OFFERING MEMORANDUM

Date:	February 10, 2020
Issuers:	Merchant Opportunities Trust (the "**Trust**") and Merchant Opportunities Fund Limited Partnership (the "**Partnership**") (each an "**Issuer**" and collectively, the "**Issuers**")
Head office:	2000 – 1500 West Georgia Street, Vancouver, B.C. V6G 2Z6 Phone: 1 (866) 240-3694 E-mail address: service@merchantgrowth.com Fax: (604) 266-5769

Currently listed or quoted?	No. **These securities do not trade on any exchange or market.**
Reporting Partnership?	No.
SEDAR filer?	No.

THE OFFERINGS

Securities offered:	Class "1" Units of the Trust (the "**Trust Units**") and Class B Units of the Partnership (the ("**Class B Units**") (each, a "**Unit**" and together, the "**Units**").
Price per security:	The subscription price per Trust Unit and Class B Unit will be the Net Asset Value per Trust Unit or Class B Unit.
Maximum offering:	$25,000,000 maximum.
Minimum offering:	**There is no minimum. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**
Minimum subscription:	Purchasers must subscribe for a minimum of $10,000 of Units, unless waived.
Payment terms:	Investors desiring to invest through a Deferred Plan will deliver a certified cheque, bank draft, money order, wire transfer or electronic funds transfer for payment of the Subscriber's total aggregate subscription amount, together with a duly executed and completed subscription agreement. Investors desiring to invest in Trust Units or Class B Units, but not through a Deferred Plan, will, unless directed otherwise by the Issuers, deliver a certified cheque, bank draft, money order, wire transfer or electronic funds transfer for payment of the Subscriber's total aggregate Subscription Amount, together with a duly executed and completed subscription agreement to "Merchant Opportunities Fund Limited Partnership" for Class B Units or "Merchant Opportunities Trust" for Trust Units. See item 5.2**,** **"***Subscription Procedure*".
Proposed closing date:	The Offerings shall be completed in multiple tranches and the closings (the "**Closings**") of such tranches may occur from time to time and at any time on such dates as each of the Trustee and General Partner. If certain conditions have not been satisfied or waived on or before the date selected by the Trustee (in respect of Trust Units) and the General Partner (in respect of Class B Units), in their respective sole discretion in respect of a Closing, subscriptions and subscription funds will be returned to subscribers without interest or deduction.
Tax consequences:	There are important tax consequences to these securities. See item 6, "Tax Consequences and RRSP Eligibility".

Selling agent: Yes. See item 7, "Compensation Paid to Sellers and Finders".

Resale Restrictions: You will be restricted from selling your securities for an indefinite period of time. See item 10.

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 item 11.

No securities regulatory authority or regulator 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 item 8.

Capitalized terms used but not otherwise defined above have the meanings ascribed to them under "Glossary of Terms" in this Offering Memorandum or as otherwise described herein.

All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.

The Partnership and the Trust conditionally offer Units for sale by way of private placement to qualified investors who are residents of the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador, New Brunswick, Nova Scotia or Prince Edward Island, or the Northwest Territories, Nunavut or Yukon. Subscriptions will be received if, as and when accepted, subject to satisfaction of the conditions set forth under item 5.2, "*Subscription Procedure*" (if any) and to the right of the General Partner and the Trustee to close the subscription books at any time without notice. Closings will be held from time to time as determined by the General Partner and the Trustee. See item 5.2, "*Subscription Procedure*".

No action has been or will be taken to permit a public offering of the Units in any jurisdiction where action would be required to be taken for such purpose. Accordingly, the distribution or circulation of this Offering Memorandum and the offering and sale of the Units may be restricted by law in certain jurisdictions. This Offering Memorandum does not constitute, and may not be used for in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Memorandum may come are directed to inform themselves of and observe such restrictions and all legal requirements of their respective jurisdictions of residence in respect of the acquisition, holding and disposition of the Units.

Prospective investors should thoroughly review this Offering Memorandum and are advised to consult with their own legal, investment, accounting, and tax advisors concerning this investment.

The Units will be issued only on the basis of information contained in this Offering Memorandum and provided by the General Partner and the Trustee, and no other information or representation has been authorized nor may be relied upon as having been authorized by the General Partner, the Trustee, the Trust or the Partnership. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale of any Units made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Partnership since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

This Offering Memorandum has been prepared solely for delivery to and review by selected prospective purchasers of the Units. This copy of the Offering Memorandum is personal to the person to whom it is delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Units. Distribution of the Offering Memorandum to any person other than the person to whom it is delivered and those persons, if any, retained to advise such person with respect hereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the General Partner or the Trustee is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and undertakes not to make any copies, electronic or otherwise, of or to otherwise reproduce, in whole or in part, this Offering Memorandum or any documents relating thereto and, if such prospective purchaser does not purchase any Units or the offering is terminated, to destroy or return promptly this Offering Memorandum and all such documents to the General Partner or the Trustee, if so requested by the General Partner or the Trustee.

Forward Looking Statements

Certain information regarding the Issuers set forth in this Offering Memorandum, including the Issuers' future plans and business, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "intend", "plan", "potential", "predict", "project", "seek" or other similar words, or statements that certain events or conditions "may", "might", "could", "should" or "will" occur are intended to identify forward looking statements. Such statements represent the Issuers' internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, business opportunities, future expenditures, plans for and results of business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the expectations reflected in the forward-looking statements are reasonable, future results, levels of activity, performance or achievement cannot be guaranteed since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Issuers' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Issuers.

Forward-looking statements included in this Offering Memorandum include, but are not limited to, statements with respect to: use of proceeds of the Offering; the business to be conducted by the Issuers; the ability to make and the timing and payment of distributions; payment of fees; the Issuers' business objectives; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; results of operations, the timing thereof and the methods of funding.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks discussed under item 8, "Risk Factors" and other factors, many of which are beyond the control of the Issuers. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements contained in this Offering Memorandum are based on a number of assumptions, including those relating to: the Issuers' business strategy and operations; the ability of the Issuers to achieve or continue to achieve their business objectives; the Issuers' expected financial performance, condition and ability to generate distributions; the Partnership, including its business strategy, operations, financial performance, condition and ability to generate distributions; possibility of substantial redemptions of securities; taxation of the Issuers; the impact on the Issuers of future changes in applicable legislation; application of legislation and regulations applicable to the Issuers; and availability of and dependence upon certain key employees of the General Partner.

Although the forward-looking statements contained in this Offering Memorandum are based upon assumptions believed to be reasonable, the Issuers cannot assure investors that actual results will be consistent with these forward-looking statements.

The Issuers have included the above summary of risks related to forward-looking information provided in this Offering Memorandum in order to provide investors with a more complete perspective on the Issuers' current and future operations and such information may not be appropriate for other purposes. The Issuers' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Issuers will derive therefrom. These forward-looking statements are made as of the date of this Offering Memorandum and the Issuers disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable laws.

The Issuers are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Due to the risks, uncertainties and assumptions contained herein, prospective subscribers should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

Documents Incorporated By Reference

Any documents of the type referred to in National Instrument 45-106 – Prospectus Exemptions to be incorporated by reference in an Offering Memorandum, including any marketing materials that are effective after the date of this Offering Memorandum and before the termination of the Offerings, are deemed to be incorporated by reference in this Offering Memorandum. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Issuers at Suite 2000 – 1500 West Georgia Street, Vancouver, British Columbia, V6G 2Z6.

Any statement contained in this Offering Memorandum or in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded is not deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

Information contained or otherwise accessed through the Issuers' website or any website does not form part of this Offering Memorandum or the Offerings.

Date of Information

The information in this Offering Memorandum is stated as at February 10, 2020 unless otherwise indicated.

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Defined Terms

In this Offering Memorandum, the following terms have the following meanings.

Affiliate	As defined in the *Business Corporations Act* (British Columbia) SBC 2002, c 57.
applicable law	Means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, bylaws, permits, authorizations, guidelines, orders and policies of any Governmental Authority having authority over that Person, property, transaction or event.
Asset Management Fee	As defined in item 2.7, "*Material Agreements* – (I) Partnership Agreement".
Base NAV	Means the Net Asset Value of the Partnership at such time, as estimated by the General Partner in good faith in accordance with the Partnership Agreement.
Base NAV per Unit	At any time means the quotient of A divided by B, where A is the Base NAV as at such time, and B is the total number of Partnership Units outstanding as at such time.
Book Value Premium	See Net Asset Value of the Partnership.
Business Day	Any day of the year on which banks are not required or authorized by law to close in British Columbia.
Capital Balance	At any time with respect to a particular class of Partnership Units, the amount by which the aggregate of all Capital Contributions made in respect of that class of Partnership Units before that time exceed the aggregate of all Capital Distributions made in respect of that class of Partnership Units before that time.
Capital Contribution	Means the amount of money or the fair market value of property, determined at the time of contribution and expressed in money, contributed to the Partnership by a Partner under this Agreement.
Capital Distribution	Means the amount of money or the fair market value of property of the Partnership, determined at the time of distribution and expressed in money, distributed to a Partner as a distribution of capital.
CHP	CHP ALT Credit Limited Partnership.
Class A Unit	An interest in the Partnership designated as a Class A Unit.
Class B Unit	An interest in the Partnership designated as a Class B Unit.
Class Ratio	With respect to a particular class of Partnership Units as at a particular time, the proportion (expressed as a percentage to two decimal places) that the number of Partnership Units of that class constitutes of the aggregate number of Partnership Units of all classes at the relevant time.
Closings	See proposed closing date on the cover page.
CRA	Canada Revenue Agency.
Credit Agreement	As defined in item 2.7, "*Material Agreements* – (III) Credit Agreement".
Current Account	Of any class of Partnership Units or the General Partner, means the account maintained in respect of that class of Partnership Units or the General Partner.

Declaration of Trust	Means the Declaration of Trust made effective as of January 9, 2020 between the Trustee as the holder of the Initial Trust Units, and all persons who thereafter become holders of Trust Units.
Deferred Plan	Means a trust governed by a registered retirement savings plan (RRSP), registered retirement income fund (RRIF), locked-in retirement account (LIRA), or tax-free savings account (TFSA).
Distributable Cash	The amount of cash available for distribution as determined by the General Partner from time to time.
Distribution Date	As defined in item 2.7, "*Material Agreements* – (II) Declaration of Trust".
Fiscal Year	The year ending on December 31.
Funding Agreement	Means the Funding Agreement between the Trust, the Partnership and the General Partner dated January 9, 2020.
General Partner	Merchant Opportunities Fund Ltd., a company incorporated under the laws of British Columbia.
Gens International	Gens International Limited.
Inter-Group Debt	As defined in item 2.7, "*Material Agreements* – (XI) Inter-Group Debt".
Issuer	Collectively, the Trust and the Partnership.
ITA	The *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.
Limited Partner	Each of those persons who from time to time are admitted as a limited partner pursuant to the terms and conditions of the Partnership Agreement.
Loan	As defined in item 2.7, "*Material Agreements* – (III) Credit Agreement".
Loan Purchase Program	As defined in item 2.7, "*Material Agreements* – (VII) Progressa Purchase Agreement".
material fact	A fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units.
Merchant Asset Financing	Merchant Growth Asset Financing Ltd.
Merchant Asset Financing Facility	As defined in item 2.2, "*Our Business*".
Merchant Growth	Merchant Growth Ltd.
Merchant Receivables	Merchant Receivables LP.
misrepresentation	An untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.
Net Asset Value of the Partnership	The net asset value of the Partnership at any time means the book value of assets of the Partnership less the book value of the liabilities of the Partnership, calculated in accordance with generally accepted accounting principles, subject to the following: (a) A premium (the "**Book Value Premium**"), initially being 5% shall be applied to the book value of the Partnership Receivables, followed by a deduction of the general bad debt provision. A premium is applied to reflect the increase in value that has occurred but has not yet been recorded in

accordance with GAAP in Partnership Receivables, due to the Partnership's election not to use the effective interest rate method in its accounting of factoring-like financing contracts. Such premium will be re-evaluated annually in conjunction with the Partnership's annual audit, in order to account for changes in the Partnership's portfolio mix and the economics of the Partnership Receivables. The most recent calculation of the Book Value Premium is available upon request.

(b) There shall be a deduction from the net asset value of (i) the amount of any distributions payable to the Partners as of or prior to the time of determination and which have not been paid, and (ii) an amount equal to the balance of the General Partner's Current Account.

Net Asset Value of the Trust	Means the then fair market value of the assets of the Trust at the time the calculation is made less the amount of its liabilities at that time.
Net Asset Value per Partnership Unit	Means the Base NAV per Partnership Unit.
Net Asset Value per Trust Unit	Means the quotient obtained by dividing the amount equal to the Net Asset Value of the Trust by the total number of outstanding Trust Units.
Net Income or Net Loss of the Partnership	For any period, means, respectively, the net income or the net loss of the Partnership for such period determined in accordance with generally accepted accounting principles and shall include a provision for such reserves as in the opinion of the General Partner are required for the business of the Partnership.
New Business	As defined in item 2.7, "*Material Agreements*- (I) Partnership Agreement".
Offering	Offering of Units pursuant to this Offering Memorandum.
Original Business	As defined in item 2.7, "*Material Agreements*- (I) Partnership Agreement".
Partners	The General Partner and the Limited Partners and **"Partner"** means any one of them.
Partnership	Merchant Opportunities Fund Limited Partnership.
Partnership Act	The *Partnership Act* (British Columbia) RSBC 1996, c 348.
Partnership Agreement	The tenth amended and restated limited partnership agreement of the Partnership dated for reference January 27, 2020, as may be further amended and restated from time to time.
Partnership Business	Has the meaning set out in item 2.7, "*Material Agreements* – (I) The Partnership Agreement", under the heading "(1) The Partnership – Business".
Partnership Offering	The private placement of Partnership Units by the Partnership under this Offering Memorandum.
Partnership Unit	An undivided interest in the Partnership, including a Class A Unit, a Class B Unit or, as the context may require, any other class of limited partnership unit issued or authorized to be issued by the Partnership pursuant to the Partnership Agreement.
Persons	(i) an individual; (ii) a corporation; (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative.

Preferred Return	For the Class A Units or the Class B Units for any Fiscal Year, an amount equal to 8% of the time-weighted average Capital Balance of such class of Partnership Units for such Fiscal Year, as calculated by the General Partner according to the following formula: $$A = 8\% \times (B + C - D)$$ where: A is the Preferred Return for the particular class of Partnership Units for the Fiscal Year; B is the Capital Balance as at the beginning of the Fiscal Year; C is the sum of each Capital Contribution made during such Fiscal Year multiplied by a fraction, the numerator of which is the number of days remaining in such Fiscal Year at the time of the making of such Capital Contribution and the denominator of which is 365; and D is the sum of each Capital Distribution made during such Fiscal Year multiplied by a fraction, the numerator of which is the number of days remaining in such Fiscal Year at the time of the making of such Capital Distribution and the denominator of which is 365; provided that, for purposes of item D of the foregoing formula, a Capital Distribution shall be deemed to have been made in respect of each Partnership Unit redeemed on any Redemption Day in the amount of the proportion of the Capital Balance that is attributable to such Partnership Unit (whether or not the redemption price has in fact been paid at that time).
Progressa	Creditloans Canada Financing Inc.
Promissory Note 1	As defined in item 3.4, "*Loans*".
Promissory Note 2	As defined in item 3.4, "*Loans*".
Promissory Note 3	As defined in item 3.4, "*Loans*".
Qualified Person	A person that is competent to enter into the Partnership Agreement, is not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada), is not a non-Canadian within the meaning of the *Investment Canada Act* (Canada) and is otherwise qualified to be, or not disqualified from being, a Limited Partner pursuant to such criteria as the General Partner shall determine from time to time.
Receivables	Means amounts owing pursuant to agreements for the purchase of future receivables with merchants.
Redemption Day	The last day of each calendar quarter.
Redemption Notice	A written notice of a Limited Partner's intention to cause the Limited Partnership to redeem some or all of the Partnership Units of such Limited Partner.
Redemption Notice Deadline	1:00 pm (Vancouver time) on a date which is at least 60 days prior to the applicable Redemption Day.

Redemption Price	As defined in item 2.7, "*Material Agreements* – (I) Partnership Agreement" under the heading "*(7) Redemption of Partnership Units"*.
Reorganization	As defined in item 2.2, "*Our Business*".
Retired General Partner	Merchant Growth.
Retraction Notice	As defined in item 2.7, "*Material Agreements* – (II) Declaration of Trust" under the heading *(4) Retractions"*.
Retraction Price	As defined in item 2.7, "*Material Agreements* – (II) Declaration of Trust" under the heading "*(4) Retractions"*.
Retraction Right	As defined in item 2.7, "*Material Agreements* – (II) Declaration of Trust" under the heading "*(4) Retractions"*.
Sale	The sale or any other disposition (including the receipt of compensation for expropriation of, or recovery of damage awards or insurance proceeds, in respect of) all or any part of the properties or assets of the Partnership.
Selling Agents	While it is intended that the Trustee and the General Partner will participate in the sale Units, the Issuers have engaged, and may engage, Selling Agents to review subscriptions for Units, communicate with Unitholders and potential investors as necessary, and to sell Units, in compliance with all applicable securities laws, as agents for the Issuers (see item 1, "Use of Available Funds").
Senior Lender	As defined in item 2.7, "*Material Agreements* – (III) Credit Agreement".
Services Agreement	As defined in item 2.2, "*Our Business"*.
Services Fee	As defined in item 2.7, "*Material Agreements* – (IX) Services Agreement".
Sharing Ratio	With respect to any Limited Partner holding Partnership Units of a particular class at a particular time, means the proportion (expressed as a percentage to two decimal places) that the number of Partnership Units of such class held by such Limited Partner constitutes of the total number of Partnership Units of such class held by all Limited Partners at the relevant time.
Special Resolution	A resolution passed by a majority of not less than 67% of the votes cast at a meeting of the Limited Partners called for the purpose of considering such resolution, or a resolution in writing signed in one or more counterparts by Limited Partners holding not less than 67% of the votes entitled to vote on such resolution at a meeting.
Subordinated Loan Agreement	As defined in item 2.7, "*Material Agreements* – (IV) Subordinated Loan Agreement".
Subscription Agreement	A subscription agreement for Units.
Subscription Price	Means, in respect of a Unit, the amount to be contributed to the capital of the Partnership or the Trust as consideration for the issuance of the Unit.
Tax Act	The *Income Tax Act* (Canada) RSC 1985, c 1 (5thSupp).
Tax Law	Any applicable law that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes.
Tax Proposals	As defined in item 6, "Tax Consequences and RRSP Eligibility".
taxable capital gain	One-half of any capital gain realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units and the amount of any net taxable capital

	gains designated by the Trust in respect of a Trust Unitholder will be included in the Trust Unitholder's income as a taxable capital gain.
Taxable Income or Tax Loss	The amount of income or loss of the Partnership for a Fiscal Year determined by the General Partner pursuant to the provisions of the *Income Tax Act* (Canada).
Transfer	As defined in item 2.7, "*Material Agreements* – (I) Partnership Agreement".
Trust	Merchant Opportunities Trust, a trust constituted by the Declaration of Trust, as the same may be amended, supplemented or restated from time to time.
Trust Offering	The private placement of Trust Units by the Trust under this Offering Memorandum.
Trust Redemption Day	The last day of each calendar quarter.
Trust Redemption Notice	The Trust Unitholder's written notice setting out the Trust Unitholder's intention to redeem Trust Units.
Trust Redemption Price	As defined in item 2.7, "*Material Agreements* – (II) Declaration of Trust" under the heading "*(3) Redemption of Units*".
Trust Unit	A Class "1" unit of the Trust, which represents an interest in the Trust, as provided for in the Declaration of Trust, and has the rights privileges, restrictions and conditions set forth in the Declaration of Trust, and shall not include fractional Trust Units.
Trust Unitholders	Means, at any time, the Persons who hold Trust Units.
Trustee	The trustee of the Trust at that time, so long as such Person remains as trustee, which is currently David Gens.
Unitholder	A holder of Partnership Units or Trust Units.
Units	An undivided interest in the Partnership and or the Trust.
Venbridge	Venbridge Limited Partnership.
Venbridge General Partner	Venbridge Ltd.
Venbridge Unit	A limited partnership unit representing an interest in Venbridge.

Item 1 **Use of Available Funds**

The following table discloses the funds that will be available as a result of the Offering:

1.1 ***Funds***

		Assuming min. offering	**Assuming max. offering**
A.	Amount to be raised by this offering	$0	$25,000,000
B.	Selling commissions and fees	$0	$1,500,000[1]
C.	Estimated offering costs[2]	$25,000	$50,000
D.	Available funds: D = A - (B+C)	$0[3]	$25,000,000[3]
E.	Additional sources of funding required	$0	$0
F.	Working capital deficiency	$0	$0
G.	Total: G = (D+E)-F	$0[3]	$25,000,000[3]

1.2 ***Use of Available Funds***

The Trust will use the proceeds from the sale of Trust Units to purchase Class B Units of the Partnership.

The Partnership will use the Available Funds as set forth in the table below. Given that the Units are being offered on a continuous basis, the information is presented assuming a maximum offering of $25,000,000. Actual funds raised by the Offering may be less than the assumed amounts.

Description of intended us of available funds listed in priority	**Assuming min. offering**	**Assuming max. offering**
Available funds will be used to: purchase receivables; make loans; purchase loans (directly or indirectly) from Progressa; purchase units from Venbridge or CHP; or used for such other credit opportunities as determined by the General Partner from time to time.[4]	$0	$25,000,000
Total: Equal to G in the Funds table above	$0	$25,000,000

1.3 ***Reallocation***

The Issuers intend to spend the available funds as stated. The Issuers will reallocate funds only for sound business reasons.

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[1] Assuming that 6% of the gross proceeds of this Offering are paid as selling commissions to licensed exempt market dealers based upon the assumed maximum offering amount. The actual amount received by the agent(s) will depend, in part, on the proceeds raised in this offering. See item 7, "Compensation Paid to Sellers and Finders". These costs are paid by the General Partner, not the Trust or the Partnership.

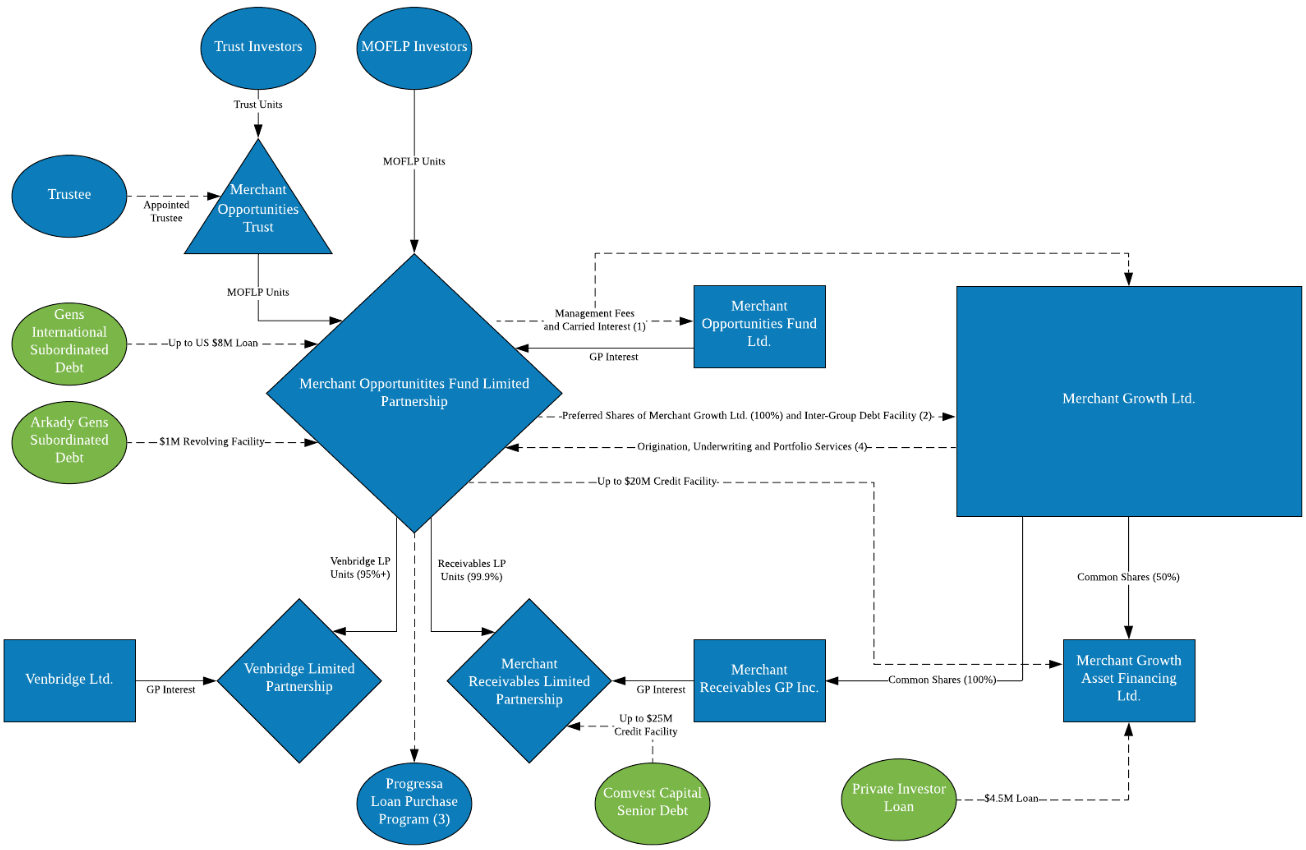
[2] Legal, accounting, auditing, marketing and due diligence expenses. Costs associated with the Offering will be paid by the General Partner and the General Partner has waived entitlement to reimbursement of these costs from the Partnership.

[3] As the estimated offering costs are paid by the General Partner, and not the Trust or the Partnership, these items do not reduce the available funds to the Trust or Partnership.

[4] In the event that the General Partner cannot identify viable credit opportunities to deploy the available funds, the General Partner may use the funds to pay the Credit Agreement between the Senior Lender and the Partnership, the Subordinated Loan Agreement between the Partnership and Gens International Limited, a company controlled by Igor Gens, who is the brother of David Gens, Trustee of the Trust and indirect controlling shareholder of the General Partner, or repay any other debt of the Partnership which may be outstanding from time to time. See item 2.7, "*Material Agreements*".

Item 2 Business of the Issuers

2.1 *Structure*



(1)Management Fees and Carried Interest split between Merchant Opportunities Fund Ltd. and Merchant Growth Ltd.
(2)Inter-Group Debt may be borrowed by Merchant Growth Ltd. from Merchant Opportunities Fund Limited Partnership in an amount of up to 5% of total assets.
(3)Includes both direct and indirect loan purchases from Progressa.
(4)Merchant Growth Ltd. is paid a services fee equal to 6.5% of cash collections.

The Trust was formed on January 9, 2020 pursuant to the Declaration of Trust under the laws of British Columbia and is an unincorporated, open-ended limited-purpose trust. Management and control of the Trust is vested exclusively in the Trustees, and the Trustees are authorized and obligated to carry on the activities and affairs of the Trust in accordance with the Declaration of Trust, with full power and authority to administer, manage, control and operate the activities and affairs of the Trust and to perform all acts and enter into and perform all contracts and other undertakings which are necessary or advisable or incidental thereto. As of the date hereof, the sole Trustee of the Trust, is David Gens. See item 2.7, "*Material Agreements*".

The Partnership (formerly known as Merchant Advance Capital Limited Partnership), is a limited partnership formed on March 31, 2010 under the laws of British Columbia by a certificate of limited partnership filed pursuant to the provisions of the Partnership Act and is governed by the Partnership Agreement. Management and control of the Partnership is vested exclusively in the General Partner, and the General Partner is authorized and obligated to carry on the activities and affairs of the Partnership in accordance with the Partnership Agreement, with full and exclusive power and authority to administer, manage, control and operate the activities and affairs of the Partnership and to perform all acts and enter into and perform all contracts and other undertakings which are necessary or advisable or incidental thereto. See item 2.7, "*Material Agreements*".

The General Partner of the Partnership is Merchant Opportunities Fund Ltd., a company incorporated on May 22, 2019 pursuant to the provisions of the *Business Corporations Act* (British Columbia). David Gens, is a director, officer and indirectly controls the General Partner.

Merchant Growth Ltd. (formerly known as Merchant Advance Capital Ltd.) ("**Merchant Growth**") is a company incorporated on November 30, 2009 pursuant to the provisions of the *Business Corporations Act* (British Columbia). Merchant Growth provides services related to operating the Partnership Business to the Partnership as set out in the Services Agreement. David Gens, is a director, officer and indirectly controls Merchant Growth. See item 2.7, "*Material Agreements*".

Merchant Receivables LP ("**Merchant Receivables**") is a limited partnership formed under the laws of Ontario pursuant to a limited partnership agreement dated December 27, 2017, as amended by an amended and restated limited partnership agreement dated as of March 2, 2018. Management and control of Merchant Receivables is exercised by Merchant Receivables GP Inc., as general partner. Merchant Receivables was established in connection with the Credit Agreement with the Senior Lender and is a special-purpose vehicle formed to hold assets of the categories that are eligible to make up the borrowing base under the Credit Agreement in order to separate such assets from assets that would be subject to any bankruptcy of the Partnership.

Merchant Asset Financing is a company incorporated on August 19, 2016 pursuant to the provisions of the *Business Corporations Act* (British Columbia). Merchant Asset Financing specializes in providing equipment financing to small business owners, and is controlled by Merchant Growth.

Venbridge, is a limited partnership formed on December 31, 2018 under the laws of Ontario by a certificate of limited partnership filed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) and is governed by the second amended and restated partnership agreement dated January 31, 2019. Management and control of Venbridge is vested exclusively in Venbridge Ltd., as general partner of Venbridge. Venbridge specializes in financing technology companies, predominantly using tax credits as collateral.

2.2 *Our Business*

Business of The Trust

The Trust's primary purpose and sole business is to acquire Partnership Units, with the objective of generating returns to Trust Unitholders. Upon each Closing under the Trust Offering, the Trust will use the entire proceeds raised from the issuance of Trust Units to acquire Partnership Units. All expenses of the Trust Offering and the Partnership Offering will be borne by the General Partner and the Partnership pursuant to the Funding Agreement. See item 2.7, "*Material Agreements*".

The Trust allows investors to invest through Deferred Plans indirectly into the Partnership (see item 6.2, "*Eligibility for Investment in Trust Units by Deferred Plans*"). Consequently, investors that purchase Trust Units should also review this Offering Memorandum with respect to the Partnership.

Business of the Partnership

The Partnership is a credit opportunities fund focused on compounding capital over the long term. It does this in part by purchasing receivables and making loans originated, underwritten and serviced by Merchant Growth, who acts as the originator, operator and servicer to the Partnership. The Partnership was formed on March 31, 2010. Since inception, the Partnership has provided over 5,000 financings, totaling approximately

$300,000,000. This growth has led to the Partnership's evolution from a niche financing business, to a diversified and professionally managed credit fund.

Currently, more than half of the Partnership's assets are used to purchase receivables or enter loans originated by Merchant Growth. A lesser portion of the business is dedicated to financing certain businesses associated with the Partnership or Merchant Growth. These businesses include:

(a) Merchant Asset Financing, a company specializing in providing equipment financing to small business owners, and which is controlled by Merchant Growth;

(b) Venbridge. As of the date of this Agreement, the Partnership owns over 90% of the Venbridge Units and maintains an observer right over:

(i) all director meetings of Venbridge General Partner;

(ii) all credit committee meetings of Venbridge where the value of the loan is above $100,000; and

(iii) underwriting policies of Venbridge;

(c) Creditloans Canada Financing Inc. (d/b/a, and hereinafter referred to as, "**Progressa**"), a company specializing in online consumer finance which was co-founded by David Gens. David Gens is a director of Progressa.

As at December 31, 2019 the Partnership had total assets of $60,804,031.47. The Partnership's total assets include approximately $30,636,205.99 of Partnership capital and $30,167,825.58 debt (see item 3.4, "*Loans*").

