingly are classified as financial liabilities.

The redeemable units are measured at their redemption amount, which approximates amortized cost and fair value.

(e) Distributions to holders of redeemable units:

Distributions to holders of redeemable units are recognized in profit or loss as finance costs when they are authorized and declared.

(f) Income taxes:

The Trust is a quasi-mutual fund trust and a registered investment under the Income Tax Act and, as such, is a qualified investment for a deferred plan under the Income Tax Act. A quasi-mutual fund trust is generally able to distribute its income for a taxation year to its unitholders, who will be subject to income tax on this income. The Trust intends to make distributions to the extent necessary to reduce its taxable income each year so that it will not pay any income taxes.

g) Per unit values:

Net asset per unit is calculated based on the number of units outstanding at the end of the year. Net assets, which are calculated using IFRS for financial reporting purposes may be different from redemption net asset value used to transact unit redemptions. This would occur when the net assets in accordance with IFRS are less than the redemption amounts set out in note 6.

(h) Financial instruments:

(*i*) Change in accounting policy:

Effective January 1, 2018, the Trust adopted IFRS 9 *Financial Instruments* (“IFRS 9”) which replaces the previous IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”) standard. The standard sets out requirements for recognizing and measuring financial assets and financial liabilities. It also replaces the current loan impairment “incurred loss” model with an “expected credit loss” (ECL) model. The Trust has recognized adjustments to opening net assets attributable to holders of redeemable units as at January 1, 2018, the date of adoption, to reflect the application of the new requirements of IFRS 9. The total impact to opening net assets attributable to holders of redeemable units is a decrease of $46,479. The adjustment to net assets attributable to holders of redeemable units is comprised of a decrease of $ 46,479 relating to changes in the provision for credit losses. Refer to note 5 for further details with respect to the impact to the opening statement of financial position at January 1, 2018.

The Trust has elected to not restate the prior period comparative figures as permitted by the transition provisions of this standard. Accordingly, current period results for 2018 have been prepared in accordance with IFRS 9 and the comparative information for 2017 is presented under IAS 39 as previously published.

(*ii*) Recognition and classification of financial assets and liabilities:

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Trust’s accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is measured at fair value and subsequently classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). The classification of financial assets that are debt instruments under IFRS 9 are generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset that is a debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The most significant financial asset that is a debt instrument in the Trust is investments in mortgages. The objective of the Trust is to hold these investments and collect the contractual interest payments from the loans. The payments received by the Trust are solely payments of principal and interest; therefore the asset meets the criteria under IFRS 9 to be measured at amortized cost. Other assets such as cash and receivables are also classified at amortized cost. Foreign currency derivatives continue to be classified as FVTPL.

Financial instruments subsequently measured at amortized cost are done so using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(*iii*) Impairment:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses may be recognized earlier than under IFRS 39.

The Trust's financial assets at amortized cost consist of investments in mortgages, accounts receivable and cash.

The Trust measures expected credit losses on each balance sheet date according to a three stage expected credit loss impairment model:

Performing financial assets

- Stage 1: From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date.
- Stage 2: Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.

Impaired financial assets:

- Stage 3: When a financial asset is considered credit-impaired and in default it will be classified in stage 3, and a loss allowance equal to credit losses expected over the remaining lifetime of the asset will be recorded.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers both quantitative and qualitative information that is reasonable and supportable and is relevant and available. There is a presumption in IFRS 9 that credit risk has increased significantly once payments are 30 days past due. However, the Trust's historical experience is that mortgages can become 30 days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgage to move to Stage 2. Other additional risk factors considered to identify a significant increase in credit risk are:

Impaired financial assets (continued):

- Changes in the financial condition of the borrower;
- Responsiveness of the borrower;
- Current economic conditions: interest rates, housing prices, real estate and employment statistics; and
- Supportable forward looking information: macro-economic factors, such as interest rate forecasts.

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgement. Judgement is also required in making assumptions and estimations when calculating the allowance for credit losses, including movements between the three stages and the application of forward looking information.

In cases where a borrower experiences financial difficulties, the Trust may grant certain modifications to the terms and conditions of a loan. Modifications may include payment terms, debt consolidation, and forbearance intended to minimize economic loss. The Trust determines the appropriate remediation strategy based on the individual situation. If the Trust determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms.

