

FORM 45-106F2
OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

Date: March 1, 2018



The Issuer

Name: Skyline Mortgage Investment Trust
("Skyline Mortgage Trust" or the "Trust")

Head office: Address: 5 Douglas Street, Suite 301
Guelph, Ontario N1H 2S8

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Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting issuer? No

SEDAR filer? No

The Offering

Securities offered: Units (the "Units")

Price per security: \$10.00 per Unit

Minimum/Maximum offering: The maximum offering (the "Offering") of Units is \$13,000,000 (1,300,000 Units). **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 amount: \$25,000. We may waive the requirement to subscribe for this amount in our absolute discretion.

Payment terms: Cheque, bank draft or wire.

Proposed closing date(s): Closing of sales of Units will occur in stages as Units are subscribed for until August 31, 2018.

Income tax consequences: There are important tax consequences to these securities. See Item 6 – Income Tax Consequences and RRSP Eligibility.

Selling agent? Yes. Skyline Wealth Management Inc. will act as selling agent in connection with this Offering. See Item 7 – Compensation Paid to Sellers and Finders.

Some directors and officers of Skyline Wealth Management Inc. are also Trustees of Skyline Mortgage Trust. These persons (as well as other shareholders of Skyline Wealth Management Inc.) are also directors, officers and shareholders of Skyline Asset Management Inc., Skyline Mortgage Investment GP Inc. and Skyline Mortgage Investment GP (II) Inc. Skyline Wealth Management Inc. provides services to and receives fees from Skyline Mortgage Trust. Skyline Asset Management Inc. provides services to and receives fees from Skyline Mortgage Investment GP Inc. Skyline Mortgage Investment GP Inc. and Skyline Mortgage Investment GP (II) Inc. receive distributions from Skyline Mortgage Investment Limited Partnership. **Under applicable securities legislation, Skyline Mortgage Trust is considered to be a connected issuer of Skyline Wealth Management Inc.** See Item 2.2 – Our Business - Management of Skyline Mortgage Trust – The Exempt Market Dealer.

Resale restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10 – Resale Restrictions.

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 – Purchasers' Rights.

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 – Risk Factors.

TABLE OF CONTENTS

	Page
GLOSSARY	1
FORWARD-LOOKING STATEMENTS	7
DOCUMENTS INCORPORATED BY REFERENCE	8
ITEM 1 USE OF AVAILABLE FUNDS	9
1.1 Funds	9
1.2 Use of Available Funds	9
1.3 Reallocation.....	9
ITEM 2 BUSINESS OF SKYLINE MORTGAGE TRUST.....	10
2.1 Structure	10
2.2 Our Business	12
2.3 Development of Business.....	19
2.4 Long Term Objectives.....	20
2.5 Short Term Objectives and How We Intend to Achieve Them.....	20
2.6 Insufficient Funds	20
2.7 Material Agreements	20
ITEM 3 INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS.....	36
3.1 Compensation and Securities Held	36
3.2 Management Experience	37
3.3 Penalties, Sanctions and Bankruptcy.....	38
3.4 Loans.....	38
ITEM 4 CAPITAL STRUCTURE.....	38
4.1 Equity Securities.....	38
4.2 Long Term Debt Securities.....	39
4.3 Prior Sales.....	39
ITEM 5 SECURITIES OFFERED	39
5.1 Terms of Securities	39
5.2 Subscription Procedure	43
ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY.....	44
ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS	47
ITEM 8 RISK FACTORS.....	48
ITEM 9 REPORTING OBLIGATIONS	55
ITEM 10 RESALE RESTRICTIONS	55
10.1 General Statement	55
10.2 Restricted Period	55
10.3 Manitoba Resale Restrictions.....	55
ITEM 11 PURCHASERS' RIGHTS.....	56
ITEM 12 FINANCIAL STATEMENTS.....	60
ITEM 13 DATE AND CERTIFICATE.....	67

GLOSSARY

"**Administrator**" means First National Financial LP, a limited partnership governed by the laws of the Province of Ontario, in its capacity as loan administrator for Skyline Mortgage LP, as described in Item 2.2 – Our Business - Management of Skyline Mortgage Trust – The Administrator.

"**Administration Fees**" means the administration fee payable to the Administrator pursuant to the Loan Administration Agreement, as described in Item 2.7 – Material Agreements – Loan Administration Agreement – Administrator's Fees.

"**Assets Under Administration**" means, at any relevant time, the aggregate principal amount of the Mortgages in the Portfolio.

"**Brokerage Fee**" has the meaning ascribed thereto in Item 2.7 – Material Agreements – Mortgage Broker Agreement – Mortgage Broker's Fees.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday on which Schedule I chartered banks are closed for business in Toronto, Ontario.

"**Closing**" means closings of sales of Units pursuant to the Offering.

"**CMHC**" means Canada Mortgage and Housing Corporation.

"**Declaration of Trust**" means the declaration of trust made as of the Effective Date, governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, pursuant to which Skyline Mortgage Trust was created, as amended, supplemented or amended and restated from time to time.

"**Distribution Date**" means, with respect to a distribution by Skyline Mortgage Trust, a Business Day determined by the Trustees for any calendar month to be on or about the 15th day of the following month.

"**Distributions**" has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Distribution Policy.

"**Effective Date**" means February 23, 2018.

"**EMD Fees**" means the fee payable to the Exempt Market Dealer pursuant to the Exempt Market Dealer Agreement, as described in Item 2.7 – Material Agreements – Exempt Market Dealer Agreement – Exempt Market Dealer's Fees.

"**Equity Under Management**" means, at any time, the product obtained, expressed in dollars, by multiplying the outstanding Units by the value of one of the Units as fixed by the board of Trustees of Skyline Mortgage Trust from time to time.

"**Exempt Market Dealer**" means Skyline Wealth Management Inc., a corporation governed by the laws of the Province of Ontario that acts as exempt market dealer on all offerings of Units, as described in Item 2.2 – Our Business - Management of Skyline Mortgage Trust – The Exempt Market Dealer.

"**Exempt Market Dealer Agreement**" means the agreement dated the Effective Date between the Exempt Market Dealer and Skyline Mortgage Trust.

"**Final Closing**" means August 31, 2018.

"**Finance Committee**" means the finance committee created pursuant to the Declaration of Trust.

"Flow Through Fees" means fees that are paid by a borrower in respect of a Mortgage which are then either: (i) paid to a third party for a service in respect of the Mortgage; or (ii) paid to the Mortgage Broker, the Administrator or any of the Skyline Parties for providing a service in respect of the Mortgage.

"Focus Activity" means the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages, primarily on revenue producing multi-unit residential, office, retail, industrial or other Real Property (indirectly through Skyline Mortgage LP), where the principal and interest can be serviced from cash flow generated by the underlying Real Property, and secondarily on non-revenue producing Real Property (for greater certainty, including construction loans and development loans).

"Funding General Partner" means Skyline Mortgage Investment GP (II) Inc., and its successors or permitted assigns.

"General Partners" means the Managing General Partner and the Funding General Partner, and **"General Partner"** means either one of them.

"IFRS" means International Financial Reporting Standards issued by the International Accounting Standards Board, and as adopted by the Chartered Professional Accountants of Canada, as amended from time to time.

"Independent Trustee" means a Trustee who is independent within the meaning of National Instrument 52-110 *Audit Committees* and, for the purposes of certain provisions of the Declaration of Trust, means a Trustee who is independent as set out above and who alone, or together with his or her affiliates or associates, has no direct or indirect interest in the subject Related Party or in a transaction with the subject Related Party.

"Initial Unit" means a unit of beneficial interest in Skyline Mortgage Trust issued to the Funding General Partner which will be automatically redeemed by Skyline Mortgage Trust upon the issuance of the first Unit.

"Investment Committee" means the investment committee created pursuant to the Declaration of Trust.

"Limited Partner" means Skyline Mortgage Trust.

"Loan Administration Agreement" means the loan administration agreement dated as of the Effective Date between the Administrator and Skyline Mortgage LP.

"Loan-to-Value" means the ratio, expressed as a percentage, determined by $A/B \times 100$ where:

A = the principal amount of Skyline Mortgage Trust's interest in the Mortgage, together with all other equal and prior ranking mortgages on the Real Property, and

B = the appraised market value of the Real Property securing the Mortgage at the time of funding the mortgage or its most recent renewal, whichever occurs later.

"LP Income" means, during the relevant period:

- (i) all interest paid to Skyline Mortgage LP on principal of the Mortgages in the Portfolio; plus
- (ii) the share of Revenue Fees paid to Skyline Mortgage LP; plus
- (iii) all Flow Through Fees; less

- (iv) Management Fees; less
- (v) EMD Fees; less
- (vi) Brokerage Fees; less
- (vii) Origination Fees; less
- (viii) Administration Fees; less
- (ix) any applicable reimbursable expenses paid to the Mortgage Broker or Administrator; less
- (x) any expenses paid to a third party for providing a service in respect of a Mortgage in the Portfolio; less
- (xi) any applicable reimbursement expenses paid to the General Partners or Skyline Mortgage LP; less
- (xii) any applicable reimbursable expenses paid to Skyline Mortgage Trust pursuant to the Loan Administration Agreement.

Skyline Mortgage LP, in consultation with the Mortgage Broker, shall determine in good faith whether extraordinary items not already covered in (i) to (xii), above, will be treated as revenue, expense or otherwise.