The following table shows the Partnership's monthly and annual returns since 2011:

MONTHLY NET RETURNS

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year
2019	0.2%	0.7%	0.1%	0.6%	0.3%	0.9%	0.8%	0.9%	0.7%	0.6%	1.0%	1.0%	**8%**
2018	0.1%	1.1%	-0.5%	-0.1%	0.9%	0.6%	0.6%	0.7%	0.9%	0.8%	0.7%	0.9%	**7%**
2017	-0.5%	1.7%	0.8%	0.5%	0.2%	1.0%	0.3%	1.4%	1.1%	1.0%	0.9%	-0.6%	**8%**
2016	0.2%	0.3%	1.2%	0.0%	0.8%	1.7%	1.5%	0.0%	1.3%	0.9%	0.2%	1.5%	**10%**
2015	-0.5%	0.8%	1.8%	1.1%	1.4%	1.7%	2.1%	2.3%	0.5%	1.2%	1.1%	1.0%	**15%**
2014	0.4%	2.5%	1.6%	-2.0%	1.3%	2.3%	-1.0%	1.6%	2.6%	1.2%	1.6%	2.1%	**15%**
2013	0.2%	-2.8%	0.5%	0.7%	1.7%	3.0%	1.6%	1.1%	0.0%	2.8%	1.1%	0.9%	**11%**
2012	-3.3%	5.8%	1.0%	-1.0%	2.2%	0.7%	-3.6%	0.3%	1.7%	-1.0%	1.4%	2.0%	**6%**
2011	-1.7%	0.0%	3.2%	1.3%	1.6%	0.8%	0.6%	1.8%	0.4%	0.7%	0.1%	0.3%	**10%**

Readers are cautioned that past performance should not be considered a representation or guarantee of future performance. The Partnership may or may not achieve the same results on a go-forward basis.

Merchant Growth

Merchant Growth is the operating entity that provides origination, underwriting and servicing to the receivables and loan portfolio owned by the Partnership. Merchant Growth has developed, and owns, proprietary, technology-driven application, underwriting and servicing infrastructure which enables small businesses to be funded in amounts between $5,000 to $500,000. Merchant Growth's technology includes proprietary credit adjudication models which enables a rapid online credit application and approval process.

The receivables and loans serviced by Merchant Growth are typically paid by small businesses on a daily or weekly basis, with an average contract length of approximately 11 months. The receivables and loan agreements serviced by Merchant Growth are entered into exclusively with small business and these products are not for consumers.

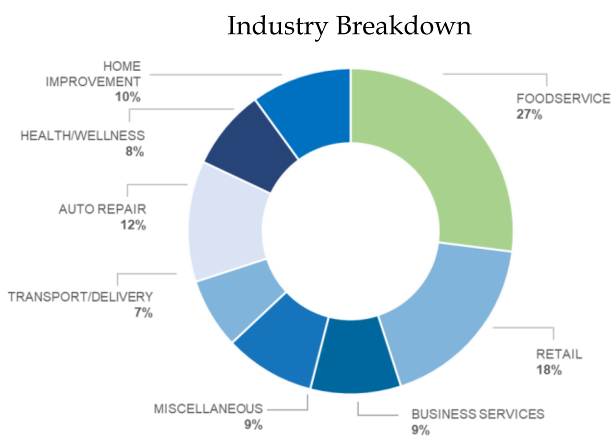
Merchant Growth services the following working capital financing products:

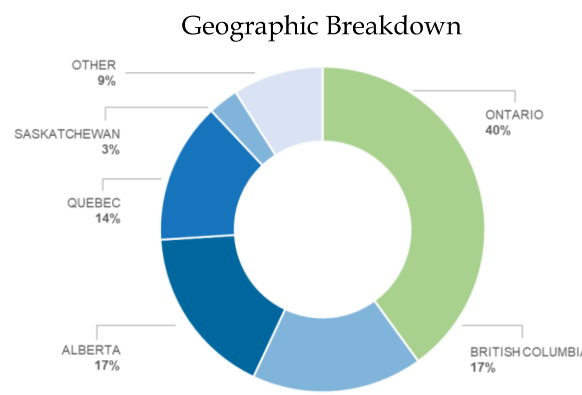
(a) *Merchant Cash Advances*: A merchant cash advance is an agreement to purchase the rights to percentage of the future receivables earned, at a discount. Merchant cash advances are priced using a factor rate. The factor rate is the multiple of the original capital provided in a transaction.

(b) *Small Business Loans*. Term loans provided to small businesses.

(c) *Line Of Credit*. Credit facilities established in favour of small businesses.

Small businesses use above-noted products to fulfill working capital requirements as needed. As of December 31, 2019, The Partnership portfolio serviced through Merchant Growth's was diversified across the industries and geographies set out in the table below. On December 31, 2019 the Partnership portfolio serviced through Merchant Growth consisted of 1,527 active accounts with an average account balance of $29,860 per account.





Merchant Asset Financing

The Partnership has provided a credit facility to Merchant Asset Financing with a current balance as of January 31, 2020 of $5,011,359.15 with an interest rate of 11% (the "**Merchant Asset Financing Facility**"), see item 2.7, "*Material Agreements*". Merchant Asset Financing is a company controlled by Merchant Growth. The Merchant Asset Financing Facility provides Merchant Asset Financing with capital required to finance equipment leases and to make asset-backed loans. Merchant Asset Financing allows the Partnership to:

(a) deploy its capital into longer duration debt;

(b) diversify its portfolio; and

(c) accept tangible assets as security.

Venbridge

Venbridge originates loans to small and medium size technology companies in Canada. The majority of its loans are secured by government Scientific Research and Experimental Development tax credits and Digital Media tax credits. The Partnership's investment in Venbridge is in the form of limited partnership units (see item 2.7, "*Material Agreements*"). The investment in Venbridge limited partnership units allows Venbridge to enter into loans with small and medium size technology companies. Venbridge allows the Partnership to:

(a) expand its reach into the technology sector while preserving the risk profile of a secured lending product; and

(b) diversify its portfolio.

Progressa

Progressa is a Canadian non-prime unsecured consumer instalment lender focused on debt consolidation loans. David Gens, director, president and CEO of the General Partner, is a co-founder of Progressa and sits on the board of directors of Progressa. The Partnership has purchased the rights to certain interests in loans made by Progressa to third parties, or indirectly through CHP ALT Credit Limited Partnership ("**CHP**"), see item 2.7, "*Material Agreements*". Progressa allows the Partnership to:

(a) deploy its capital at attractive risk-adjusted returns; and

(b) diversify its portfolio.

Market

The Partnership seeks opportunities in Canada's alternative finance industry. These tend to be credit opportunities that don't fit traditional bank underwriting models or risk appetites. Opportunities primarily involve the origination of credit to small business and consumers.

Strategies

The Partnership's strategy is to carefully evaluate alternative credit opportunities, structure them intelligently in order to minimize risks, and monitor the investments closely. By doing so, the Partnership is in a position to re-allocate capital between its credit portfolios to optimize the Partnership's performance. The Partnership may consider investing in additional credit portfolios that meet the following criteria:

(a) Supply or demand imbalance resulting in underserved niche markets;

(b) Diversified credit pools with small average loan or advance size and risk spread across many accounts; and

(c) Attractive risk adjusted returns. The Partnership may utilize leverage when deploying capital.

2.3 *Development of the Business of the Issuers*

The Trust was formed on January 9th, 2020 to provide investors with a qualified investment for Deferred Plans that indirectly gives investors exposure to the Partnership.

The Partnership has grown its business from $44,013,539.66 in assets under management as of January 1, 2018 to $60,804,031.47 in assets under management as of December 31, 2019.

In March 2, 2018 the Senior Lender established the Credit Agreement in favour of Merchant Receivables, see item 2.7, "*Material Agreements*". The Credit Agreement currently provides the fund with a $25,000,000 delayed-draw term credit facility to purchase receivables and make loans originated by Merchant Growth. The facility has a three-year term maturing on March 2, 2021 and has a base interest rate of CDOR plus 7.5%.

On July 1, 2019, the Partnership and Merchant Growth (formerly known as Merchant Advance Capital Ltd., and the former general partner to the Partnership), determined that it was necessary and in the best interest of the Partnership to reorganize the operations of the Partnership (the "**Reorganization**"). The purpose of the Reorganization was to separate certain operating activities of the Partnership's Business from the capital raising and deployment activities with the goal of simplifying the Partnership's balance sheet and income statement.

In order to complete the Reorganization, the following steps occurred which were approved by Merchant Growth, the General Partner and a special resolution of the Limited Partners:

(a) Merchant Growth resigned as general partner, and the General Partner was appointed as new general partner to the Partnership;

(b) Certain subsidiaries and assets used in connection with the operations of the Partnership Business as it existed prior to July 1, 2019 were transferred to Merchant Growth in exchange for the following

   (i) 1,455,776 redeemable, retractable Class C preferred shares of Merchant Growth with a redemption amount determined and declared to be $1,455,776 (the "**Class C Preferred Shares**"). The Class C Preferred Shares are entitled to a non-cumulative dividend at the rate of 4% per annum which shall be paid in preference and priority to any payment of dividends on the common shares of Merchant Growth. The Class C Preferred Shares where issued in connection with an asset transfer agreement between the Partnership and Merchant Growth dated July 1, 2019 whereby the Partnership sold certain tangible and intangible assets to Merchant Growth;

   (ii) $10,800.62 payable to Merchant Growth pursuant to a promissory note issued to the Partnership ("**Promissory Note 1**"). Promissory Note 1 is repayable beginning on the date that is 6 months following a demand for repayment from the Partnership, following which Merchant Growth shall make 24 equal monthly payments until Promissory Note 1 is repaid in full. Interest accrues at the rate of 4% per annum. Promissory Note 1 was issued in connection with a share and option purchase agreement dated July 1, 2019 between the Partnership and Merchant Growth whereby the Partnership sold its shares in the capital of Merchant Technologies Ltd. to Merchant Growth;

   (iii) $190,718.71 payable to Merchant Growth pursuant to a promissory note issued to the Partnership ("**Promissory Note 2**"). Promissory Note 2 is repayable beginning on the date that is 6 months following a demand for repayment from the Partnership, following which Merchant Growth shall make 24 equal monthly payments until Promissory Note 2 is repaid in full. Interest accrues at the rate of 4% per annum. Promissory Note 2 was issued in connection with a share and option purchase agreement dated July 1, 2019 between the

Partnership and Merchant Growth whereby the Partnership sold its shares in the capital of Merchant Asset Financing to Merchant Growth.

(c) The Partnership and Merchant Growth entered into the Services Agreement, see item 2.7, "*Material Agreements*".

2.4 *Long-Term Objectives*

The Partnership plans to continue to prudently deploy capital in existing opportunities while identifying new credit portfolios that meet the following criteria:

(a) Supply or demand imbalance resulting in underserved niche markets;

(b) Diversified credit pools with small average loan or advance size and risk spread across many accounts; and

(c) Attractive risk adjusted returns.

2.5 *Short-Term Objectives and How We Intend to Achieve Them*

(1) *The Trust*

The Trust, as a holder of Partnership Units, will rely on the short-term objectives of the Partnership.

What we must do and how we will do it	**Target completion date or, if not known, number of months to complete**	**Our cost to complete**
During the next 12-month period, the Trust intends to invest total available funds into Partnership Units.	It is the intention of the Trustees that the proceeds of any closing from a sale of Trust Units will be used to acquire Partnership Units as quickly as reasonably possible.	N/A

(2) *The Partnership*

The Partnership's objectives for the next 12-month period is to prudently deploy capital into existing opportunities.

What we must do and how we will do it	**Target completion date or, if not known, number of months to complete**	**Our cost to complete**
During the next 12-month period, the Partnership intends to use the proceeds raised pursuant to this Offering Memorandum to purchase receivables; make loans; purchase loans (directly or indirectly) from Progressa; purchase units from Venbridge; or deploy capital into such other credit opportunities as determined by the General Partner from time to time.	The short-term targets of the Partnership are continuous and ongoing.	The minimum cost to complete shall equal the Asset Management Fee.

2.6 *Insufficient Funds*

Not applicable.

2.7 *Material Agreements*

Below is a summary of the material terms of the material agreements to which the Partnership is party.

Capitalized terms used in this section which are not otherwise defined shall have the meanings ascribed thereto in such material agreement.

(I) Partnership Agreement

(1) The Partnership

The Partnership was formed to carry on the business of providing alternative commercial financial services and all other business that is reasonably incidental thereto or carried out by the Partnership in connection with such business (the "**Partnership Business**"). The Partnership shall not engage in any other business unless approved by ordinary resolution of the Limited Partners.

The Partnership was formed on April 12, 2010, the date on which the initial certificate respecting the Partnership was filed under the Partnership Act, and shall continue until December 31, 2060 unless earlier dissolved in accordance with the Partnership Agreement.

The Fiscal Year of the Partnership shall end on December 31 in each year or at such other date as the General Partner may determine.

(2) Capital and Capital Contributions

The interest of the Limited Partners in the Partnership shall be divided into and represented by an unlimited number of Partnership Units, represented by an unlimited number of "Class A Units" and an unlimited number of "Class B Units".

Each class of Partnership Unit shall, except as otherwise provided in the Partnership Agreement, have attached thereto the same rights and obligations as, and shall rank equally and *pari passu* with, each other Partnership Unit with respect to distributions, allocations and voting.

Each Limited Partner shall contribute to the capital of the Partnership the Capital Contribution for each Partnership Unit subscribed for in accordance with the terms and conditions specified in the subscription agreement or in accordance with such other equivalent terms and conditions as the General Partner determines reasonable.

A Limited Partner who has subscribed for and paid the purchase price for the Partnership Units is not required to make any further contribution to the capital of the Partnership. The General Partner is not required to subscribe for any Partnership Units or otherwise contribute capital to the Partnership.

The General Partner may admit Qualified Persons as Limited Partners from time to time and is at any time authorized to cause the Partnership to issue additional Partnership Units, debt obligations or other securities of the Partnership, which may be convertible into Partnership Units or any class or series of Partnership Units (collectively, "**Securities**"), having the rights, conditions and privileges as the General Partner shall decide. The General Partner shall determine the price and terms and conditions with respect to any future issuance of Securities in a manner that it in good faith determines to be in the best interests of the Partnership.

The General Partner shall not permit or cause the Partnership to issue any new class of Securities ranking ahead of or on a parity with the Class A Units or the Class B Units as to distributions, allocations of Net Income and Net Loss, dissolution or voting rights, without the prior approval by way of Special Resolution of the holders of the Class A Units or Class B Units, respectively.

The Net Income of the Partnership for a Fiscal Year shall be allocated in the following order and amounts:

(a) firstly, to the Class A Units and the Class B Units, up to the amount of the positive difference, if any, between the Preferred Return of each such class of Partnership Unit in respect of all prior Fiscal Years and the Net Income for such prior Fiscal Years already allocated to such class of Partnership Unit;

(b) secondly, to the Class A Units and the Class B Units, up to the amount of the Preferred Return of each such class of Partnership Unit for such Fiscal Year;

(c) thirdly, the amount of any remaining Net Income up to 25% of the aggregate amount allocated to the Limited Partners in such Fiscal Year pursuant to sub-sections (a) and (b) as follows:

(i) the portion of the Net Income earned from the following businesses of the Partnership: purchase of future receivables and business loans, Venbridge, Merchant Asset Financing and Progressa (collectively, the "**Original Business**"), shall be paid to Merchant Growth (the "**Retired General Partner**") to compensate the Retired General Partner for past services to the Partnership; and

(ii) the portion of Net Income earned from any other source other than those set out above (the "**New Business**") shall be paid to the General Partner;

(d) fourthly, any remaining Net Income shall be allocated (i) as to 80% thereof, to the Class A Units and the Class B Units, and (ii) as to 20% thereof, to the Retired General Partner and the General Partner in proportion to Net Income earned as between the Original Business and the New Business.

The Net Loss of the Partnership for a Fiscal Year shall be allocated as follows:

(a) firstly, to the Class A Units and the Class B Units, provided that the aggregate of all Net Loss amounts allocated to a class of Partnership Units in that or any previous fiscal period of the Partnership will not exceed the Capital Balance of that class at the end of the Fiscal Year; and

(b) as to the balance, if any, to the Retired General Partner and the General Partner in proportion to the Net Loss earned as between the Original Business and the New Business.

Net Income and Net Loss will be allocated between the Class A Units and the Class B Units, based on the Class Ratio of each class; and to a Limited Partner holding Partnership Units of a class, based on the Sharing Ratio of that Limited Partner in respect of that class, in each case, as at the end of the Fiscal Year in which the Net Income or Net Loss is allocated and subject to the limits prescribed in the relevant subsection of the Partnership Agreement to which the allocation is being calculated.

The Taxable Income in respect of any Fiscal Year will be allocated as of the end of such Fiscal Year to the Partners in the same relative proportions as they have been allocated Net Income in respect of such Fiscal Year.

The Tax Loss in respect of any Fiscal Year will be allocated as of the end of such Fiscal Year to the Partners in the same relative proportions as they have been allocated Net Loss in respect of such Fiscal Year.

The General Partner may make distributions of Distributable Cash to the General Partner and/or the Limited Partners on such periodic basis as the General Partner may determine from time to time pursuant to such distribution policy or policies as the General Partner may determine from time to time.

No Partner shall be entitled to a return, or to demand a return of any of such Partner's capital or entitled or entitled to any distribution or allocation except as provided in the Partnership Agreement.

To the extent permitted under the Partnership Act, in the absolute discretion of the General Partner, and notwithstanding the absence of any Distributable Cash, the General Partner may distribute to each Partner holding Partnership Units an amount up to a maximum of twenty-five percent (25%) of Net Income and Gains on Sale of the Partnership for a Fiscal Year (or such other maximum amount as may be determined by the General Partner from time to time), intended to enable such Partner (or if such Partner is a partnership, any of the Persons that are partners, directly or indirectly, of such Partner) to discharge a portion of its liability for Canadian federal, provincial and local income tax, capital tax or tax on large corporations arising from the allocations of Taxable Income in respect of such Fiscal Year made or to be made to in respect of such Partnership Units.

(3) The General Partner

The General Partner shall have the exclusive authority to manage, control, administer and operate the business and affairs of the Partnership and make all decisions regarding the Partnership Business.

Within 120 days after the end of each Fiscal Year the General Partner shall forward to each Limited Partner who was a Limited Partner at the end of such Fiscal Year an annual report for such Fiscal Year consisting of

(a) financial statements of the Partnership prepared in accordance with generally accepted accounting principles consistently applied as at the end of such fiscal period and for the immediately preceding fiscal period consisting of:

  (i) a balance sheet;

  (ii) a statement of income (or loss);

  (iii) a statement of changes in financial positions; and

  (iv) a statement of Partners' equity;

(b) a report of the Auditor on such financial statements;

(c) a report on allocations and distributions to the Partners; and

(d) such other information as, in the opinion of the General Partner, is material to the business for the Partnership.

The General Partner shall, within 60 days after the end of the first three fiscal quarters of each Fiscal Year, forward to each Limited Partner unaudited financial statements consisting of statements of income (or loss) and changes in financial position of the Partnership for the applicable fiscal quarter (and corresponding quarter in the immediately preceding Fiscal Year).

The General Partner may incur reasonable costs and expenses on behalf and for the account of the Partnership and any such costs and expenses incurred by the General Partner on behalf or for the account of the Partnership shall be reimbursed by the Partnership.

In consideration of the General Partner's provision of management and oversight of the Partnership's Business, and to compensate the Retired General Partner for past and ongoing services the General Partner and the Retired General Partner shall be entitled to be paid, and the General Partner and the Retired General Partner may withdraw from Partnership, funds, as compensation for their services, an aggregate annual amount equal to 2% of total assets expressed on the Partnership's financial statements (the "**Asset Management Fee**"). The Asset Management Fee shall be payable on a bi-weekly or semi-monthly basis as determined by the General Partner and is considered inclusive of all applicable taxes. The parties agree that the Asset Management Fee, shall be allocated to as follows:

(a) Firstly, all costs incurred by the General Partner associated with securities compliance, fund raising, and general operating costs of the Partnership shall be deducted from the Asset Management Fee and shall be paid to the General Partner;

(b) Secondly, the portion of the remaining Asset Management Fee earned from the Original Business shall be paid to the Retired General Partner; and

(c) Thirdly, the portion of the remaining Asset Management Fee earned from any New Business shall be paid to the General Partner.

The General Partner shall not sell, assign, transfer or otherwise dispose of its interest or rights as the General Partner in the Partnership except with the prior approval of the Limited Partners given by a Special Resolution, unless any such assignment or transfer is in connection with and ancillary to a merger or amalgamation of the General Partner with another corporation or corporations which results in the surviving or continuing corporation being the General Partner of the Partnership or in the case of an assignment to a new General Partner which is formed solely for the purpose of acting as the General Partner of the Partnership and is a wholly-owned subsidiary of the General Partner. The General Partner shall promptly notify the Limited Partners in writing of any change in the effective control of the General Partner, directly or indirectly.

The General Partner may resign as the General Partner of the Partnership on not less than 180 days written notice thereof provided that the General Partner shall not withdraw if the effect thereof would be to dissolve the Partnership or constitute the Partnership a general partnership.

The General Partner shall be deemed to resign as the General Partner of the Partnership in the event of the bankruptcy, dissolution, liquidation or winding-up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner) or by the insolvency of the General Partner or by the appointment of a trustee, receiver or receiver and manager of the affairs of the General Partner or if a mortgagee or other encumbrancer shall take possession of the property or assets of the General Partner or a substantial part thereof or if levy or execution or any similar process shall be levied or enforced against the property or assets of the General Partner.

Upon the resignation or deemed resignation of the General Partner, the General Partner may appoint a substitute general partner by an appointment in writing. If the General Partner fails to appoint a substitute general partner on or prior to such resignation or deemed resignation, then the Limited Partners may appoint such a substitute general partner by an ordinary resolution. Any such substitute general partner shall be subject to all responsibilities and entitlements of the General Partner in relation to the Partnership and the Partnership assets, and the General Partner shall have no further interest whatever in the Partnership or the Partnership assets other than its right to receive General Partner's fees and expenses attributable to when the General Partner held such position and subject to any existing monetary obligations owing to it at such time.

The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership to the extent of its assets.

(4) The Limited Partners

The Limited Partners shall not take part in the management or control of the business of the Partnership, shall not transact any business for the Partnership and shall not have the power to act for or bind the Partnership, said powers being vested solely and exclusively in the General Partner. No Limited Partner in its capacity as a Limited Partner shall maintain any action for partition or sale with respect to interests of the Partnership in real or personal property. The General Partner and each Limited Partner may engage in or hold an interest in any other business, venture, investment, or activity, whether or not similar to or competitive with the business.

A Limited Partner shall not at any time sell, transfer, assign, mortgage, charge, encumber or otherwise dispose ("**Transfer**") of the whole or any part of its Partnership Units without the express written consent of the General Partner, which may be withheld or conditioned in the sole discretion of the General Partner, with the following exceptions:

(a) the Transfer to an Affiliate of the Limited Partner that is controlled by the Limited Partner or which is under common Control with the Limited Partner;

(b) the Transfer from one Limited Partner to another Limited Partner who already owns Partnership Units;

(c) the Transfer to an individual who controls that Limited Partner; and

(d) the Transfer to an immediate family member of the Limited Partner (if such Limited Partner is an individual) or to an immediate family member of an individual that Controls the Limited Partner.

The General Partner may suspend or eliminate such limitations on transfer at its own discretion in order to provide for secondary market liquidity.

Except as otherwise held in the Partnership Agreement, the Limited Partners may by Special Resolution:

(a) elect a new General Partner in anticipation of the retirement, insolvency, bankruptcy, or dissolution of the General Partner;

(b) waive any default on the part of the General Partner on such terms as they may determine;

(c) continue the Partnership in the event that the Partnership is terminated by operation of law;

(d) approve or disapprove the exchange in a single transaction of substantially all of the business and assets of the Partnership;

(e) agree to any compromise or arrangement by the Partnership with any creditor, creditors, or class or classes of creditors, or with the holders of any shares or securities of the General Partner;

(f) require the General Partner, on behalf of the Partnership, to enforce any obligation or covenant on the part of any Limited Partner provided for in the Partnership Agreement;

(g) amend, modify, alter, or repeal any Special Resolution previously passed by the Partners; and

(h) amend or modify (which includes any alteration, addition, or deletion) the Partnership Agreement, provided that the General Partner has consented thereto and such amendment or modification does not increase in any material respect the liabilities or obligations of any Limited Partner who did not agree to such amendment or modification.

The Class B Units shall not carry the right to vote on any resolution that is proposed in respect of the matters described in paragraph (d) above.

Subject to applicable law, the liability of each Limited Partner for the debts, liabilities and obligations of the Partnership shall be limited to the amount of such Limited Partner's actual Capital Contribution, any unpaid amount of subscribed Capital Contribution or other additional amount the Limited Partner has agreed to contribute to the capital of the Partnership and such Limited Partner's share of the undistributed assets of the Partnership. A Limited Partner shall have no further liability for such debts, liabilities or obligations and shall not be liable for any further calls, assessments or contributions to the Partnership.

(5) Meetings of the Partnership

The General Partner shall call an annual meeting of Limited Partners to be held between February 1 and June 30 in each calendar year after the first Fiscal Year for the purpose of reviewing the Partnership Business. In addition, the General Partner may call such meetings of the Limited Partners as it considers appropriate and shall call a meeting upon receipt of a written request from Limited Partners holding, in the aggregate, not less than 10% of the outstanding Partnership Units (excluding Partnership Units held by the General Partner). If the General Partner fails or neglects to call, within 15 days after receipt of such written request, a meeting to be held within 75 days after receipt of such written request then any Limited Partner may call the meeting. Meetings are to be held at the principal place of business of the Partnership or such other place in Canada as the General Partner may designate.

A quorum at any meeting of the Limited Partners shall consist of not less than two persons present in person and holding or representing by proxy at least 25% of the aggregate number of outstanding Partnership Units entitled to vote at the meeting.

Except as specified in the Partnership Agreement, each Limited Partner shall be entitled to one vote for each Partnership Unit held, which vote may be exercised in person or by proxy and, unless the Partnership Agreement specifies that the particular question is to be decided by Special Resolution, shall be decided by ordinary resolution.

(6) Amendments

The General Partner may, without prior notice to or consent from any Limited Partner, amend any provisions of the Partnership Agreement from time to time:

(a) to make such amendments or deletions as in the opinion of the General Partner are reasonably required by any lenders providing financing for the Partnership Business provided any such amendment does not impose on any Limited Partner a direct obligation to contribute further capital to the Partnership or to provide guarantees or indemnities;

(b) for the purpose of adding, amending, or deleting provisions of the Partnership Agreement which addition, amendment, or deletion is, in the opinion of counsel to the Partnership for the protection of or otherwise to the benefit of the Limited Partners;

(c) cure an ambiguity or to correct or supplement any provisions contained herein which, in the opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions, provided the cure, correction, or supplemental provisions does not and will not adversely affect the interests of Limited Partners;

(d) to make such other provisions in regard to matters or questions arising under the Partnership Agreement which, in the opinion of counsel to the Partnership, do not and will not adversely affect the interests of the Limited Partners; or

(e) to make such amendments or deletions to take into account the effect of any change in, amendment of, or repeal of any applicable legislation, which amendments, in the opinion of counsel of the Partnership, do not and will not adversely affect the interests of the Limited Partners.

The Partnership Agreement may be amended in writing on the initiative of the General Partner with the approval of the Limited Partners given by a Special Resolution, provided that:

(a) the Article in the Partnership Agreement regarding amendments may not be amended;

(b) the Partnership Agreement shall not be amended so as to provide for additional Capital Contributions from any Limited Partner without the approval of such Limited Partner; and

(c) the Partnership Agreement shall not be amended so as to adversely affect the rights of the General Partner without the consent of the General Partner.

Notice to Limited Partners—Limited Partners shall be notified of the full details of any amendments to the Partnership Agreement within 30 days of the effective date of the amendment.

(7) Redemption of Partnership Units

Except as otherwise provided in the rights attached to a particular class of Partnership Unit, after the first anniversary of the date of issue of a Partnership Unit, such Partnership Unit may be redeemed on the last day of each calendar quarter (each, a "**Redemption Day**") by the holding Limited Partner by the giving of a Redemption Notice, on the terms and subject to the limitations and conditions set forth in the Partnership Agreement. The redemption price (the "**Redemption Price**") per Partnership Unit redeemed will be equal to the sum of:

(a) the Net Asset Value per Partnership Unit applicable on the applicable Redemption Day, as hereinafter determined; plus

(b) any distributions payable in respect of such Partnership Unit as of or prior to the applicable Redemption Day,

which amount will be reduced:

(c) if the Redemption Day falls between the first and second anniversary (inclusive) of the date of issue of the Partnership Unit, by an amount equal to 6.5% of the subscription price of the Partnership Unit;

(d) if the Redemption Day falls between the second and third anniversary (inclusive) of the date of issue of the Partnership Unit, by an amount equal to 6% of the subscription price of the Partnership Unit;

(e) if the Redemption Day falls between the third and fourth anniversary (inclusive) of the date of issue of the Partnership Unit, by an amount equal to 5.5% of the subscription price of the Partnership Unit; and

(f) if the Redemption Day falls between fourth and fifth anniversary (inclusive) of the date of issue of the Partnership Unit, by an amount equal to 3.5% of the subscription price of the Partnership Unit; and

(g) if the Redemption Day falls after the fifth anniversary (inclusive) of the date of issue of the Partnership Unit, there will be no such reduction.

The General Partner may, in its discretion, waive the reduction of the redemption amount as set out above for any particular redemption request.

On any Redemption Day no Limited Partner may redeem more than 25% of the Partnership Units that were held by such Limited Partner prior to the first redemption of Partnership Units by the Limited Partner that occurred within the immediately preceding 12 month period.

The Redemption Price payable on the redemption of a Partnership Unit shall be determined as of 12:00 o'clock midnight (Vancouver time) on the next Redemption Day following receipt by the General Partner of a properly completed Redemption Notice, provided the Redemption Notice is received at or prior to 1:00 pm (Vancouver time) on a date which is at least 60 days prior to the applicable Redemption Day (the "**Redemption Notice Deadline**"), and provided further that redemption of Partnership Units has not been suspended as provided the Partnership Agreement. The Redemption Price may be adjusted at any time prior to payment of the same. Redemption of Partnership Units under Redemption Notices received after the Redemption Notice Deadline shall be deferred until the following Redemption Day and shall be effected at the Redemption Price applicable on that next following Redemption Day, provided that redemption of Partnership Units has not been suspended as provided in the Partnership Agreement. Redemption Notices are irrevocable (except in the case of suspension of redemptions as provided in the Partnership Agreement). The General Partner will notify the Limited Partner of any deficiencies in any Redemption Notice given. With effect as at the applicable Redemption Day, the Partnership Units being redeemed will be cancelled and any subsisting Partnership Units will be noted in the Partnership Unit registry.

The Redemption Price payable on redemption of Partnership Units will be paid to the redeeming Limited Partner by cheque, wire transfer or direct deposit in two equal instalments, subject to any required adjustments permitted hereunder. The first of such instalments will be paid within 30 days after the applicable Redemption Day and the second instalment will be paid within 120 days after the applicable Redemption Day.

The General Partner may suspend the redemption of Partnership Units and payment of the Redemption Price in respect thereof:

(a) whenever the aggregate number of Partnership Units being redeemed exceeds 10% of the outstanding Partnership Units of the Partnership, to allow for the orderly liquidation of Partnership property (including Receivables); and

(b) during any period in which the General Partner determines, in its discretion, that conditions exist which render impractical either the orderly liquidation of Partnership property (including Receivables) or the determination of the Redemption Price.

Suspension of redemption of Partnership Units shall 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 then exists. The General Partner shall apply the suspension to all requests for redemption received prior to suspension for which payment has not been made, as well as to all requests for redemption received while the suspension is in effect. All Limited Partners making redemption requests will be given notice by the General Partner advising of the suspension, that redemptions shall be effected on the basis of the Redemption Price determined on the first Business Day following the termination of the suspension and that Limited Partners have the right to withdraw their requests for redemption. Any declaration of suspension by the General Partner is final and conclusive. If the right of redemption is suspended, a Limited Partner may by notice in writing to the General Partner either withdraw its redemption notice order or elect to receive a Redemption Price determined as at the first Business Day following the termination of the suspension.