Significant increase in credit risk is assessed relative to the risk of default on the date of modification. If the Trust determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. The expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having a lifetime ECL, the loans can revert to having 12-month ECL after a period of performance and improvement in the borrower's financial condition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

In assessing information about possible future economic conditions, the Trust utilized multiple economic scenarios including the base case, which represents the most probable outcome and is consistent with the Trust's view of the portfolio. The calculation of expected credit losses includes the incorporation of forecasts of future economic conditions. In determining expected credit losses, the Trust has considered key macroeconomic variables that are relevant to each investment type. Key economic variables include GDP and interest rate forecasts. The estimation of future cash flows also includes assumptions about local real estate market values and conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events.

Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Manager of the Trust. The Trust exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both economic forecast and the probability-weight assigned to each forecast scenario.

(*iv*) De-recognition of financial assets and financial liabilities (Under IFRS 9 and IAS 39):

Financial assets:

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire; or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Trust neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial assets. Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Trust is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (*i*) the consideration received (including any new asset obtained less any new liability assumed) and (*ii*) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the statement of comprehensive income (loss).

The Trust may enter into transactions whereby it transfers mortgage or loan investments recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred mortgage or loan investments or a portion of them.

If all or substantially all risks and rewards are retained, then the transferred mortgage or loan investments are not derecognized. In transactions in which the Trust neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Trust continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In circumstances where the Trust retains all or substantially all risks and rewards of a transferred mortgage, the transferred mortgage is not derecognized and the transferred mortgage is recognized as a mortgage syndication liability on the statement of financial position.

Financial liabilities:

The Trust derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

(i) Financial instruments-prior to January 1, 2018:

(*i*) Recognition and classification:

The Trust recognizes a financial instrument in its statement of financial position when and only when, it becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as one of five categories: fair value through profit and loss ("FVTPL"), loans and receivables, held-to-maturity, available for sale and other liabilities. Financial instruments are recognized initially at fair value, plus, in the case of financial instruments not at FVTPL, any incremental direct transaction costs. Transaction costs on FVTPL financial instruments are recognized in the profit and loss in the period in which they were incurred.

Financial instruments, excluding net assets attributable to holders of redeemable units, subsequently measured at amortized cost are done so using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(*ii*) Derecognition of financial assets and liabilities:

Derecognition of financial assets is consistent between IFRS 9 and IAS 39. Refer to note 3(h)(*iv*).

(*iii*) Impairment:

Mortgage investments are assessed on each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered to be impaired only if objective evidence indicates that one or more loss events have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset.

The Trust considers evidence of impairment for mortgage and loan investments at both a specific asset and collective level. All individually significant mortgage and loan investments are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identifiable at an individual mortgage level. Mortgage and loan investments that are not individually significant are collectively assessed for impairment by grouping together mortgage and loan investments with similar risk characteristics.

In assessing collective impairment, the Trust reviews historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of specific mortgage investments is calculated as the difference between its carrying amount including accrued interest and the present value of the estimated future cash flows discounted at the investment's original effective interest rate. Losses are recognized in profit and loss and reflected in an allowance account against the mortgage and loan investments. When a subsequent event causes the amount of an impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

For financial assets other than investments in mortgages, the Manager assesses at each reporting date whether a financial asset or group of assets is deemed to be impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(j) Other changes in accounting policies:

IFRS 15, Revenue recognition:

The IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective from January 1, 2018; it did not have a material effect on the Trust's financial statements.

4. Related party transactions:

(a) Payable to/receivable from the Manager:

Amounts payable to the Manager are in the normal course of business and are measured at the exchange amounts agreed to by both parties.

The Manager pays for and is reimbursed by the Trust for most of the Trust's operating expenses. The Manager is also entitled to receive the management fees presented in note 7(c). During the year ended December 31, 2018, the Manager waived $88,450 (2017 - $199,646) of expenses.

During the year ended December 31, 2018, the Trust accrued and paid issuance costs of $145,347 (2017 - $238,677) to the Manager.

As at December 31, 2018, $410,556 (December 31, 2017 - $319,728) was receivable from the Manager.