"LP Net Return" for a fiscal year of Skyline Mortgage LP, or part thereof (in the case of any period of calculation that is not a full fiscal year), means the amount, if any, by which LP Income for such period exceeds the aggregate of the Monthly Hurdle Amounts calculated in respect of such period.

"LP Units" means limited partnership units of Skyline Mortgage LP.

"Management Fees" means the fees payable to the Managing General Partner pursuant to Skyline Mortgage LP Agreement.

"Management Services Agreement" means the Management Services Agreement entered into on the Effective Date between the Manager and the Managing General Partner.

"Manager" means Skyline Asset Management Inc., a corporation governed by the laws of the Province of Ontario that provides asset management, administrative and advisory services for the day-to-day operations of the Managing General Partner and Skyline Mortgage LP, as described in Item 2.2 - Our Business - Management of Skyline Mortgage Trust - The Manager.

"Managing General Partner" means Skyline Mortgage Investment GP Inc., and its successors or permitted assigns.

"Marketing Materials" means a written communication, other than an "OM standard term sheet" (as defined in NI 45-106), intended for prospective purchasers regarding a distribution of securities under an offering memorandum delivered under section 2.9 [Offering memorandum] of NI 45-106 that contains material facts relating to an issuer, securities or an offering, related to each distribution under the offering memorandum and delivered or made reasonably available to a prospective purchaser before the termination of the distribution.

"Material Transaction" has the meaning ascribed thereto in Item 2.7 - Material Agreements - Declaration of Trust - Conflict of Interest Restrictions and Provisions.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as amended from time to time (including any successor rule or policy thereto).

"**Monthly Hurdle Amount**" means for each calendar month, the product of the following formula:

$$(((\text{Beta} / \text{Delta}) + 3.24\%) \times \text{Alpha}) \times 1/12$$

with:

- (i) Alpha being the Assets Under Administration on the last day of such calendar month;
- (ii) Beta being the sum (expressed as a percentage) of the daily closing bond yields for the two-year Government of Canada bond on each Business Day of such month as published by Bloomberg L.P. or an equivalent financial data provider; and,
- (iii) Delta being the number of Business Days in such month.

"**Monthly Limit**" has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of Units.

"**Mortgage**" means an interest in a mortgage, a mortgage of a leasehold interest (or other like instrument, including an assignment or an acknowledgement of an interest in a mortgage), a charge, hypothec, bond, deed of trust, debenture, note or other evidence of indebtedness, in each case which is directly or indirectly secured by Real Property.

"**Mortgage Broker**" means First National Financial LP, a limited partnership governed by the laws of the Province of Ontario, in its capacity as an originator of Mortgages for Skyline Mortgage LP, as described in Item 2.2 – Our Business - Management of Skyline Mortgage Trust – The Mortgage Broker.

"**Mortgage Broker Agreement**" means the mortgage broker agreement dated as of the Effective Date between the Mortgage Broker and Skyline Mortgage LP.

"**Mortgage Broker Performance Fee**" means the performance fee payable by to the Mortgage Broker pursuant to the Mortgage Broker Agreement, as described in Item 2.7 – Material Agreements – Mortgage Broker Agreement – Mortgage Broker's Fees.

"**NI 45-106**" means National Instrument 45-106 *Prospectus Exemptions*.

"**Non-resident Beneficiary**" has the meaning ascribed to the term in Item 5.1 – Terms of Securities - Limitation on Non-Resident Ownership

"**Offering**" means the offering of a maximum of 1,300,000 Units pursuant to this Offering Memorandum.

"**Offering Memorandum**" means this confidential offering memorandum.

"**Origination Fees**" means any origination fees payable to the Administrator pursuant to a sale letter or renewal letter, as the case may be, provided by the Mortgage Broker to Skyline Mortgage LP in respect of a Mortgage.

"**Partnership Business**" means the business of the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages, primarily on revenue producing multi-unit residential, office, retail, industrial or other Real Property, where the principal and interest can be serviced from cash flow generated by the underlying Real Property, and secondarily on non-revenue producing Real Property (for greater certainty, including construction loans and development loans, reinvesting income produced by such

investments and such other matters incidental or ancillary thereto), all in a manner consistent with the Declaration of Trust of Skyline Mortgage Trust.

"Partnership Distributions" has the meaning ascribed thereto in Item 2.1 – Structure – Skyline Mortgage LP Agreement – Partnership Distributions.

"Person" means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

"Portfolio" means the portfolio of Mortgages beneficially owned, directly or indirectly, by Skyline Mortgage LP from time to time.

"Real Property" means property which in law is real property and includes whether or not the same would in law be real property, leaseholds, emphyteutic leases, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, partnership, joint venture or otherwise), but excluding Mortgages, and any interests in any of the foregoing.

"Redemption Price" has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of Units.

"Related Party" means, with respect to a Person, (i) a Person who is a "related party" (as such term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as amended from time to time (including any successor rule or policy thereto)); (ii) a partner, director, trustee or officer of any such Person; (iii) an associate or affiliate of any Person described in (i) or (ii) above; and (iv) in respect of Skyline Mortgage Trust includes: (a) Skyline Apartment Real Estate Investment Trust; (b) Skyline Commercial Real Estate Investment Trust; (c) Skyline Retail Real Estate Investment Trust; (d) Skyline Renewable Energy Investment Trust; (e) Jason Castellan; (f) Martin Castellan; (g) Roy Jason Ashdown; (h) Wayne Byrd; (i) Michael Bonneveld; (j) any partner, associate or affiliate of a Person described in (a) to (d); (k) any associate or affiliate of a partner described in (j); (l) any trust in which any individual described in (e) to (i) is a trustee or beneficiary; (m) any partner, associate or affiliate of a trust described in (l); (n) any partner, associate or affiliate of any individual described in (e) to (h); and (o) any Person for which any individual described in (e) to (i) acts as an officer or director.

"Revenue Fees" means, in respect of a Mortgage, the fees paid by the borrower as set out in a sale letter and/or renewal letter, as the case may be, provided by the Mortgage Broker to Skyline Mortgage LP pursuant to the Mortgage Broker Agreement but, for greater certainty, does not include commitment fees or Flow Through Fees;

"Settlement Agreement" means the agreement dated March 15, 2011 between Skyline Apartment Real Estate Investment Trust, Skyline Asset Management Inc., Skyline Incorporated and staff of the Ontario Securities Commission.

"Skyline Appointee" means a Trustee that Skyline Mortgage Investment GP Inc. is entitled to appoint pursuant to the appointment right granted in the Declaration of Trust.

"Skyline Mortgage LP" means Skyline Mortgage Investment Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

"Skyline Mortgage LP Agreement" means the limited partnership agreement governing Skyline Mortgage LP, made as of the Effective Date, as the same may be amended, restated, replaced or superseded from time to time.

"**Skyline Mortgage Trust**" means Skyline Mortgage Investment Trust and, where the context so requires, includes any Subsidiaries of Skyline Mortgage Trust, including Skyline Mortgage LP.

"**Skyline Parties**" means the General Partners and Skyline Mortgage LP.

"**Special Distributions**" has the meaning ascribed thereto in Item 2.1 – Structure – Skyline Mortgage LP Agreement – Partnership Distributions.

"**Subscriber**" means a Person purchasing Units pursuant to this Offering.

"**Subscription Agreements**" means collectively, the subscription agreements entered into between Skyline Mortgage Trust and one or more Subscribers setting out the contractual relationship between Skyline Mortgage Trust and the Subscribers of Units pursuant to the Offering.

"**Subsidiary**" means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person's in the preparation of the first Person's consolidated financial statements if prepared in accordance with IFRS.

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

"**Total Assets**" means, at any time, the book value of the assets of Skyline Mortgage Trust, as shown on its then most recent balance sheet.

"**Trust Note**" means a promissory note, bond, debenture, debt security or similar evidence of indebtedness issued by Skyline Mortgage Trust.

"**Trustees**" means the trustees of Skyline Mortgage Trust.

"**Unit**" means a unit of beneficial interest in Skyline Mortgage Trust authorized and issued under the Declaration of Trust as such and for the time being outstanding and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

"**Unitholder**" means a holder of one or more Units.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Offering Memorandum constitutes "forward-looking information" within the meaning of applicable securities laws, including, among other things, statements concerning future financial position, results of operations and forecasted future cash flows, statements concerning objectives and strategies to achieve those objectives, statements with respect to management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not statements of historical facts. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "indicators", "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", "aim", "would", "forecast", "project", "seek" or similar expressions suggesting future outcomes or events. In particular, certain statements in Item 1 – Use of Available Funds and Item 2 – Business of Skyline Mortgage Trust constitute forward looking information.

Actual results may vary from the forward-looking information contained in this Offering Memorandum as such information is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. The forward-looking statements in this Offering Memorandum are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described below under Item 8 - Risks Factors, which could cause actual results, operations or performance to differ materially from the forward-looking statements expressed or implied in this Offering Memorandum.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, risks associated with: investments in Mortgages and changes in underlying Real Property values; general economic conditions; local Real Property markets; use of leverage; competition in the Real Property financing sector; sensitivity to interest rates; ability to vary the portfolio promptly in response to changing economic or investment conditions; Mortgage extensions and defaults; foreclosures; failure of computer and data processing systems and software; changes in legislation, environmental matters, availability of cash flow; Unitholder liability; dependence on key personnel; potential conflicts of interest; tax related risks; dilution, liquidity and redemption risks; and risks associated with holding units rather than shares.