The General Partner may, in its discretion, waive any of the limitations or conditions set out above for any particular redemption request and allow a Limited Partner to redeem all or any part of the Partnership Units held by such Limited Partner at such time (whether before or after the first anniversary of the date of issue of a Partnership Unit) and on such terms and conditions as the General Partner determines, in its discretion, to be in the best interests of the Partnership.

(8) General Partner or Retired General Partner Borrowings.

The Partnership may lend an amount to the General Partner or to the Retired General Partner (the "**Inter-Group Debt**") up to an aggregate amount of 5% of the total assets of the Partnership for the purpose of covering the cost of certain general corporate expenses incurred by the General Partner or the Retired General Partner in relation to the fundraising, management, or operations of the Partnership and its affiliated entities.

The Partnership may call the Inter-Group Debt upon demand. Upon receipt of a call notice, the Inter-Group Debt shall be repayable and amortize over a three-year term. The Inter-Group Debt may be repaid or prepaid at any time without penalty. The Inter-Group Debt shall be evidenced by a promissory note and shall bear interest at the rate of 10%.

(9) Dissolution of the Partnership

The Partnership shall be dissolved upon the earliest to occur of the following:

(a) December 31, 2060;

(b) the General Partner giving written notice to the Limited Partners of the dissolution and winding up of the Partnership; and

(c) the resignation or deemed resignation of the General Partner, unless the General Partner is replaced within 120 days of such resignation or deemed resignation.

In the event of the dissolution of the Partnership, the General Partner shall commence to wind up the affairs of the Partnership and to liquidate its assets. The Partners shall continue to share Net Income and Net Loss during the period of liquidation in the same proportion as before the dissolution. The General Partner shall have full right and unlimited discretion to determine the time, manner and terms of any Sale pursuant to such liquidation having due regard to the activity and condition of the relevant market and general financial and economic conditions.

Following the payment of or provision for all debts and liabilities of the Partnership and all expenses of liquidation, and subject to the right of the General Partner to set up such cash reserves as it may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of the liquidation and any other funds of the Partnership shall be distributed to the Partners in accordance with the Partnership Agreement.

No Limited Partner shall have any right to demand or receive property other than cash upon dissolution and termination of the Partnership or to demand the return of his Capital Contribution to the Partnership other than upon the dissolution and termination of the Partnership.

(10) *Auditors*

The auditor of the Partnership is KPMG LLP. Previously, the auditor of the Partnership was Classen LLP for years prior to 2018. The auditor of the General Partner is DMCL LLP.

For further information on terms contained in the Partnership Agreement which affect the rights of Unitholders refer directly to the Partnership Agreement, a copy of which may be obtained from the Partnership.

(II) **Declaration of Trust**

The material agreement of the Trust is the Declaration of Trust dated January 9th, 2020, which governs the Trust and the rights and obligations of the Trustees and Trust Unitholders. The Trust is an unincorporated, open-ended limited purpose trust. The purpose of the Trust is to invest its funds in Partnership Units.

(1) Management

The management and control of the Trust is vested exclusively in the Trustees, and the Trustees are authorized and obligated to carry on the activities and affairs of the Trust, with full and exclusive power and authority to administer, manage, control and operate the activities and affairs of the Trust as expressly provided in the Declaration of Trust. Under the Declaration of Trust, the Trustees have all power and authority, for and on behalf of, in the name of and at the expense of, the Trust to do any act, take any proceeding, make any decision and execute and deliver any agreement, certificate, deed or other instrument necessary for or incidental to the activities or affairs of the Trust.

(2) Distribution Policy

The Trustees shall determine the amount of the net income and the net realized capital gains of the Trust on a quarterly basis or on such other periodic basis as the Trustees may determine from time to time (the "**Distribution Date**") in accordance with generally accepted accounting principles.

The net income of the Trust shall be computed as of the close of business on each Distribution Date in accordance with the following rules:

(a) Capital gains and capital losses shall be excluded;

(b) Income of the Trust shall be computed in accordance with generally accepted accounting principles; and

(c) All expenses and liabilities due and accruing due which are chargeable to income, if any, shall be deducted in computing net income.

The net realized capital gains of the Trust shall be computed as of each Distribution Date on the basis of capital gains net of capital losses from dispositions (as such term is construed in the *Income Tax Act* (Canada)) of Partnership Units made during the period plus any capital gains allocated to it by the Partnership less any capital losses allocated to it by the Partnership all since the then preceding Distribution Date (or in the case of the first Distribution Date, from the inception of the Trust) less net unapplied capital losses realized in and carried forward from prior periods.

Such portions of the net income and net realized capital gains, respectively, shall be payable on each Distribution Date to the Trust Unitholders (pro rata to the number of Trust Units of each Class held by Trust Unitholders at the close of business on the record date, being the penultimate valuation date in each taxation year). The amounts payable to each Trust Unitholder, plus any tax required to be deducted therefrom, shall not be included in the assets of the Trust for the purposes of determining the Net Asset Value of the Trust on or after the Distribution Date. Until the portion of the net income and net realized capital gains payable to the Trust Unitholders under the provisions of this Section is reinvested in Trust Units, such amount shall be treated as a liability of the Trust. Notwithstanding anything contained herein to the contrary, the Trust shall in each fiscal year be required to distribute to the Unitholders an amount equal to the aggregate of the amount sufficient to reduce the taxable income of the Trust for the purposes of the *Income Tax Act* (Canada).

On and after each Distribution Date, such amount, if any, as is payable to each Trust Unitholder shall be reinvested in additional Trust Units of the same Class as the Trust Units held by the Trust Unitholder, at the

Net Asset Value Per Trust Unit for that Class calculated on the Distribution Date on which such amount was first payable to the Trust Unitholder. No sales charge or commission shall be payable by a Trust Unitholder in connection with any such reinvestment.

On or before March 31 in each year, the Trustee shall cause Trust Unitholders to be provided with the information pertaining to the Trust, including all distributions and allocations, which are necessary to permit the Trust Unitholders to complete their individual income tax returns for the preceding year. In the event that the Trust Units cease to be eligible investment for registered plans the Trustee shall, forthwith upon becoming aware of such event, give written notice to each Trust Unitholder.

(3) Redemption of Units

Units may be redeemed on the last day of each calendar quarter (each, a "**Trust Redemption Day**") by the holding Unitholder by giving written notice (the "**Trust Redemption Notice**") of the Unitholder's intention to redeem Units. By delivering a Trust Redemption Notice to the Trust, the Unitholder will be deemed to have irrevocably surrendered such Unitholder's Units for Redemption as of the Trust Redemption Day. The redemption price (the "**Trust Redemption Price**") per Unit redeemed will be equal to the sum of:

(a) the Net Asset Value per Trust Unit applicable on the applicable Trust Redemption Day; plus

(b) any distributions payable in respect of such Trust Unit as of or prior to the applicable Trust Redemption Day,

which amount will be reduced:

(c) if the Trust Redemption Day falls prior to the first anniversary (inclusive) of the date of issue of the Unit, by an amount equal to 10% of the Subscription Price of the Trust Unit;

(d) if the Trust Redemption Day falls between the first and second anniversary (inclusive) of the date of issue of the Unit, by an amount equal to 6.5% of the Subscription Price of the Trust Unit;

(e) if the Trust Redemption Day falls between the second and third anniversary (inclusive) of the date of issue of the Unit, by an amount equal to 6% of the Subscription Price of the Trust Unit;

(f) if the Trust Redemption Day falls between the third and fourth anniversary (inclusive) of the date of issue of the Unit, by an amount equal to 5.5% of the Subscription Price of the Trust Unit; and

(g) if the Trust Redemption Day falls between fourth and fifth anniversary (inclusive) of the date of issue of the Unit, by an amount equal to 3.5% of the Subscription Price of the Trust Unit;

and if the Trust Redemption Day falls after the fifth anniversary (inclusive) of the date of issue of the Trust Unit, there will be no such reduction. The Trustees may, in their discretion, waive the reduction of the redemption amount as set out above for any particular redemption request.

The Trust Redemption Price payable on the redemption of a Trust Unit shall be determined as of 12:00 o'clock midnight (Vancouver time) on the next Trust Redemption Day following receipt by the Trust of a properly completed Trust Redemption Notice, provided the Trust Redemption Notice is received at or prior to 1:00 pm (Vancouver time) on a date which is at least 60 days prior to the applicable Trust Redemption Day (the "**Trust Redemption Notice Deadline**"), and provided further that redemption of Trust Units has not been suspended. The Trust Redemption Price may be adjusted at any time prior to payment of the same. Redemption of Units under Trust Redemption Notices received after the Trust Redemption Notice Deadline shall be deferred until the following Trust Redemption Day and shall be effected at the Trust Redemption Price applicable on that next following Trust Redemption Day, provided that redemption of Trust Units has not been suspended. Trust

Redemption Notices are irrevocable (except in the case of suspension of redemptions). The Trustees will notify the Trust Unitholders of any deficiencies in any Trust Redemption Notice given. With effect as at the applicable Trust Redemption Day, the Units being redeemed will be cancelled and any subsisting Trust Units will be noted in the Trust Unit registry.

The Trustees may suspend the redemption of Trust Units and payment of the Trust Redemption Price in respect thereof during any period in which the Trustees determine, in their discretion, that conditions exist which render impractical either the orderly liquidation of Trust property or the determination of the Trust Redemption Price.

(4) Retractions

The Trustees shall have the right, on behalf of the Trust, at any time (the "**Retraction Right**"), by delivering a written retraction notice (the "**Retraction Notice**") to the Trust Unitholders, to repurchase the number of Units as set out in the Retraction Notice on a pro rata basis from all the Trust Unitholders at a price (the "**Retraction Price**") equal to the Net Asset Value per Trust Units as of the last Valuation Date prior to which Retraction Notice was delivered.

The Retraction Right may only be exercised by the Trustees, on behalf of the Trust, if all liabilities of the Trust have been paid or there remains sufficient Trust Property, after exercise of the Retraction Right, to pay such liabilities.

(5) Trust Unitholder Meetings and Voting

The Trustees may, at any time, call a special meeting for the Trust Unitholders to which all of the Trust Unitholders will be invited to attend. Trust Unitholders holding in the aggregate not less than 20% of the outstanding Trust Units of the Trust may requisition the Trustees in writing to call a special meeting of the Trust Unitholders. Quorum for such meetings will be two or more Trust Unitholders representing at least 10% of the Trust Units then outstanding. At any meeting of Trust Unitholders, any Trust Unitholder entitled to vote thereat may vote by proxy and a proxy holder need not be a Unitholder. Only Trust Unitholders of record will be entitled to vote and each Trust Unit will entitle the holder or holders thereof to one vote on a poll.

(6) Auditors, Registrar and Transfer Agent

The Trustees or such other person as the Trustees may designate by notice in writing to the Trust Unitholders will be responsible for the maintenance of the Register of Trust Unitholders, record keeping, register management, Trust Unit transaction and similar services. The fiscal year end of the Trust is December 31. The auditor of the Trust is DMCL LLP.

(7) Trustee Conflicts

David Gens, the sole Trustee of the Trust, is also a director, officer and indirect controlling shareholder of the General Partner, and is a director, officer and indirect controlling shareholder of Merchant Growth and in holding both positions may be in a conflict between the Trust and the Partnership, on the one hand, and Merchant Growth on the other hand. The Trustee has disclosed the potential for conflict to the Trust.

For further information on terms contained in the Declaration of Trust which affect the rights of Trust Unitholders refer directly to the Declaration of Trust, a copy of which may be obtained from the Trust.

(III) Credit Agreement

Merchant Receivables and the Partnership entered into a credit agreement on March 2, 2018 (the "**Credit Agreement**"), as amended from time to time, whereby Comvest Capital IV, L.P. (the "**Senior Lender**") made available to Merchant Receivables a delayed draw term loan facility to borrow up to $25,000,000, of which $20,500,000 has been drawn as at February 10, 2020 (the "**Loan**"). Interest is payable on the Loan at CDOR Rate plus 7.5% per annum, unless an event of default under the Credit Agreement has occurred, and the loan matures on March 2, 2021. The Lenders have a security position over all of Merchant Receivables and the Partnership's present and after acquired property. Merchant Receivables and the Partnership are required by the Senior Lender to maintain certain positive and negative covenants.

(IV) Subordinated Loan Agreement

The Partnership entered into an amended and restated letter agreement dated July 31, 2018 whereby Gens International Limited ("**Gens International**"), a company controlled by Igor Gens, brother of David Gens (director officer and indirect controlling shareholder of the General Partner, Trustee of the Trust, and director, officer and indirect controlling shareholder of Merchant Growth), made available a subordinated credit facility (the "**Subordinated Loan Agreement**") in the amount of US $8,000,000, of which approximately US$7,900,000 is outstanding as at February 10, 2020. Interest on the Subordinated Loan Agreement is payable at the rate of 10% per annum and matures 180 days after the maturity date or refinancing of the Credit Agreement or the date that is 180 days after the maturity date set forth in the definitive documentation evidencing a permitted senior debt refinancing. Gens International has a security position over all of the Partnership's present and after acquired property ranking behind the Senior Lender. The Partnership hedges the foreign currency exposure on this facility through the use of currency option contracts.

(V) Venbridge Partnership Agreement

Venbridge originates loans to small and medium size technology companies in Canada. The majority of its loans are secured by government Scientific Research and Experimental Development tax credits and Digital Media tax credits. The Partnership's investment in Venbridge is in the form of limited partnership units.

The Partnership entered into the second amended and restated Venbridge Limited Partnership Agreement dated January 31, 2019 to acquire Venbridge Units. The Venbridge Units are redeemable by giving Venbridge General Partner a minimum of 6 months prior written notice. Venbridge shall redeem the Venbridge Units over a 12 month period beginning on the redemption date and such amount shall be paid in full by the Partnership in twelve (12) equal monthly instalments following such redemption date, subject to any acceleration as determined by Venbridge General Partner. The redemption proceeds payable to the Venbridge Limited Partner on a redemption of Venbridge Units shall be equal to the net asset value per Venbridge Unit redeemed by such Venbridge Limited Partner on the redemption date multiplied by the number of Venbridge Units redeemed.

The Venbridge General Partner is paid a management fee in respect of each fiscal quarter, in an amount equal to 0.75% (inclusive of HST, and any other tax if applicable) of the net asset value of the Venbridge Units, calculated at the end of each fiscal quarter and payable in three (3) equal monthly instalments on the last day of the month following such fiscal period.

All distributions of current income shall be distributed to the Venbridge unitholders (including, if applicable, in-kind distributions of securities) in accordance with the following priorities:

(a) first, distributions of current income will be paid solely to the Venbridge unitholders up to the amount of the positive difference, if any, between the Preferred Return (as defined below) in respect of all prior fiscal years and the actual distributions of current income;

(b) second, distributions of current income will be paid solely to the Venbridge unitholders, until such distributions of current income will result in the Venbridge unitholders receiving a preferred return of 8% per annum, not compounded, on each Venbridge unitholders capital contribution (the "**Preferred Return**");

(c) third, distributions of current income will be paid solely to the Venbridge General Partner, until such distributions of current income will result in the Venbridge General Partner having received an amount equal to 25% of the Preferred Return previously distributed pursuant to paragraph (b); and

(d) fourth, all remaining distributions of current income shall be allocated as to eighty percent (80%) to the Venbridge unitholders holding and twenty percent (20%) to the General Partner.

At all meetings of Partners, each Venbridge unitholders will be entitled to one vote for each Venbridge Unit held.

The Partnership entered into a side letter dated January 31, 2019 with Venbridge, Venbridge Ltd., Helman Consulting Ltd. and Garron Helman, which provides that so long as the Partnership is Material Limited Partner of Venbridge, the Partnership shall have the following rights: (i) observer rights at all meetings of the directors of Venbridge Ltd.; (ii) observer rights in all credit committee meetings of Venbridge where the proposed value of a loan is above $100,000; (iii) underwriting review rights where the Partnership may evaluate Venbridge's underwriting policies once per quarter.

(VI) Merchant Asset Financing Credit Agreement

The Partnership has made available a credit facility to Merchant Asset Financing dated December 31, 2018, as amended, which shall not exceed $20,000,000, of which $5,011,359.15 is owing as at January 31, 2020. Interest accrues at the rate of 11% per annum and the term is one year, with automatic one-year renewals, unless the Partnership provides Merchant Asset Financing with an amortization notice, in which case the credit facility will begin to amortize on the date that is three months from the date of the amortization notice and on such date the credit facility will be converted into a six month term loan. The Partnership has a security interest over all of Merchant Asset Financing's present and after acquired assets. Merchant Asset Financing is a company controlled by Merchant Growth, which in turn is indirectly controlled by David Gens, and is therefore a related party.

(VII) Progressa Purchase Agreements

The Partnership has purchased the rights to certain direct interests in loans made by Progressa to third parties pursuant to the: (i) Master Loan Purchase Agreement dated April 30, 2016 between the Partnership and Progressa as amended on August 7, 2016 and as amended on November 1, 2016; and (ii) a Receivables Purchase Agreement dated November 14, 2019 between the Partnership and Progressa (collectively, the "**Loan Purchase Program**"). Progressa has been designated as servicer under the Loan Purchase Program and has the responsibility for administering, servicing and collecting the amounts of the purchased loans as agent for the Partnership. In the event that Progressa is in breach of the Loan Purchase Program, the Partnership has the right to appoint a replacement servicer who will have the responsibility for administering, servicing and collecting the amounts of the purchased loans as agent for the Partnership. As at February 10, 2020 the Partnership has directly or indirectly purchased $14,760,907 loans through the Loan Purchase Program.

(VIII) CHP ALT Credit Limited Partnership

The Partnership entered into the amended CHP agreement dated July 24, 2018. The investment by the Partnership in CHP is in the form of limited partnership units. The business of CHP is to acquire loans made by Progressa to third parties pursuant to certain purchase agreements. These units provide the Partnership with an indirect interest in loans made by Progressa. The general partner of CHP is entitled to reimbursement of all expenses incurred in acting as general partner and an amount equal to 0.01% of net income. After payment of all fees and expenses, net income for any fiscal period, after payment of all fees and expenses, will be calculated, allocated and distributed as to 99.9% to the CHP unitholders. Each unit entitles the CHP unitholder to one vote. This arrangement allows the Partnership to share in the administrative cost associated with the Loan Purchase Program among the unitholders of the CHP.

(IX) Services Agreement

The Partnership has entered into a Services Agreement with Merchant Growth dated July 1, 2019 (the "**Services Agreement**") whereby Merchant Growth has agreed to provide the services related to operating the business of the Partnership, which includes origination, underwriting and portfolio servicing of the Partnership's book of receivable purchase agreements and loans. The term of the Services Agreement is 3 years and shall renew automatically for successive 1-year terms unless terminated in accordance with the terms of the agreement. Under the Services Agreement the Partnership has agreed to pay Merchant Growth a portfolio origination fee of 5.5% of cash collections, and a portfolio servicing fee of 1% of cash collections from the Partnership's portfolio of receivable purchase agreement and small business loans outstanding, with all fees being inclusive of taxes, if applicable (collectively, the "**Services Fee**"). In addition, the Partnership shall be required to pay for any and all commissions payable in connection with originating specific receivable purchase agreements and small business loans. In the case of commissions payable to MGL, such commissions will be payable at the standard commission schedule as paid by the Partnership to third party originators. As of December 31, 2019, the Partnership paid $2,194,250.66 in Services Fees to Merchant Growth for the fiscal year 2019.

(X) Funding Agreement

On January 9th, 2020 the Trust, the General Partner, and the Partnership entered into the Funding Agreement which provides that the General Partner will pay all costs associated with formation, maintenance, capital raises and any other costs of the Trust other than costs associated with the annual audit of the Trust, which shall be covered by the Partnership.

(XI) Inter-Group Debt

As set out in the Partnership Agreement, the Partnership may lend an amount to the General Partner or to the Retired General Partner (the "**Inter-Group Debt**") up to an aggregate amount of 5% of the total assets of the Partnership for the purpose of covering the cost of certain general corporate expenses incurred by the General Partner or the Retired General Partner in relation to fundraising, management, or operations of the Partnership and its affiliated entities. The Partnership may call the Inter-Group Debt upon demand. Upon receipt of a call notice, the Inter-Group Debt shall be repayable and amortize over a three-year term. The Inter-Group Debt may be repaid or prepaid at any time without penalty. The Inter-Group Debt is evidenced by a grid-promissory note and bears interest at the rate of 10% per annum. As of January 31, 2020 the Inter-Group Debt outstanding was $2,217,916.34.

(XII) Credit Agreement with Merchant Lenders

The Partnership has made available a credit facility to 9322 – 0994 Quebec Inc. dba Merchant Lenders Canada ("**Merchant Lenders**") dated February 7, 2020 which shall not exceed $3,500,000, of which $2,346,267.39 is owing as of February 10, 2020. Interest accrues at the rate of 9.5% plus the TD Bank prime rate and the term is one year, with automatic one-year renewals, unless the Partnership provides Merchant Lenders a with an amortization notice, in which case the credit facility will begin to amortize on the date that is three months from the date of the amortization notice and on such date the credit facility will be converted into a six month term loan. The purpose of the facility is for the financing of co-investments in eligible new originations sourced by Merchant Lenders and serviced by Merchant Growth. The Partnership has a security interest over all of Merchant Lenders' participations on the Merchant Growth servicing platform.

(XIII) Credit Agreement with B2B

The Partnership has made available a credit facility to B2B Marketing Inc. ("**B2B**") dated April 27, 2017 which shall not exceed $4,000,000, of which $1,022,511.10 is owing as of January 31, 2020. Interest accrues at a rate between 11% to 14% depending on the ratio of the outstanding balance of the facility to the value of eligible receivables and loans at the end of each month of the term. The term is one year, with automatic one-year renewals, unless the Partnership provides B2B with an amortization notice, in which case the credit facility will begin to amortize on the date that is three months from the date of the amortization notice and on such date the credit facility will be converted into a twelve month term loan. The purpose of this facility is to allow B2B to finance the purchase of future receivables, or provide loans, originated and serviced by B2B. The Partnership has a security interest over all of B2B's present and after acquired personal property. In connection with this credit agreement, the Partnership obtained the right to participate in up to 30% of all purchases of future receivables, or loans, from merchants solely in Canada which are sourced and funded by B2B, or its affiliates.

Item 3 Interests of Directors, Management, Promoters and Principal Holders

3.1 *Compensation and Securities Held*

The following table sets out information about the Trustee and each director and officer of the General Partner, each promoter of the Trust and the Partnership, and each person who directly or indirectly beneficially owns or controls 10% or more of the Units of the Trust or the Partnership.

Name and municipality of principal residence	**Positions held and the date of obtaining the position**	**Compensation paid by the Issuers in the most recently completed financial year and the compensation anticipated to be paid in the current financial year**	**Number, type and percentage of securities of the Issuer held after completion of min. offering (Units held as of December 31, 2019)**	**Number, type and percentage of securities of the Partnership held after completion of max. offering**
David Gens Vancouver, British Columbia	Director, President and CEO of the General Partner (as of July 1, 2019), Trustee of the Trust (as of January 9, 2020), and Promoter of the Partnership (as of March 31, 2010) and Promoter of the Trust (as of November, 2019).	$0	58,446 Units of the Partnership representing, 1.63% of the securities issued by the Partnership.[5]	58,446 Units of the Partnership representing, 1.63% of the securities issued by the Partnership.[5]

[5] Securities are held through a controlled holding company.

Name and municipality of principal residence	Positions held and the date of obtaining the position	Compensation paid by the Issuers in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of min. offering (Units held as of December 31, 2019)	Number, type and percentage of securities of the Partnership held after completion of max. offering
Aaron Lightman[6] Vancouver, British Columbia	Managing Partner of the General Partner (as of July 1, 2019).	$110,833.33 was paid by the Partnership in 2019.[7] The Partnership will not pay compensation in 2020.	1,174 Units of the Partnership representing, 0.03% of the securities issued by the Partnership.[5]	1,174 Units of the Partnership representing, 0.03% of the securities issued by the Partnership.[5]
Peleg Bartfeld[8] Vancouver, British Columbia	Managing Partner of the General Partner (as of July 1, 2019).	$142,943.44 was paid by the Partnership in 2019.[9] The Partnership will not pay compensation in 2020.	Nil.	Nil.
Kelly Klatik Richmond, British Columbia	Director of the General Partner (as of July 1, 2019).	Nil.	33,107 Units of the Partnership representing, 0.92% of the securities issued by the Partnership.[5]	33,107 Units of the Partnership representing, 0.92% of the securities issued by the Partnership.[5]
Cody Green Vancouver, British Columbia	Director of the General Partner (as of July 1, 2019).	Nil.	115,953 Units of the Partnership representing, 3.23% of the securities issued by the Partnership.[5]	115,953 Units of the Partnership representing, 3.23% of the securities issued by the Partnership.[5]

[6] Aaron Lightman was the Chief Legal Officer of the Partnership until July 1, 2019. Following the Reorganization, Aaron Lightman became the Chief Legal Officer of Merchant Growth, and the Managing Partner of the Partnership.

[7] Following the Reorganization, for the period after July 1, 2019 the Partnership no longer paid Aaron Lightman's compensation. This compensation is paid by Merchant Growth.

[8] Peleg Bartfeld was the Chief Financial Officer and the Chief Risk Officer of the Partnership until July 1, 2019. Following the Reorganization, Peleg Bartfeld became the Chief Financial Officer and the Chief Risk Officer of Merchant Growth, and the Managing Partner of the Partnership.

[9] Following the Reorganization, for the period after July 1, 2019 the Partnership no longer paid Peleg Bartfeld's compensation. This compensation is paid by Merchant Growth.

Name and municipality of principal residence	Positions held and the date of obtaining the position	Compensation paid by the Issuers in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of min. offering (Units held as of December 31, 2019)	Number, type and percentage of securities of the Partnership held after completion of max. offering
Ali Pourdad West Vancouver, British Columbia	Director of the General Partner (as of July 1, 2019).	Nil.	Nil.	Nil.
Dimitri Kosturos Langley, British Columbia	Director of the General Partner (as of July 1, 2019).	Nil.	16,567 Units of the Partnership representing, 0.46% of the securities issued by the Partnership.[5]	16,567 Units of the Partnership representing, 0.46% of the securities issued by the Partnership.[5]
Merchant Opportunities Fund Ltd. Vancouver, British Columbia	General Partner of the Partnership (as of July 1, 2019).	Nil.[10]	1 Unit of the Partnership representing, 0% of the securities issued by the Partnership.	1 Unit of the Partnership representing, 0% of the securities issued by the Partnership.
Merchant Growth Ltd.[11] Vancouver, British Columbia	Promoter (as of July 1, 2019).	$2,791,025 was paid by the partnership in 2019. $6,091,754 is anticipated to be paid by the partnership in 2020.[12]	Nil.	Nil.

[10] The General Partner was appointed as general partner of the Partnership on July 1, 2019 and has not yet received compensation.
[11] Merchant Growth (formerly known as Merchant Advance Capital Ltd.) was the general partner of the Partnership from inception of the Partnership until July 1, 2019.
[12] Merchant Growth (formerly known as Merchant Advance Capital Ltd.) was the general partner of the Partnership from inception until July 1, 2019. In 2018, Merchant Growth was paid an Asset Management Fee equal to $1,409,564 from the Partnership. For the period beginning on January 1, 2019 and ending on July 1, 2019, Merchant Growth was paid an Asset Management Fee equal to $581,132. For the period beginning on July 1, 2019, until December 31, 2019, Merchant Growth was paid $2,791,025 of which included an Asset Management Fee equal to $596,774 and the Services Fee equal to $2,194,250.66. For a description of the Asset Management Fee and the Services Fee, see item 2.7, "*Material Agreements*".

Name and municipality of principal residence	Positions held and the date of obtaining the position	Compensation paid by the Issuers in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of min. offering (Units held as of December 31, 2019)	Number, type and percentage of securities of the Partnership held after completion of max. offering
Victor and Victoria Mezheritsky Vancouver, British Columbia	Principal unitholder of the Partnership, as of September 30, 2019.	Nil.	657,608 Units of the Partnership representing, 18.34% of the securities issued by the Partnership.	657,608 Units of the Partnership representing, 18.34% of the securities issued by the Partnership.
Parnus Holdings Ltd. Vancouver, British Columbia	Principal unitholder of the Partnership, as of September 30, 2019.	Nil.	566,251 Units of the Partnership representing, 15.79% of the securities issued by the Partnership.	566,251 Units of the Partnership representing, 15.79% of the securities issued by the Partnership.
Dale Harrison. Vancouver, British Columbia	Principal unitholder of the Partnership, as of September 30, 2019.	Nil.	503,920 Units of the Partnership representing, 14.05% of the securities issued by the Partnership.	503,920 Units of the Partnership representing, 14.05% of the securities issued by the Partnership.

3.2 *Management Experience*

Name	Principal occupation and related experience
David Gens, Director, President and Chief Executive Officer of the General Partner and of Merchant Growth, and Trustee of the Trust	David Gens is the founder of the Partnership and Merchant Growth. David acts as CEO, President and director of the General Partner and as CEO, President and director of Merchant Growth. David has acted in these capacities for the last ten years. David also acts as the Trustee of the Trust. Additionally, he is a co-founder and a director of Progressa. Prior to this, David Gens was an analyst with CAI Capital Management Co., a New York based private equity firm focused on mid-market transactions in Canada and the United States. David holds a Bachelor of Commerce in Finance from the University of British Columbia where he graduated with honours and was a member of UBC's Portfolio Management Foundation. In 2014, David was named in Business in Vancouver's Top 40 Under 40, and in 2015 he was named in BCBusiness Magazine's Top 30 Under 30. In 2016 and 2018, David was a finalist in the prestigious EY Entrepreneur of the Year.

Name	Principal occupation and related experience
Peleg Bartfeld, Managing Partner of the General Partner, and Chief Financial Officer and Chief Risk Officer of Merchant Growth	Peleg Bartfeld is a Managing Partner of the General Partner and the Chief Financial Officer and Chief Risk Officer of Merchant Growth. From 2008 to 2017, Peleg had progressively more senior roles on the Canadian Equity team at RBC Global Asset Management, finishing as a senior analyst and associate portfolio manager. In 2013, Peleg obtained the designation of Chartered Financial Analyst. Peleg holds a Bachelor of Commerce in Finance from the University of British Columbia where he graduated with honours and was a member of UBC's Portfolio Management Foundation.
Aaron Lightman, Managing Partner of the General Partner, and Chief Legal Officer of Merchant Growth	Aaron Lightman is a Managing Partner of the General Partner and the Chief Legal Officer of Merchant Growth. Aaron is a business lawyer called in the province of British Columbia and most recently practiced business law with Mogan Daniels Slager LLP specializing in M&A, finance and commercial law. Aaron was called to the British Columbia Bar in 2009 after receiving his Juris Doctor from the University of Alberta in 2008. Aaron also holds a Bachelor of Arts in Economics, graduating with honours from Simon Fraser University.
Kelly Klatik, Director of the General Partner and Merchant Growth	Kelly Klatik is a director of the General Partner and Merchant Growth. Kelly is also the Managing Partner at Cypress Hills Partners, which he co-founded in 2014. Cypress Hills specializes in the origination of specialty private debt, asset backed lending, private equity, and other uniquely structured financial products. Kelly has over 27 years of experience in the investment banking and alternative asset sectors. Prior to founding Cypress Hills, Kelly served for 4 years as CEO and co-founder of Falco Resources Ltd., an alternative asset/natural resource based company listed on the TSX-V. Before this, Kelly spent over a decade as Director, Investment Banking at M Partners and Vice President of Equity Capital Markets for Investment Planning Counsel, part of the Montreal based Power Financial Group. Kelly obtained a Bachelor of Commerce in Accounting from the University of Saskatchewan in 1992, a Master of Business Administration from Royal Roads University in 2005 and earned the Institute of Corporate Directors designation from Rotman School of Business in 2014.
Cody Green, Director of the General Partner and Merchant Growth	Cody Green is a director of the General Partner and Merchant Growth. Cody Green founded Canada Drives Ltd. in 2010 and serves as Co-CEO. Canada Drives is a financial technology company that allows consumers to access a variety of financial products online. Cody attended the University of British Columbia Okanagan where he obtained his Bachelor of Business Administration in Marketing. Cody was recognized as the 2016 EY Entrepreneur of the Year for Fintech (Pacific) and recognized by Caldwell Partners in 2017 as Canada's Top 40 under 40.
Ali Pourdad, Director of the General Partner and Merchant Growth	Ali Pourdad is a director of the General Partner and Merchant Growth. Ali is also a co-founder and former CEO of Progressa, a consumer finance company founded in 2013, that has originated over $115 million of consumer loans. He currently serves on its Board of Directors. Ali is also a partner at Pourdad Capital Partners, a boutique family office specializing in technology companies and currently advises a number of fintech companies, including Quantfury, a global brokerage firm which makes trading of traditional and cryptocurrency markets free, fair, and transparent. Ali received his Chartered Accountant designation in 2008, while working with PricewaterhouseCoopers. He obtained his Bachelor of Business Administration in Finance from Simon Fraser University in 2004.