(b) Related party transactions not disclosed elsewhere in the financial statements:

During the year ended December 31, 2018, no mortgages were transferred.

5. Mortgage loan investments:

Mortgage loan investments and the associated interest receivable (also referred to as "mortgages") are secured by the commercial and residential real property to which they relate, bear interest at rates between 6.99% and 12.00% (2017 – 7.00% and 10.00%) and mature between February 01, 2019 and June 01, 2020 (2017 - January 1, 2018 and April 1, 2019). The mortgage loan investments are with different borrowers, of varying levels of seniority, and are associated with properties in British Columbia.

The Trust holds mortgages on the following properties:

	2018 Number	2018 Amount	2017 Number	2017 Amount
Commercial	1	$ 650,000	1	$ 650,000
Residential	66	26,924,262	70	18,076,393
Mortgage portfolio		27,574,262		18,726,393
Unamortized mortgage fees		(223,201)		(155,841)
Provision for mortgage losses		(45,340)		-
		$ 27,305,721		$ 18,570,552

A summary of the mortgage loan investments at December 31 is:

	First Position	Second Position	Third Position	2018 Total
Commercial	$ 650,000	$ -	$ -	$ 650,000
Single Family Residence	6,131,224	12,940,297	1,454,162	20,525,683
Strata	3,500,826	2,422,799	474,954	6,398,579
Unamortized Mortgage Fees	-	-	-	(223,201)
Provision for Mortgage Losses	-	-	-	(45,340)
	$ 10,282,050	$ 15,363,096	$ 1,929,116	$ 27,305,721

	First Position	Second Position	Third Position	2017 Total

Commercial	$ 650,000	$ -	$ -	$ 650,000
Single Family Residence	2,743,530	13,510,369	619,298	16,873,197
Strata	439,819	763,377	-	1,203,196
Unamortized Mortgage Fees	-	-	-	(155,841)
Provision for Mortgage Losses	-	-	-	-
	$ 3,833,349	$ 14,273,746	$ 619,298	$ 18,570,552

Unadvanced mortgage commitments under the existing mortgage portfolio amount to $3,328,737 as at December 31, 2018 (2017 - $2,758,000).

Provision for mortgage losses:

The gross carrying amounts of investments in mortgages and expected credit loss by property type are as follows:

	December 31, 2018			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Property type:				
Commercial	$ 661,862	$ -	$ -	$ 661,862
Single family residence	13,551,272	3,997,065	3,626,766	21,175,103
Strata units	5,584,961	625,120	262,385	6,472,466
	$ 19,798,095	$ 4,622,185	$ 3,889,151	$ 28,309,431

	December 31, 2018			
Provision for mortgage losses	Stage 1	Stage 2	Stage 3	Total
Property type:				
Commercial	$ 3,708	$ -	$ -	$ 3,708
Single family residence	17,423	12,342	6,776	36,541
Strata units	3,271	350	1,470	5,091
	$ 24,402	$ 12,692	$ 8,246	$ 45,340

Provision for mortgage losses (continued):

The changes in the provision for mortgage losses are shown in the following table.

	December 31, 2018			
IFRS 9	Stage 1	Stage 2	Stage 3	Total
IAS 39 balance, December 31, 2017	$ -	$ -	$ -	$ -
Transition adjustment (note 3(h)(i)	26,746	19,733	-	46,479
Provision for mortgage losses:				
Transfers to (from) Stage 1 (1)	2,442	(3,017)	-	(575)
Transfers to (from) Stage 2 (1)	-	(7,802)	-	(7,802)
Transfers to (from) Stage 3 (1)	-	-	5,778	5,778
Net remeasurement (2)	-	-	-	-
Mortgage advances	13,792	5,269	2,468	21,529
Mortgage repayments	(18,578)	(1,491)	-	(20,069)
Write-offs	-	-	-	-

$	24,402	$	12,692	$	8,246	$	45,340

(1) *Transfers between stages which are presumed to occur before any corresponding remeasurement of the provision.*

(2) *Net remeasurement represents the change in the allowance related to changes in model inputs or assumptions, including changes in macroeconomic conditions, and changes in measurement following a transfer between stages.*

Mortgage loan investments and the associated interest receivable that were impaired at December 31, 2018 amounted to $1,517,751 (2017 - nil).