The forward-looking statements in this Offering Memorandum are based on numerous assumptions regarding Skyline Mortgage Trust's present and future business strategies and the environment in which Skyline Mortgage Trust will operate in the future, including assumptions regarding the completion of this Offering, the ability of Skyline Mortgage LP to acquire and maintain a Portfolio of Mortgages capable of generating sufficient returns to enable Skyline Mortgage Trust to achieve its investment objectives, the maintenance of prevailing interest rates at favourable levels, anticipated costs and expenses, competition and general economic conditions.

Although the forward-looking statements contained in this Offering Memorandum are based on what management believes are reasonable assumptions, there can be no assurance that actual results, operations or performance will be consistent with these statements.

All forward-looking statements in this Offering Memorandum are qualified in their entirety by this forward-looking disclaimer. Without limiting the generality of the foregoing, the discussion in Item 1 – Use of Available Funds and Item 2 – Business of Skyline Mortgage Trust is qualified in its entirety by this forward-looking disclaimer. These statements are made as of the date of this Offering Memorandum, and, except as required by applicable law, we undertake no obligation to update publicly or revise any such statements to reflect new information or the occurrence of future events or circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

In Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan, any Marketing Materials related to a distribution of Units under this Offering Memorandum and section 2.9 [Offering memorandum] of NI 45-106 delivered or made reasonably available to a prospective purchaser before the termination of the distribution are specifically incorporated by reference into this Offering Memorandum.

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to amounts to be raised by this Offering and the intended uses of available funds, but not limited to those statements. The discussion in this section is qualified in its entirety by the cautionary language under the heading "Forward-Looking Statements" in this Offering Memorandum.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Funds

The following table sets forth the funds available as a result of the Offering.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$0	\$13,000,000
B	Selling commissions and fees ⁽¹⁾	\$0	\$260,000
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$0	\$25,000
D	Available funds: $D = A - (B+C)$	\$0	\$12,715,000
E	Additional sources of funding required	\$0	\$0
F	Working capital deficiency	\$0	\$0
G	Total: $G = (D+E) - F$	\$0	\$12,715,000

Note:

(1) Assumes the maximum equity raise fee equal to 2% of the gross proceeds of this Offering may be paid to the Exempt Market Dealer. See Item 7 – Compensation Paid to Sellers and Finders.

1.2 Use of Available Funds

The following table sets forth a breakdown of how Skyline Mortgage Trust will use the available funds.

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
Investment in Mortgages ⁽¹⁾	\$0	\$12,715,000
Total:	\$0	\$12,715,000

Note:

(1) Skyline Mortgage Trust will invest in a diversified portfolio of Mortgages indirectly through Skyline Mortgage LP. See Item 2.1 – Structure.

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons and in accordance with stated investment guidelines.

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to the management and investment strategy of Skyline Mortgage Trust, the objectives of Skyline Mortgage Trust and the achievement of those objectives, but not limited to those statements. The discussion in this section is qualified in its entirety by the cautionary language under the heading "Forward-Looking Statements" in this Offering Memorandum.

ITEM 2 BUSINESS OF SKYLINE MORTGAGE TRUST

2.1 Structure

Skyline Mortgage Investment Trust ("**Skyline Mortgage Trust**") is an unincorporated open-end investment trust created by a declaration of trust made as of the Effective Date (the "**Declaration of Trust**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See Item 2.7 – Material Agreements – Declaration of Trust.

The objectives of Skyline Mortgage Trust are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly, from its indirect investment (through Skyline Mortgage LP) in a diversified portfolio of Mortgages (the "**Portfolio**"); and (ii) to maximize Unit value through the ongoing management of Skyline Mortgage Trust's assets, as described below.

Skyline Mortgage Trust owns all of the LP Units of Skyline Mortgage Investment Limited Partnership ("**Skyline Mortgage LP**") and will invest in Mortgages indirectly through Skyline Mortgage LP. Skyline Mortgage Investment GP Inc., an Ontario Corporation (the "**Managing General Partner**"), and Skyline Mortgage Investment GP (II) Inc., an Ontario Corporation (the "**Funding General Partner**"), are the general partners of Skyline Mortgage LP. Skyline Mortgage Trust will derive its income from distributions from Skyline Mortgage LP. See "Skyline Mortgage LP Agreement – Partnership Distributions" below.

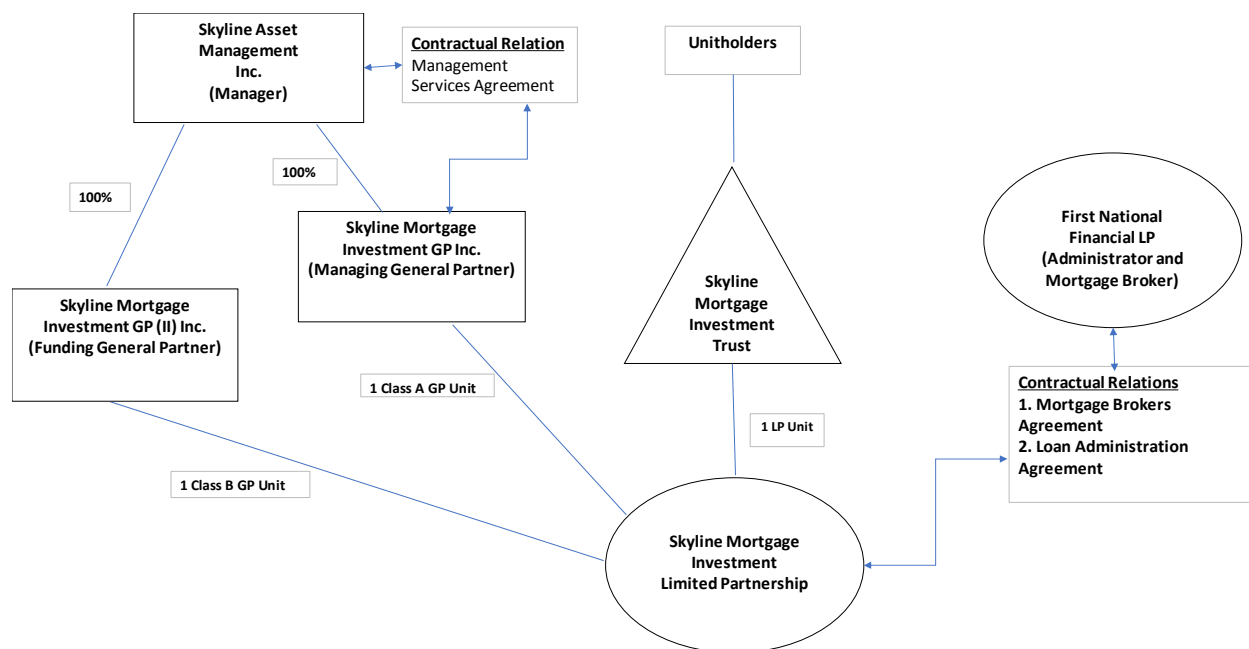
The Managing General Partner has delegated certain management and administrative services for the day-to-day operations of Skyline Mortgage LP to Skyline Asset Management Inc. (the "**Manager**"), an Ontario corporation, in accordance with the Skyline Mortgage LP Agreement. See Item 2.2 – Our Business – Management of Skyline Mortgage Trust – The Managing General Partner – The Manager

The investing activities of Skyline Mortgage Trust will be subject to specific investment restrictions, and the operation of Skyline Mortgage Trust will be subject to specific operating policies. See Item 2.7 – Material Agreements – Declaration of Trust – Investment Restrictions and Operating Policies.

The trustees of Skyline Mortgage Trust (the "**Trustees**") are responsible for the general control and direction of Skyline Mortgage Trust. First National Financial LP (the "**Mortgage Broker**" and/or the "**Administrator**") originates and administers the Mortgages. Offerings of Units of Skyline Mortgage Trust will be conducted by Skyline Wealth Management Inc. (the "**Exempt Market Dealer**").

The principal office of Skyline Mortgage Trust, Skyline Mortgage LP, the Managing General Partner, the Funding General Partner, the Manager and the Exempt Market Dealer is located at 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8. The principal office of the Mortgage Broker is located at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, M5J 1V6.

The following sets forth the principal operating structure of Skyline Mortgage Trust:



Skyline Mortgage LP Agreement

Skyline Mortgage LP was formed to carry on the Partnership Business, in accordance with the terms of the Skyline Mortgage LP Agreement. The "**Partnership Business**" means the business of the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages, primarily on revenue producing multi-unit residential, office, retail, industrial or other Real Property, where the principal and interest can be serviced from cash flow generated by the underlying Real Property, and secondarily on non-revenue producing Real Property (for greater certainty, including construction loans and development loans, reinvesting income produced by such investments and such other matters incidental or ancillary thereto), all in a manner consistent with the Declaration of Trust of Skyline Mortgage Trust.

Under the terms of the Skyline Mortgage LP Agreement, Skyline Mortgage LP shall not undertake any activity, take any action, or make any investment which would result in Skyline Mortgage Trust breaching or being in default of the investment restrictions or operating policies of Skyline Mortgage Trust as set out in Skyline Mortgage Trust's Declaration of Trust.

Subject to any limitation set out in the Skyline Mortgage LP Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), the Funding General Partner is authorized to carry on the funding activities of Skyline Mortgage LP, with full power and authority to do such acts and things as are necessary and incidental to the funding activities of Skyline Mortgage LP. The Funding General Partner has no power or authority to undertake any management or administrative activities for Skyline Mortgage LP.