Name	Principal occupation and related experience
Dimitri Kosturos, Director of the General Partner and Merchant Growth	Dimitri Kosturos is a director of the General Partner and Merchant Growth. Dimitri is also the Chief Operating Officer of VWR Capital Corp. VWR Capital Corp. provides private first, second, and third mortgages on residential real estate. Dimitri graduated with honors from California State University, Los Angeles with a Bachelor of Science degree in Computer Science. Dimitri completed the UBC Sauder School of Business sub-mortgage broker licensing course and is a registered sub-mortgage broker in BC. Dimitri is a member of the Mortgage Brokers Association of BC and a corporate member of Mortgage Professionals Canada.

3.3 *Penalties, Sanctions and Bankruptcy*

There are no penalties, sanctions or cease trade orders that have been in effect during the last 10 years against:

(a) a director, senior officer or control person of the Trust, Trustee, General Partner or the Partnership, or

(b) an issuer of which a person or company referred to in (a) above was a director, senior officer or control person at the time,

nor have any such persons during the last 10 years made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation or entered into any proceedings, arrangement or compromise with creditors or appointed a receiver, receiver-manager or trustee to hold assets.

3.4 *Loans*

The Trust does not have any loans or debt due.

The Partnership has the following loans due from directors, management, promoters and/or principal holders as of February 10, 2020.

(a) $10,800.62 from Merchant Growth pursuant to a promissory note issued to the Partnership ("**Promissory Note 1**") in connection with the Reorganization. Promissory Note 1 is repayable beginning on the date that is 6 months following a demand for repayment from the Partnership, following which Merchant Growth shall make 24 equal monthly payments until Promissory Note 1 is repaid in full. Interest accrues at the rate of 4% per annum. Promissory Note 1 was issued in connection with a share and option purchase agreement dated July 1, 2019 between the Partnership and Merchant Growth whereby the Partnership sold its shares in the capital of Merchant Technologies Ltd. to Merchant Growth.

(b) $190,718.71 from Merchant Growth pursuant to a promissory note issued to the Partnership in connection with the Reorganization ("**Promissory Note 2**"). Promissory Note 2 is repayable beginning on the date that is 6 months following a demand for repayment from the Partnership, following which Merchant Growth shall make 24 equal monthly payments until Promissory Note 2 is repaid in full. Interest accrues at the rate of 4% per annum. Promissory Note 2 was issued in connection with a share and option purchase agreement dated July 1, 2019 between the Partnership and Merchant Growth whereby the Partnership sold its shares in the capital of Merchant Asset Financing to Merchant Growth.

(c) $75,490 from the General Partner pursuant to a promissory note dated October 15, 2019 ("**Promissory Note 3**"). Promissory Note 3 repayable upon demand at any time after October 16, 2020 and interest accrues at the rate of 10% per annum. This loan is being used for costs related to securities registration with securities regulatory authorities.

(d) $2,217,916.34 from Merchant Growth pursuant to the grid-promissory evidencing the Inter-Group Debt. The Partnership may call the Inter-Group Debt upon demand. Upon receipt of a call notice, the Inter-Group Debt shall be repayable and amortize over a three-year term. The Inter-Group Debt may be repaid or prepaid at any time without penalty. The Inter-Group Debt bears interest at the rate of 10% per annum - see item 2.7, "*Material Agreements* – (XI) Inter-Group Debt".

Item 4 Capital Structure

4.1 *Share Capital*

Description of security	Number authorized to be issued	Price per security (based on recent Net Asset Value per Unit as at December 31, 2019)	Number outstanding as at the date of this Offering Memorandum	Number outstanding after min. offering	Number outstanding after max. offering
Trust Units	Unlimited	$9.06	0	0	Between 0 – 2,759,382[13]
Class A Unit	Unlimited	$9.06	92,926	92,926	92,926
Class B Units	Unlimited	$9.06	3,492,710	3,492,710	Between 3,492,710 – 6,252,092[14]

4.2 *Long-Term Debt Securities*

Description of long-term debt (including whether secured)	Interest Rate	Repayment terms	Amount Outstanding at February 10, 2020
Credit Agreement – see item 2.7, "Material Agreements – (III) Credit Agreement"	CDOR Rate plus 7.5%per annum	Matures on March 2, 2021	$20,500,000
Subordinated Loan Agreement - see item 2.7, "Material Agreements – (IV) Subordinated Loan Agreement"	10% per annum	Matures 180 days after the maturity date or refinancing of the Credit Agreement or the date that is 180 days after the maturity date set forth in the definitive documentation evidencing a permitted senior debt refinancing	$10,538,015.30 (approximately US$7,900,000)

[13] Number of Trust Units issued depends on the split between Partnership Units subscribed for and Trust Units subscribed for under the Offering. This also assumes a constant price per unit of $9.06, which may be variable in accordance with the net asset value of the Units.
[14] Number of Partnership Units issued depends on the split between Partnership Units subscribed for and Trust Units subscribed for under the Offering. This also assumes a constant price per unit of $9.06, which may be variable in accordance with the net asset value of the Units.

4.3 *Prior Sales*

The following table lists all of the securities issued by the Issuers within the last 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
February 27, 2019	Partnership Unit	967	$8.93	$8,635.31
March 27, 2019	Partnership Unit	46	$8.99	$413.54
April 28, 2019	Partnership Unit	46	$9.00	$414.00
April 29, 2019	Partnership Unit	48,019	$8.82	$423,527.58
May 1, 2019	Partnership Unit	257	$8.82	$2,266.74
May 17, 2019	Partnership Unit	1,128	$8.87	$10,005.36
May 30, 2019	Partnership Unit	46	$8.87	$408.02
June 12, 2019	Partnership Unit	112,360	$8.90	$1,000,004.00
June 29, 2019	Partnership Unit	46	$8.90	$409.40
July 1, 2019	Partnership Unit	1	$8.98	$8.98
July 26, 2019	Partnership Unit	111,407	$8.98	$1,000,434.86
July 30, 2019	Partnership Unit	52,299	$8.80	$460,231.20
August 30, 2019	Partnership Unit	2,866	$8.87	$25,421.42
September 24, 2019	Partnership Unit	156,425	$8.95	$1,400,003.75
September 29, 2019	Partnership Unit	48	$8.95	$429.60
October 27, 2019	Partnership Unit	49	$9.01	$441.49
October 28, 2019	Partnership Unit	42,638	$8.83	$376,493.54
October 30, 2019	Partnership Unit	67,950	$8.83	$599,998.50
November 28, 2019	Partnership Unit	49	$8.88	$435.12
December 30, 2019	Partnership Unit	49	$8.97	$439.53
January 22, 2020	Partnership Unit	2,759	$9.06	$24,996.54
January 27, 2020	Partnership Unit	1	$9.06	$9.06
January 30, 2020	Partnership Unit	49	$9.06	$443.94

Item 5 Securities Offered

5.1 *Terms of Securities*

The Partnership

The material terms of the Class B Units being offered are set out in the Partnership Agreement, the key terms of which are summarized above under item 2.7, "*Material Agreements* – (I) Partnership Agreement".

The Trust

The material terms of the Trust Units being offered are set out in the Trust Declaration, the key terms of which are summarized above under item 2.7, "*Material Agreements* – (II) Declaration of Trust".

5.2 *Subscription Procedure*

The Trustee and the General Partner will determine the terms and conditions of any sale of Units, provided that such terms and conditions do not materially adversely affect the interests of those who are Unitholders at the time of sale of the Units. The Trustee and the General Partner may do all lawful things in connection with selling Units including preparing such documents as may be necessary or advisable, communicating with prospective purchasers of Units and assisting in structuring their proposed purchases of Units, paying the expenses of sale, seeking and obtaining exemptions from having to file a prospectus or deliver an offering memorandum or both in connection with such sale, engaging special counsel for subscribers for Units as a group, and entering into agreements with any Person providing for a commission or fee in respect of such sale.

You may subscribe for Units by delivering the following documents to the Trustee or the General Partner at the address shown in the Subscription Agreement: (i) a completed and executed Subscription Agreement in the form provided with this Offering Memorandum; (ii) a cheque, wire transfer or money order payable to the Trust or the Partnership in the amount of the subscription price for the Units; (iii) in the case of an investor that is relying on the offering memorandum exemption to purchase Units: a completed and executed Form 45-106F4 – Risk Acknowledgement; if required, a completed and executed Schedule I to Form 45-106F4; if required, a completed and executed Schedule II to Form 45-106F4; and if required, a completed and executed Certificate of Eligible Investor; (iv) in the case of an investor that is relying on the accredited investor exemption to purchase Units, a completed and executed Certificate of Accredited Investor and, if required, a completed and executed Form 45-106F9 – Risk Acknowledgement for Individual Accredited Investors appended to the Certificate of Accredited Investor; and (v) in the case of an investor that is relying on the employee, executive officer, director and consultant exemption, a completed and executed Certificate of Employee, Executive Officer, Director and Consultant.

Neither the Issuers, the Trustee, the General Partner nor any their representatives, or affiliates or associates is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and the objectives of the potential investor.

Item 6 Tax Consequences and RRSP Eligibility

6.1 *Income Tax Consequences Relating to the Trust*

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

The stated tax consequences may or may not apply uniformly to all purchasers. All Investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

The following summary, as of the date of this Offering Memorandum, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a person who acquires Trust Units pursuant to this Offering Memorandum and who, for purposes of the Tax Act, is resident in Canada (or if the person is a partnership, is a "Canadian partnership" for purposes of the Tax Act), deals at arm's length and is not affiliated with the Trust or the Trustee and holds the Trust Units as capital property (all for purposes of the Tax Act). Generally, Trust Units will be considered to be capital property to a Trust Unitholder provided that the Trust Unitholder does not hold the Trust Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Trust Unitholders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Trust Unitholder (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a "specified financial institution" (as defined in the Tax Act), (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act) or (iv) to whom the functional currency reporting rules in section 261 of the Tax Act apply. In addition, this summary does not address the deductibility of interest by a Trust Unitholder who has borrowed money to acquire Trust Units.

This summary is based upon the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date of hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("**Tax Proposals**") and the Trust's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") publicly available prior to the date of this Offering Memorandum. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account or anticipate any changes in the law, other than the Tax Proposals, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Trust Units. Consequently, prospective purchasers should seek independent professional advice regarding the tax consequences of investing in the Trust Units, based upon their own particular circumstances.

As noted, this summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring and holding Trust Units. All payments to non-residents of Canada of distributions on the Trust Units will be net of any applicable withholding taxes.

Status of the Trust – Mutual Fund Trust

This summary is based on the assumption that the Trust will qualify as a "unit trust" and a "mutual fund trust", as these terms are defined in the Tax Act, from the beginning of its first taxation year and will thereafter continuously qualify as a unit trust and a mutual fund trust at all relevant times. The qualification of the Trust as a mutual fund trust from the beginning of its first taxation year requires that the Trust elect to be deemed to be a "mutual fund trust" from the date it is established and that certain factual conditions generally be met throughout its existence. The Trust has advised that it intends to make such an election and that the ongoing requirements will be satisfied so that the Trust will so qualify. If the Trust were not to qualify as a mutual fund trust, the income tax considerations described herein would, in some respects, be materially different.

In order for the Trust to qualify as a mutual fund trust, it must satisfy various requirements, including a requirement that the Trust must not have been established or maintained primarily for the benefit of non-residents of Canada. If at any time this requirement is not satisfied, the Tax Act does not currently provide any means of rectifying a loss of mutual fund trust status. As such if, at any time, the Trust loses its mutual fund trust status as a result of the application of this provision in the Tax Act, the Trust would permanently cease to be a mutual fund trust.

One of the requirements for the Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of units (meaning 100 Trust Units if the fair market value of one Trust Unit is less than $25), with an aggregate value of at least $500 worth of Trust Units. The Trust may hold Closings of the Trust Offering prior to this requirement being met and there is no guarantee that this requirement will be met. See item 8, "Risk Factors".

This summary also assumes that the Trust will at no time be a "SIFT trust" as defined in the Tax Act. If the Trust is a SIFT trust, then there may be adverse tax consequences. One of the conditions for a trust to be a SIFT trust is that investments in the trust must be listed or traded on a stock exchange or other public market, which includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded, but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. The Trust intends that the Trust Units will not be listed or traded on a stock exchange or other public market. Based on this and assuming the Trust Units will not otherwise be listed or traded on such a system or facility, the Trust should not be a SIFT trust.

Taxation of the Trust

The Tax Act requires that the Trust compute its income or loss for a taxation year as though it were an individual resident in Canada. The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its taxable income for the year, including net income allocated to it by the Partnership and net realized taxable capital gains less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Trust Unitholders and is otherwise deductible under the Tax Act. An amount will not be considered to be payable to a Trust Unitholder in a taxation year unless the Trust Unitholder is entitled in that year to enforce payment of the amount.

In computing its net income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income.

Each year, the Trust intends to make sufficient distributions of its net income for tax purposes and net realized taxable capital gains so that the Trust will generally not be liable in that year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that will be recoverable by the Trust in respect of such year by reason of the capital gains refund mechanism. Losses incurred by the Trust cannot be allocated to Trust Unitholders but may be deducted by the Trust subject to and in accordance with the Tax Act.

In general, if, at any time, the Trust does not qualify as a mutual fund trust and one or more Trust Unitholders are not resident in Canada, the Trust may be required to pay a tax under Part XII.2 of the Tax Act if it allocates certain types of income (including income from real or immovable properties in Canada, other than Canadian resource properties) to a Trust Unitholder.

Taxation of the Partnership

The Partnership is not itself liable for income tax, however, it is required to compute its net income or loss for each of its fiscal periods as if it were a separate person resident in Canada. The fiscal period of the Partnership ends on December 31 of each year.

In computing its net income or loss the Partnership will be entitled to deduct expenses incurred by it in the fiscal period in which they are incurred to the extent such expenses are reasonable in amount and their deduction is permitted by the Tax Act. In some cases, outlays and expenses may have to be capitalized and added to the cost amount of its property.

Taxation of Trust Unitholders

Distributions

A Trust Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Trust for a taxation year, including the taxable portion of net realized capital gains, that is paid or payable to the Trust Unitholder in the particular taxation year, whether that amount is received in cash, additional Trust Units, promissory notes, in specie distributions or otherwise. Income of a Trust Unitholder from the Trust Units will generally be considered to be income from property. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Trust Unitholder. Provided that appropriate designations are made by the Trust, such portion of (i) the net realized taxable capital gains of the Trust, and (ii) taxable dividends received or deemed to be received by the Trust on shares of taxable Canadian corporations, as is paid or becomes payable to a Trust Unitholder will effectively retain their character and will be treated as such in the hands of the Trust Unitholder for purposes of the Tax Act. Such dividends will be subject, inter alia, to the gross-up and dividend tax credit provisions in respect of individuals, the refundable tax under Part IV of the Tax Act applicable to "private corporations" and "subject corporations" (as defined under the Tax Act), and the deduction in computing taxable in respect of dividends received by taxable Canadian corporations. An additional 10⅔% tax will be payable by a Trust Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) in certain circumstances.

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Trust Unitholder in a taxation year will not be included in computing the Trust Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Trust Unitholder in that year will not generally be included in the Trust Unitholder's income for the year. However, where such an amount is paid or payable to a Trust Unitholder (other than as proceeds in respect of the redemption of Trust Units), the Trust Unitholder will be required to reduce the adjusted cost base of the Trust Units by that amount, except to the extent that the amount represents the Trust Unitholder's share of the non-taxable portion of the net realized capital gains of the Trust for the year, the taxable portion of which was designated by the Trust in respect of the Trust Unitholder. To the extent that the adjusted cost base of a Trust Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Trust Unit to the Trust Unitholder will then be nil.

Trust Units issued to a Trust Unitholder as a non-cash distribution of income will have a cost amount equal to the amount of such income and will be averaged with the adjusted cost base of all other Trust Units held by the Trust Unitholder at that time as capital property in order to determine the adjusted cost base of each Trust Unit.

Disposition of Trust Units

On the disposition or deemed disposition of a Trust Unit, whether on a redemption or otherwise, the Trust Unitholder who holds the Trust Units as capital property will realize a capital gain (or a capital loss) equal to the amount by which the Trust Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Trust Unit and any reasonable costs of disposition. Proceeds of disposition generally do not include an amount payable by the Trust that is otherwise required to be included in the Trust Unitholder's income, including any capital gain realized by the Trust in connection with a redemption which has been designated by the Trust as having been paid to the redeeming Trust Unitholder.

The adjusted cost base of a Trust Unit to a Trust Unitholder will include all amounts paid or payable by the Trust Unitholder for the Trust Unit, with certain adjustments. The cost to a Trust Unitholder of additional Trust Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Trust Units. For the purpose of determining the adjusted cost base to a Trust Unitholder of Trust Units, when a Trust Unit is acquired, the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by Trust Unitholder as capital property immediately before that acquisition. A consolidation of Trust Units following a distribution paid in the form of additional Trust Units will not be regarded as a disposition of Trust Units.

The redemption of Trust Units in consideration for cash or promissory notes, whether issued by the Trust, or the Partnership, as the case may be, will be a disposition of such Trust Units for proceeds of disposition equal to the amount of such cash or the fair market value of such notes. In addition to such proceeds of disposition, a Trust Unitholder may also receive a distribution out of the income of the Trust. Where Trust Units are redeemed and the redemption price is paid by the delivery of Trust Property to the redeeming Trust Unitholder, the proceeds of disposition to the Trust Unitholder of the Trust Units will be equal to the fair market value of the Trust Property so distributed. Where any income or capital gain realized by the Trust in connection with the distribution of Trust Property on the redemption of Trust Units has been designated by the Trust to a redeeming Trust Unitholder, the Trust Unitholder will be required to include in the income or taxable portion of the capital gain so designated.

The receipt of Trust Property in substitution for Trust Units may result in a change in the income tax characterization of distributions. Holders of promissory notes received on a redemption of Trust Units generally will be required to include in income interest that is received or receivable on such promissory notes. The cost to a Trust Unitholder of any Trust Property distributed to a Trust Unitholder by the Trust will be deemed to be equal to the fair market value of such property at the time of distribution less, in certain circumstances, any interest which has accrued on notes distributed by the Trust. Trust Unitholders should consult with their own tax advisors as to the consequences of receiving Trust Property on a redemption.

Trust Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.

Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units and the amount of any net taxable capital gains designated by the Trust in respect of a Trust Unitholder will be included in the Trust Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units may generally be deducted only from taxable capital gains of the Trust Unitholder in accordance with the provisions of the Tax Act. A Trust Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 10⅔% on certain investment income, including taxable capital gains.

Alternative Minimum Tax

In general terms, net income of the Trust paid or payable to a Trust Unitholder who is an individual that is designated as net taxable capital gains or eligible dividends and capital gains realized on the disposition of Trust Units may increase the Trust Unitholder's liability for alternative minimum tax.

6.2 *Eligibility for Investment in Trust Units by Deferred Plans*

Provided the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Trust Units, when issued, will each be a qualified investment under the Tax Act for Deferred Plans. If that is the case, Deferred Plans will generally be exempt from tax in respect of any distributions paid or payable on Trust Units or gains realized upon a disposition or deemed disposition of Trust Units.

Generally, if the Trust does not qualify or ceases to qualify as a mutual fund trust at any time, the Trust Units will not be, or will cease to be, qualified investments for Deferred Plans at that time. One of the requirements for the Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of Trust Units as defined in the Tax Act. As of the date of this Offering Memorandum, the Trust does not yet have over 150 separate holders of Trust Units, each holding no less than one block of Trust Units as defined in the Tax Act. Promissory notes and Trust Property received as a result of redemptions of Trust Units may not be qualified investments for Deferred Plans. Where a Deferred Plan acquires a promissory note or a Trust Property that is not a qualified investment, or acquires or holds a Trust Unit that is not, or that ceases to be, a qualified investment, adverse tax consequences may arise to the Deferred Plan and the annuitant under the Deferred Plan. Accordingly, Deferred Plans that propose to invest in Trust Units should consult their own tax advisors before deciding to purchase Trust Units and again before deciding to exercise their redemption rights attached to such Trust Units.

If at any time the Trust Units are a prohibited investment for a Deferred Plan, the annuitant may be subject to adverse tax consequences. Generally, Trust Units should not be a prohibited investment under the Tax Act for any Deferred Plan provided that the annuitant deals (i) at "arm's length" with the Trust, and (ii) does not have a "significant interest" in the Trust. Generally, an annuitant will not have a significant interest in the Trust or any corporation, partnership or trust that does not deal at arm's length with the Trust, provided the annuitant, or the annuitant together with persons and partnerships with whom the annuitant does not deal at arm's length, does not own (nor is deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued Trust Units or of the shares of or interests in any corporation, partnership or trust that does not deal at arm's length with the Trust (all for purposes of the Tax Act).

6.3 *Income Tax Consequences Relating to the Partnership*

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. The stated tax consequences may or may not apply uniformly to all purchasers. All Investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

The following summary, as of the date of this Offering Memorandum, describes the principal Canadian federal income tax considerations of acquiring, holding and disposing of Partnership Units generally applicable to an investor (who acquires Partnership Units under this Offering Memorandum) who is an individual, other than a trust, and who, for the purposes of the Tax Act is, or is deemed to be, a resident of Canada, deals at arm's length with the Partnership and is not affiliated with the Partnership, holds the Partnership Units as capital property and has not made a foreign currency reporting election under the Tax Act. Generally, Partnership Units will be considered to be capital property to an investor provided the investor does not hold the Partnership Units in the course of carrying on a business and has not acquired the Partnership Units in one or more transactions considered to be an adventure in the nature of trade.

This summary assumes that at all material times no interest in any investor will be a "tax shelter investment" as defined in the Tax Act, that Partnership Units will not be acquired with financing for which recourse is, or is deemed to be, limited for purposes of the Tax Act and that no more than 50% of the Partnership Units will be held by "financial institutions" as defined in the Tax Act. Financing is deemed to be limited recourse for purposes of the Tax Act unless: (i) bona fide arrangements were made in writing at the time the financing was obtained providing for repayment within a reasonable period, not exceeding 10 years; (ii) interest is payable at least annually at a rate that is not less than the rate prescribed under the Tax Act; and (iii) interest is paid no later than 60 days after the end of each taxation year. If an interest in an investor becomes a tax shelter investment, an investor finances an acquisition of Partnership Units with limited recourse financing or if more than 50% of the Partnership Units are held by "financial institutions" there may be adverse tax consequences to the Partnership and its members.

This summary assumes that at all material times the Partnership will not be a "SIFT partnership" as defined in the Tax Act. If investments in the Partnership are listed or traded on a stock exchange or other public market then the Partnership, if it holds one or more non-portfolio properties, which generally does not include real property situated outside of Canada, may be a SIFT partnership and the Canadian federal income tax considerations described below will be materially different. This summary also assumes that the Partnership Units will not be listed or traded on a stock exchange or other public market for the purposes of the Tax Act.

This summary is based upon the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) (the "**Tax Proposals**") and the Partnership's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Partnership Units. Consequently, prospective purchasers should seek independent professional advice regarding the income tax consequences of investing in the Partnership Units, having regard to their own particular circumstances.

References to "income" or "loss" in this summary mean income or loss as determined for purposes of the Tax Act.

Computation of Income

The Partnership is not itself generally liable for income tax. However, the Partnership must compute its income or loss for each fiscal period as though it was a separate person resident in Canada and file an annual information return. The fiscal period of the Partnership ends on December 31 each year. Subject to the comments below, each Limited Partner will be required to include (or be entitled to deduct) in computing his income (or loss), his share of the income (or loss) of the Partnership allocated to him pursuant to the Partnership Agreement for the fiscal period of the Partnership ending in the Limited Partner's taxation year, regardless of whether any cash or other assets have been distributed to him.

The income of the Partnership as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In computing the income or loss of the Partnership for purposes of the Tax Act, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by the Partnership for the purposes of earning income, subject to the relevant provisions of the Tax Act.

Losses allocated by the Partnership to a Limited Partner are deductible only to the extent the Limited Partner has an "at-risk amount" (within the meaning of the Tax Act) in respect of the Limited Partner's interest in the Partnership. Losses from the Partnership that are not deductible by a Limited Partner because they exceed the Limited Partner's at-risk amount at the particular time generally may be carried forward indefinitely and may be deducted against income only to the extent the Limited Partner has an at risk amount in a subsequent year. In general, a Limited Partner's at-risk amount will be the adjusted cost base of his Partnership Units at the relevant time (plus, where that time is the end of the Partnership's fiscal period, income allocated to the Limited Partner for that fiscal period), less any amounts owing by the Limited Partner (or by a person or partnership that does not deal at arm's length with the Limited Partner) to the Partnership (or to a person or partnership that does not deal at arm's length with the Partnership) and less any amount or benefit provided to the Limited Partner (or to a person or partnership that does not deal at arm's length with the Limited Partner) for the purpose of protecting the Limited Partner against any loss the Limited Partner may sustain as a consequence of being a member of the Partnership or holding or disposing of an Partnership Unit.

Subject to the comments above, a Limited Partner may apply his share of non-capital losses allocated to him by the Partnership to reduce net income for the relevant taxation year and, to the extent such non-capital losses exceed net income for the year, they may generally be applied in the three previous taxation years or the 20 subsequent taxation years.

Disposition of Partnership Units

A disposition or deemed disposition by an investor of his Partnership Units should generally result in a capital gain (or capital loss) to the investor to the extent the proceeds of disposition of such Partnership Units, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the Partnership Units. In general, the adjusted cost base of a Limited Partner's Partnership Units at a particular time will be equal to the Subscription Price of the Partnership Units, plus income of the Partnership that has been allocated to the Limited Partner for completed fiscal periods, minus losses of the Partnership allocated to the Limited Partner for completed fiscal periods and minus distributions received by the Limited Partner from the Partnership. Where a Limited Partner disposes of all of its Partnership Units in a fiscal period of the Partnership, any income or loss allocated to the Limited Partner for such fiscal period will be taken into account in determining the adjusted cost base of the Limited Partner's Partnership Units. Losses which are not deductible because a Limited Partner does not have a sufficient at-risk amount will not reduce the adjusted cost base of Partnership Units.

If a Limited Partner disposes of Partnership Units and a person who is exempt from tax under the Tax Act, or who is a nonresident of Canada for purposes of the Tax Act, directly or indirectly through a partnership or a trust of which a tax exempt person or non-resident is a member or a beneficiary, as the case may be, acquires the Partnership Units as part of a transaction or event, or series of transactions or events, then the gain may be taxed as ordinary income of the Limited Partner.

If, at the end of any fiscal period of the Partnership, the deductions in computing the adjusted cost base of a Limited Partner's Partnership Units exceed the Subscription Price and additions in computing such adjusted cost base, such negative amount will be deemed to be a capital gain of the Limited Partner from a disposition of the Partnership Units and the adjusted cost base of the Limited Partner's Partnership Units will be nil at the beginning of the next fiscal period of the Partnership.

Capital Gains and Losses

One-half of the capital gain realized by a holder from a disposition or deemed disposition of Partnership Units must be included in computing the holder's income as a taxable capital gain. One-half of a capital loss realized in a taxation year from a disposition or deemed disposition of Partnership Units will be deductible as an allowable capital loss against taxable capital gains realized in that year, and to the extent such allowable capital losses exceed taxable capital gains in the year, may be applied in the three previous taxation years or any subsequent taxation year, subject to certain restrictions contained in the Tax Act.

A holder may be liable to pay alternative minimum tax as a result of realizing a capital gain.

6.4 ***Partnership Units Are Not Eligible for Deferred Plans***

The Partnership Units will not constitute a qualified investment for the purposes of the Tax Act for Deferred Plans such as a trust governed by a registered retirement savings plan (including a locked-in retirement account or a locked-in retirement savings plan), a registered retirement income fund (including a life income fund or a locked-in retirement income fund), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account and, in order to avoid adverse tax consequences, should not be acquired by such plans. You should consult your own professional advisers to obtain advice on RRSP eligibility of these securities.

Item 7 Compensation Paid to Sellers and Finders

The Issuers have engaged, and may engage, Selling Agents to review subscriptions for Units, communicate with Unitholders and potential investors as necessary, and to sell Units, in compliance with all applicable securities laws, as agents for the Issuers (see item 1, "Use of Available Funds").

Any referral sources used by the agents in connection with the sale of Units to subscribers, if any (which referral sources may include, but are not limited to, firms and representatives of such firms who are authorized under applicable securities laws), will be compensated by the payment of referral fees in an amount to be determined between the applicable agents and the referral sources, which amounts will be paid out of the commissions, fees payable to the agents under the Offerings and will not exceed the commissions and fees payable to such agents. If none of the Units were sold to subscribers introduced by Selling Agents, no fee would be payable to the Selling Agents. If all of the Units were sold to subscribers introduced by Selling Agents under the Offerings, the maximum commissions and fees would be up to $1,500,000.

As of the date of this Offering Memorandum, the only Selling Agent that the Issuers have engaged is Silver Maple Ventures Inc., under an Agency Agreement dated as of September 23, 2019. Under the Agency Agreement, Silver Maple Ventures Inc. will receive 5% of the aggregate subscription amount plus an annual fee of up to 1% of the aggregate subscriptions raised less the aggregate costs incurred by the Issuers related to marketing the offering.

Silver Maple Ventures Inc. is registered as an EMD in certain jurisdictions of Canada. The dealing representatives of Silver Maple Ventures Inc. are (subject to obtaining and necessary relief and compliance with certain provincial securities laws) permitted to sell Units in accordance with the terms of their respective registrations and pursuant to available exemptions from the registration requirements of applicable securities laws in jurisdictions where it can lawfully operate.

The Issuers may enter into additional agreements with Selling Agents from time to time during these Offerings.

The Selling Agents appointed by the Issuers to sell Units may be reimbursed for reasonable expenses incurred in connection with the Offerings.

All expenses of the Offerings, including the Selling Commissions and any other fees and expenses, will be borne by the General Partner.

Item 8 Risk Factors

An investment in either of the Partnership or the Trust is speculative and contains certain risks. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Issuers will meet their business objectives. The Issuers' returns may be unpredictable and, accordingly, the Units are not suitable as the sole investment vehicle for an investor or for an investor that is looking for a predictable source of cash flow. An investor should only invest in the Issuers as part of an overall investment strategy. Based on, among others, the factors described below, the possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

8.1 *Investment Risk*

(a) No Market for Units

There is no market through which the Units may be sold and the Partnership and the Trust do not expect that any market will develop. Accordingly, an investment in Units should only be considered by investors who do not require liquidity. The Units are also subject to resale restrictions under applicable securities legislation. See item 10, "Resale Restrictions".

The Partnership Agreement and the Declaration of Trust provide for some liquidity through the right of redemption, but such rights are subject to a number of restrictions. For further details, see item 2.7, "*Material Agreements* – (I) Partnership Agreement" under the heading "(7) Redemption of Units" and "(II) Declaration of Trust" under the heading "(3) Redemption of Units."

(b) Transferability of Units

The Partnership Agreement and the Declaration of Trust limit the transferability of Units.

(c) Nature of Trust Units

Each Trust Unit represents an equal undivided beneficial interest in the Trust. The Trust Units do not represent debt instruments and there is no principal amount owing to Trust Unitholders under the Trust Units, and the Trust Units are not insured against loss through the Canadian Deposit Insurance Corporation.

(d) Nature of Partnership Units

Each Partnership Unit represents an equal undivided beneficial interest in the Partnership. The Partnership Units do not represent debt instruments and there is no principal amount owing to Limited Partners under the Class B Units, and the Class B Units are not insured against loss through the Canadian Deposit Insurance Corporation.