2018	Mortgage loan	Interest receivable	Total
Gross balance	$ 27,574,262	$ 735,169	$ 28,309,431
Unamortized mortgage fees	(223,201)		(223,201)
Provision for mortgage losses	(45,340)	-	(45,340)
Balance, December 31, 2018	$ 27,305,721	$ 735,169	$ 28,040,890

2017	Mortgage loan	Interest receivable	Total
Gross balance	$ 18,726,393	$ 347,663	$ 19,074,056
Unamortized mortgage fees	(155,841)	-	(155,841)
Provision for mortgage losses	-	-	-
Balance, December 31, 2017	$ 18,570,552	$ 347,663	$ 18,918,215

6. Redeemable units:

The Trust may issue an unlimited number of units, at a value of $1,000 per unit. The Trust has created Series A units and Series P units to be issued to finance the Trust's portfolio of mortgage loans. All of the Series A units and Series P units are available to all investors. All unit series have the same investment objective, strategies and restrictions. The Trust may create additional Series of units without the approval of existing unitholders, provided that the number of units issued of any new Series with a priority or preference, together with the number of Series P Units issued, may not exceed 60% of the number of all units issued at any one time. The Series P, Series A and any new series of units may be redeemed by the Manager at its discretion at any time. The Trust may also issue other securities, such as debentures or notes, without the approval of existing unitholders, provided that the issue price of such additional securities may not exceed 20% of the aggregate subscription price of all Units issued at any one time. Bank debt may not exceed 39% of the aggregate subscription price of all Units issued at any one time.

Initial subscription value per redeemable unit	2018	2017
Series A-1 units	$ 1,000	$ 1,000
Series A-2 units	1,000	-
Series A-3 units	1,000	-
Series A-IN units	1,000	-
Series P-1 units	1,000	1,000
Series P-2 units	1,000	-
Series P-IN	1,000	1,000

Unitholders may redeem their Units on March 31, June 30, September 30 and December 31 in each year, in whole or in part, and will receive payment sixty days after the end of the first three calendar quarters in which notice of redemption is received and ninety days after the end of the fourth calendar quarter and after payment of a redemption fee.

(a) Series A Units will be redeemed at a redemption price equal to 94% of the adjusted book value for the first year after their purchase, representing a 6.0% discount to the adjusted book value, and at a redemption price increasing by 1% of the adjusted book value in each subsequent year after their purchase, representing a decrease of 1.0% in the discount to the adjusted book value. After the sixth anniversary of the original subscription date, Units would be redeemed at a redemption price equal to the adjusted book value.

    As is described in note 3(f), a related company controlled by the sole shareholder of the Manager is required to hold units in the Trust with an aggregate subscription price of not less than $1,000,000. The related company controlled by the sole shareholder of the Manager is required to subordinate its rights of these units it holds in the Trust up to an aggregate subscription price of $1,000,000. This requirement and the subordination of the units will terminate on the earlier of August 1, 2021 and or the date upon which the aggregate unitholder equity of the Trust is $30,000,000.

(b) Series P Units will be redeemed at a redemption price equal to 94% of the subscription price for the first year after purchase, representing a 6.0% discount to the subscription price, and the redemption discount will be reduced by 1% on each anniversary of the original subscription date so that after the sixth anniversary of the original subscription date these units will be redeemed at the subscription price.

(c) Series P-IN Units will be redeemed at a redemption price equal to 99% of the subscription price for the first year after purchase, representing a 1.0% discount to the subscription price, and the redemption discount will be reduced by 0% thereafter on the original subscription date and so that after the first anniversary of the original subscription date these units will be redeemed at the subscription price. Series P-IN have a minimum subscription price of $150,000.

The Trust will make the following distributions to unitholders, after the payment of all expenses and management and performance fees (note 4):

(a) Preferred return:

    Payable to Series P and P-IN units only - a priority monthly distribution, calculated and paid monthly, at the rate of 6% per annum from November 1, 2014 to December 31, 2017 and subsequently at the 2 year Government of Canada bond rate plus 4.8% after January 1 of each year.