Subject to any limitation set out in the Skyline Mortgage LP Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), the Managing General Partner is authorized to carry on the management and administration of Skyline Mortgage LP and the Partnership Business, with full power and exclusive authority to administer, manage, control and operate the operations and affairs of Skyline Mortgage LP, other than funding activities. As compensation for the services provided to Skyline

Mortgage LP, the Managing General Partner is entitled to receive a monthly management fee equal to one-twelfth of 0.5% of the Assets Under Administration, plus applicable HST.

The General Partners are entitled to receive distributions from Skyline Mortgage LP.

Partnership Distributions

Pursuant to the Skyline Mortgage LP Agreement, the Managing General Partner, in its discretion, shall determine on a monthly basis amounts ("**Partnership Distributions**") for the prior month. The amount of Partnership Distributions shall be determined by the Managing General Partner in a manner that is analogous to the manner in which Skyline Mortgage Trust calculates distributions on Skyline Mortgage Trust Units. Partnership Distributions shall be distributed first to each of the General Partners to reimburse costs and expenses incurred by them in performing their duties as General Partners, and the balance shall be distributed to the Limited Partner (i.e. Skyline Mortgage Trust).

In addition to the distributions described above, the Managing General Partner may in any fiscal year make such additional distributions (each, a "**Special Distribution**") to the partners of Skyline Mortgage LP as the Managing General Partner shall determine in its discretion. Special Distributions made in any fiscal year shall be distributed in the following manner and in the following order:

- (a) first, to the Managing General Partner, \$100.00 in respect of each fiscal year (the "**Managing GP's Share**");
- (b) second, to the Funding General Partner, an amount, if any, which is equal 10% of the LP Net Return for the previous fiscal year less \$100.00 (the "**Funding GP's Share**"); and
- (c) third, the balance to the holders of LP Units, in proportion to the number of LP Units held by each holder of LP Units.

For greater certainty, in any fiscal year, the maximum amount of Special Distributions which may be distributed to the General Partners shall equal the aggregate of the Managing GP's Share and the Funding GP's Share. Once an amount set out in clause (a) and (b), above, has been distributed to the General Partners, the General Partners shall not be entitled to any further amounts distributed as Special Distributions in such fiscal year and all further Special Distributions distributed in such fiscal year shall be distributed solely to the holders of LP Units, in proportion to the number of LP Units held by each holder of LP Units.

2.2 Our Business

Investment Strategies

Skyline Mortgage Trust will seek to accomplish its investment objectives through prudent investments (indirectly through Skyline Mortgage LP) in short term mortgages (typically 12 - 36 months) primarily on multi-unit residential, office, retail, industrial and other commercial Mortgages across Canada. Mortgages will be secured primarily by income producing Real Property where the principal and interest can be serviced from cash flow generated by the underlying Real Property and secondarily on non-revenue producing Real Property (for greater certainty, including construction loans and development loans).

In general, Mortgages will generate income through a rate of interest that is typically payable periodically throughout the terms of the Mortgages, as well as through Revenue Fees which generally are paid at the time of initial funding. Revenue Fees are one-time fees paid by a borrower to Skyline Mortgage LP and are the net amount after payment of a fee to the originator, who also may be the Mortgage Broker, for sourcing a Mortgage (on average, approximately 50% of the gross fees paid). All Mortgages will be secured by Real Property consisting primarily of multi-unit residential, office, retail, industrial or other

commercial property in Canada. Mortgages may be either first ranking, a junior position in a first ranking Mortgage, or a second ranking Mortgage, and individual Mortgages may be secured by more than one Real Property owned by the same borrower. Investments in the Portfolio also will be made in accordance with certain investment restrictions. Skyline Mortgage Trust will rely on the origination expertise of the Mortgage Broker to meet these objectives. See Item 2.2.0 Our Business - "Management of Skyline Mortgage Trust – The Mortgage Broker".

Mortgage Investment Process

The Mortgage Broker will utilize an investment process that has a proven track record of originating high quality mortgage investments for over 20 years. The Mortgage Broker will rely on its experienced mortgage originators and underwriters to seek high quality mortgage investment opportunities from its existing customer base. As of December 31, 2017, the Mortgage Broker had \$24.17 billion of multi-unit residential and commercial mortgages under administration of which approximately 76% were CMHC-insured. The identification of appropriate mortgage investment opportunities will be based on an assessment of risk primarily related to property location, the borrower's creditworthiness and the strength of the property cash flow attributes. The Mortgage Broker seeks high quality mortgage investments appropriate for Skyline Mortgage Trust where: (i) the borrower has a clear exit strategy; (ii) the mortgage is secured by Real Property that is reasonably liquid; and (iii) the borrower has both the required experience and equity invested in the Real Property securing the loan.

Each mortgage loan is subject to a detailed credit adjudication process by the Mortgage Broker. Mortgage loans that are determined to be satisfactory after this process will be presented to a committee consisting of senior credit officers and managers of the Mortgage Broker (the "**Mortgage Credit Committee**") together with a comprehensive due diligence report. The Mortgage Credit Committee will consider each investment opportunity presented to it with a view to assessing the strength of the security and covenants of the mortgage investment opportunity together with the extent of any default risks associated with the mortgage.

Following its review, the Mortgage Credit Committee will make a recommendation with respect to the mortgage investment opportunity. Only with a positive recommendation from the Mortgage Credit Committee will the Mortgage Broker consider recommending the investment opportunity to Skyline Mortgage Trust.

After the Mortgage has funded, the Mortgage Broker will monitor the status of each loan and the ongoing credit of the borrower. Through the Mortgage Broker's servicing platform, the Mortgage Broker will monitor and ensure the adequacy of the loan's performance by substantiating mortgage and realty tax payments; confirming insurance coverage; reviewing financial and operating statements; and verifying the borrower's undertakings.

Mortgage Tranching

Skyline Mortgage LP may hold interests in Mortgages in which the Manager has permitted third parties (typically Canadian chartered banks, trust companies and other mortgage investors) to participate in senior portions at reduced interest rates. This enables the Portfolio to retain a disproportionately large amount of interest revenue when compared to the portions of the Mortgages it retains. This practice - sometimes referred to as "tranching" - enables the Portfolio to effectively increase its returns while using less capital for each Mortgage investment (thereby facilitating greater diversification for the Portfolio) and, in all cases, retaining the Mortgage Broker's control over administering the entire Mortgage. The Mortgage Broker believes that tranching enhances risk-adjusted returns as the interest rate received by Skyline Mortgage LP is significantly higher than the rate it would have obtained under an equivalent non-tranched Mortgage. The senior portion of the Mortgage is referred to as the tranche A portion and the junior portion is referred to as the tranche B portion.

The participation interests of Skyline Mortgage LP and third parties in Mortgages generally will be represented through participation agreements under which the Mortgage Broker will retain control over administering the entire Mortgage. A typical participation agreement provides for the respective ownership interests of the parties, priority interest of the senior lender, share of interest to be received by each participant and the junior lender's right to purchase the senior lender's position for the outstanding principal, interest and other amounts outstanding at the time of the purchase.

Overview of the Sector that the Portfolio Invests In

The Mortgage Broker believes that the fundamentals for real estate investment and development remain favourable in Canada as commercial Real Property continues to be in high demand due to strong operating fundamentals. The demand has been supported by public and private investors seeking hard assets that provide stable cash flow. Real estate investment trusts (REITs) and pension funds have become more prominent investors over the last several years and continue to raise capital to acquire new assets. Canadian real estate prices have appreciated recently in most major markets, and are expected to remain strong in major markets due to a balance between supply and demand, while secondary and tertiary markets, particularly those in energy-centric regions, may exhibit lower liquidity.

Traditional Canadian financial institutions have underserved borrowers who require funding in the transition phase of the investment process, including construction, development and lease-up financing, as it is short term in nature and the loans are perceived as having a higher risk profile. Skyline Mortgage Trust is therefore able to benefit from this transition phase where investors need interim funding to add value to a property prior to obtaining long-term financing. With a limited supply of financing available in the transitional phase of real estate investments, borrowers are often willing to pay higher interest rates for these short-term mortgages. Once the transitional phase of the underlying property is complete, the properties can be refinanced with longer-term, lower interest Mortgage loans from traditional Canadian financial institutions.

Overall, the Mortgage Broker believes that the factors cited above have created an opportunity for independent originators to charge premium interest rates for high quality Mortgage loans to seasoned and experienced real estate investors. These investors are seeking lenders that can respond quickly and can execute a loan structure that provides reasonable flexibility while still maintaining prudent underwriting criteria. The Mortgage Broker believes that this reduction of available Mortgage capital has contributed to the increased number of attractive investment opportunities available to Skyline Mortgage Trust.

Overview of the Real Estate Sectors in Which Skyline Mortgage Trust May Invest

Real estate investment within the Canadian market is comprised mainly of residential (including single family, multi-family, student residences and retirement residences), office, retail and industrial buildings, self-storage, as well as land for development. The owners of commercial Real Property range widely from large institutional investors, such as pension funds and public companies, to smaller entrepreneurial investors, such as privately managed and commingled investment funds and individuals. It is very common for these investors to require some form of mortgage financing (in combination with their equity) to acquire, develop or re-position Real Property.