(e) Possible Loss of Limited Liability

The Partnership Act provides that a limited partner is not liable for the obligations of the limited partnership except in respect of the amount of property he or she contributes or agrees to contribute to the capital of the limited partnership. The Partnership Act also provides that a limited partner benefits from limited liability unless he or she takes part in the management of the business. In order that the liability of the Limited Partners will be limited to the extent described, certain legal requirements under the Partnership Act and other applicable legislation must be satisfied. There is a potential for unlimited liability of Limited Partners with respect to limited partnerships operating, owning property or incurring obligations in a jurisdiction other than that in which it was formed without being registered as a limited partnership in that jurisdiction. The General Partner will indemnify each Limited Partner for losses incurred that result from the loss of limited liability when caused by any act or omission of the General Partner.

(f) Financial Resources of the General Partner

While the General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners in certain circumstances (including in the case of loss of limited liability caused by an act or omission of the General Partner), at present the General Partner has nominal financial resources. The General Partner may be unable to meet its obligations under such indemnity.

(g) No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Units by the Partnership and the Trust only in those jurisdictions where and to those persons whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement or a public offering of these Units. Purchasers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

(h) No Market Determination of Price

The offering price for the Units was determined by the General Partner and Trustee based on the Net Asset Value of the Units and is not based on any specific recognized criteria of market value. Quite specifically, it should be recognized that, as there is no existing market for the Units it is impossible, except for the results of the sale of such Units under this offering, to determine at what price, if at all, Units would sell for if a market did exist.

(i) Tax Matters

A purchaser is required to take into account, in computing income and loss for income tax purposes for a taxation year, his share of the income or loss of the Trust or Partnership. This amount may be greater than or less that the cash distributions, if any, received by the purchaser in such year.

The tax consequences associated with an investment in Units are subject to changes in federal and provincial laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Units. There is also a risk that the returns of purchasers relating to their investments in the Units may be reassessed.

No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. The purchaser and his advisors should carefully review the discussion under item 6, "Tax Consequences and RRSP Eligibility" contained in this Offering Memorandum.

(j) Trust Units are intended to be held by Taxable and Tax-Exempt Investors

The Trust Units are intended to be held by taxable and tax-exempt investors. Taxable investors may be subject to tax as a result of holding Trust Units. The Trust intends to make all taxable income of the Trust payable to Trust Unitholders each year and to distribute such income by distributing cash or Trust Units. In addition, income allocated by the Trust to Trust Unitholders may exceed the amount payable to them on a redemption of their Trust Units. Investors should consult their own tax advisors respecting the tax consequences of owning the Trust Units.

(k) Mutual Fund Trust Status

To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Trust Units for distribution to the public, the number of Trust Unitholders and the dispersal of ownership of Trust Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust fails or ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the Trust and Trust Unitholders.

(l) Eligibility of Trust Units for Investment by Deferred Plans

If the Trust fails or ceases to qualify as a "mutual fund trust" the Trust Units may not be or may cease to be qualified investments for Deferred Plans which will have adverse tax consequences to Deferred Plans and their annuitants, holders or beneficiaries. If the Trust Units are or become a prohibited investment for trusts governed by the Deferred Plans, adverse tax consequences may result to the holder of the Deferred Plans.

One of the requirements for the Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of units (meaning 10 Trust Units if the fair market value is at least $100 per Trust Unit), with an aggregate value of at least $500 worth of Trust Units. The Trust may hold Closings of the Trust Offering prior to this requirement being met and there is no guarantee that this requirement will be met.

Trust Property received as a result of a distribution or redemption of Trust Units may not be a qualified investment for Deferred Plans, which may give rise to adverse consequences to a Deferred Plan or the annuitant, holder or beneficiary thereunder.

(m) Tax Treatment of Trust Units and Trust Unitholders

Canadian federal or provincial income tax legislation may be amended, or their interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Trust Units or the investments held by the Trust. The alternative minimum tax could limit tax benefits available to Trust Unitholders. There is no assurance that income tax laws or administrative practices of tax officials in the various jurisdictions of Canada will not be changed in a manner which will adversely alter the tax treatment of Trust Unitholders.

(n) Tax Characterization of Trust Income and Trust Capital Gains

The designation of income or gains realized by the Trust to Trust Unitholders, including the designation of gains realized on the disposition of investments as capital gains will depend largely on factual considerations. The Trust will endeavor to make appropriate characterizations of income or gains realized by the Trust for purposes of designating such income or gains to Trust Unitholders based on information reasonably available to it. However, there is no certainty that the manner in which the Trust characterizes such income or gains will be accepted by the CRA. If it is subsequently determined that the Trust's characterization of a particular amount was incorrect, Trust Unitholders might suffer material adverse tax consequences as a result.

(o) SIFT Status

If investments in the Trust are listed or traded on a stock exchange or other public market, the Trust may be taxable as a "SIFT trust" under the Tax Act, which will have adverse tax consequences to the Trust Unitholders and the Trust and the Canadian federal income tax considerations of investing in the Trust will be materially different from those described herein.

(p) Tax Aspects relating to Partnership Units

Canadian federal and provincial tax aspects should be considered prior to investing in the Partnership Units (see item 6, "Tax Consequences and RRSP Eligibility"). The return on a Limited Partner's investment in Partnership Units may be affected by changes in Canadian tax laws. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws and regulations. There can be no assurance that (a) tax laws, regulations or judicial or administrative interpretations will not be changed, (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Partnership or than as set out in this Offering Memorandum, (c) applicable tax authorities will not challenge allocations by the Partnership of income, losses, gains or deductions or disallow certain deductions against income, or (d) the facts upon which the tax discussions set out in this Offering Memorandum are materially correct. Any of the preceding may fundamentally alter, in a negative way, the tax consequences to investors of holding or disposing of Partnership Units.

If an interest in a Limited Partner is or becomes a "tax shelter investment", if a Limited Partner finances the acquisition of its Partnership Units with limited recourse financing, or if more than 50% of the Partnership Units are held by "financial institutions" for the purposes of the Tax Act, there may be adverse tax consequences to all Limited Partners and the Partnership. If investments in the Partnership are listed or traded on a stock exchange or other public market and the Partnership holds one or more "non-portfolio properties", as defined in the Tax Act, then the Partnership may be a SIFT Partnership and the Canadian federal income tax considerations will be materially different than those described herein.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Partnership Units. Prospective investors are urged to consult their own tax advisors, prior to investing in the Partnership, with respect to the specific tax consequences to them from the acquisition of Partnership Units.

(q) High Risk Nature of Investment

An investment in Units is high risk in nature. The Units are primarily suitable for investors who are prepared to accept the risks inherent in the Partnership Business and are able to bear the loss of their entire investment. There is no guarantee of a return on a purchaser's investment in Units.

(r) Merits as an Investment

All prospective purchasers are urged to consider the purchase of Units hereunder based upon the merits of such Units. The majority of the proceeds of this offering have been allocated to the acquisition of receivables and small business loans. There are no assurances that the Partnership will be successful in acquiring any such receivables and small business loans on commercially reasonable terms or at all. Furthermore, as a Limited Partner, purchasers will have no part in the management or control of the business of the Partnership. Accordingly, in assessing the risks and rewards of an investment in Units, potential purchasers should appreciate that they are relying on the good faith, judgment and ability of the directors, officers and employees of the General Partner to make appropriate decisions with respect to the management of the business of the Partnership and will be bound by the decisions of such directors, officers and employees. It would be inappropriate for purchasers unwilling to rely on the directors, officers and employees of the General Partner to the extent set forth above to purchase Units.

(s) The Risk of Uninsured Losses will be Borne by the Partnership

The Partnership expects to maintain insurance coverage against liability to third parties and property damage as is customary for similar businesses, insofar as the General Partner deems the same necessary or appropriate, in its sole discretion. There can be no assurance that insurance will be available or sufficient to cover all such risks. Insurance against certain risks may be unavailable or commercially infeasible. Uninsured losses will be borne by the Partnership.

(t) Securities Regulatory Risks

In the ordinary course of business, the Issuers may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect investors or the public interest. It is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Issuers. There is no assurance that applicable securities laws or the securities regulators interpretation thereof or the practices of the securities regulators will not be changed or re- interpreted in a manner that adversely affects the Issuers.

(u) Disclosure of Personal Information

Investors are advised that their names and other specified information, including the number and aggregate value of the Trust Units and Partnership Units owned: (i) will be disclosed to the relevant securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (ii) is being collected indirectly by the applicable securities regulatory authority under the authority granted to it in securities legislation; and (iii) is being collected for the purposes of the administration and enforcement of the applicable securities legislation.

8.2 ***Issuer Risk***

(a) Credit Risk

"Credit risk" is the risk that a merchant or other debtor who receives the Partnership's advances or loans will fail to discharge the obligation to repay such advances or loans to the Partnership. The Partnership provides financing to merchants who may not meet financing criteria for conventional lending from institutional lenders. The Partnership also provides financing to other related and affiliated parties who themselves provide financing to merchants and individuals who may not meet financing criteria for conventional lending from institutional lenders. As a result, these advances and loans are generally riskier and carry a higher credit risk than those made by institutional lenders. This higher credit risk means that the Partnership may incur financial losses which would adversely affect the returns of the Partnership.

The advances and loans made by the Partnership are not insured by any insurer in whole or in part. Accordingly, the Partnership solely bears the entire credit risk.

In the event that the Partnership or a collection agency on behalf of the Partnership must take legal action against a merchant to recover funds in the event of default, the Partnership may be unable to recover any of these funds. This may adversely affect the returns of the Partnership.

(b) Liquidity Risk

The Partnership Business depends on the availability of capital to make advances and loans. The Partnership's main sources of liquidity are capital raised from investors, senior and subordinated lenders and advances and loans collected and profits generated by the business. The collection of advances and loans and the generation of profits are highly dependent on economic conditions and may be negatively impacted by merchant or corporate default. A high rate of merchant or corporate default, combined with the simultaneous exercise by a great number of Limited Partners of their right of redemption, may result in the Partnership lacking sufficient liquidity to meet customer demand. This may adversely affect the returns of the Partnership.

(c) Relationship with Senior and Subordinate Lenders

The operations of the Partnership are highly dependent upon its relationship with its senior and subordinate lenders. The loss of the relationship with senior and subordinate lenders or the termination of these arrangements may materially affect the ability of the Partnership to operate the Partnership Business.

(d) No Assurance of Profitability of Operations

Notwithstanding the business plan and internal projections developed by the Partnership, there can be no assurance that the Partnership will be able to operate successfully and in fact, may ultimately fail. Even if its commercial operations are successful, there is no assurance that any specific level of profitability will be achieved by the Partnership.

(e) Dependence on Key Personnel

The success of the Issuers will be entirely dependent upon the efforts of the General Partner and, in particular, the efforts, knowledge and expertise of the General Partner's management team, who have substantial discretionary authority for the Partnership and completion of the Project. The Trust and other Limited Partners have no right or power to take part in the management of the Partnership. Accordingly, no one should invest in Units unless they are willing to entrust all aspects of the management and all decisions of the Partnership to the General Partner and its management team.

(f) Potential Inaccurate Estimates of Loss Rates/Payback Periods

The expected returns of the Partnership are sensitive to the loss rates experienced by the Partnership's advance and loan portfolio. Should loss rates exceed the Partnership's estimates, the bad debt reserve may be insufficient to cover these losses. This would result in a potential loss of capital for the Partnership and could cause actual returns of the portfolio to differ significantly from expected returns. Additionally, if forecasted payback periods differ significantly from actual payback periods, the returns of the Partnership may differ significantly from expected returns.

(g) Ability to Find Clients

The Partnership's investment returns are sensitive to the Partnership's ability to find clients that require its services. Although the Partnership believes that there is a large demand and opportunity for its services in Canada, it is possible that the Partnership may have difficulty finding a low risk client base that is large enough to require substantially all of the capital that is raised in the Partnership. Capital that is not invested will not earn a return and this may cause the investment returns of the Partnership to differ significantly from expected returns.

(h) Possibility of Fraud

Although the Partnership will be using thorough due diligence practices, the Partnership is still exposed to the possibility of fraud. Fraud may cause the Partnership to incur financial losses, which would adversely affect the returns of the Partnership.

(i) Default on indebtedness

If the Partnership defaults in the repayment of any indebtedness, or becomes insolvent, the creditors holding such indebtedness will be entitled to exercise available legal remedies against the Partnership, including among other things, preventing any distributions on the Units, declaring the full amounts of such loans immediately repayable and exercising their rights against the assets of the Partnership. There is no assurance that there will be assets available to recover any portion of a Limited Partner's investment.

(j) Past Performance not a Predictor of Future Results

Historical successes of past projects experienced by management of the Trust, the Partnership, the General Partner, the Trustee, and other associates and affiliates cannot, and should not, be viewed as indicative of future performance of the Issuers and the Units offered under this Offering Memorandum and must not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in the Units.

(k) Leverage

While the use of leverage is not necessary for the Partnership to achieve its investment objective, the Partnership may pledge its assets in order to borrow funds for investment and other purposes. The use of leverage may increase returns, but it may also create a greater potential for loss. There can be no assurance that the Partnership, in incurring debt, will be able to meet its obligations. Leverage is a speculative technique which may expose the Partnership to greater risk and increase its costs. Increases and decreases in the value of the Partnership's portfolio will be magnified when the Partnership uses leverage. If leverage is employed, the Net Asset Value per Partnership Unit will be more volatile, and the return to Limited Partners will tend to fluctuate with changes in the short term interest rates on the leverage.

8.3 ***Industry Risk***

(a) Economic Conditions

The returns of the Partnership are sensitive to the condition of the overall Canadian economy. Significant, extended negative changes in Canadian economic conditions that impact the strength of consumer spending may increase the Partnership's portfolio's loss rates and have an adverse effect on the returns, financial condition or liquidity of the Trust and the Partnership.

(b) Increased Government Regulation

Increased government regulation and changes to laws affecting alternative financiers may have an adverse effect on the returns, financial condition or liquidity of the Trust and the Partnership.

(c) Competition

The Partnership competes with other alternative finance companies in Canada. An increased number of new entrants to the alternative finance industry could put pressure on returns of the Partnership's business. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Partnership. Increased competition could have a material adverse effect on the underlying economics of newly purchased advances and loans which could adversely affect the returns of the Partnership.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Issuers. Prospective investors should read this entire Offering Memorandum and consult their own counsel and financial advisors before deciding to invest in the Trust.

Neither the Issuers, the Trustee, the General Partner, Administrator nor any other Acting Party or any affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general or specific investment needs and objectives of a potential investor and the suitability of the Trust Units or Partnership Units having regard to any such investment needs and objectives of the potential investor.

Item 9 Reporting Obligations

In accordance with the Partnership Agreement and the Declaration of Trust, the General Partner and the Trustee, or its agents, will provide Limited Partners:

(a) within 120 days after the end of each Fiscal Year, an annual report, including audited financial statements, a report on allocations and distributions and such other information as is necessary to enable a Limited Partner to file returns under the Tax Act;

(b) unaudited financial statements within 60 days after the end of each fiscal quarter; and

(c) with each of the foregoing reports, a narrative form setting out in reasonable detail the operating results of the Partnership and details of services or transactions rendered by certain related persons to the Partnership.

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 Units in the Trust Unitholder's annual Canadian income tax return.

Item 10 Resale Restrictions

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. The Units are also subject to restrictions on transfer under the Partnership Agreement and the Declaration of Trust (see item 2.7, "*Material Agreements*".)

Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is 4 months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

(a) the Partnership has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Item 11 Purchaser's 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.

11.1 *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.

11.2 *Statutory Rights of Action in the Event of a Misrepresentation*

For purposes of the following summaries, "**misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. A "**material fact**" means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units.

British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units, or

(b) for damages against the Trust and/or the Partnership, every person who was a trustee of the Trust or a director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Units.

Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units; or

(b) for damages against the Trust and/or the Partnership, every trustee of the Trust and every director of the General Partner at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Units.

Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units; or

(b) for damages against the Trust and/or the Partnership, every promoter of the Partnership or Trust, every trustee of the Trust and every director of the General Partner as at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that person, every other person who signed this Offering Memorandum and every person who sells securities on behalf of the Trust and the Partnership under this Offering Memorandum.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the Units.

Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units; or

(b) for damages against the Trust and/or the Partnership, every trustee of the Trust and every director of the General Partner at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 2 years after the day you purchased the Units.

Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, a purchaser who purchases a Unit offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

(a) the purchaser has a right of action for damages against the Trust or the Partnership; or

(b) where the purchaser purchased the Units from the Partnership, the purchaser may elect to exercise a right of rescission, in which case the purchaser has no right of action for damages against the Trust or the Partnership.

The Trust and the Partnership will not be held liable under this paragraph if the subscriber purchased the Units with the knowledge of the misrepresentation. In an action for damages, the Trust and the Partnership will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Units were sold to the subscriber.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Units.

Québec

In addition to any other right or remedy available to you at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a misrepresentation, the investor will have: (1) statutory rights under Québec legislation; or (2) contractual rights in circumstances where the Québec legislation does not provide such rights, as follows:

(a) a right of action for damages against the Trust and/or the Partnership, every trustee of the Trust and every director of officer of the General Partner, any expert whose opinion, containing a misrepresentation, appeared, with his consent, in this Offering Memorandum, the dealer (if any) under contract to the Trust or the Partnership and any person who is required to sign the certificate of attestation in this Offering Memorandum; or

(b) a right of action for rescission of the purchase contract or revision of the price at which Units were sold to the investor.

However, there are various defences available to the persons that you have a right to sue. Among other defences, no person, nor the Trust nor Partnership will be liable if it proves that:

(a) the investor purchased the Units with knowledge of the misrepresentation; or

(b) in an action for damages, that they acted prudently and diligently (except in an action brought against the Company).

No action may be commenced to enforce such a right of action:

(a) for rescission or revision of price more than three years after the date of the purchase; or

(b) for damages later than three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser.

Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units; or

(b) for damages against the Trust and/or the Partnership, every person who was a trustee of the Trust or a director of the General Partner at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are 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 Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Units.

New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units; or

(b) for damages against the Trust and/or the Partnership, every person who was a trustee of the Trust or a director of the General Partner at the date of this Offering Memorandum, every person who signed this Offering Memorandum or the seller.

The Trust and the Partnership will not be held liable under this paragraph if the subscriber purchased the Units with the knowledge of the misrepresentation. In an action for damages, the Trust and the Partnership will not be liable for all or any portion of such damages that they prove do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Units were sold to the subscriber. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the Units.

Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon or Nunavut

If you are a resident of Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon or Nunavut and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) to rescind your agreement to buy these Units' or

(b) for damages against the Trust and/or the Partnership, every person who was a trustee of the Trust or a director of the General Partner at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. Additionally, if you elect to exercise a right of rescission, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 3 years after the day you purchased the Units.

Item 12 Financial Statements

Attached to this Offering Memorandum, immediately following this item, are the following:

(a) in respect of the Partnership, interim financial statements prepared in accordance with International Financial Reporting Standards for the period beginning on January 1, 2019 to September 30, 2019;

(b) in respect of the Partnership, audited financial statements prepared in accordance with International Financial Reporting Standards for the period beginning on January 1, 2018 to December 31, 2018 with unaudited comparative financials for the period beginning on January 1, 2017 to December 31, 2017;

(c) in respect of the General Partner, audited financial statements prepared in accordance with International Financial Reporting Standards for the period from inception on July 1, 2019 to December 31, 2019; and

(d) in respect of the Trust, audited financial statements prepared in accordance with International Financial Reporting Standards for the period from inception on January 9, 2020 to January 31, 2020.

Interim Condensed Consolidated Financial Statements of

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP

[formerly, Merchant Advance Capital Limited Partnership]

September 30, 2019

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP

Consolidated Condensed Statement of Financial Position
(Unaudited)

	Notes	September 30, 2019	December 31, 2018
Assets			
Cash		$ 4,708,812	$ 2,491,579
Other amounts receivable	6	1,757,740	569,858
Derivative financial instruments	7	62,448	409,747
Merchant advances receivable	8	28,283,365	26,312,178
Merchant loans and lines of credit	8	796,053	185,434
Loans and advances of origination partners	8	4,137,871	4,519,411
Wholesale credit facilities	9	11,493,526	11,803,801
Due from related parties	10	3,878,771	2,429,322
Investments	11	6,079,771	7,097,802
Property and equipment	12	-	97,887
Intangible assets	13	-	1,040,414
		$ 61,198,357	$ 56,957,433
Liabilities and Partners' Equity			
Demand credit facilities	14	$ 28,021,455	$ 26,814,023
Accounts payable and accrued liabilities		470,537	752,486
Due to related parties	10	-	98,748
		28,491,992	27,665,257
Partners’ equity:			
Partners’ capital	15	33,236,610	28,955,939
Retained earnings		(530,245)	336,237
		32,706,365	29,292,176
		$ 61,198,357	$ 56,957,433

Commitments 19

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

Approved on behalf of the Board:

DocuSigned by:
David Gens
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_________________ Director _________________ Director

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP

Consolidated Condensed Statement of Income and Comprehensive Income
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue:				
Merchant fees, interest and dividend income	$ 4,726,738	$ 4,408,040	$ 13,285,521	$ 11,813,743
Other revenue (note 16)	407,610	626,386	1,245,401	1,635,715
	5,134,348	5,034,426	14,530,922	13,449,458
Direct costs:				
Sales commissions	1,120,519	1,201,972	3,320,314	3,298,533
Underwriting costs	87,420	77,647	202,407	237,018
Interest and financing costs	728,577	696,388	2,126,580	1,753,902
Collection costs	91,359	69,666	260,659	162,121
	2,027,875	2,045,674	5,909,960	5,451,574
Realized and unrealized losses of financial assets designated at fair value through profit and loss	679,297	1,046,900	2,775,196	2,806,248
Provision for credit losses	221,897	-	251,061	16,577
	901,193	1,046,900	3,026,257	2,822,825
Net revenue	2,205,280	1,941,852	5,594,706	5,175,060
Operating expenses:				
Advertising and promotion	-	55,992	318,872	233,290
Depreciation and amortization	-	58,029	196,934	167,667
Management fees	290,175	269,534	871,307	1,137,921
Office and stationery	1	99,114	230,318	281,957
Origination and servicing Fees	1,117,249	-	1,117,249	-
Professional fees	5,544	70,063	38,212	166,094
Rent	-	39,644	4,426	132,603
Telecommunications	-	7,182	42,586	20,225
Travel	-	45,484	60,066	76,954
Wages, benefits and subcontractors	4,595	536,358	1,396,818	1,654,825
	1,417,563	1,181,400	4,276,790	3,871,536
Net operating income	787,717	760,452	1,317,916	1,303,523
Foreign exchange gain (loss)	-	-	-	80,768
Gain on transfer to related parties	61,205	-	61,205	-
Net income and comprehensive income	$ 848,921	$ 760,452	$ 1,379,121	$ 1,384,291

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

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP

Consolidated Condensed Statement of Net Assets Attributable to the Partners
(Unaudited)

Period ended September 30, 2019	Class A	Class B	General Partner	Total
Partners' capital, December 31, 2018	$ 518,335	$ 28,437,604	$ -	$ 28,955,939
Units issued	36,650	9,864,287	-	9,900,937
Units redeemed	-	(5,620,266)	-	(5,620,266)
Partners' capital ending	554,985	32,681,625	-	33,236,610
Retained earnings, December 31, 2018	(45,440)	369,751	11,926	336,237
IFRS 16 adjustment (note 4)	(1,676)	(62,341)	-	(64,017)
Adjusted Balance, January 1, 2019	(47,116)	307,410	11,926	272,220
Net income	33,471	1,345,650	-	1,379,121
Redemption premium	-	(270,104)	-	(270,104)
Distributions paid	(48,493)	(1,862,989)	-	(1,911,482)
	(62,138)	(480,033)	11,926	(530,245)
Net assets attributable to the partners	$ 492,847	$ 32,201,592	$ 11,926	$ 32,706,365

Period ended September 30, 2018	Class A	Class B	General Partner	Total
Partners' capital, December 31, 2017	$ 469,313	$ 28,038,231	$ -	$ 28,507,544
Units issued	37,194	3,062,332	-	3,099,526
Units redeemed	-	(2,853,989)	-	(2,853,989)
Partners' capital ending	506,507	28,246,574	-	28,753,081
Retained earnings, December 31, 2017	(41,484)	1,003,866	11,926	974,308
Net income	35,734	1,348,557	-	1,384,291
Redemption premium	-	(225,572)	-	(225,572)
Distributions paid	(46,473)	(1,817,622)	-	(1,864,095)
	(52,223)	309,229	11,926	268,932
Net assets attributable to the partners	$ 454,284	$ 28,555,803	$ 11,926	$ 29,022,013

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

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP

Consolidated Condensed Statement of Cash Flows
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net Income	$ 848,921	$ 760,452	$ 1,379,121	$ 1,384,291
Operations:				
Adjustments for non-cash items:				
Depreciation and amortization	-	58,029	196,934	167,667
Realized losses of financial assets designated at fair value through profit and loss	679,297	1,046,900	2,775,196	2,806,248
Provision for credit losses	221,897	-	251,061	16,577
Written-off receivables and loans	(603,673)	(1,197,626)	(1,833,784)	(2,522,998)
Interest income	(525,958)	(540,515)	(1,422,991)	(1,425,630)
Interest expense	629,379	593,173	1,823,515	1,487,367
Changes in net working capital	(1,707,838)	(219,914)	(1,602,221)	(311,843)
Interest received	417,105	755,322	1,316,084	1,463,335
Interest paid	(425,529)	(362,006)	(1,559,710)	(956,431)
	(466,399)	893,815	1,323,205	2,108,583
Investments:				
Sale (Purchase) of property and equipment	141,101	-	83,127	(7,240)
Sale (Purchase) of intangible assets	1,144,962	(83,489)	926,614	(279,355)
Net funding of merchant advances receivable	787,842	1,668,515	(2,642,962)	(1,524,387)
Net funding of merchant loans and lines of credit	(27,009)	(10,494)	(866,535)	115,568
Net funding of loans and advances of origination partners	(1,017,451)	(446,574)	111,903	(1,400,828)
Net funding of wholesale credit facilities	412,759	2,434,592	406,926	(1,398,441)
Net funding of Venbridge investment	473,419	(3,450,000)	827,312	(4,300,000)
Decrease (increase) in due from General Partner	(1,727,502)	(187,757)	(1,185,787)	(1,915,003)
Net divestment (investment) in jointly controlled enterprises	190,719	-	190,719	-
	378,840	(75,207)	(2,148,683)	(10,709,686)
Financing:				
Net increase in borrowings	1,112,137	1,492,585	943,627	10,228,794
Limited Partner's capital raised	2,886,531	452,688	9,900,938	2,873,953
Limited Partner's capital redeemed	(684,753)	(1,597,563)	(5,890,372)	(2,853,989)
Limited Partner’s distributions paid	(637,095)	(602,154)	(1,911,482)	(1,864,095)
	2,676,820	(254,444)	3,042,711	8,384,663
Increase (decrease) in cash	2,589,261	564,164	2,217,233	(216,440)
Cash, beginning of period	2,119,551	2,200,596	2,491,579	2,981,200
Cash, end of period	$ 4,708,812	$ 2,764,760	$ 4,708,812	$ 2,764,760

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

1. Partnership information:

Merchant Opportunities Fund Limited Partnership (the "Partnership"), formerly known as Merchant Advance Capital Limited Partnership, was established under the laws of the Province of British Columbia on April 1, 2010. The Partnership is located in Canada and its registered office is 2000 – 1500 West Georgia Street, Vancouver, British Columbia. The principal business activity of the Partnership is providing commercial capital funding to small and medium sized business in Canada.

Prior to July 1, 2019, the General Partner was Merchant Advance Capital Ltd. (the "Former General Partner"). As of July 1, 2019, the general partner of the Partnership is Merchant Opportunities Fund Ltd. (the "General Partner"). The General Partner manages the business, investments and administrative affairs of the Partnership.

Under the Tenth Amended and Restated Limited Partnership Agreement (the "LPA") between the General Partner and each of the Limited Partners (the "Limited Partners") dated October 9th, 2019 the net income of the Partnership for a fiscal period shall be allocated as follows:

- Firstly, to the class A units and the class B units, up to the amount of the positive difference, if any, between the preferred return (8%) of such class of unit in respect of all prior fiscal periods and the net income and any gain on sale of the Partnership for such prior fiscal periods already allocated to such class of unit.
- Secondly, to the class A units and the class B units, up to the amount of any preferred return of each such class of unit for such fiscal year, less any gain on sale already allocated to such class of unit for such fiscal year:
- Thirdly, the amount of any remaining net income up to 25% of the aggregate amount allocated to the Limited Partners in such fiscal period pursuant to the foregoing sections as follows:
    - the portion of the net income earned from the following businesses of the Partnership: purchase of future receivables and business loans, Venbridge Limited Partnership, Merchant Growth Asset Financing Ltd. (formerly Merchant Advance Assets Financing Ltd.) and Creditloans Canada Financing Inc. (collectively, the "Original Business"), shall be paid to Merchant Growth Ltd. (formerly known as Merchant Advance Capital Ltd.) to compensate such entity for past services to the Partnership; and
    - the portion of Net Income earned from any other source other than those set out above shall be paid to the General Partner (the "New Business");
- Fourthly, any remaining net income shall be allocated (i) as to 80% thereof, to the class A units and the class B units, and (ii) as to 20% thereof, to Merchant Growth and the General Partner in proportion to net income earned as between the Original Business and the New Business.

2. Organizational Realignment

On July 1st, 2019, the Partnership undertook an organizational realignment ("Realignment") which sought to simplify the Partnership's business activities. The primary effects of the Realignment are to reduce or eliminate the Partnership's exposure to non-financial assets and to reduce the variability of operating expenses by externalizing certain operating activities of the Partnership. As part of the Realignment the Partnership's General Partner, Merchant Growth Ltd. ("MGL") (formerly known as Merchant Advance Capital Ltd.), was replaced by Merchant Opportunities Fund Ltd. Two name changes occurred as part of this replacement, Merchant Advance Capital Ltd. was renamed to Merchant Growth Ltd. ("MGL") and the Partnership changed its name to Merchant Opportunities Fund Limited Partnership (previously Merchant Advance Capital Limited Partnership).

(a) Transactions - To complete the Realignment the following transactions occurred between MGL and the Partnership:

- Shares of the following entities were acquired by MGL from the Partnership in exchange for promissory notes with a value of $10,800:
  - Merchant Growth Asset Financing Ltd. (formerly Merchant Advance Asset Financing Ltd.);
  - B2B Advance Servicing Ltd.; and
  - Merchant Technologies Ltd.
- Options to acquire equity in Merchant Growth Asset Financing Ltd. were assigned from the Partnership to MGL in exchange for a promissory note with a value of $190,719.
- The Partnership transferred substantially all of its intellectual property assets, technology assets, right-of-use assets, and fixed assets (property and equipment) to MGL in in exchange for Class C redeemable preferred shares with a total value of $1,455,776.

2. Organizational Realignment (continued):

(b) New agreements - To complete the Realignment the following series of agreements were entered between MGL and the Partnership:

- MGL and the Partnership entered into a services agreement whereby:
    - MGL will provide operational support services related to the origination, underwriting, and servicing of an existing and recurring book of receivables and loans in consideration for a portfolio origination fee equal to 5.5% of cash collections, and a portfolio servicing fee equal to 1% of cash collections.
    - The Partnership will compensate MGL for originating receivables and loans under the same terms the Partnership pays its external origination partners.
- The Partnership assigned to MGL certain operational and employment agreements related to operations previously performed by the Partnership which are now transferred to MGL.

(c) Carrying value transferred

The following table summarizes the carrying value assigned to the assets and liabilities transferred at the date of Realignment:

(Unaudited)		July 1, 2019
Assets Sold		
Cash	$	8,840
Other amounts receivable		251,230
Investments		190,719
Property and equipment		141,101
Intangible assets		1,144,962
Right-of-use assets		205,124
		1,941,976
Liabilities Transferred		
Accounts payable and accrued liabilities		86,817
Lease liabilities		259,068
		345,885
Total carrying value assigned		1,596,090
Consideration received		
Due from related parties		1,657,295
Gain on transfer to related parties	$	61,205

3. Basis of presentation:

The unaudited interim condensed consolidated financial statements have been authorized for issue by the Board on January 28, 2020.