(b) Base distribution:

    Payable to Series A units - a monthly distribution, calculated and paid monthly, at the rate of 8% per annum.

6. Redeemable units (continued):

(c) Top-up distribution:

Payable to Series A units - an annual top up distribution, if any, of defined net revenue after the payment of the Manager's performance fee.

Unitholders may elect on making their initial purchase of units, and annually thereafter, to receive distributions in cash or through the issue to them of additional fractional units.

7. Expenses:

(a) Trustee's fee:

The Trustee earned fees of $11,348 (2017 - $11,253) during the year.

(b) Trust operating expenses:

Trust operating expenses are defined in the Offering Memorandum and relate to the operational costs of the Trust. These expenses are the responsibility of the Trust and include, without limitation, providing all requisite office accommodation and associated facilities, banking fees, interest, mailing, printing, fees paid to accountants, auditors and legal advisors, regulatory filing fees, commission and out of pocket expenses payable to agents selling units of the Trust, insurance, any taxes payable and expenses incurred in the termination of the Trust.

Operating expenses of $493,247 (2017 - $434,564), including those expenses paid and waived by the Manager during the year are disclosed in the statement of comprehensive income.

(c) Management and performance fees:

The Manager is responsible for management and administration of the Trust. For its services, the Manager will receive a monthly management fee equal to 1.25% per annum of the trust assets invested in mortgages and authorized interim investments. In addition, the Manager will be entitled to receive a performance fee of 30% of the Trust's net revenue in excess of the Series P preferred return and Series A base distribution for the year. The Trust will also pay any applicable GST or other taxes on the management and performance fees.

8. Capital risk management:

The Trust manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating interest income to its unitholders. The Trust defines its capital structure to include Series A and Series P units.

The Trust reviews its capital structure on an ongoing basis and adjusts its capital structure in response to the mortgage loan investment opportunities, the availability of capital, and anticipated changes in general economic conditions.

The Trust's investment restrictions incorporate various restrictions and investment parameters to manage the risk profile of the mortgage loan investments and the Trust's capital requirements.

The investment restrictions permit the Trust to use debt to maintain liquidity, for general working capital purposes, and to bridge the timing differences between loan advances and maturities.

The Trust is not subject to externally imposed capital requirements.

9. Financial risks:

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust's assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - inputs are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the years ended December 31, 2018 and 2017.

	Carrying value		
December 31, 2018	Amortized cost	Other financial liabilities	Fair value
Assets not measured at fair value:			
Cash and cash equivalents	$ 24,801	$ -	$ 24,801
Interest receivable	735,169	-	735,169
Prepaids	3,506	-	3,506
Receivable from the Manager	410,556	-	410,556
Mortgage loan investments	27,305,721	-	27,305,721
Financial liabilities not measured at fair value:			
Bank line of credit	-	1,189,510	1,189,551
Accounts payable and accrued liabilities	-	195,837	195,837
Distributions payable	-	84,078	84,078

	Carrying value		
December 31, 2017	Loans and receivable	Other financial liabilities	Fair value
Assets not measured at fair value:			
Cash and cash equivalents	$ 992,670	$ -	$ 992,670
Accounts receivable	82,300	-	82,300
Prepaids	3,505	-	3,505
Interest receivable	347,663	-	347,663
Receivable from the Manager	319,728	-	319,728
Mortgage loan investments	18,570,552	-	18,570,552
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	-	40,564	40,564
Distributions payable	-	67,139	67,139

The valuation techniques and inputs used for the Trust's financial instruments are as follows:

(*i*) Mortgage loan investments and interest receivable:

There is no quoted price in an active market for the mortgage investments. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these mortgage investments approximate their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of mortgage investments is based on Level 3 inputs.

(*ii*) Financial assets:

The carrying values of financial assets not measured at fair values, such as cash and cash equivalents, accounts receivable and receivable from the Manager have an initial carrying value that approximates their fair values due to the relatively short periods to maturity of these items or because they are receivable on demand.

(*iii*) Financial liabilities:

The carrying values of financial liabilities not measured at fair values, such as accounts payable and accrued liabilities and distributions payable approximate their fair values due to the relatively short periods to maturity of these items or because they are payable on demand.