Residential

Residential Real Property is comprised of multi-family properties in the form of apartment buildings, retirement and nursing residences, student residences, residential building lots and condominium inventory. Tenant demand for these types of properties is driven by various community characteristics including location, security, access to arterial roadways and public transportation, and proximity to educational facilities. Student housing in particular captures a tenant base that values proximity to universities and colleges, and is primarily multi-residential. Although this asset class is considered to have a low level of risk due to consistently high demand, the sector does experience

considerable tenant turnover. The impact felt from this turnover on investor's profitability is often limited because it is spread across a large tenant base.

Retail

Retail properties are leased to commercial businesses which sell products and services to the general public for their consumption. Demand from tenants for these properties is driven by their location, curb appeal, traffic, and area demographics including population density. Returns from investment in retail properties are generally stable due to longer lease terms. Risk of return can also be diminished with a diversified group of tenants with staggered lease maturities. In particular, large anchor tenants in retail plazas may pay lower rental rates, however they increase traffic for smaller tenants which pay higher rental rates.

Industrial

Industrial properties are comprised of various buildings used for the purposes of warehousing or distribution, manufacturing, research and development, and showrooms. In addition, these properties may be used as a low cost alternative to office space for back office operations, call centers, or other general uses. For the most part these properties are single story buildings, have either a single or multiple tenants, and range in size from 5,000 square feet to 100,000+ square feet of gross leasable area. Typically these are located near major metropolitan regions and are in close proximity to major thoroughfares. This asset class tends to operate close to its supply and demand equilibrium due to a shorter development cycle, which leads to stable availability rates. Because of this, most development is done on a built-to-suit basis, where tenants are determined before construction. There is limited speculative development in this asset class. Given the homogeneous nature of these buildings, these are able to accommodate a diverse tenant base. This further facilitates the supply/demand equilibrium, and makes for an asset class that closely tracks the overall performance of the economy. Industrial leases tend to have mid-to-long term leases, and rollover risk is mitigated by high relocation costs for the tenants. However, if a tenant does vacate, securing a replacement tenant can take some time. As such, a thorough assessment of the tenant's creditworthiness is necessary when evaluating the feasibility of mortgage financing for an industrial property. Industrial properties generally require lower average investment, minimal management, and have lower operating costs than office or retail properties. Critical factors for evaluating an investment in an industrial property include proximity to major thoroughfares, functionality, ceiling height, and the degree to which the property is specialized.

Office

Office properties are generally comprised of multi-tenant buildings located in downtown cores, suburban office parks, or near airports. Leases are generally mid-to-long term and provide steady cash flow. In comparison to retail or industrial properties, returns from office properties can be more variable as the market is more susceptible to fluctuations in the overall economy. As with industrial properties, a thorough assessment of the tenant's creditworthiness, market rental rates and the lease rollover profile is necessary when evaluating the feasibility of mortgage financing for an office property.

Types of Mortgages

Skyline Mortgage Trust will focus on short-term bridge financing Mortgages to qualified real estate investors and developers. Mortgages may be either first ranking, a junior position in a first ranking Mortgage, or a second ranking Mortgage. Bridge mortgages are short-term loans, typically borrowed to bridge a short period of time, generally ranging between 6 months and 3 years. Bridge loans are often used for capital repairs to a property, redevelopment of a property, or the purchase of another investment. Bridge loans typically bear higher rates of interest than traditional debt financing. A sale of the property or debt refinancing will often provide sufficient proceeds to repay the bridge mortgage.

In some cases, Mortgages may finance development of or construction on Real Property. Development mortgages are typically loans secured against development lands prior to development or with existing buildings that are slated for redevelopment in short term. In either case, the majority of the value of the asset is in the underlying land. Development mortgages are frequently used to assist in funding site acquisitions, predevelopment costs, and costs associated with servicing sites with infrastructure. Construction loans are used to finance the construction of Real Property. Often, construction loans contain features such as interest reserves where repayment ability may be based on an event that can occur only once the project is built, and/or interest-only payments, and in either case often become due upon completion of the project. Construction loans are variable-rate, and often require special monitoring and guidelines to ensure that the project is completed and that repayment of the loan can begin to take place.

Management of Skyline Mortgage Trust

Trustees

The investment policies and operations of Skyline Mortgage Trust are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians. Initially the board of Trustees (the "**Board**") shall be composed of three Trustees, all of whom shall be appointed by the Managing General Partner (each, a "**Skyline Appointee**"). Subject to the Declaration of Trust, the Trustees may by resolution increase or decrease the size of the Board by a majority vote of the Trustees at a meeting called for such purpose, provided that at all times there shall be no fewer than three Trustees. Until the first annual meeting of the Unitholders which occurs following the date upon which the Total Assets of Skyline Mortgage Trust first reached one hundred million dollars (\$100,000,000) (the "**Threshold Meeting**"), all Trustees will be Skyline Appointees. At all times following the Threshold Meeting, Skyline Mortgage Trust must have at least one Independent Trustee. All Independent Trustees will be elected by the Unitholders and, for greater certainty, at least one Independent Trustee shall be elected by the Unitholders at the Threshold Meeting. Notwithstanding anything else in the Declaration of Trust, but subject to the Canadian residency requirements in the Declaration of Trust, from and after the Threshold Meeting, the Managing General Partner has the right, but not the obligation, to appoint such number of Skyline Appointees such that Skyline Appointees form a majority of the Board. For greater certainty, where, at any time for any reason Skyline Appointees do not make up a majority of the Board, the Managing General Partner may appoint such number of Skyline Appointees such that, following such appointment, Skyline Appointees make up a majority of the Board. A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of a Skyline Appointee) may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the Unitholders at a meeting of the Unitholders called for such purpose. If a vacancy would result in the Board having no Independent Trustees (as required by the Declaration of Trust), such vacancy must be filled by an individual who qualifies as an Independent Trustee. A vacancy occurring among the Trustees resulting from the resignation or removal of a Skyline Appointee may only be filled by the Managing General Partner.

The Declaration of Trust provides for the appointment by the Trustees of a finance committee (the "**Finance Committee**") and an investment committee (the "**Investment Committee**"). See Item 2.7 – Material Agreements – Declaration of Trust.

The Managing General Partner

Skyline Mortgage Trust owns all of the LP Units of Skyline Mortgage LP and will invest in Mortgages indirectly through Skyline Mortgage LP. Subject to any limitation set out in the Skyline Mortgage LP Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), Skyline Mortgage Investment GP Inc. (the "**Managing General Partner**") is authorized to carry on the management and administration of Skyline Mortgage LP and the Partnership Business, with full power and exclusive authority to administer, manage, control and operate the operations and affairs of Skyline Mortgage LP, other than funding activities, which are undertaken by the Funding General Partner. The Managing General Partner has delegated certain management and administrative services for the day-to-

day operations of Skyline Mortgage LP to the Manager in accordance with the Skyline Mortgage LP Agreement.

The Manager

Skyline Asset Management Inc., an Ontario corporation (the "**Manager**") provides management and administrative services to the Managing General Partner for the day-to-day operations of Skyline Mortgage LP pursuant to the Management Services Agreement, for an initial term of five years, expiring in 2023. The Management Services Agreement will automatically renew for successive five-year terms unless terminated by the Managing General Partner or the Manager. Senior management of the Manager includes individuals who collectively have over thirty-five years of experience in all aspects of the real estate industry. See Item 2.7 – Material Agreements – Management Services Agreement.

Among other duties, the Manager is responsible for providing the following services to the Managing General Partner: providing and operating head offices for the Managing General Partner and/or Skyline Mortgage LP, including providing the office space, equipment, support services and administrative, clerical and secretarial personnel incidental thereto; assisting the Managing General Partner to carry out the business of Skyline Mortgage LP; analyzing and evaluating opportunities for investments in Mortgages referred to Skyline Mortgage LP by the Mortgage Broker and conducting appropriate due diligence in connection therewith; providing strategic advice and implementing decisions with respect to the Portfolio, including decisions regarding the structuring, acquisition and disposition of Mortgages and the implementation of remedies for the realization of delinquent mortgage loan assets; representing Skyline Mortgage LP in its dealings with banks and other lenders, investment dealers, exempt market dealers, institutions and investors; conducting day-to-day relations on behalf of Skyline Mortgage LP with third parties, including the Mortgage Broker, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers; maintaining the books and financial records of Skyline Mortgage LP and the Managing General Partner and preparing such reports and business plans on behalf of the Managing General Partner as are required to report to Skyline Mortgage Trust or any other Person; assisting the Managing General Partner to manage, administer and operate any and all property or assets of Skyline Mortgage LP; negotiating, executing and carrying out, on behalf of Skyline Mortgage LP, any agreement involving matters or transactions that are in the ordinary course of the business of Skyline Mortgage LP; obtaining on behalf of Skyline Mortgage LP and the Managing General Partner the services of legal counsel, auditors, accountants, experts, advisers or consultants which it deems appropriate and to act according to the opinion of such persons; purchasing on behalf of the Managing General Partner or Skyline Mortgage LP such property insurance, liability insurance, title insurance and other insurance as directed by the Managing General Partner or Skyline Mortgage LP or which the Manager considers necessary or appropriate; opening and operating on behalf of the Managing General Partner or Skyline Mortgage LP such bank, trust or investment accounts as directed by the Managing General Partner or Skyline Mortgage LP or which the Manager considers necessary or appropriate; assisting with appropriate arrangements for any required borrowing; making arrangements for payment on behalf of the Managing General Partner or Skyline Mortgage LP all fees and expenses of Skyline Mortgage LP or the Managing General Partner; assisting with arrangements for commencing and prosecuting any suit or proceedings with respect to or on behalf of the Managing General Partner or Skyline Mortgage LP, their respective property or business, assisting with arrangements for the defence of the Managing General Partner or Skyline Mortgage LP in any suit or proceedings taken against either or them and negotiating settlements in respect of any such suit or proceedings; managing Skyline Mortgage LP's and the Managing General Partner's regulatory compliance, including making all required filings on behalf of the Skyline Mortgage LP and the Managing General Partner; providing direction to the Mortgage Broker and negotiating arrangements for any new mortgage broker or the renewal of the arrangements with the existing Mortgage Broker; recommending to the Managing General Partner the amount, nature and the date of any distributions by Skyline Mortgage LP; preparing and filing on behalf of the Managing General Partner and/or Skyline Mortgage LP such certificates and do such other acts as may be required to qualify and maintain Skyline Mortgage LP as a limited partnership where deemed appropriate; preparing and filing on behalf of the Managing