(a) Statement of compliance:

The unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 were prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using the same accounting policies and estimates as those used in the Partnership's most recent audited annual consolidated financial statements, except as described in notes 4 and 5. These unaudited interim condensed consolidated financial statements do not include all of the disclosures included in the Partnership's audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read together with the audited annual consolidated financial statements.

(b) Basis of measurement:

The unaudited interim condensed consolidated financial statements have been prepared on the going concern basis, under the historical cost basis, except for financial assets and financial liabilities accounted for at fair value through profit or loss and all derivative financial instruments, which are measured at fair value.

(c) Functional and presentation currency:

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the Partnership's functional currency.

(d) Use of estimates:

The preparation of unaudited interim condensed consolidated financial statements in compliance with IFRS requires the management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Partnership's most recent audited annual consolidated financial statements.

3. Basis of presentation (continued):

(e) Basis of consolidation:

(*i*) Subsidiaries:

The unaudited interim condensed consolidated financial statements include the assets, liabilities, and the results of operations and cash flows of Merchant Opportunities Fund Limited Partnership and its wholly owned subsidiaries after the elimination of inter-company transactions and balances. As of September 30th, 2019, the only wholly owned subsidiary is Merchant Receivables Limited Partnership.

(*ii*) Interest in equity – accounted investees:

Associates are those entities in which the Partnership has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Partnership holds between 20 and 50 percent of the voting power of another entity. As of September 30th, 2019, the Partnership had no associates.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Partnership's investment is net of any accumulated impairment losses. The unaudited interim condensed consolidated financial statements include the Partnership's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Partnership, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Partnership's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Partnership has an obligation or has made payments on behalf of the investee.

4. Changes in accounting policies:

IFRS 16, *Leases ("IFRS 16")*:

IFRS 16 - Leases was released in January 2016 and sets out a new model for lease accounting, replacing IAS 17 - Leases. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. For lessors the accounting is similar to IAS 18. IFRS 16 is effective for accounting periods beginning on or after January 1, 2019. The Partnership adopted IFRS 16 in its financial statements for the period beginning on January 1, 2019.

4. Changes in accounting policies (continued):

IFRS 16, *Leases ("IFRS 16") (continued)*:

The following table summarizes the transition adjustment required to adopt IFRS 16 as at January 1, 2019.

(Unaudited)	Carrying amount under previous accounting standards as at December 31, 2018	Transition Adjustment	IFRS 16 carrying amount as at January 1, 2019
Right-of-use assets	-	273,499	273,499
Lease liabilities	-	337,516	337,516
Retained earnings	336,237	(64,017)	272,220

In accordance with IFRS 16, the Partnership recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases. As of the date of adoption, the Partnership's only operating lease was a lease agreement for office space at 2000-1500 West Georgia, Vancouver.

The right-of-use assets for leases recognized as at January 1, 2019 date of adoption is the net carrying amount for the leases assuming that the standard had always been applied. As such, the net carrying amount is measured at the amount of lease liabilities recognized as if the standard had always been applied (apart from the use of incremental borrowing rate on leases at the date of initial application), less any accumulated depreciation (from the lease inception to the January 1, 2019 date of adoption). The lease liabilities were recognized based on the present value of the remaining lease payments as at January 1, 2019, discounted using the incremental borrowing rate on leases at the date of initial application. As mentioned above, the difference between the right-of-use asset and lease liabilities recognized at the date of initial application was recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as at January 1, 2019 as follows:

(Unaudited)	
Lease commitments as at January 1, 2019	372,181
Incremental borrowing rate on leases as at January 1, 2019	10%
Lease liabilities as at Jan 1, 2019	337,516

The lease liability is derived by discounting the operating lease payments to which the Partnership is committed, at the incremental borrowing rate on leases.

4. Changes in accounting policies (continued):

IFRS 16, *Leases ("IFRS 16") (continued)*:

Set out below are the new accounting policies of the Partnership upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Partnership recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized at the inception of the lease, initial direct costs incurred, and lease payments made at or before the lease commencement date less any lease incentives received. Unless the Partnership is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Partnership recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, plus variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees

In determining a lease component, the Partnership does not separate the non-lease components from lease component and instead account for each lease component and any associated non-lease components as a single lease component.

In calculating the present value of lease payments, the Partnership uses the incremental borrowing rate on leases at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Impact on the Statements of Income and Comprehensive income

The net effect of adopting IFRS 16 on the statements of income and comprehensive income is to decrease rent expense while increasing depreciation and amortization and financing costs with an insignificant impact on net income. The adoption of IFRS 16 has no impact on the cash flows of the Partnership. For the three and nine-month periods ended September 30, 2019, the adoption of IFRS 16 increased net income by $4,568 and $10,071, respectively.

4. Changes in accounting policies (continued):

IFRS 16, *Leases ("IFRS 16") (continued)*:

Right-of-use assets and Lease liability

Set out below, are the carrying amounts of the Partnership's right-of-use assets and lease liabilities and the movements during the period.

(Unaudited)	Right-of-use	Lease Liabilities
As at January 1, 2019	273,499	337,516
Additions	-	-
Depreciation expense	(68,375)	-
Interest expense	-	14,599
Interest payment	-	(14,599)
Principal payment	-	(78,448)
Disposal (note 2)	(205,124)	(259,068)
As at September 30, 2019	-	-

On July 1, 2019, the Partnership underwent an organizational realignment under which right-of-use assets with a carrying value of $205,124 and lease liabilities with a carrying value of $259,068 were transferred to Merchant Growth Ltd. ("MGL") (see note 2).

5. Use of estimates:

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. Changes in assumptions may have a material impact on the financial statements in the period the assumptions changed. The principal areas involving a higher degree of judgment or complexity and/or areas which require significant estimates are found in the Partnership's most recent audited annual consolidated financial statements, except for those accounting estimates described below:

(a) Realized and unrealized losses of financial assets designated at FVTPL:

The Partnership regularly reviews its financial assets designated at FVTPL to assess for impairment. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Partnership makes judgments as to whether there is any observable data indicating an impairment trigger followed by a measurable decrease in the estimated future cash flows from a financial asset has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment or solvency status of borrower or portfolio of borrowers. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when determining the magnitude of impairment.

6. Other amounts receivable:

	September 30, 2019	December 31, 2018
(unaudited)		
Other amounts receivable	$ 1,757,740	$ 477,610
Prepaid expenses	-	92,248
	$ 1,757,740	$ 569,858

7. Derivative financial instruments:

Foreign currency derivatives consist of U.S. dollar forward contracts with a notional amount of $9,207,850 (2018 - $8,444,750). The fair value of the forward contract was determined with reference to a quotation from a derivatives dealer which the Partnership accepts as the fair value of this instrument. The fair value of the futures contract was determined with reference to quotes from an active market.

8. Merchant advances receivable and loans:

The Partnership's advances receivable and loans represent amounts advanced to customers of the Partnership and loans acquired from other originators.

Included in merchant advances receivable and loans are assets in the form of co-investment interests with syndication and origination partners. The Partnership's interests in these assets have a carrying value of $4,904,839 (2018 - $4,201,532). The Partnership's has significant merchant advances receivable and loans with 9322-0994 Quebec Inc. (dba Merchant Lenders). The Partnership's carrying values of assets with this party are $3,341,670 (2018 - $2,068,333).

The portfolio originated by the Partnership consists of merchant advances receivable, merchant loans and merchant lines of credit. The Partnership manages these assets as a single group. The ordinary operating cycle of advances receivable range from 6 to 15 months, while loan terms generally range from 9 to 18 months. Merchant lines of credit are revolving on demand debt facilities.

Loans and advances of origination partners represent proportionate tranches of personal loans and merchant advances originated by other lenders. Included in this balance are loans originated by Credit Loans Canada Financing Inc. (dba Progressa) with a carrying value of $3,286,882 (2018 - $3,933,171), a company with directors in common with the Partnership. Loans have been acquired in the normal course of business and are measured at the exchange amount. The ordinary operating cycle of these loans are range from 6 to 48 months.

8. Merchant advances receivable and loans (continued):

(a) Loan maturities and rate sensitivities:

	Maturity term				Rate sensitivity		
September 30, 2019	Under 1 year	1 to 5 Years	Over 5 Years	**Total**	Floating	Fixed rate	**Total**
(Unaudited)							
Merchant loans and lines of credit	$ 1,059,534	$ -	$ -	$ 1,059,534	$ -	$ 1,059,534	$ 1,059,534
Allowance for credit losses	(263,481)	-	-	(263,481)	-	(263,481)	(263,481)
Total loans - net of allowance for credit losses	$ 796,053	$ -	$ -	$ 796,053	$ -	$ 796,053	$ 796,053

	Maturity term				Rate sensitivity		
December 31, 2018	Under 1 year	1 to 5 Years	Over 5 Years	**Total**	Floating	Fixed rate	**Total**
(Unaudited)							
Merchant loans and lines of credit	$ 192,999	$ -	$ -	$ 192,999	$ -	$ 192,999	$ 192,999
Allowance for credit losses	(7,565)	-	-	(7,565)	-	(7,565)	(7,565)
Total loans - net of allowance for credit losses	$ 185,434	$ -	$ -	$ 185,434	$ -	$ 185,434	$ 185,434

(a) Impaired loans:

There was a balance of $232,055 of Stage 3, credit-impaired Merchant loans and lines of credit as of Sep 30, 2019 (2018 – nil).

(b) Loans past due but not impaired:

There were no Merchant loans and lines of credit that are past due but not impaired as at September 31, 2019 and December 31, 2018.

9. Wholesale credit facilities:

Wholesale Credit Facilities represent demand revolving credit facilities provided to partner originators and related parties. Facilities bear interest between 11% and 18% compounded monthly and are secured against a borrowing base of financial assets.

9. Wholesale credit facilities (continued):

Included in this balance is a credit facility to a corporation with a director in common with the Partnership, Merchant Advance Asset Financing Ltd. with a balance of $5,793,423 (2018 - $9,658,658) and a separate credit facility to a corporation with directors in common with the Partnership, Creditloans Canada Financing Inc. (dba. Progressa) with a balance of $3,363,354 (2018 – nil). Also included in this balance is a credit facility to 9322-0994 Quebec Inc. (dba Merchant Lenders) with a balance of $2,325,718 (2018 - $1,675,263) and a credit facility to B2B Marketing Inc. with a nil balance (2018 - $458,734).

10. Due from (to) related parties:

(a) Due from related parties:

	September 30, 2019	December 31, 2018
(Unaudited)		
Due from Merchant Growth Ltd.	$ 3,894,457	$ 2,132,861
Due from General Partner	-	-
Due from Venbridge Ltd.	-	49,313
Due from Gens Software	-	250,000
	$ 3,894,457	$ 2,432,174

Due from related parties balance in the table above excludes provision for credit losses of $15,686 (2018 - $2,853). Total amounts due from related parties net of provision credit losses as of September 30, 2019 is $3,878,771 (2018 - $2,429,322).

(b) Due to related parties:

	September 30, 2019	December 31, 2018
(Unaudited)		
Due to Venbridge Ltd.	$ -	$ 98,748
	$ -	$ 98,748

10. Due from (to) related parties (continued):

In the normal course of business, the Partnership transacts with its General Partner and other related entities under common control and/or directorship. As of September 30, 2019 the Partnership had a revolving credit facility with Merchant Growth Ltd. (previously Merchant Advance Capital Ltd.) with a balance of $2,220,698 (2018 - $2,132,861). On July 1, 2019, the Partnership underwent an organizational realignment under which certain fixed and intangible assets were sold to Merchant Growth Ltd. ("MGL") in exchange for promissory notes and Class C preferred shares in MGL (see note 2). As of September 30, 2019, the promissory notes had a balance of $203,521 (2018 – nil) and the Class C preferred shares had a value of $1,470,238 (2018 – nil). The promissory notes are repayable on demand and pay interest at a rate of 4% per annum. The Class C preferred shares are redeemable on demand and pay income at a rate of 4% per annum. In the three and nine month period ended September 2019, the Partnership earned interest and preferred share income of $70,940 and $172,971 respectively (2018 - $34,371 and $66,873) from related party amounts with MGL.

11. Investments:

	September 30, 2019	December 31, 2018
(Unaudited)		
Venbridge LP - 6,074,770 Limited Partnership Units The LP units are redeemable at the Net Asset Value.	$ 6,079,771	$ -
Venbridge Ltd. - 6,907,083 preferred shares The preferred shares are non-voting, redeemable and retractable.	-	6,907,083
Venbridge Ltd. - 1,000 common shares 50 common shares This investment represents 50% of the common shares and voting rights of the investee.	-	1
Merchant Advance Asset Financing Ltd. 50 common shares This investment represents 50% of the equity value and voting rights of the investee.	-	190,718
	$ 6,079,771	$ 7,097,802

11. Investments (continued):

On January 1, 2019, the Partnership completed the sale of all its common equity ownership (1,000 common shares) in Venbridge Ltd. to Helman Consulting Ltd. The Partnership continues to fund the originations of Venbridge Ltd. and has exchanged its preferred shares in Venbridge Ltd. for limited partnership units in Venbridge Limited Partnership.

12. Property and equipment:

	Furniture and equipment	Computer equipment and software	Leasehold improvements	Total
(unaudited)				
Cost:				
Balance at January 1, 2019	$ 65,581	$ 149,112	$ 5,868	$ 220,561
Acquisitions	5,554	20,098	32,323	57,974
Disposal (note 2)	(71,134)	(169,209)	(38,191)	(278,535)
Balance at September 30, 2019	$ -	$ -	$ -	$ -
Accumulated depreciation:				
Balance at January 1, 2019	$ 32,440	$ 88,930	$ 1,304	$ 122,674
Depreciation	3,553	10,044	1,162	14,760
Disposal (note 2)	(35,993)	(98,974)	(2,466)	(137,434)
Balance at September 30, 2019	$ -	$ -	$ -	$ -

	Furniture and equipment	Computer equipment and software	Leasehold improvements	Total
(unaudited)				
Cost:				
Balance at January 1, 2018	$ 65,581	$ 141,872	$ 5,868	$ 213,321
Acquisitions	-	7,240	-	7,240
Balance at September 30, 2018	$ 65,581	$ 149,112	$ 5,868	$ 220,561
Accumulated depreciation:				
Balance at January 1, 2018	$ 24,180	$ 63,321	$ 652	$ 88,153
Depreciation	6,195	18,635	489	25,319
Balance at September 30, 2018	$ 30,375	$ 81,956	$ 1,141	$ 113,472
Carrying amounts:				
Balance at September 30, 2018	$ 35,206	$ 67,156	$ 4,727	$ 107,089
Balance at September 30, 2019	-	-	-	-

On July 1, 2019, the Partnership underwent an organizational realignment under which fixed assets with a carrying value of $141,101 were transferred to Merchant Growth Ltd. (“MGL”) (see note 2).

13. Intangible assets:

	Web domain asset	Software development cost	Software	Total
(unaudited)				
Cost:				
Balance at January 1, 2019	$ 19,480	$ 1,396,842	$ 9,189	$ 1,425,511
Acquisitions	3,481	214,868	-	218,349
Disposal (note 2)	(22,961)	(1,611,710)	(9,189)	(1,643,860)
Balance at September 30, 2019	$ -	$ -	$ -	$ -
Accumulated depreciation:				
Balance at January 1, 2019	$ -	$ 378,362	$ 6,735	$ 385,097
Depreciation	-	113,556	246	113,802
Disposal (note 2)	-	(491,918)	(6,980)	(498,899)
Balance at September 30, 2019	$ -	$ -	$ -	$ -

	Web domain asset	Software development cost	Software	Total
(unaudited)				
Cost:				
Balance at January 1, 2018	$ 19,480	$ 990,908	$ 9,189	$ 1,019,577
Acquisitions	-	279,355	-	279,355
Balance at September 30, 2018	$ 19,480	$ 1,270,263	$ 9,189	$ 1,298,932
Accumulated depreciation:				
Balance at January 1, 2018	$ -	$ 170,284	$ 6,122	$ 176,406
Depreciation	-	141,888	460	142,347
Balance at September 30, 2018	$ -	$ 312,172	$ 6,582	$ 318,753
Carrying amounts:				
Balance at September 30, 2018	$ 19,480	$ 958,091	$ 2,607	$ 980,178
Balance at September 30, 2019	-	-	-	-

On July 1, 2019, the Partnership underwent an organizational realignment under which intangible assets with a carrying value of $1,144,962 were transferred to Merchant Growth Ltd. (“MGL”) (see note 2).

14. Demand credit facilities:

	September 30, 2019	December 31, 2018
Gens International Limited Demand credit facility was granted and limited to the aggregate amount of USD$8,000,000 as per an agreement dated July 31, 2018. It requires monthly interest payments at a rate between 8-10% per annum. The facility is secured by a general security agreement and an intercreditor agreement.	10,266,397	10,171,762
Comvest Partners This credit facility was granted and limited to the aggregate amount of $25,000,000 as per an agreement dated March 5, 2018. It requires monthly interest payments at the Canadian Dollar Offered Rate (CDOR) plus 7.5% per annum. The loan was secured by a borrowing base of merchant receivables, loans and lines of credit.	18,000,000	16,000,000
Gens Software Ltd. This demand loan was granted on February 2nd, 2018 and limited to the aggregate principal amount of $1,000,000. It requires monthly interest payments at the rate of 10% per annum.	-	1,016,879
	28,266,397	27,188,641
Deferred finance fees	(244,942)	(374,618)
	$ 28,021,455	$ 26,814,023

15. Partners' capital:

The Partnership is authorized to issue an unlimited number of Limited Partnership units. Class A units and class B units participate in operating profits under equivalent terms.

	Class A		Class B		
Period ended, September 30, 2019	Number of units	Amount	Number of units	Amount	Total
(Unaudited)					
Units - beginning, December 31, 2018	88,426	$ 518,335	3,288,858	$ 28,437,604	$ 28,955,939
Units issued	4,145	36,650	1,105,464	9,864,287	9,900,937
Units redeemed	-	-	(672,604)	(5,620,266)	(5,620,266)
	92,571	$ 554,985	3,721,718	$ 32,681,625	$ 33,236,610

	Class A		Class B		
Period ended, September 30, 2018	Number of units	Amount	Number of units	Amount	Total
(Unaudited)					
Units - beginning, December 31, 2017	82,941	$ 469,313	3,287,250	$ 28,038,231	$ 28,507,544
Units issued	4,153	37,194	338,723	3,062,332	3,099,526
Units redeemed	-	-	(339,124)	(2,853,989)	(2,853,989)
	87,094	$ 506,507	3,286,849	$ 28,246,573	$ 28,753,081

16. Other revenue:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
(Unaudited)				
Client fees	$ 115,065	$ 87,694	$ 352,461	$ 309,364
Partner fees	-	72,487	102,503	198,015
Other investment income	292,545	466,205	790,437	1,128,336
	$ 407,610	$ 626,386	$ 1,245,401	$ 1,635,715

Client fees are fees earned outside of the regular contractual cash flows of merchant advance and loan products. Partner fees are earned on debt servicing services to lending partners. Other investment income relates to income earned on loans and advances of origination partners and limited partnership income from Venbridge LP.

17. Related party transactions:

A management fee is paid to the General Partner for the provision of management and oversight of the Partnership's business. Effective per a special resolution on May 31, 2018, the General Partner is entitled to be paid an annual amount equal to 2% of total assets expressed on the Limited Partnership's financial statements. The fee is payable on a monthly basis as determined by the General Partner. Following the organizational realignment ("Realignment") dated July 1st, 2019 (see note 2), the management fee is allocated between the General Partner and Merchant Growth Ltd. ("MGL"), a corporation with directors in common with the General Partner. In addition, as part of the Realignment, MGL is paid an origination and servicing fee for the provision of operational support services related to the origination, underwriting, and servicing of an existing and recurring book of merchant advances and merchant loans. Effective July 1st, 2019, this fee is equal to 6.5% of cash collections from the Partnership's portfolio of merchant advances and merchant loans.

During the nine month period ended September 30, 2019 (compared to the nine month period ended September 30, 2018), the following transactions occurred between the General Partner and those related to them:

- Management fees of $24,975 were paid to the General Partner (2018 - nil) during the period.
- Management fees of $846,332 were paid to MGL (2018 - $1,409,564) during the period.
- Portfolio origination and servicing fees of $1,117,249 were paid to MGL (2018 - nil).
- Pursuant to the Realignment dated July 1, 2019, the Partnership sold net assets with a carrying value of $1,596,090 to MGL in exchange for promissory notes totaling $201,519 and Class C preferred shares with a par value of $1,455,775. During the period the partnership earned income of $16,465 from these promissory notes and preferred shares.
- The Partnership advanced net proceeds of $87,837 (2018 - $2,063,236) to MGL pursuant to a credit agreement and earned interest income of $156,506 (2018 - $106,366).
- Pursuant to credit facilities advanced to other corporations with directors in common with the General Partner, the Partnership received a net payback of advanced funds of $501,880 during the period (in 2018 the Partnership advanced net proceeds of $713,717). The Partnership earned interest income of $874,329 (2018 - $1,116,039) on these credit facilities.
- A corporation with a director in common with the General Partner advanced the Partnership net debt funding of $94,635 (2018 - $7,539,232) pursuant to a credit agreement. The partnership paid interest of $594,804 (2018 - $642,203) during the period.
- A corporation with a director related to a director of the General Partner was repaid on short term debt with the Partnership for net proceeds of $1,016,879 (in 2018 the corporation advanced net debt funding of $1,016,879) pursuant to a promissory note. The Partnership paid interest of $2,811 (2018 - $65,646) during the period.
- The Partnership invests in loan purchases from an originator with directors in common with the General Partner. During the period the Partnership received a net payback on invested amounts of $357,272 (in 2018 the Partnership invested net proceeds of $1,004,479) and earned loan portfolio income of $421,262 (2018 - $776,885).

17. Related party transactions (continued):

- MGL received quarterly unit distributions from the Partnership of $7,618 (2018 - $7,611).
- Corporations with current directors in common with the General Partner subscribed for 145,498 Class B units for proceeds of $1,301,823 (2018 - $303,917). Distributions received were $328,589 (2018 - $306,668). Total redemptions of units were 14,971 Class B units, for total proceeds of $135,011 (2018 - $456,031).
- Corporations with former directors in common with the General Partner subscribed for 8,398 Class B units for proceeds of $74,660 (2018 - $272,640). Distributions received were $60,809 (2018 - $122,654). Total redemptions of units were 174,497 Class B units, for total proceeds of $1,538,211 (2018 - nil).
- A Corporation with a director related to a director of the General Partner subscribed for 230 Class A units for proceeds of $2,024 (2018 - $2,091). Distributions received were $6,076 (2018 - $6,146).
- A Corporation with a director related to a director of the General Partner subscribed for 5,598 Class B units for proceeds of $49,262 (2018 - $58,391). Distributions received were $147,792 (2018 - $171,386).
- A Director of the General Partner received distributions of $646 (2018 - $645).
- A corporation controlled by an Executive of the General Partner subscribed for 1,151 Class A units for proceeds of $10,208 (2018 - $0).

18. Fair value of financial instruments:

The table below sets out the fair values of financial instruments, including derivatives, using the valuation methods and assumptions referred to above. The table does not include assets and liabilities that do not meet the definitions of financial instruments.

	September 30, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
(unaudited)				
Assets carried at fair value:				
Derivative financial instruments	$ 62,448	$ 62,448	$ 409,747	$ 409,747
Merchant advances receivables	28,283,365	28,283,365	26,312,178	26,312,178
Loans and advances of Origination Partners	4,137,871	4,137,871	4,519,411	4,519,411
Investments (preferred shares)	6,079,771	6,079,771	6,907,082	6,907,082
Assets carried at amortized cost:				
Cash	4,708,812	4,708,812	2,491,579	2,491,579
Other amounts receivable	1,757,740	1,757,740	569,858	569,858
Merchant loans and lines of credit	796,053	796,053	185,434	185,434
Wholesale credit facilities	11,493,526	11,493,526	11,803,801	11,803,801
Due from related parties	3,878,771	3,878,771	2,429,322	2,429,322
	$ 61,198,357	$ 61,198,357	$ 55,628,412	$ 55,628,412
Liabilities carried at amortized cost:				
Demand credit facilities	$ 28,021,455	$ 28,021,455	$ 26,814,023	$ 26,814,023
Accounts payable and accrued liabilities	470,537	470,537	752,486	752,486
Due to related parties	-	-	98,748	98,748
	$ 28,491,992	$ 28,491,992	$ 27,665,257	$ 27,665,257

18. Fair value of financial instruments (continued):

The following tables summarize the valuation methods used to measure the fair value of financial instruments which are accounted for at fair value in the Partnership's consolidated statement of financial position. Fair value measurements are analyzed according to a fair value hierarchy of three levels, as outlined below. Observable inputs represent instances where market data is obtained from independent soursces. Unobservable inputs are based on the Partnership's own internal assumptions.

Level 1: Unadjusted quoted market prices in active markets for identical financial assets and financial liabilities.

Level 2: Inputs, other than quoted prices included within Level 1, are observable for the financial asset or financial liability either directly or indirectly.

Level 3: Entity level inputs which are not based upon market observable data.

The level in the fair value hierarchy within which the fair value is categorized shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1, Level 2 and Level 3.

The following table illustrates the classification of the Partnership's financial instruments within the fair value hierarchy:

September 31, 2019	Level 1	Level 2	Level 3
(unaudited)			
Financial assets:			
Fair value through profit or loss	$ -	$ 62,448	$ 38,501,007
Amortized cost	-	22,634,902	
	$ -	$ 22,697,350	$ 38,501,007
Financial liabilities:			
Fair value through profit or loss	$ -	$ -	$ -
Amortized cost		28,491,992	
	$ -	$ 28,491,992	$ -

18. Fair value of financial instruments (continued):

December 31, 2018		Level 1		Level 2		Level 3
(unaudited)						
Financial assets:						
Fair value through profit or loss	$	-	$	409,747	$	37,738,671
Amortized cost		-		17,479,994		
	$	-	$	17,889,741	$	37,738,671
Financial liabilities:						
Fair value through profit or loss	$	-	$	-	$	-
Amortized cost				27,665,257		
	$	-	$	27,665,257	$	-

19. Commitments:

In 2015 the Partnership, in conjunction with a company with a director in common, entered into a 10 year lease agreement for office space at 2000-1500 West Georgia, Vancouver, BC commencing January 1, 2016, with an option to terminate after 60 months. The Partnership has since assigned this lease agreement to Merchant Growth Ltd. as part of its organizational realignment (see note 2).

Consolidated Financial Statements of

MERCHANT ADVANCE CAPITAL LIMITED PARTNERSHIP

Year ended December 31, 2018

KPMG LLP
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Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Partners of Merchant Advance Capital Limited Partnership

Opinion

We have audited the consolidated financial statements of Merchant Advance Capital Limited Partnership (the Partnership), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statements of income and comprehensive income for the year then ended
- the consolidated statement of net assets attributable to the partners for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Partnership as at December 31, 2018, and its consolidated financial performance and its consolidated 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 Partnership 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.

Emphasis of Matter – Comparative Information

We draw attention to note 2(f) to the financial statements which describes that the Partnership adopted International Financial Reporting Standards (IFRS), with a transition date of January 1, 2017. These standards were applied retrospectively by management to the comparative information presented in these financial statements.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

We were not engaged to report on the comparative information presented in these financial statements, and as such, it is unaudited.

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 Partnership'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 Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership'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.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Partnership'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 Partnership 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 15, 2019

MERCHANT ADVANCE CAPITAL LIMITED PARTNERSHIP

Consolidated Statement of Financial Position

	Notes	December 31, 2018	December 31, 2017	January 1, 2017
			(Unaudited)	(Unaudited)
Assets				
Cash		$ 2,491,579	$ 2,981,200	$ 914,448
Other amounts receivable	6	569,858	535,164	512,104
Derivative financial instruments	7	409,747	-	-
Merchant advances receivable	8	26,312,178	23,430,265	19,753,056
Merchant loans and lines of credit	8	185,434	325,074	173,190
Loans and advances of origination partners	8	4,519,411	4,311,063	1,423,162
Wholesale credit facilities	9	11,803,801	10,981,440	445,015
Due from related parties	10	2,429,322	84,625	29,636
Investments	11	7,097,802	585,002	1
Property and equipment	12	97,887	125,169	101,000
Intangible assets	13	1,040,414	843,171	240,331
		$ 56,957,433	$ 44,202,173	$ 23,591,943
Liabilities				
Demand credit facilities	14	$ 26,814,023	$ 13,689,364	$ 3,009,787
Accounts payable and accrued liabilities		752,486	869,050	685,090
Derivative financial instruments	7	-	161,907	-
Due to related parties	10	98,748	-	830
		27,665,257	14,720,321	3,695,707
Net assets attributable to the partners:				
Partners' capital	15	28,955,939	28,507,544	18,352,748
Retained earnings		336,237	974,308	1,543,488
		29,292,176	29,481,852	19,896,236
		$ 56,957,433	$ 44,202,173	$ 23,591,943

Commitments	21
Subsequent events	22

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

Approved on behalf of the Board:

DocuSigned by:
David Gens
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Director

Director

MERCHANT ADVANCE CAPITAL LIMITED PARTNERSHIP

Consolidated Statements of Income and Comprehensive Income

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

	Notes	2018	2017
			(Unaudited)
Revenue:			
Merchant fees, interest and dividend income		$ 15,836,406	$ 11,932,650
Other revenue	16	2,143,262	1,349,433
		17,979,668	13,282,083
Direct costs:			
Sales commissions		4,408,103	3,394,484
Underwriting costs		288,650	195,340
Interest and financing costs		2,325,506	645,823
Collection costs		234,079	100,721
		7,256,338	4,336,368
Realized and unrealized losses of financial assets designated at fair value through profit and loss		3,736,601	2,516,400
Provision for credit losses		28,107	-
		3,764,708	2,516,400
Net revenue		6,958,622	6,429,315
Operating expenses:			
Advertising and promotion		307,330	382,274
Depreciation and amortization	12, 13	243,214	146,331
Management fees		1,409,564	1,291,576
Office and stationery		381,084	197,157
Professional fees		199,693	199,252
Rent		181,443	177,593
Telecommunications		33,179	36,839
Travel		89,059	88,089
Wages, benefits and subcontractors		1,981,901	2,137,393
		4,826,467	4,656,504
Net operating income		2,132,155	1,772,811
Foreign exchange gain (loss)		80,768	(80,768)
Net income and comprehensive income		$ 2,212,923	$ 1,692,043

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

MERCHANT ADVANCE CAPITAL LIMITED PARTNERSHIP

Consolidated Statement Net Assets Attributable to the Partners

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

Year ended December 31, 2018	Class A	Class B	General Partner	Total
Partners' capital, beginning	$ 469,313	$ 28,038,231	$ -	$ 28,507,544
Units issued	49,022	4,199,218	-	4,248,240
Units redeemed	-	(3,799,845)	-	(3,799,845)
Partners' capital ending	518,335	28,437,604	-	28,955,939
Retained earnings, beginning	(41,484)	1,003,866	11,926	974,308
Net income	57,914	2,155,009	-	2,212,923
Redemption premium	-	(374,249)	-	(374,249)
Distributions paid	(61,870)	(2,414,875)	-	(2,476,745)
	(45,440)	369,751	11,926	336,237
Net assets attributable to the partners	$ 472,895	$ 28,807,355	$ 11,926	$ 29,292,176

Year ended December 31, 2017	Class A	Class B	General Partner	Total
(Unaudited)				
Partners' capital, beginning	$ 563,860	$ 17,788,888	$ -	$ 18,352,748
Units issued	40,678	11,939,873	-	11,980,551
Units redeemed	(135,225)	(1,690,530)	-	(1,825,755)
Partners' capital ending	469,313	28,038,231	-	28,507,544
Retained earnings, beginning	70,720	1,466,737	6,031	1,543,488
Net income	35,773	1,650,375	5,895	1,692,043
Redemption premium	(64,095)	(125,398)	-	(189,493)
Distributions paid	(83,882)	(1,987,848)	-	(2,071,730)
	(41,484)	1,003,866	11,926	974,308
Net assets attributable to the partners	$ 427,829	$ 29,042,097	$ 11,926	$ 29,481,852

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

MERCHANT ADVANCE CAPITAL LIMITED PARTNERSHIP

Consolidated Statement of Cash Flows

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

	2018	2017
		(Unaudited)
Net Income	$ 2,212,923	$ 1,692,043
Operations:		
Adjustments for non-cash items:		
Depreciation and amortization	243,214	146,331
Realized losses of financial assets designated at fair value through profit and loss	3,736,601	2,516,400
Provision for credit losses	28,107	-
Written-off receivables and loans	(3,113,769)	(1,910,780)
Interest income	(58,936)	(42,380)
Interest expense	2,077,990	510,146
Changes in net working capital	(271,201)	160,901
Interest received	57,776	40,845
Interest paid	(1,203,130)	(38,020)
	3,709,575	3,075,486
Investments:		
Purchase of property and equipment	(7,239)	(61,592)
Purchase of intangible assets	(405,936)	(711,748)
Net funding of merchant advances receivable	(2,982,013)	(4,058,792)
Net redemption (funding) of merchant loans and lines of credit	133,236	(150,349)
Net funding of loans and advances of origination partners	(731,080)	(3,111,939)
Net funding of wholesale credit facilities	(840,050)	(10,536,425)
Net funding of preferred shares	(6,322,083)	(585,000)
Decrease (increase) in due from General Partner	(2,820,455)	106,087
Net investment in jointly controlled enterprises	(190,719)	(1)
	(14,166,339)	(19,109,759)
Financing:		
Net increase in borrowings	12,380,798	10,207,450
Limited Partner's capital raised	3,862,935	11,791,060
Limited Partner's capital redeemed	(3,799,845)	(1,825,755)
Limited Partner’s distributions paid	(2,476,745)	(2,071,730)
	9,967,143	18,101,025
Increase (decrease) in cash	(489,621)	2,066,752
Cash, beginning of year	2,981,200	914,448
Cash, end of year	$ 2,491,579	$ 2,981,200

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

1. Partnership information:

Merchant Advance Capital Limited Partnership (the "Partnership") was established under the laws of the Province of British Columbia on April 1, 2010. The Partnership is located in Canada and its registered office is 2000 – 1500 West Georgia Street, Vancouver, British Columbia. The principal business activity of the Partnership is providing commercial capital funding to small and medium sized business in Canada.