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. The mortgage loan investments carry a fixed rate of interest and are generally shorter term, reducing the exposure to this risk. The Trust’s accrued interest receivable, distributions payable, and receivable from the Manager have no exposure to this risk. Cash and cash equivalents carry a variable rate of interest and are subject to interest rate risk. The Trust limits its exposure to this risk by investing only in short-term investments or at major Canadian financial institutions.

(b) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed under the instrument, causing a financial loss. The Trust manages this risk by only entering into contracts with counterparties who have sufficient financial strength or have provided adequate underlying security, to minimize the risk of a financial default.

The Trust’s cash and cash equivalents are held with large Canadian financial institutions, and therefore the Trust considers its credit risk on its cash and cash equivalents to be minimal. However, the Trust is exposed to the credit risk associated with the counterparties of its interest receivable and mortgage loan investments. The Trust mitigates this risk by periodically evaluating the adequacy of the underlying security provided for these mortgage loan investments, limiting loan to value ratios to a maximum of 75% of the aggregate appraised values of the underlying real property (on a portfolio basis), and actively monitoring the collection of required payments. The maximum exposure, without taking into account the underlying security and other credit enhancements, is $28,535,568 (2017 - $19,074,056).

Refer to note 5 for discussion of past due but not impaired loans.

(c) Liquidity risk:

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they become due. The risk arises in normal operations as a result of the timing of the mortgage loan investment funding and repayments and redemption of Series A and Series B units. Furthermore, the Trust’s mortgage loan investments are not readily realizable as they are not actively traded. Management routinely forecasts future cash flow sources and requirements to help mitigate this risk.

The Trust’s redemption policy only allows for redemption on the last day of each calendar quarter and unitholders must provide thirty days’ notice. The Board of Directors is empowered to establish a redemption gate should redemption levels exceed 5% of the aggregate subscription price of all units that were issued and outstanding over a twelve month period ending at the redemption date.

Distributions payable are due within the current operating period.

(d) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer/borrower or factors affecting all instruments traded in the market.

Since the mortgage loan investments are not actively traded it may be difficult for the Trust to quickly liquidate these investments without unduly affecting the market price of these investments. The market price of these investments is also affected by general market trends and conditions. Poor market conditions could significantly reduce the market price of these investments. The Trust mitigates this risk by diversifying its mortgage loan investment portfolio (property type and geographical area), limiting the mortgage term to maturity to a maximum of twenty-four months, and acquiring and issuing mortgages denominated in Canadian dollars and of Canadian based real estate.

10. Commitments and contingencies:

In the ordinary course of business activities, the Trust may be contingently liable for litigation and claims. Where required, management records adequate provisions in the accounts.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Trust's financial position.

11. Income taxes:

As at December 31, 2018, the Trust has non-capital losses of approximately $130,188 (2017 - $277,000) available for utilization against non-capital gains in future years.

Non-capital losses may be carried forward up to 20 years to reduce future taxable income. The Trust's non-capital losses expire in 2034.

12. Bank line of credit:

The line of credit pays interest of the Prime Rate plus 1.5% per annum, is due on demand, and has a limit of $3,500,000.

13. Transition to IFRS 9:

The following table summarizes the classification and measurement impacts of adopting IFRS 9 as at January 1, 2018.

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 relates solely to impairment in the amount of $46,479 and which has been recognized in net assets attributable to holders of redeemable units as at January 1, 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9.

The following assessment of financial assets that are debt instruments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model in which a financial asset is held and whether it meets the SPPI test.
- The designation of certain financial assets and financial liabilities as measured at FVTPL.

The Trust has classified its financial instruments as at January 1, 2018 as follows:

Asset / liability	IAS 39 Measurement Category	IFRS 9 Measurement Category
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Receivable from the Manager	Loans and receivables	Amortized cost
Mortgage loan investments	Loans and receivables	Amortized cost
Bank line of credit	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Distribution payable	Other financial liabilities	Amortized cost

DATE AND CERTIFICATE

Dated May 1, 2019.

This Offering Memorandum does not contain a misrepresentation.

Manager and Promoter:
Tri City Fund Management Ltd.

Sandy Oh
Director and President – Sandy Oh

Michael G Birch
Director – Michael G. Birch

Winston Wong
Director – Winston Wong