General Partner and/or Skyline Mortgage LP any and all returns and other documents, instruments, elections or determinations under the Tax Act or other legislation or similar laws of Canada or of any province or jurisdiction or any other taxation authority; and, as directed by the Managing General Partner, doing all such other acts and things the Managing General Partner may, in its sole discretion, deem necessary, desirable or incidental to Manager's duties and obligations set out in the Management Services Agreement. See Item 2.7 – Material Agreements – Management Services Agreement.

The Mortgage Broker

First National Financial LP (the "**Mortgage Broker**"), a limited partnership governed by the laws of the Province of Ontario, originates the Mortgages pursuant to the Mortgage Broker Agreement, for an initial term of five years expiring in 2023. The Mortgage Broker Agreement will automatically renew for successive five year terms unless terminated by Skyline Mortgage LP or the Mortgage Broker. First National Financial GP Corporation, a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Mortgage Broker. All of the directors and senior officers of First National Financial GP Corporation have been involved in a broad range of real estate financing activities for more than 20 years. See Item 2.7 – Material Agreements – Mortgage Broker Agreement.

Among other duties, the Mortgage Broker is responsible for: brokering and originating the Mortgage investments for Skyline Mortgage LP; seeking out and evaluating opportunities for investments in Mortgages; performing a detailed credit adjudication process for each Mortgage loan; investigating, selecting and conducting relations with leasing agents, realtors, brokers, and any other Persons acting in a capacity deemed necessary or desirable by Skyline Mortgage LP; obtaining appraisals as may be required in connection with the Business; and such other services as are reasonably necessary or ancillary to the foregoing matters or as Skyline Mortgage LP may from time to time reasonably request. See Item 2.7 – Material Agreements – Mortgage Broker Agreement.

The Administrator

First National Financial LP (the "**Administrator**"), a limited partnership governed by the laws of the Province of Ontario, manages and administers the Mortgages pursuant to the Loan Administration Agreement. The Loan Administration Agreement will automatically expire upon repayment in full of all indebtedness secured under the Mortgages constituting the Portfolio, unless terminated earlier by Skyline Mortgage LP or the Administrator. First National Financial GP Corporation, a corporation incorporated under the laws of the Province of Ontario, is the general partner of the Administrator. All of the directors and senior officers of First National Financial GP Corporation have been involved in a broad range of real estate financing activities for more than 20 years. See Item 2.7 – Material Agreements – Loan Administration Agreement.

Among other duties, the Administrator is responsible for: supervising the day-to-day affairs and administration of the Mortgages in the Portfolio and maintaining proper books of accounts and records in connection with each Mortgage; overseeing the servicing of the Mortgages, providing those services as may be required to collect, handle, prosecute or settle any claims with respect to the Portfolio; and such other services as may be reasonably requested by Skyline Mortgage LP. See Item 2.7 – Material Agreements – Loan Administration Agreement.

The Exempt Market Dealer

Skyline Wealth Management Inc. (the "**Exempt Market Dealer**") is a corporation governed by the laws of the Province of Ontario. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Units, and receives fees pursuant to the Exempt Market Dealer Agreement for an initial term of five years expiring in 2023. The Exempt Market Dealer Agreement will automatically renew for successive five year terms unless terminated by Skyline Mortgage Trust or the Exempt Market Dealer. All of the directors and a majority of the senior

officers of the Exempt Market Dealer have been involved in a broad range of real estate activities over the past fifteen years. See Item 2.7 – Material Agreements – Exempt Market Dealer Agreement.

Among other duties, the Exempt Market Dealer will be responsible for (subject to the provisions of the Exempt Market Dealer Agreement) acting as exempt market dealer in each of the provinces of Canada where the Exempt Market Dealer is registered as an exempt market dealer on each equity raise undertaken by Skyline Mortgage Trust, and in connection therewith: coordinating, managing and documenting (other than the preparation of an offering memorandum and the subscription agreement) all aspects of each equity raise, including managing third-party service providers retained by the Exempt Market Dealer in connection therewith; assuming responsibility for the distribution of Units on behalf of Skyline Mortgage Trust in each of the provinces of Canada where the Exempt Market Dealer is registered as an exempt market dealer; ensuring anti-money laundering and anti-terrorism compliance; assisting Skyline Mortgage Trust in processing distributions to Unitholders; maintaining all books and financial records with respect to the Unitholders; calculating equity under management from time to time; providing advice and assistance in connection with Skyline Mortgage Trust's raising of capital and issuance of securities, including advising and assisting Skyline Mortgage Trust in its dealings with institutions and investors; facilitating the entering into of offering contracts between the Skyline Mortgage Trust and investors and maintain ongoing communication with Unitholders and potential investors about investing in Skyline Mortgage Trust; and assisting Skyline Mortgage Trust in making all required filings under applicable law. See Item 2.7 – Material Agreements – Exempt Market Dealer Agreement.

Some directors and officers of the Exempt Market Dealer are also Trustees of Skyline Mortgage Trust. These persons (as well as other shareholders of the Exempt Market Dealer) are also directors, officers and/or shareholders of the Manager and the General Partners. The Exempt Market Dealer provide services to and receive fees from Skyline Mortgage Trust. The General Partners receive distributions from Skyline Mortgage LP. Under applicable securities legislation, Skyline Mortgage Trust is considered to be a connected issuer of the Exempt Market Dealer.

The decision of Skyline Mortgage Trust to distribute the Units and the determination of the terms of the Offering were made independently of the Exempt Market Dealer, the Manager and the General Partners. The Manager and the General Partners will not receive any benefit in connection with the Offering. The Exempt Market Dealer will not receive any benefit in connection with this Offering other than the fees payable to the Exempt Market Dealer under the Exempt Market Dealer Agreement. See Item 2.7 – Material Agreements – Exempt Market Dealer Agreement – Exempt Market Dealer's Fees.

2.3 Development of Business

Skyline Mortgage Trust has identified the following Mortgages as the initial Mortgages for the portfolio (each Mortgage to be purchased by Skyline Mortgage LP from the Mortgage Broker as soon as funds are available).

Property Address	City, Province	Property type	Security type	Loan amount			Maturity date
				Committed	Current	Undrawn	
7-31 Kingsmere Court	Moncton, NB	Multifamily	1st	3,350,000	3,350,000	0	1-Jan-19
1266 Newport Avenue	Victoria, BC	Multifamily Renovation	1st	2,568,000	2,032,500	535,500	1-Apr-19
351 West 3rd	North Vancouver, BC	Land	'A' note	3,500,000	3,500,000	0	1-Jun-20

Pascal Poirier & Main Street	Shediac, NB	Multifamily & Retirement	2nd	2,176,250	2,176,250	0	1-Apr-20
King Street on the Park	Spruce Grove, AB	Condo inventory/rental	2nd	1,670,000	1,670,000	0	1-Jan-20

2.4 Long Term Objectives

The goals and objectives of Skyline Mortgage Trust are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly from its indirect investment (through Skyline Mortgage LP) in a diversified portfolio of Mortgages (the "**Portfolio**"); and (ii) to maximize Unit value through the ongoing management of Skyline Mortgage Trust's assets. The costs associated with achieving Skyline Mortgage Trust's long-term objectives include customary costs incurred in connection with the origination, funding, entering into, acquiring, holding, managing and selling of Mortgages such as the short-term costs set out below and fees payable to the Manager, the Mortgage Broker and the Exempt Market Dealer. See Item 2.7 – Material Agreements – Management Services Agreement, Mortgage Broker Agreement and Exempt Market Dealer Agreement.

Skyline Mortgage Trust cannot guarantee that its long-term objectives will be met. Results will vary and are subject to numerous risks. A Unitholder may experience a complete loss of its investment. See Item 8 – Risk Factors.

2.5 Short Term Objectives and How We Intend to Achieve Them

The following outlines Skyline Mortgage Trust's short-term objectives for the next 12 months and the methods and costs associated with the achievement of those objectives.

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
Funding the acquisition of Mortgages originated and warehoused by the Mortgage Broker	By the completion of the Offering	\$12,715,000

2.6 Insufficient Funds

The funds available as a result of this Offering may not be sufficient to accomplish all of the proposed objectives of Skyline Mortgage Trust and there is no assurance that alternative financing will be available.

2.7 Material Agreements

The following is a list of all material contracts to which Skyline Mortgage Trust is currently a party or to which Skyline Mortgage LP or its General Partners are a party.