The general partner of the Partnership is Merchant Advance Capital Ltd. (the “General Partner”). The General Partner manages the business, investments and administrative affairs of the Partnership.

Under the Fifth Amended and Restated Limited Partnership Agreement (the “LPA”) between the General Partner and each of the Limited Partners (the “Limited Partners”) dated October 12, 2017 the net income of the Partnership for a fiscal period shall be allocated as follows:

- Firstly, to the Class A units and the Class B units, up to the amount of the positive difference, if any, between the preferred return (8%) of such Class of unit in respect of all prior fiscal periods and the net income and any gain on sale of the Partnership for such prior fiscal periods already allocated to such Class of unit.
- Secondly, to the Class A units and the Class B units, up to the amount of any preferred return of each such Class of unit for such fiscal year, less any gain on sale already allocated to such Class of unit for such fiscal year.
- Thirdly, to the General Partner, the amount of any remaining net income up to 25% of the aggregate amount allocated to the Limited Partners in such fiscal period pursuant to the foregoing.
- Fourthly, any remaining net income shall be allocated (*i*) as to 80% thereof, to the Class A units and the Class B units, and (*ii*) as to 20% thereof, to the General Partner.

2. Basis of presentation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect for the year ended December 31, 2018. The significant accounting policies applied in the preparation of the consolidated financial statements are set out in note 3 and 4 below. The consolidated financial statements comply with the requirements of IFRS, as detailed in note 2(f) and with the exception of changes in accounting policies disclosed in note 4.

These consolidated financial statements have been authorized for issue by the Board on April 15, 2019.

2. Basis of presentation:

(b) Basis of measurement:

The consolidated financial statements have been prepared on the going concern basis, under the historical cost basis, except for financial assets and financial liabilities accounted for at fair value through profit or loss and all derivative financial instruments, which are measured at fair value.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of consolidated financial statements in compliance with IFRS requires the management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(e) Basis of consolidation:

(*i*) Subsidiaries:

The consolidated financial statements include the assets, liabilities, and the results of operations and cash flows of Merchant Advance Capital Limited Partnership and its wholly owned subsidiaries after the elimination of inter-company transactions and balances. The wholly owned subsidiaries are Merchant Receivables Limited Partnership and Merchant Technologies Ltd.

(*ii*) Interest in equity - accounted investees:

Associates are those entities in which the Partnership has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Partnership holds between 20 and 50 percent of the voting power of another entity. The Partnership's associates are Merchant Advance Asset Financing Ltd. and Venbridge Ltd.

2. Basis of presentation (continued):

(e) Basis of consolidation (continued):

(ii) Interest in equity - accounted investees (continued):

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Partnership's investment is net of any accumulated impairment losses. The consolidated financial statements include the Partnership's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Partnership, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Partnership's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Partnership has an obligation or has made payments on behalf of the investee.

(f) Basis of transition to IFRS:

The Partnership's consolidated financial statements were prepared in accordance with Part II - *Accounting Standards for Private Enterprises* ("ASPE") of the CPA Canada Handbook as issued by the Accounting Standards Board of Canada up to and including December 31, 2017, and restated using IFRS for these consolidated financial statements. The financial reporting requirements of ASPE differ in a number of areas from those prescribed by IFRS. The Partnership's consolidated financial statements for the year ended December 31, 2018 are the first annual consolidated financial statements prepared in compliance with IFRS. The Partnership's transition date to IFRS was January 1, 2017 and accordingly, the Partnership prepared its opening IFRS consolidated balance sheet as at that date and has complied with *IFRS 1 - "First-time Adoption of International Financial Reporting Standards"* ("IFRS 1"). There is no change to retained earnings at the date of transition resulting from the adoption of IFRS.

3. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents are comprised of demand cash deposits with banks and term deposits with a maturity less than three months. Cash and cash equivalents are carried at amortized cost, which is equivalent to fair value.

3. Significant accounting policies (continued):

(b) Financial assets - policy applicable before January 1, 2018:

For the financial instruments accounting policy effective from January 1, 2018, please refer to note 4(a).

Management determines the categorization of financial assets at initial recognition. The Partnership initially recognizes loans and receivables on the date that they are acquired or originated. All other financial assets, including assets designated at fair value through profit or loss ("FVTPL"), are recognized initially on the trade date at which the Partnership becomes a party to the contractual provisions of the instrument. The Partnership's financial assets are categorized as one of the following: financial assets at FVTPL and loans and receivables. See note 4(c) for the measurement category for each financial assets.

(*i*) Financial assets at FVTPL:

This category comprises financial assets classified as FVTPL and financial assets designated by the Partnership at FVTPL upon initial recognition.

A financial asset is required to be classified as FVTPL if it is acquired principally for the purpose of being sold in the near term or if it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivative financial instruments are also categorized as FVTPL. Gains and losses on assets classified as FVTPL are recorded in net income.

(*ii*) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the Partnership intends to sell immediately or in the short term, which are classified as FVTPL, and those that the Partnership designates as FVTPL upon initial recognition; (b) those that the Partnership designates as available-for-sale ("AFS") upon initial recognition; or (c) those for which the holder may not recover substantially all of its initial investment, for reasons other than credit deterioration.

Loans and receivables are recorded at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

The Partnership's loans and receivables principally consist of cash, other amounts receivable, merchant loans and lines of credit, wholesale credit facilities, and due from related parties.

3. Significant accounting policies (continued):

(c) Financial liabilities - policy applicable before January 1, 2018:

Management determines the categorization of its financial liabilities at initial recognition. The Partnership initially recognizes financial liabilities (including liabilities designated at FVTPL) on the trade date at which the Partnership becomes a party to the contractual provisions of the instrument. Financial liabilities are categorized as either FVTPL or financial liabilities at amortized cost. Financial liabilities are derecognized when extinguished. See note 4(c) for the measurement category for each financial liability.

(*i*) Financial liabilities at FVTPL:

A financial liability is required to be classified as FVTPL if it is incurred principally for the purpose of redeeming it in the near term or if it is part of a portfolio of identified financial liabilities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives used for economic hedging are also categorized as FVTPL. Gains and losses on financial liabilities are recorded in net income.

(*ii*) Financial liabilities at amortized cost:

Financial liabilities that are not classified as FVTPL are classified as other financial liabilities and are measured at amortized cost. Financial liabilities consist of demand credit facilities and account payable and accrued liabilities. These are measured at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

(d) Determination of fair value:

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations wherever possible. This includes listed equity securities and quoted debt instruments. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For all other financial instruments, fair value is determined using valuation techniques. Fair values are estimated using models to estimate the present value of expected future cash flows, or by using other valuation techniques.

In some cases, some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The impact on net income from financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in note 19.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to Partnership's financial instruments.

3. Significant accounting policies (continued):

(e) Impairment of financial assets - policy applicable before January 1, 2018:

(*i*) Loans and receivables:

At each reporting date, the Partnership assesses whether there is objective evidence that a loan or receivable is impaired. The asset (or group of assets) is considered impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated.

The criteria that the Partnership uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the merchant or borrower
- A breach of contract such as a default of payment
- The probability that the merchant or borrower will enter into bankruptcy or other financial reorganization
- Observable data that suggests that there is a decrease in the estimated future cash flows from the merchant advance receivable or loan

Once an impairment has been determined, an allowance is recorded against the net carrying value of the asset. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of expected cash flows. Impairment allowances are evaluated at each reporting date.

(f) Derivative financial instruments:

Derivative instruments are financial contracts whose value changes in response to a change in a specified interest rate, exchange rate or other indices. Derivatives are recognized initially at fair value. Attributable transaction costs are recognized in the statement of income as incurred. Subsequent to initial recognition, derivatives are measured at fair value. The Partnership has not elected to use hedge accounting.

(g) Property, plant and equipment:

Property, plant and equipment is measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with its carrying amount, and are recognized in the consolidated statement of income.

3. Significant accounting policies (continued):

(h) Investments:

Investments in the Partnership include jointly controlled enterprises, Merchant Advance Asset Financing Ltd. and Venbridge Ltd., which are recorded using the equity method and are recognized initially at cost. The consolidated financial statements include the Partnership's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Partnership.

The carrying amounts of the Partnership's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investments' recoverable amount is estimated. An impairment loss is recognized in the statement of Income and Comprehensive Income if the carrying amount of an investment exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized."

(i) Property, equipment and depreciation:

Property and equipment acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses. Upon sale or retirement of such assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in net income.

Depreciation is recorded as follows:

- Computer equipment - Diminishing balance basis at the rate of 30%.
- Furniture and equipment - Diminishing balance basis at the rate of 20%.

(j) Intangible assets:

Intangible assets acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses. Upon sale or retirement of such assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in net income.

3. Significant accounting policies (continued):

(j) Intangible assets (continue):

Intangible assets are classified based on their useful life as follows:

- Indefinite life: no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Partnership.
- Finite life: a limited period of benefit to the Partnership.

Depreciation is recorded as follows:

- Intangible assets with an indefinite life - Not depreciated, but tested for impairment annually.
- Intangible assets with a finite life - Diminishing balance basis at the rate of 20%

(k) Development costs:

Development costs, including those related to the development of software, are recognized as an intangible asset when the Partnership can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably measure the expenditure during development.

Development expenditures recognized as an asset, are stated at cost, net of accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of the expected future benefit. During the period of development, the asset is tested for impairment annually.

(l) Income taxes:

The Partnership is not subject to income taxes. The income or loss for Canadian income tax purposes is allocated to the Limited Partners, pro-rata by units held, and is included in the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada).

(m) Foreign currency transactions:

Foreign currency transactions in the current period are translated using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in a foreign currency and presented in the financial statements and are adjusted to reflect the exchange rate in effect at that date. At the time of settlement of these monetary items, any exchange gain or loss are recognized in net income for the current period.

3. Significant accounting policies (continued):

(n) Related party transactions:

The Partnership's transactions with its related parties are in the nature of loans, both interest bearing and interest free, partners' capital, services and management fees. Related party transactions occur in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(o) Partnership units:

The Partnership classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Partnership units are presented as financial liabilities in accordance with IAS 32 – *Financial Instruments: Presentation*. Issuance and startup costs are expensed. The Partnership has not incurred any issue costs to date.

(p) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Fee revenue on merchant advances receivable are recognized upon receipt of payments from the merchant. Interest and similar income and expense for all financial instruments measured at amortized cost and financial instruments designated at fair value through profit or loss, are recorded using the effective interest rate (“EIR”) model, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

(q) Standards and interpretations issued but not yet effective:

IFRS 16 - *Leases* was released in January 2016 and sets out a new model for lease accounting, replacing IAS 17 - Leases. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. For lessors the accounting is similar to IAS 18. IFRS 16 is effective for accounting periods beginning on or after January 1, 2019. The Partnership will adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019.

The Partnership will recognize a right-of-use asset and a lease obligation related to its office space, on the statement of financial position.

4. Changes in accounting policies:

IFRS 9, *Financial Instruments*:

In July 2014, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9") which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurements*, and consists of three separate phases, which include classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The Partnership adopted the standard on January 1, 2018. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition were recognized in opening retained earnings on January 1, 2018. Accordingly, the comparative financial information presented for 2017 does not reflect the requirements of IFRS 9.

(a) Financial instruments - policy applicable from January 1, 2018:

(*i*) Recognition, classification and measurement:

All financial assets are initially recorded at fair value and subsequently classified as measured at amortized cost, fair value through OCI ("FVOCI"), or FVTPL.

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

- the asset is held within a business model whose objective is to hold the asset to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Partnership may irrevocably elect to classify the equity instrument at FVOCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(a) Financial instruments - policy applicable from January 1, 2018 (continued):

(i) Recognition, classification and measurement (continued):

All financial liabilities are initially recorded at fair value and subsequently classified as measured at amortized cost or FVTPL. On initial recognition, the Partnership may irrevocably designate a financial liability at FVTPL when doing so results in more relevant information, because either:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed with its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

For financial assets classified as measured at FVTPL or designated at FVTPL, changes in fair value are recognized in the consolidated statement of income. For financial assets classified as measured at FVOCI or for financial assets for which an irrevocable election has been made to present subsequent changes in fair value in OCI, changes in fair value are recognized in the consolidated statement of comprehensive income. For financial assets and other financial liabilities measured at amortized cost, interest income and interest expense is calculated using the effective interest method and is recognized in the consolidated statement of income.

Business model assessment

The Partnership makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the asset is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated;
- whether the assets are held for trading purposes;
- the risks that affect the performance of the financial assets held within the business model and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sale activity.

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(a) Financial instruments - policy applicable from January 1, 2018 (continued):

(*i*) Recognition, classification and measurement (continued):

Contractual cash flow characteristics assessment

In assessing whether the contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition and 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The Partnership considers the contractual terms of the financial asset and whether the asset contains contractual terms that could change the timing or amount of cash flows such that it would not meet the condition of principal and interest. Contractual terms considered in this assessment include contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms, terms that limit the claim to cash flows from specified assets, and features that modify the consideration from time value of money.

(*ii*) Reclassification of financial assets:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Partnership changes its business model for managing those assets. There were no changes to any of the Partnership's business models for the year ended December 31, 2018.

(*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 amortized cost financial assets, debt investments at FVOCI, off-balance sheet loan commitments, and financial guarantee contracts.

The new ECL model results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual impairment. The ECL model requires the recognition of credit losses based on up to 12 months of expected losses for performing loans (Stage 1) and the recognition of lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and credit impaired assets (Stage 3).

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(a) Financial instruments - policy applicable from January 1, 2018 (continued):

(*iii*) Impairment (continued):

<u>Assessment of significant increase in credit risk</u>

The assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. Factors considered in the assessment include macroeconomic outlook, delinquency and monitoring, and management judgment. The importance and relevance of each specific macroeconomic factor depends on the loan portfolio, characteristics of the financial instruments, and the borrower. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement any gap.

For certain instruments with low credit risk at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default and the borrower has the ability to fulfill their contractual obligations both in the short and long term, including periods of adverse changes in the economic or business environment.

<u>Measurement of ECL</u>

ECL are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows due in accordance with the contract and the cash flows expected to be received. The measurement of ECL is based primarily on the product of the following variables: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The PD is an estimate of the likelihood that a loan will not be repaid and will go into default in either a 12-month or lifetime horizon. The LGD is an estimate of the amount that may not be recovered in the event of default. The EAD is an estimate of the outstanding amount of credit exposure at the time a default may occur. These estimates are modelled based on historic data, current market conditions, and reasonable and supportable information about future economic conditions, where appropriate.

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(a) Financial instruments - policy applicable from January 1, 2018 (continued):

(*iii*) Impairment (continued):

Credit-impaired and restructured financial assets

At each reporting date, the Partnership assesses whether financial assets measured at amortized cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

If the terms of a financial asset are renegotiated or modified, or a financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and how ECL is measured. If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow of the existing asset at the time of its derecognition.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

Loan and debt securities are written off (either partially or in full) when there is no probable prospect of recovery.

(*iv*) Derecognition of financial instruments:

IFRS 9 retains, largely unchanged, the requirements of IAS 39 relating to the derecognition of financial instruments.

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(b) Use of estimates and judgments - Expected credit loss allowance:

The ECL model requires the recognition of credit losses based on 12 months of expected losses for performing loans (Stage 1) and recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2). Credit impaired assets requires lifetime losses (Stage 3). The determination of a significant increase in credit risk takes into account many different factors and varies by loan product and risk segment, which requires experienced credit judgment.

In determining whether there has been a significant increase in credit risk and in calculating the amount of the ECL, the Partnership must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the ECL allowance.

The calculation of ECL includes explicit incorporation of forecasted economic conditions. The Partnership has developed models incorporating specific macroeconomic variables that are relevant to each specific portfolio.

(c) Transition impact from adopting IFRS 9:

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(c) Transition impact from adopting IFRS 9 (continued):

Classification of financial instruments on the date of initial application of IFRS 9

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Partnership's financial assets and liabilities as at January 1, 2018:

	IAS 39		IFRS 9	
	Measurement category	Carrying amount December 31, 2017	Measurement category	Carrying amount January 1, 2018
Financial assets				
Cash	Loans and receivables	$ 2,981,200	Amortized cost	$ 2,981,200
Other amounts receivable	Loans and receivables	535,164	Amortized cost	535,164
Merchant advances receivables	FVTPL	23,430,265	FVTPL	23,430,265
Merchant loans and lines of credit	Loans and receivables	325,074	Amortized cost	312,071
Loans and Advances of origination partners	FVTPL	4,311,063	FVTPL	4,311,063
Wholesale Credit Facilities	Loans and receivables	10,981,440	Amortized cost	10,964,968
Investments (preferred shares)	FVTPL	585,000	FVTPL	585,000
Due from Related Parties	Loans and receivables	84,625	Amortized cost	84,520
Total financial assets		$ 43,233,831		$ 43,204,251
Financial liabilities				
Demand credit facilities	Amortized cost	$ 13,689,364	Amortized cost	$ 13,689,364
Accounts payable and accrued liabilities	Amortized cost	869,050	Amortized cost	869,050
Derivative financial instruments	FVTPL	161,907	FVTPL	161,907
Total financial liabilities		$ 14,720,321		$ 14,720,321

4. Changes in accounting policies (continued):

IFRS 9, *Financial Instruments* (continued):

(c) Transition impact from adopting IFRS 9 (continued):

Reconciliation of carrying amounts under IAS 39 to the carrying amounts under IFRS 9

	IAS 39 balance December 31, 2017	Adjustment for reclassification	Adjustment for remeasurement	Adjustment for impairment	IFRS 9 balance January 1, 2018
Financial assets					
Cash	$ 2,981,200	$ -	$ -	$ -	$ 2,981,200
Other amounts receivable	535,164	-	-	-	535,164
Merchant advances receivable	23,430,265	-	-	-	23,430,265
Merchant loans and lines of credit	325,074	-	-	(13,003)	312,071
Loans and Advances of Origination Partners	4,311,063	-	-	-	4,311,063
Wholesale credit facilities	10,981,440	-	-	(16,472)	10,964,968
Due from related parties	84,625	-	-	(105)	84,520
Investments (preferred shares)	585,000	-	-	-	585,000
Total financial assets	$ 43,233,831	$ -	$ -	$ (29,580)	$ 43,204,251
Financial liabilities					
Demand Credit Facilities	$ 13,689,364	$ -	$ -	$ -	$ 13,689,364
Accounts payable and accrued liabilities	869,050	-	-	-	869,050
Derivative financial instruments	161,907	-	-	-	161,907
Total financial liabilities	$ 14,720,321	$ -	$ -	$ -	$ 14,720,321
Retained earnings	$ 974,308	$ -	$ -	$ (29,580)	$ 944,728

Reconciliation of closing allowance under IAS 39 to the opening ECL allowance under IFRS 9

	IAS 39 Impairment allowance December 31, 2017	Adjustment for remeasurement or reclassification	IFRS 9 ECL January 1, 2018	Stage 1	Stage 2	Stage 3
Merchant loans and lines of credit	$ -	$ -	$ 13,003	$ 13,003	$ -	$ -
Wholesale credit facilities	-	-	16,472	16,472	-	-
Due from Related Parties	-	-	105	105	-	-
Total	$ -	$ -	$ 29,580	$ 29,580	$ -	$ -

IFRS 15, *Revenue from contracts with customers:*

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard provides a single, principles based five-step model for revenue recognition to be applied to contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases. The standard replaces IAS 18, *Revenue*, IAS 11, *Contracts,* and related interpretations. The Partnership has adopted IFRS 15 with a date of initial application of January 1, 2018. There was no quantitative impact on the consolidated financial statement from the adoption of IFRS 15.

5. Use of estimates:

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. Changes in assumptions may have a material impact on the financial statements in the period the assumptions changed. The principal areas involving a higher degree of judgment or complexity and/or areas which require significant estimates are described below:

(a) Impairment losses on loans and advances - applicable before January 1, 2018:

For estimates and judgments applicable from January 1, 2018, see note 4(b).

The Partnership regularly reviews its advances and loan portfolio to assess for impairment. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Partnership makes judgments as to whether there is any observable data indicating an impairment trigger followed by a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of members in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. Refer to note 7.

(b) Fair value of financial instruments:

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using specific valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. To the extent practical, models use only market observable data.

(c) Other assets:

Other Key areas of estimation where management has made difficult, complex or subjective judgments in respect of matters that are inherently uncertain are as follows:

- Depreciation of property and equipment
- Depreciation of intangible assets
- Capitalization of internally developed intangible assets.
- Impairment of intangible assets not subject to amortization
- Impairment of investments in associates

6. Other amounts receivable:

	December 31, 2018	December 31, 2017	January 1, 2017
		(Unaudited)	(Unaudited)
Other receivables	$ 477,610	$ 309,010	$ 365,850
Prepaid expenses	92,248	226,154	146,254
	$ 569,858	$ 535,164	$ 512,104

7. Derivative financial instruments:

Foreign currency derivatives consist of U.S. dollar forward contracts with a notional amount of $8,444,750 (2017 - $5,798,250). The fair value of the forward contract was determined with reference to a quotation from a derivatives dealer which the Partnership accepts as the fair value of this instrument. The fair value of the futures contract was determined with reference to quotes from an active market.

8. Merchant advances receivable and loans:

The Partnership's advances receivable and loans represent amounts advanced to customers of the Partnership and loans acquired from other originators.

Included in merchant advances receivable and loans are assets in the form of co-investment interests with syndication and origination partners. The Partnership's interests in these assets have a carrying value of $4,201,532 (2017 - $4,316,613). The Partnership's has significant merchant advances receivable and loans with 9322-0994 Quebec Inc. (dba Merchant Lenders). The Partnership's carrying values of assets with this party are $2,068,333 (2017- $1,923,893).

The portfolio originated by the Partnership consists of merchant advances receivable, merchant loans and merchant lines of credit. The Partnership manages these assets as a single group. The ordinary operating cycle of advance receivables range from 6 to 12 months, while loan terms generally range from 6 to 18 months. Merchant lines of credit are revolving on demand debt facilities.

Loans and advances of origination partners represent proportionate tranches of personal loans and merchant advances originated by other lenders. Included in this balance are loans originated by Credit Loans Canada Financing Inc. (dba Progressa) with a carrying value of $3,933,171 (2017 - $3,980,582), a company with a director in common with the Partnership. Loans have been acquired in the normal course of business and are measured at the exchange amount. The ordinary operating cycle of these loans are range from 6 to 48 months.

8. Merchant advances receivable and loans (continued):

(a) Loan maturities and rate sensitivities:

	Maturity term				Rate sensitivity		
December 31, 2018	Under 1 year	1 to 5 Years	Over 5 Years	**Total**	Floating	Fixed rate	**Total**
Merchant loans and lines of credit	$ 192,999	$ -	$ -	$ 192,999	$ -	$ 192,999	$ 192,999
Allowance for credit losses	(7,565)	-	-	(7,565)	-	(7,565)	(7,565)
Total loans - net of allowance for credit losses	$ 185,434	$ -	$ -	$ 185,434	$ -	$ 185,434	$ 185,434

	Maturity term				Rate sensitivity		
December 31, 2017 (unaudited)	Under 1 year	1 to 5 Years	Over 5 Years	**Total**	Floating	Fixed rate	**Total**
Merchant loans and lines of credit	$ 325,074	$ -	$ -	$ 325,074	$ -	$ 325,074	$ 325,074
Allowance for credit losses	-	-	-	-	-	-	-
Total loans - net of allowance for credit losses	$ 325,074	$ -	$ -	$ 325,074	$ -	$ 325,074	$ 325,074

	Maturity term				Rate sensitivity		
January 1, 2017 (unaudited)	Under 1 year	1 to 5 Years	Over 5 Years	**Total**	Floating	Fixed rate	**Total**
Merchant loans and lines of credit	$ 173,190	$ -	$ -	$ 173,190	$ -	$ 173,190	$ 173,190
Allowance for credit losses	-	-	-	-	-	-	-
Total loans - net of allowance for credit losses	$ 173,190	$ -	$ -	$ 173,190	$ -	$ 173,190	$ 173,190

(b) Loans past due but not impaired:

A loan is considered past due when a payment has not been received by the contractual due date. There were no Merchant loans and lines of credit that are past due but not impaired as at December 31, 2018, December 31, 2017 and January 1, 2017.

9. Wholesale credit facilities:

Wholesale Credit Facilities represent demand revolving credit facilities provided to partner originators and related parties. Facilities bear interest between 11% and 16% compounded monthly and are secured against a borrowing base of financial assets.

Included in this balance is a credit facility with a director in common with the Partnership, Merchant Advance Asset Financing Ltd. with a balance of $9,658,658 (2017 - $9,535,782). Also included in this balance is a credit facility to 9322-0994 Quebec Inc. (dba Merchant Lenders) with a balance of $1,675,263 (2017 - 1,381,813).

10. Due from (to) related parties:

(a) Due from related parties:

	December 31, 2018	December 31, 2017	January 1, 2017
		(Unaudited)	(Unaudited)
Due from General Partner	$ 2,132,862	$ 69,625	$ 29,636
Due from Venbridge Ltd.	49,313	15,000	-
Due from Gens Software	250,000	-	-
	$ 2,432,175	$ 84,625	$ 29,636

Due from related parties balance in the table above excludes provision for credit losses of $2,853 (2017 - nil). Total due from related parties net of provision credit losses as of December 31, 2018 is $2,429,322 (2017 - $84,625).

10. Due (to) from related parties (continued):

(b) Due to related parties:

	December 31, 2018	December 31, 2017	January 1, 2017
		(Unaudited)	(Unaudited)
Due to General Partner	$ -	$ -	$ 830
Due to Venbridge Ltd.	98,748	-	-
	$ 98,748	$ -	$ 830

In the normal course of business, the Partnership transacts with its General Partner and other related entities under common control and/or directorship. In 2018, the General Partner determined that certain expenses originally borne by the Limited Partnership related to the Comvest demand facility and foreign exchange hedging should be reimbursed by the General Partner. In 2018, the Partnership advanced sufficient funds to the General Partner to allow for the reimbursement of these expenses and began collecting interest on its Due to General Partner account. The General Partner paid interest of $106,366 (2017 - nil) to the Limited Partnership during the year.

Related party amounts due are without interest or specific terms of repayment. Management considers these other related party debt to be realized no more than 12 months after the reporting period.

11. Investments:

	December 31, 2018	December 31, 2017	January 1, 2017
		(Unaudited)	(Unaudited)
Merchant Advance Asset Financing Ltd. - 50 common shares	190,718	1	1
This investment represents 50% of the equity value and voting rights of the Investee.			
Venbridge Ltd. - 1,000 common shares	1	1	-
This investment represents 50% of the common shares issued and voting rights of the Investee.			
Venbridge Ltd. - 6,907,083 preferred shares	6,907,083	585,000	-
The preferred shares are non-voting, redeemable and retractable.			
	7,097,802	585,002	1

12. Property and equipment:

	Furniture and equipment	Computer equipment and software	Leasehold improvements	Total
Cost:				
Balance at January 1, 2018	$ 65,581	$ 141,873	$ 5,868	$ 213,322
Acquisitions	-	7,239	-	7,239
Balance at December 31, 2018	$ 65,581	$ 149,112	$ 5,868	$ 220,561
Accumulated depreciation:				
Balance at January 1, 2018	$ 24,180	$ 63,321	$ 652	$ 88,153
Depreciation	8,260	25,609	652	34,521
Balance at December 31, 2018	$ 32,440	$ 88,930	$ 1,304	$ 122,674

	Furniture and equipment	Computer equipment and software	Leasehold improvements	Total
(unaudited)				
Cost:				
Balance at January 1, 2017	$ 56,450	$ 95,280	$ -	$ 151,730
Acquisitions	9,131	46,593	5,868	61,592
Balance at December 31, 2017	$ 65,581	$ 141,873	$ 5,868	$ 213,322
(unaudited)				
Accumulated depreciation:				
Balance at January 1, 2017	$ 14,390	$ 36,340	$ -	$ 50,730
Depreciation	9,790	26,981	652	37,423
Balance at December 31, 2017	$ 24,180	$ 63,321	$ 652	$ 88,153
Carrying amounts:				
Balance at January 1, 2017 (unaudited)	$ 42,060	$ 58,940	$ -	$ 101,000
Balance at December 31, 2017 (unaudited)	41,401	78,552	5,216	125,169
Balance at December 31, 2018	33,141	60,182	4,564	97,887

13. Intangible assets:

	Web domain asset	Software development cost	Software	Total
Cost:				
Balance at January 1, 2018	$ 19,480	$ 990,906	$ 9,189	$1,019,575
Acquisitions	-	405,936	-	405,936
Balance at December 31, 2018	$ 19,480	$1,396,842	$ 9,189	$1,425,511
Accumulated depreciation:				
Balance at January 1, 2018	$ -	$ 170,282	$ 6,122	$ 176,404
Amortization	-	208,080	613	208,693
Balance at December 31, 2018	$ -	$ 378,362	$ 6,735	$ 385,097

	Web domain asset	Software development cost	Software	Total
(unaudited)				
Cost:				
Balance at January 1, 2017	$ 19,480	$ 279,158	$ 9,189	$ 307,827
Acquisitions	-	711,748	-	711,748
Balance at December 31, 2017	$ 19,480	$ 990,906	$ 9,189	$1,019,575
(unaudited)				
Accumulated depreciation:				
Balance at January 1, 2017	$ -	$ 61,262	$ 6,234	$ 67,496
Amortization	-	109,020	(112)	108,908
Balance at December 31, 2017	$ -	$ 170,282	$ 6,122	$ 176,404
Carrying amounts:				
Balance at January 1, 2017 (unaudited)	$ 19,480	$ 217,896	$ 2,955	$ 240,331
Balance at December 31, 2017 (unaudited)	19,480	820,624	3,067	843,171
Balance at December 31, 2018	19,480	1,018,480	2,454	1,040,414

14. Demand credit facilities:

	December 31, 2018	December 31, 2017	January 1, 2017
		(Unaudited)	(Unaudited)
Demand credit facilities with interest payable of Prime rate plus 5.5% per annum. The facilities are secured by the personal guarantee of Mr. D. Gens, a general security agreement, and an intercreditor agreement	$ -	$ 4,533,684	$ 3,009,787
Gens International Limited Demand credit facility was granted and limited to the aggregate amount of USD$8,000,000 as per an agreement dated July 31, 2018. It requires monthly interest payments at a rate between 8-10% per annum. The facility is secured by a general security agreement and an intercreditor agreement.	10,171,762	2,632,530	-
Demand loans which requires monthly interest payments at the rate of 10.0% per annum. The loans were secured by all of the present and future acquired property and assets of the Partnership	-	6,523,150	-
Comvest Partners This credit facility was granted and limited to the aggregate amount of $30,000,000 as per an agreement dated March 5, 2018. It requires monthly interest payments at the Canadian Dollar Offered Rate (CDOR) plus 7.5% per annum. The loan was secured by a borrowing base of merchant receivables, loans and lines of credit.	16,000,000	-	-
Gens Software Ltd. This demand loan was granted on February 2nd, 2018 and limited to the aggregate principal amount of $1,000,000. It requires monthly interest payments at the rate of 10% per annum.	1,016,879	-	-
	27,188,641	13,689,364	3,009,787
Deferred finance fees	(374,618)	-	-
	$ 26,814,023	$ 13,689,364	$ 3,009,787

15. Partners' capital:

The Partnership is authorized to issue an unlimited number of Limited Partnership units. Class A units and class B units participate in operating profits equally. Class B units are not entitled to profits associated with a gain on sale of the partnership, or a portion thereof.

	Class A			Class B				
Year ended December 31, 2018	Number of units		Amount	Number of units		Amount		Total
Units - Beginning	82,902	$	469,313	3,287,289	$	28,038,231	$	28,507,544
Units Issued	5,485		49,022	465,482		4,199,218		4,248,240
Units Redeemed	-		-	(463,874)		(3,799,845)		(3,799,845)
	88,387	$	518,335	3,288,897	$	28,437,604	$	28,955,939

	Class A			Class B				
Year ended December 31, 2017	Number of units		Amount	Number of units		Amount		Total
(Unaudited)								
Units - Beginning	100,710	$	563,860	2,184,070	$	17,788,888	$	18,352,748
Units Issued	6,095		40,678	1,301,767		11,939,873		11,980,551
Units Redeemed	(23,903)		(135,225)	(198,548)		(1,690,530)		(1,825,755)
	82,902	$	469,313	3,287,289	$	28,038,231	$	28,507,544

	Class A			Class B				
Year ended January 1, 2017	Number of units		Amount	Number of units		Amount		Total
(Unaudited)								
Units - Beginning	96,391	$	521,507	1,631,899	$	12,775,226	$	13,296,733
Units Issued	5,319		47,625	618,643		5,543,470		5,591,095
Units Redeemed	(1,000)		(5,272)	(66,472)		(529,808)		(535,080)
	100,710	$	563,860	2,184,070	$	17,788,888	$	18,352,748

16. Other revenue:

		2018		2017
				(Unaudited)
Client fees	$	422,674	$	388,385
Partner fees		242,818		183,115
Other investment income		1,477,770		777,933
	$	2,143,262	$	1,349,433

Client fees are fees earned outside of the regular contractual cash flows of merchant advance and loan products. Partner fees are earned on debt servicing services to lending partners. Other investment income relates to income earned on loans and advances of origination partners and dividends from Venbridge Ltd.

17. Related party transactions:

A management fee is paid to the General Partner for the provision of management and oversight of the Partnership's business. Effective per a special resolution on May 31, 2018, the General Partner is entitled to be paid an annual amount equal to 2% of total assets expressed on the Limited Partnership's financial statements. Previous to the special resolution, the General Partner's fee was calculated to be 5% of total assets expressed on the Limited Partnership's financial statements up to the first $25,000,000 and 2% of total assets greater than $25,000,000. The fee is payable on a monthly basis as determined by the General Partner.

During the year ended December 31, 2018 the following transactions took place with the General Partner and those related to them:

- Management fees of $1,409,564 (2017 - $1,291,576) were paid to the General Partner in the year.
- Fees of $624,277 (2017 - $572,167) were paid to Merchant Technologies Ltd. related to system maintenance and development costs during the year. $405,936 (2017 - $490,156) of fees were capitalized to intangible assets.
- The Partnership advanced net proceeds of $122,876 (2017 - $9,090,766) pursuant to a credit agreement and recognized interest income of $1,450,284 (2017 - $666,184).
- In 2018, the Partnership received preferred share dividends totaling $312,051 (2017 - nil) and common share dividends of $34,313 (2017 - nil) from Venbridge Ltd., a jointly controlled enterprise with a director in common with the General Partner.
- The Partnership subscribed for 6,322,083 (2017 - 585,000) Class B preferred shares of Venbridge Ltd. (a jointly controlled enterprise with a director in common with the General Partner) for proceeds of $6,322,083.

17. Related party transactions (continued):

- In 2018, the Limited Partnership advanced net funding of $2,063,237 (2017 - $40,819) to the General Partner to allow the General Partner to reimburse the Limited Partnership for certain expenses related to capital management. The General Partner paid interest of $106,366 (2017 - nil) to the Limited Partnership during the year.
- The Partnership made an equity investment in Merchant Advance Asset Financing for $190,718 on December 31, 2018.
- A company with a director in common with the General Partner redeemed 82,782 (2017 - nil) Class B units for proceeds of $750,005. They received a distribution of $151,763 (2017 - $134,090). They subscribed for 35,374 (2017 - 46,539) Class B units for total proceeds of $317,786.
- Companies with a director in common to a director of the General Partner redeemed 10,665 Class B units for proceeds of $96,023 (2017 - $95,008). Distributions received were $80,015 (2017 - $81,994). Total subscription of units were 9,436 Class B units, for total proceeds of $84,359 (2017 - $88,867).
- Companies with a director related to a director of the General Partner received distributions of $232,914 (2017 - $223,203). Total redemptions in year were 44,842 Class B units for proceeds of $410,012 (2017 - $100,008).
- A company with a director related to a director of the General Partner subscribed for 89,693 Class B units and 231 Class A units (2017 - 832 Class A units and 33,721 Class B units) for proceeds of $810,483 (2017 - $314,465) and received distributions of $213,798 ($214,465 -2017). The company also redeemed 123,319 units (2017 - nil) Class B units for proceeds of$1,100,005. A one-time accrual of $250,000 was made in December 2018 for units purchased in December but cash was not received until January 2019.
- A company with a director related to a director of the General Partner subscribed for 2,079 (2017 - 14,012) Class B units for proceeds of $18,691 (2017 - $128,033) and received distributions of $37,446 (2017 - $32,000).
- The total quarterly distribution received by the General Partner from the Limited Partnership was $10,140 (2017 - $9,283). The General Partner subscribed for 563 Class B units (2017 -1,022 Class B units) for proceeds of $5,062 (2017 - $9,283). The General Partner received cash distributions of $5,079 in July and October, 2018.
- A company with a director related to a director of the General Partner advanced the Partnership short-term debt of $3,000,000 (of which $2,000,000 was paid back during 2018). The Partnership has paid interest of $65,646 during the year.
- Companies with a director related to a director of the General Partner advanced the Partnership short-term debt of $6,891,124 (2017 - $2,520,000). The Partnership has paid interest of $648,108 during the year (2017 - $113,786).

18. Financial risk management:

(a) Credit risk:

The maximum exposure to credit risk is represented by the carrying amount of the merchant advances receivable, merchant loans and lines of credit, loans and advances of origination partners, wholesale credit facilities, preferred shares, and due from related party amounts. The carrying amount of these assets is $52,566,976 (2017 - $39,717,467), which represents the Partnership's maximum exposure to credit risk.

The Partnership provides advances and loans to hundreds of small and medium sized businesses pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity. The Partnership is subject to a higher level of credit risk due to the credit constrained nature of many of the Partnership's customers. Credit risk within the merchant portfolio is managed in accordance with policies and procedures that are intended to mitigate the probability of default through the use of proprietary risk scoring tools, augmented by the experience set of trained underwriters. These policies and procedures are evaluated monthly to maintain effectiveness and to update for prevailing credit conditions. The partnership also has a standard collection process in place in the event of payment default, which includes the liquidation of assets if satisfactory payment terms cannot be worked out with the customer.

The Partnership manages the credit risk related to its financing activities with origination partners and related parties by ensuring that at-risk amounts are over collateralized by a borrowing base of financial assets or a robust near-term cash flow profile.

The Partnership regularly monitors the financial condition of its customers and borrowers and establishes a provision for credit losses for defaulted files based on specific estimates for expected recovery amounts and recovery timelines. The Partnership establishes a provision for credit losses for non-defaulted files based on its estimated probability of default and loss given default under both recessionary and non-recessionary economic conditions.

The Partnership's credit risk related to its cash is mitigated through the use of reputable major financial institutions. The risk of non-performance of these instruments is remote.

(b) Liquidity risk:

Is the risk that the Partnership may not have cash available to satisfy financial liabilities as they become due. The Partnership manages liquidity risk by monitoring and reviewing both actual and forecasted cash flows, partners' drawings and by appropriately funding new Partnership units to match the maturity profile of its financial assets and financial liabilities.

18. Financial risk management (continued):

(b) Liquidity risk (continued):

Cash flows payable under financial liabilities by remaining contractual maturities are as follows:

December 31, 2018	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Demand credit facilities	$ 3,312,954	$23,501,069	$ -	$ -	$ 26,814,023
Accounts payable and accrued liabilities	752,486	-	-	-	752,486
Due to related parties	98,748	-	-	-	98,748
	$ 4,164,188	$23,501,069	$ -	$ -	$ 27,665,257

December 31, 2017 (unaudited)	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Demand credit facilities	$ 1,244,300	$ 5,802,808	$ 6,642,256	$ -	$ 13,689,364
Accounts payable and accrued liabilities	869,050	-	-	-	869,050
Derivative financial instruments	161,907	-	-	-	161,907
	$ 2,275,257	$ 5,802,808	$ 6,642,256	$ -	$ 14,720,321

January 1, 2017 (unaudited)	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Demand credit facilities	$ 236,181	$ 2,773,606	$ -	$ -	$ 3,009,787
Accounts payable and accrued liabilities	685,090	-	-	-	685,090
Due to related parties	830	-	-	-	830
	$ 922,101	$ 2,773,606	$ -	$ -	$ 3,695,707

(c) Market risk:

Market risk is the risk that the fair values of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all instruments traded in the market. Market risk comprises interest rate risk, currency risk, and other price risk. Market risk is managed through asset class diversification, diversification within each asset class, and credit quality constraints on investments.

18. Financial risk management (continued):

(c) Market risk (continued):

(*i*) Interest rate risk:

Is the risk that the cash flow required to service liabilities of the Partnership will fluctuate with changes to the bank prime lending rate. The Partnership is exposed to interest rate risk to the extent that the floating rate may change on its short-term debt, a floating rate loan. The Partnership did not employ interest rate hedging activities during the year.

Based on the balances as at December 31, 2018, an increase in 50 basis points in interest rate would have a negative impact of $204,199 (2017 - $41,014) on the fair value of the Partnership's demand credit facilities for the year ended December 31, 2018.

(*ii*) Currency risk:

Is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates The Partnership has U.S. dollar denominated demand loans at year-end of $10,171,762. Foreign currency derivatives recognized in the consolidated balance sheet were contracted to hedge anticipated debt settlement amounts in U.S. dollars. The Partnership has elected not to apply hedge accounting. However, the Partnership believes that these derivatives hedge the related foreign currency risk in these transactions.

(*iii*) Other price risk:

Other price risk is the risk that changes in market prices (other than those arising from interest rate risk or currency risk) will affect the Partnership's future cash flows or the fair value of the Partnership's financial instruments. The Partnership does not hold investments that are exposed to changes in market prices.

19. Fair value of financial instruments:

The table below sets out the fair values of financial instruments, including derivatives, using the valuation methods and assumptions referred to above. The table does not include assets and liabilities that do not meet the definitions of financial instruments.

	December 31, 2018		December 31, 2017		January 1, 2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
			(unaudited)	(unaudited)	(unaudited)	(unaudited)
Assets carried at fair value:						
Derivative financial instruments	$ 409,747	$ 409,747	$ -	$ -	$ -	$ -
Merchant advances receivables	26,312,178	26,312,178	23,430,265	23,430,265	19,753,056	19,753,056
Loans and advances of Origination Partners	4,519,411	4,519,411	4,311,063	4,311,063	1,423,162	1,423,162
Investments (preferred shares)	6,907,082	6,907,082	585,000	585,000	-	-
Assets carried at amortized cost:						
Cash	2,491,579	2,491,579	2,981,200	2,981,200	914,448	914,448
Other amounts receivable	569,858	569,858	535,164	535,164	512,104	512,104
Merchant loans and lines of credit	185,434	185,434	325,074	325,074	173,190	173,190
Wholesale credit facilities	11,803,801	11,803,801	10,981,440	10,981,440	445,015	445,015
Due from related parties	2,429,322	2,429,322	84,625	84,625	29,636	29,636
	$ 55,628,412	$55,628,412	$43,233,831	$43,233,831	$23,250,611	$23,250,611
Liabilities carried at fair value:						
Derivative financial instruments	$ -	$ -	$ 161,907	$ 161,907	$ -	$ -
Liabilities carried at amortized cost:						
Demand credit facilities	26,814,023	26,814,023	13,689,364	13,689,364	3,009,787	3,009,787
Accounts payable and accrued liabilities	752,486	752,486	869,050	869,050	685,090	685,090
Due to related parties	98,748	98,748	-	-	830	830
	$ 27,665,257	$27,665,257	$14,720,321	$14,720,321	$ 3,695,707	$ 3,695,707

19. Fair value of financial instruments (continued):

The following tables summarize the valuation methods used to measure the fair value of financial instruments which are accounted for at fair value in the Partnership's consolidated statement of financial position. Fair value measurements are analyzed according to a fair value hierarchy of three levels, as outlined below. Observable inputs represent instances where market data is obtained from independent sources. Unobservable inputs are based on the Partnership's own internal assumptions.

Level 1: Unadjusted quoted market prices in active markets for identical financial assets and financial liabilities.

Level 2: Inputs, other than quoted prices included within Level 1, are observable for the financial asset or financial liability either directly or indirectly.

Level 3: Entity level inputs which are not based upon market observable data.

The level in the fair value hierarchy within which the fair value is categorized shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1, Level 2 and Level 3.

The following table illustrates the classification of the Partnership's financial instruments within the fair value hierarchy:

December 31, 2018	Level 1	Level 2	Level 3
Financial assets:			
Fair value through profit or loss	$ -	$ 409,747	$ 37,738,671
Amortized cost	-	17,479,994	-
	$ -	$ 17,889,741	$ 37,738,671
Financial liabilities:			
Fair value through profit or loss	$ -	$ -	$ -
Amortized cost	-	27,665,257	-
	$ -	$ 27,665,257	$ -

19. Fair value of financial instruments (continued):

December 31, 2017 (unaudited)	Level 1	Level 2	Level 3
Financial assets:			
Fair value through profit or loss	$ -	$ -	$ 28,326,328
Amortized cost	-	14,907,503	-
	$ -	$ 14,907,503	$ 28,326,328
Financial liabilities:			
Fair value through profit or loss	$ -	$ 161,907	$ -
Amortized cost	-	14,558,414	-
	$ -	$ 14,720,321	$ -

January 1, 2017 (unaudited)	Level 1	Level 2	Level 3
Financial assets:			
Fair value through profit or loss	$ -	$ -	$ 21,176,218
Amortized cost	-	2,074,393	-
	$ -	$ 2,074,393	$ 21,176,218
Financial liabilities:			
Fair value through profit or loss	$ -	$ -	$ -
Amortized cost	-	3,695,707	-
	$ -	$ 3,695,707	$ -

The following table reconciles the Partnership's Level 3 fair value instruments:

	December 31, 2018	December 31, 2017	January 1 2017
		(Unaudited)	(Unaudited)
Balance at beginning of year	$ 28,326,328	$ 21,176,219	$ 17,209,002
Purchases	13,148,944	9,666,509	5,200,090
Revaluation	(3,736,601)	(2,516,400)	(1,232,874)
Balance at end of year	$ 37,738,671	$ 28,326,328	$ 21,176,218

A 10% change in the value of Level 3 financial instruments would result in a $3,773,867 (2017 - $2,832,633) impact.

20. Capital management:

The Partnership's policy is to ensure a strong capital base so as to maintain the confidence of both unitholders and creditors. Management closely monitors the Limited Partnership returns as well as the outlook for new unit issuances and redemptions. The Partnership maintains a distribution policy equal to 8% of Partners' Capital per annum.

The board of directors seeks to maintain a prudently capitalized balance sheet which utilizes the appropriate amount of financial leverage in consideration of the risks of the underlying business. The board targets a net debt to total capital ratio of under 50%. As at the end of 2018 the net debt to total capital ratio was 43.4% (2017 - 24.8%).

Management targets a long-term Limited Partnership return of greater than 12% and seeks to achieve this through continued asset growth combined with the prudent management of operating costs and credit losses.

21. Commitments:

In 2015 the Partnership, in conjunction with a company with a director in common, entered into a 10 year lease agreement for office space at 2000-1500 West Georgia, Vancouver, BC commencing January 1, 2016, with an option to terminate after 60 months. The Partnership is responsible for 50% of the lease cost as part of its cost-sharing arrangement. The future minimum lease payments under these leases are as follows:

	2018	2017
Less than 1 year	$ 181,260	$ 181,260
Between 1 and 5 years	779,418	761,292
Greater than 5 years	398,772	598,158

22. Subsequent events:

(a) Partnership units issued and redeemed:

In 2019, to the reporting date of these financial statements, the Partnership issued 624,615 units for proceeds of $5,576,959 and redeemed 290,358 units at a cost of $2,527,466.

(b) On January 1, 2019, the Partnership completed the sale of all its common equity ownership (1,000 common shares) in Venbridge Ltd. to Helman Consulting Ltd. for consideration of $500,000, to be paid in monthly installments until January 2021. The Partnership continues to fund the originations of Venbridge Ltd. through units owned in Venbridge Limited Partnership, an entity which replaced the Partnership's ownership in Venbridge Preferred Shares on January 1, 2019.

Merchant Opportunities Fund Ltd.

Consolidated Financial Statements

December 31, 2019

(Presented in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Merchant Opportunities Fund Ltd.:

Opinion

We have audited the consolidated financial statements of Merchant Opportunities Fund Ltd. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period from May 22, 2019 (inception) to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period from May 22, 2019 (inception) to December 31, 2019 in accordance with International Financial Reporting Standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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.

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, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Company 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.

We 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.

The engagement partner on the audit resulting in this independent auditor’s report is Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2020

Merchant Opportunities Fund Ltd.
Consolidated Statement of Financial Position
Presented in Canadian Dollars

As at	December 31, 2019
	$
Assets	
Current	
Cash	71,857
Investment in Merchant Opportunities Fund LP (Note 5)	9
	71,866
Liabilities	
Current	
Due to Merchant Opportunities Fund LP (Note 5)	75,608
	75,608
Shareholders' deficiency	
Share capital (Note 6)	10
Deficit	(3,752)
	(3,742)
	71,866

Contingency (Note 5)

Approved on behalf of the Board on January 28, 2020:

DocuSigned by:
David Gens
035AED69DAD3468...
Director

DocuSigned by:
Kelly Klatik
D3296FEACDA9474...
Director

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

Merchant Opportunities Fund Ltd.
Consolidated Statement of Loss and Comprehensive Loss
Presented in Canadian Dollars

	For the period from May 22, 2019 (Inception) to December 31, 2019
	$
Revenue	
Management fee (Note 5)	53,394
Expenses	
Bank charges	36
Exempt market dealer services administration	3,575
Fund administration expenses	53,535
	(57,146)
Net and comprehensive loss	(3,752)

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

Merchant Opportunities Fund Ltd.
Consolidated Statement of Changes in Shareholders' Deficiency
Presented in Canadian Dollars

	Share Capital			
	Common Shares	Amount	Deficit	Shareholders' Deficiency
	#	$	$	$
Balance, May 22, 2019 (Inception)	-	-	-	-
Issuance of shares for cash	101	10	-	10
Net and comprehensive loss	-	-	(3,752)	(3,752)
Balance, December 31, 2019	101	10	(3,752)	(3,742)

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

Merchant Opportunities Fund Ltd.
Consolidated Statement of Cash Flows
Presented in Canadian Dollars

	For the period from May 22, 2019 (Inception) to December 31, 2019
	$
Cash provided by (used for):	
Operating activities	
Net loss	(3,752)
	(3,752)
Financing activities	
Proceeds on issuance of share capital	10
Loan from Merchant Opportunities Fund LP	75,608
	75,618
Investing activities	
Purchase of investment in Merchant Opportunities Fund LP	(9)
	(9)
Net increase in cash	71,857
Cash, inception	-
Cash, ending	71,857

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

1. Nature of operations

Merchant Opportunities Fund Ltd. (the "Company") was incorporated on May 22, 2019 under the Companies Act of British Columbia. The Company is the general partner of Merchant Opportunities Fund Limited Partnership. The principal business activity of Merchant Opportunities Fund Limited Partnership is providing commercial capital funding to small and medium sized business in Canada.

The head office and principal address of the Company is located at 2000 – 1500 West Georgia Street, Vancouver, British Columbia, V6G 2Z6. The registered and records office of the Company is 300 – 10991 Shellbridge Way, Richmond, British Columbia, V6X 3C6.

These financial statements have been approved and authorized for issue by the Board of Directors on January 28, 2020.

2. Basis of presentation and 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 ("IASB").

The Company's presentation currency is the Canadian dollar, which is the functional currency of the Company and its subsidiaries.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary: Merchant Growth EMD Services Ltd.. All intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Use of estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Short term deposits consist of guaranteed investment certificates with maturities of greater than 90 days.

3. Summary of significant accounting policies (*continued)*

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9 *Financial Instruments* ("IFRS 9"):

Financial asset/ liability	Classification
Cash	Amortized cost
Investment in Merchant Opportunities Fund LP	FVTPL
Accounts payable and accruals	Amortized cost
Due to Merchant Opportunities Fund LP	Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Expected Credit Loss Impairment Model

IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

Derecognition

<u>Financial assets</u>
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

<u>Financial liabilities</u>
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Shareholders' deficiency

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Other contributions represents any contribution by equity holders in excess of amounts allocated to share capital.

Income taxes

Tax expense recognized in net loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from net earnings in the financial statements.

3. Summary of significant accounting policies (*continued)*

Income taxes *(continued)*

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Deferred tax assets are recognized if significant, to the extent that it is probable that they will be able to be utilized against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit.

Changes in deferred tax assets or liabilities are recognized as a component of tax recoveries or expense in net loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Revenue recognition

Asset management fees are recognized as earned in accordance with the limited partnership agreement.

4. Judgements and estimates

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these judgements, estimates and assumptions.

Judgements

Management was required to evaluate whether the Company, as general partner, has control and should therefore consolidate the financial information of Merchant Opportunities Fund LP (Note 5). The IFRS definition of control requires exposure to variable returns. Management determined that the Company is not sufficiently exposed to the variable returns of Merchant Opportunities Fund LP as its capital investment was nominal and its management fees and profit share are commensurate with its provision of management and oversight. Therefore, the financial information of Merchant Opportunities Fund LP is not included in these consolidated financial statements. The Company has accounted for its investment as a financial instrument in accordance with IFRS 9.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in earnings in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

5. Investment in Merchant Opportunities Fund LP

The Company is the general partner of Merchant Opportunities Fund LP (the “Partnership”). The Company manages the business, investments and administrative affairs of the Partnership. Prior to July 1st, 2019, the general partner of the Partnership was Merchant Advance Capital Ltd., now known as Merchant Growth Ltd. (the “Retired General Partner”).

The Company and the Retired General Partner are entitled to be paid an aggregate annual amount equal to 2% of total assets expressed on the Partnership’s financial statements (the “Asset Management Fee”).

The parties agree that the Asset Management Fee shall be allocated as follows:

- Firstly, all costs incurred by the Company associated with securities compliance, fund raising, and general operating costs of the Partnership shall be deducted from the Asset Management Fee and shall be paid to the Company;
- Secondly, the portion of the remaining Asset Management Fee earned from the original business (the portion of Net Income earned from the purchase of future receivables and business loans, Venbridge Limited Partnership, Merchant Advance Asset Financing Ltd. and Credit loans Canada Financing Inc.) shall be paid to the Retired General Partner; and
- Thirdly, the portion of the remaining Asset Management Fee earned from any new business (the portion of Net Income earned from any other source other than those set out above) shall be paid to the Company.

As the general partner, the Company has unlimited liability for the debts, liabilities and obligations of the Partnership to the extent of its assets.

For the period ended December 31, 2019, the Company recognized a management fee of $53,394.

5. Investment in Merchant Opportunities Fund LP *(Continued)*

During the period ended December 31, 2019, the Partnership advanced the Company a total of $75,608. This amount is non-interest bearing, unsecured with no fixed terms of repayment.

During the period ended December 31, 2019, The Company has acquired one Unit of the Partnership at a price of $9.

6. Share capital

a. Authorized share capital

Unlimited number of Class A voting common shares without par value
Unlimited number of Class B voting common shares without par value
Unlimited number of Class C non-voting common shares without par value
Unlimited number of Class D non-voting preferred shares with par value of $1 per share
Unlimited number of Class E non-voting preferred shares with par value of $0.01 per share
Unlimited number of Class F non-voting preferred shares with par value of $100 per share

b. Issued share capital

101 Class A common shares were issued for proceeds of $10.

7. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the period from May 22, 2019 (Inception) to December 31, 2019
	$
Loss before income taxes	(3,752)
Expected tax recovery at the statutory tax rate of 27.0%	(1,013)
Change in valuation allowance	1,013
Income tax recovery	-

No deferred tax asset has been recognized relating to the Company's non-capital losses as the recoverability is uncertain. The Company's non-capital losses of $3,752 expire in 2039.

8. Financial instrument risk management

Credit risk

Credit risk is the risk of loss resulting from failure of a borrower or counter party to honour its financial or contractual obligation to the Company. Credit risk primarily arises from cash which is on deposit with major Canadian banks and therefore considered nominal.

8. Financial instrument risk management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its payables and due to Merchant Opportunities Fund LP. The Company's management oversees the Company's liquidity risk to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due.

Market risk

The Company is not exposed to significant market risk.

Capital management

The Company defines capital as shareholders' deficiency.

The capital management objectives of the Company are to maintain adequate capital resources to support its working capital needs, business and growth strategy, and build long term shareholder value.

Fair values

The carrying value of the Company's financial assets and liabilities approximate fair value as they have either a short period of time to maturity or are due on demand.

Merchant Opportunities Trust

Financial Statements

January 31, 2020

(Presented in Canadian Dollars)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Unitholder of Merchant Opportunities Trust:

Opinion

We have audited the financial statements of Merchant Opportunities Trust (the "Trust"), which comprise the statement of financial position as at January 31, 2020, and the statements changes in unitholder's equity and cash flows for the period from January 9, 2020 (inception) to January 31, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at January 31, 2020, and its financial performance and its cash flows for the period from January 9, 2020 (inception) to January 31, 2020 in accordance with International Financial Reporting Standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust 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.

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, 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Trust 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.

We 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
February 10, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

Merchant Opportunities Trust
Statement of Financial Position
Presented in Canadian Dollars

As at	**January 31, 2020**
	$
Assets	
Current	
Cash	19
Accounts Receivable (Note 5)	6,859
	6,878
Liabilities	
Current	
Accounts Payable	2,469
Accrued Liabilities	4,390
	6,859
Unitholder’s equity	
Funds Held in Trust (Note 6)	10
Unit Capital (Note 6)	9
	19
	6,878

Approved on behalf of the Trustee on February 10, 2020

/s/ David Gens Trustee

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

Merchant Opportunities Trust
Statement of Changes in Unitholder's Equity
Presented in Canadian Dollars

	Unitholder's Equity			
	Unit	Amount	Funds held in Trust	Total
	#	$	$	$
Balance, January 9, 2020 (Inception)	-	-	-	-
Initial contribution from the Settlor	-	-	10	10
Issuance of unit for cash	1	9	-	9
Balance, January 31, 2020	1	9	10	19

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

Merchant Opportunities Trust
Statement of Cash Flows
Presented in Canadian Dollars

	For the period from January 9, 2020 (Inception) to January 31, 2020
	$
Cash provided by (used for):	
Operating activities	
Change in accounts receivable	(6,859)
Change in accounts payable	6,859
	-
Financing activities	
Proceeds from initial contribution from the Settlor	9
Proceeds from issuance of unit	10
	19
Net increase in cash	19
Cash, inception	-
Cash, ending	19

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

1. Nature of operations

Merchant Opportunities Trust (the “Trust”) was governed by the Declaration of Trust on January 9, 2020. The Initial Contribution was made to the Initial Trustee by the Settlor on the date of the declaration. The Trust is an unincorporated, open-ended limited purpose trust. The Trust was established for the sole purposes of investing in, and to acquire, Merchant Opportunities Fund Limited Partnership Units.

The principal office of the Trust is located at Suite 2000 – 1500 West Georgia Street, Vancouver, British Columbia, V6G 2Z6.

These financial statements have been approved and authorized for issue by the Trustees on February 10, 2020.

2. Basis of presentation and 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 ("IASB").

The Trust's presentation currency is the Canadian dollar, which is the functional currency of the Trust.

Use of estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Trust's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

Financial instruments

The following table shows the classification of the Trust’s financial instruments under IFRS 9 *Financial Instruments* (“IFRS 9”):

Financial asset/ liability	Classification
Cash on hand	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accruals	Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Expected Credit Loss Impairment Model

IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Trust’s financial statements.

3. Summary of significant accounting policies (*continued)*

Financial instruments *(continued)*

Derecognition

Financial assets
The Trust derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Trust also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Unitholder's equity

Unit capital represents the nominal value of units that have been issued. Any transaction costs associated with the issuing of units are deducted from unit premium, net of any related income tax benefits. Funds held in trust represents the initial contribution from the Settlor.

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Trust and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Trust can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4. Estimates

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets and liabilities. Judgements, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these judgements, estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in earnings in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

5. Accounts receivable

On January 9, 2020, the Trust entered into a Funding Agreement. Pursuant to the Funding Agreement, Merchant Opportunities Fund Ltd. ("MOF") agreed to cover all costs associated with the formation, maintenance, capital raises and other costs of the Trust other than the costs covered by Merchant Opportunities Fund Limited Partners ("MOF LP").

MOF LP agreed to cover all costs associated with the annual audit of the Trust.

As at January 31, 2020, the total billed legal fee was $2,469, and an accrual of $4,390 was recorded for the unbilled legal fees and reimbursements. The total outstanding amount was still owed to the lawyer as at the period ended January 31, 2020 and will be reimbursed by MOF.

6. Unit capital

Authorized

The Trust shall initially have one class of Units which shall be called Class "1" Units. No future class of Unit shall rank ahead of the Class "1" Units with respect to voting rights

The Trust is authorized to issue an unlimited number of Units of any class or series.

Issued

One Unit was issued on January 27, 2020 to a company controlled by the Trustee for proceeds of $9.

Fund held in trust

On January 9, 2020, the Settlor made an Initial Contribution of $10.

7. Financial instrument risk management

Credit risk

Credit risk is the risk of loss resulting from failure of a borrower or counter party to honour its financial or contractual obligation to the Trust. Credit risk primarily arises from cash which is on deposit with major Canadian banks and therefore considered nominal.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities. The Trust is exposed to this risk mainly in respect of its payables. The Trust's Trustee oversees the Trust's liquidity risk to ensure the Trust has access to enough readily available funds to cover its financial obligations as they come due.

Market risk

The Trust is not exposed to significant market risk.

Capital management

The Trust defines capital as unitholder’s equity.

The capital management objectives of the Trust are to maintain adequate capital resources to support its working capital needs, business and growth strategy, and build long term unitholder value.

Fair values

The carrying value of the Trust’s financial assets and liabilities approximate fair value as they have either a short period of time to maturity or are due on demand.

Item 13 Date and Certificate

DATED as of this 10th day of February, 2020

This Offering Memorandum does not contain a misrepresentation.

MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP by its GENERAL PARTNER MERCHANT OPPORTUNITIES FUND LTD.

(signed) *David Gens*
David Gens
Director, President, Chief Executive Officer

MERCHANT OPPORTUNITIES TRUST

(signed) *David Gens*
David Gens
Trustee