Declaration of Trust

General

Skyline Mortgage Trust is an unincorporated open-end investment trust created by a declaration of trust made as of the Effective Date (the "**Declaration of Trust**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Trustees

The investment policies and operations of Skyline Mortgage Trust are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians. Initially the board of Trustees (the "**Board**") shall be composed of three Trustees, all of whom shall be appointed by the Managing General Partner (each, a "**Skyline Appointee**"). Subject to the Declaration of Trust, the Trustees may by resolution increase or decrease the size of the Board by a majority vote of the Trustees at a meeting called for such purpose, provided that at all times there shall be no fewer than three Trustees. Until the first annual meeting of the Unitholders which occurs following the date upon which the Total Assets of Skyline Mortgage Trust first reached one hundred million dollars (\$100,000,000) (the "**Threshold Meeting**"), all Trustees will be Skyline Appointees. At all times following the Threshold Meeting, Skyline Mortgage Trust must have at least one Independent Trustee. All Independent Trustees will be elected by the Unitholders and, for greater certainty, at least one Independent Trustee shall be elected by the Unitholders at the Threshold Meeting. Notwithstanding anything else in the Declaration of Trust, but subject to the Canadian residency requirements in the Declaration of Trust, from and after the Threshold Meeting, the Managing General Partner has the right, but not the obligation, to appoint such number of Skyline Appointees such that Skyline Appointees form a majority of the Board. For greater certainty, where, at any time for any reason Skyline Appointees do not make up a majority of the Board, the Managing General Partner may appoint such number of Skyline Appointees such that, following such appointment, Skyline Appointees make up a majority of the Board. A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of a Skyline Appointee) may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the Unitholders at a meeting of the Unitholders called for such purpose. If a vacancy would result in the Board having no Independent Trustees (as required by the Declaration of Trust), such vacancy must be filled by an individual who qualifies as an Independent Trustee. A vacancy occurring among the Trustees resulting from the resignation or removal of a Skyline Appointee may only be filled by the Managing General Partner. The Managing General Partner has appointed Jason Castellan, Wayne Byrd and Michael Bonneveld in accordance with the foregoing nomination right. There are currently three (3) Trustees, none of whom are Independent Trustees.

The Declaration of Trust provides that a Trustee, other than a Skyline Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding in the aggregate not less than a majority of the outstanding Units entitled to vote or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees.

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith with a view to the best interests of Skyline Mortgage Trust and the Unitholders and, in connection therewith, to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitation on Skyline Mortgage Trust. Given that the Trustees and senior officers of Skyline Mortgage Trust are engaged in a wide range of real estate, financing and other activities, the Declaration of Trust contains provisions that require each Trustee or officer of Skyline Mortgage Trust to disclose to the Trustees: (i) if he or she is a party to a material contract or transaction (a "**Material**

Transaction") or proposed Material Transaction with Skyline Mortgage Trust or any of its Subsidiaries; or (ii) if he or she is a director, trustee or officer of, or otherwise has a material interest in, any Person or in any affiliate, Related Party or Subsidiary of any Person who is party to a Material Transaction or proposed Material Transaction with Skyline Mortgage Trust or its Subsidiaries. Such disclosure is required to be made at the meeting of Trustees at which a proposed Material Transaction is first considered or, in the event that a Trustee was not then interested in a proposed Material Transaction or becomes interested after a Material Transaction is entered into, forthwith after the Trustee becomes so interested. A Trustee who has made the aforementioned disclosure is not entitled to vote on any resolution to approve the Material Transaction unless the Material Transaction is: (i) one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of Skyline Mortgage Trust; or (ii) one for indemnity under the provisions of the Declaration of Trust or the purchase of liability insurance.

Additional Approval Matters

In addition to any other approvals, at any time when there are Independent Trustees, the following matters require the approval of a majority of the Independent Trustees (or, for the purposes of (i) through (vi) below, a majority of the Independent Trustees who have no interest in the subject matter of the approval):

- (i) to enter into any agreement, or to permit Skyline Mortgage LP to enter into any agreement (other than the Management Services Agreement, the Skyline Mortgage LP Agreement and the Exempt Market Dealer Agreement), or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- (ii) relating to a claim by or against any Related Party;
- (iii) relating to a claim in which the interests of a Related Party differ from the interests of Skyline Mortgage Trust;
- (iv) to permit Skyline Mortgage LP to acquire an interest in any Mortgage or other property in which a Related Party has an interest or to sell any interest in any Mortgage or other property to a Related Party;
- (v) to permit Skyline Mortgage LP to acquire or dispose of an interest in any Mortgage where a Related Party has an interest in the Real Property being mortgaged or in any other Mortgage on the subject Real Property;
- (vi) to approve or enforce any agreement entered into by Skyline Mortgage Trust or any of its Subsidiaries or Related Parties with a Trustee who is not an Independent Trustee or an associate thereof, or any other Subsidiary or a Related Party;
- (vii) granting Units under any unit incentive or unit compensation plan approved by the Trustees, and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the Units or securities convertible into or exchangeable for Units under any plan approved by the Trustees and, if required, by the Unitholders;
- (viii) recommending to the Unitholders to increase the number of Trustees serving on the board of Trustees or authorizing the Trustees to change the number of Trustees from time to time; and
- (ix) determining the compensation of any officer or employee of Skyline Mortgage Trust.

The Trustees shall obtain a valuation in respect of any interest in a Mortgage or other property that Skyline Mortgage LP intends to purchase from or sell to a Related Party prepared by a valuator engaged by, and prepared under the supervision of, all Trustees or a committee of two or more Independent Trustees who have no interest in such transaction.

Finance Committee

From and after the first annual meeting of the Unitholders which occurs following the date upon which the Total Assets of Skyline Mortgage Trust first reached one hundred million dollars (\$100,000,000) (the "**Threshold Meeting**"), the Trustees shall constitute a finance committee (the "**Finance Committee**"). When constituted, the Finance Committee shall consist of three members who shall meet the following criteria: (i) at any time there is no Independent Trustee who is a resident Canadian, all Trustees who are resident Canadians; (ii) at any time there is only one Independent Trustee who is a resident Canadian, such Independent Trustee and two other Trustees who are resident Canadians; (iii) at any time there are two Independent Trustees who are resident Canadians, both such Independent Trustees and one other Trustee who is a resident Canadian; and (iv) at any time there are three or more Independent Trustees who are resident Canadians, three Independent Trustees who are resident Canadians. The Finance Committee shall choose its Chair from amongst its members; provided that if the Finance Committee has one or more Independent Trustees, the Chair must be an Independent Trustee. The Finance Committee shall: (A) review Skyline Mortgage Trust's procedures for internal control with the Accountants and Chief Financial Officer of Skyline Mortgage Trust; (B) review the engagement of the Accountants; (C) review and recommend to the Trustees for their approval annual and quarterly financial statements and management's discussion and analyses of financial condition and results of operation; (D) assess Skyline Mortgage Trust's financial and accounting personnel; and (E) review any significant transactions outside Skyline Mortgage Trust's ordinary activities and all pending litigation involving Skyline Mortgage Trust. The Accountants are entitled to receive notice of every meeting of the Finance Committee and, at the expense of Skyline Mortgage Trust, to attend and be heard thereat and, if so requested by a member of the Finance Committee, shall attend any meeting of the Finance Committee held during the term of office of the Accountants. Questions arising at any meeting of the Finance Committee shall be decided by a majority of the votes cast, which majority must, in the case of (ii) above, include the Independent Trustee. Decisions may be taken by written consent signed by all of the members of the Finance Committee. The Accountants or a member of the Finance Committee may call a meeting of the Finance Committee on not less than 48 hours' notice.

Investment Committee

The Declaration of Trust provides that the Trustees may, in their discretion, appoint from among their number an Investment Committee. If constituted, the Investment Committee will consider whether to approve or reject proposed transactions, including proposed acquisitions, dispositions, remedies for the realization of delinquent mortgage loan assets or other proposed transactions for and on behalf of Skyline Mortgage Trust.

Investment Guidelines

The Declaration of Trust provides for certain investment guidelines for Skyline Mortgage Trust. Notwithstanding anything else contained in the Declaration of Trust to the contrary, the assets of Skyline Mortgage Trust may be invested only, and Skyline Mortgage Trust shall not permit the assets of any Subsidiary to be invested otherwise than, in accordance with the following investment guidelines:

- (b) Skyline Mortgage Trust shall focus its activities primarily on the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages, primarily on revenue producing multi-unit residential, office, retail, industrial or other Real Property (indirectly through Skyline Mortgage LP), where the principal and interest can be serviced from cash flow generated by the underlying Real Property, and secondarily on non-revenue producing Real Property (for greater certainty, including construction loans and development loans) ("**Focus Activities**");

- (c) notwithstanding anything contained in the Declaration of Trust to the contrary, no investment shall be made that would result in:
 - (i) Units of Skyline Mortgage Trust being disqualified for investment by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit-sharing plans, registered disability savings plans, or tax-free savings accounts at any time after the date on which Skyline Mortgage Trust has qualified as a mutual fund trust for purposes of the Tax Act; or
 - (ii) Skyline Mortgage Trust ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;
- (d) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total liabilities of Skyline Mortgage Trust (excluding any puttable financial instruments under IFRS that are convertible into equity) as a percentage of the Total Assets of Skyline Mortgage Trust, would be more than 50%;
- (e) unless otherwise permitted in these investment guidelines and except for (i) temporary investments held in cash, (ii) deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, (iii) short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue, Skyline Mortgage Trust, directly or indirectly, may not hold securities other than (i) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with National Instrument 81-102 *Investment Funds* or any successor instrument or rule; (ii) securities of any entity formed and operated solely for the purpose of the indirect investment in Mortgages or other property by Skyline Mortgage Trust or the carrying on of ancillary activities related to the Mortgages or other property, directly or indirectly, of Skyline Mortgage Trust; and (iii) securities of another issuer provided either (A) such securities derive their value, directly or indirectly, principally from Mortgages, or (B) the principal business of the issuer of the securities is the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages, and provided in either case the entity whose securities are being acquired are engaged in a Focus Activity;
- (f) notwithstanding any other provisions of the investment guidelines, the securities of a reporting issuer in Canada may be acquired provided that the activities of the issuer are focused on Focus Activities; and
- (g) notwithstanding any other provisions of the Declaration of Trust, investments may be made which do not comply with the provisions of this section provided (i) the aggregate value thereof does not exceed 20% of the Total Assets and (ii) the making of such investment would not contravene subsection (b) above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by Skyline Mortgage Trust will be deemed to be those of Skyline Mortgage Trust on a proportionate consolidated basis.

Operating Policies

The operations and affairs of Skyline Mortgage Trust shall be conducted in accordance with the following operating policies and Skyline Mortgage Trust shall not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following policies:

- (a) at the time of funding each Mortgage: (i) its Loan-to-Value will not exceed 90%, and (ii) the weighted average Loan-to-Value of the entire Portfolio will not exceed 80%;
- (b) at the time of funding a Mortgage, not more than 30% of Skyline Mortgage Trust's assets will be invested in Mortgages secured by non-income producing Real Property;
- (c) at the time of funding a Mortgage, not more than 20% of Skyline Mortgage Trust's assets will be invested in Mortgages of the same borrower;
- (d) at the time of funding a Mortgage, not more than 15% of Skyline Mortgage Trust's assets will be invested in Mortgages secured by the same Real Property;
- (e) at the time of funding a Mortgage, the average term to maturity of Mortgages in the Portfolio will not exceed 60 months;
- (f) at the time of funding a Mortgage, not more than 50% of the principal amount of the Mortgages in the Portfolio will be secured by second or lower ranking Mortgages (for greater certainty, a junior position in a first ranking Mortgage is not considered a second Mortgage);
- (g) Skyline Mortgage Trust will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;
- (h) Skyline Mortgage Trust will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the foregoing investment guidelines or these operating policies, or in circumstances where the guarantee would result in Skyline Mortgage Trust ceasing to qualify as a mutual fund trust pursuant to the Tax Act; and
- (i) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of Skyline Mortgage Trust and the accidental loss of value of the assets of Skyline Mortgage Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable assets and, for clarity, Skyline Mortgage Trust is not required to title insure;

provided that subsections (c) and (d) shall only apply from and after the date on which the Total Assets are at least one hundred million dollars (\$100,000,000).

Amendments to Investment Guidelines and Operating Policies

Subject to the Declaration of Trust, any of the investment guidelines set forth above may be amended only by the vote of a two-thirds majority of the votes cast at a meeting of the Unitholders called for that purpose and the operating policies set forth above may be amended by the vote of a majority of the votes cast at a meeting of the Unitholders called for that purpose.

Notwithstanding the foregoing, the Trustees may amend, or, with respect to any one transaction override, any of the investment guidelines set forth above (other than those set out in subsections (a) and

(b), above), provided that they unanimously agree that to do so is in the best interests of Skyline Mortgage Trust, and provided that the Trustees forthwith notify all Unitholders of the amendment(s).

Amendments to Declaration of Trust

A majority of all Trustees and, if at such time there are any Independent Trustees, including a majority of the Independent Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust. In no event may the Trustees amend the Declaration of Trust if such amendment would: (i) amend the amending provisions of the Declaration of Trust; (ii) amend the Unitholders' voting rights; or (iii) cause Skyline Mortgage Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act or be subject to tax under Part XII.2 of the Tax Act.

Subject to certain exceptions in the Declaration of Trust, the Declaration of Trust may be amended only by the vote of at least a two-thirds majority of the votes cast at a meeting of the Unitholders called for that purpose. Without limiting the generality of the foregoing, the following amendments will require the approval of at least two-thirds of the votes cast by all Unitholders at said meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including, without limiting the generality of the foregoing,
 - (i) the removal or change of rights to distributions; or
 - (ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to the Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the Units.

Term of Skyline Mortgage Trust

Unless Skyline Mortgage Trust is sooner terminated as otherwise provided in the Declaration of Trust, Skyline Mortgage Trust shall continue in full force and effect so long as any property of Skyline Mortgage Trust is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by the Declaration of Trust. Notwithstanding the foregoing, Skyline Mortgage Trust will terminate on the date which is 21 years after the date of the death of the last survivor of the issue alive at the date of the Declaration of Trust of her Majesty Queen Elizabeth II. Skyline Mortgage Trust may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of Skyline Mortgage Trust, the liabilities of Skyline Mortgage Trust shall be discharged with due speed, the net assets of Skyline Mortgage Trust shall be liquidated and the proceeds distributed to the Unitholders in accordance with their entitlements as provided in the Declaration of Trust. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

Management Services Agreement

The Management Services Agreement was entered into between the Manager and the Managing General Partner on the Effective Date. Pursuant to the Management Services Agreement, the Manager has been engaged by the Managing General Partner to provide management and administrative services to the Managing General Partner for the day-to-day operations of Skyline Mortgage LP. See Item 2.2 - Our

Business – Management of Skyline Mortgage Trust – The Manager. The main provisions of the Management Services Agreement are summarized below.

Pursuant to the Management Services Agreement, the Manager will manage the day-to-day operations of Skyline Mortgage LP for a term of five years, expiring in 2023. The Management Services Agreement will automatically renew for successive five-year terms unless terminated by the Managing General Partner or the Manager. The Management Services Agreement may be terminated at any time by the Managing General Partner in the event of a material breach by the Manager of its obligations under the Management Services Agreement, the commission by the Manager or any of its officers, employees or agents of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws, an event of insolvency occurring with respect to the Manager, or, without cause, on 60 days' notice to the Manager; provided the Managing General Partner must first receive consent from Skyline Mortgage Trust in the form of approval of holders of not less than 85% of the then issued and outstanding Units expressed by a resolution passed at a duly called meeting of the Unitholders. In the event that the Management Services Agreement is terminated without cause by the Managing General Partner, the Manager will be entitled to a termination make-whole payment equal to the fees that would have been payable to the Manager had the entire initial five-year initial term or renewal term, as the case may be, had been completed (in addition to all other amounts due to the Manager under the Management Services Agreement). The Management Services Agreement may be terminated by the Manager on 60 days' notice to the Managing General Partner as a result of a material breach by the Managing General Partner of its obligations under the Management Services Agreement.

All of the directors and senior officers of the Manager have been involved in a broad range of real estate activities over the past at least ten years. The name and municipality of residence, office held with the Manager and principal occupation of each director and senior officer of the Manager are as follows:

Name and Municipality of Residence	Office	Principal Occupation
Jason Scott Castellan Centre Wellington	President and Director	Chief Executive Officer for the Skyline Group of Companies
Martin Julian Castellan Township of Eramosa	Secretary and Director	Chief Administrative Officer for the Skyline Group of Companies
Roy Jason Ashdown Centre Wellington	Vice President and Director	Chief Operating Officer for the Skyline Group of Companies
Wayne Brian Byrd Centre Wellington	Treasurer and Director	Chief Financial Officer for the Skyline Group of Companies
Michael Peter Bonneveld Centre Wellington	Vice President	Vice President of the Manager

Manager's Duties

Among other duties, the Manager is responsible for providing the following services to the Managing General Partner: providing and operating head offices for the Managing General Partner and/or Skyline Mortgage LP, including providing the office space, equipment, support services and administrative, clerical and secretarial personnel incidental thereto; assisting the Managing General Partner to carry out the business of Skyline Mortgage LP; analyzing and evaluating opportunities for investments in Mortgages referred to Skyline Mortgage LP by the Mortgage Broker and conducting appropriate due diligence in connection therewith; providing strategic advice and implementing decisions with respect to the Portfolio, including decisions regarding the structuring, acquisition and

disposition of Mortgages and the implementation of remedies for the realization of delinquent mortgage loan assets; representing Skyline Mortgage LP in its dealings with banks and other lenders, investment dealers, exempt market dealers, institutions and investors; conducting day-to-day relations on behalf of Skyline Mortgage LP with third parties, including the Mortgage Broker, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers; maintaining the books and financial records of Skyline Mortgage LP and the Managing General Partner and preparing such reports and business plans on behalf of the Managing General Partner as are required to report to Skyline Mortgage Trust or any other Person; assisting the Managing General Partner to manage, administer and operate any and all property or assets of Skyline Mortgage LP; negotiating, executing and carrying out, on behalf of Skyline Mortgage LP, any agreement involving matters or transactions that are in the ordinary course of the business of Skyline Mortgage LP; obtaining on behalf of Skyline Mortgage LP and the Managing General Partner the services of legal counsel, auditors, accountants, experts, advisers or consultants which it deems appropriate and to act according to the opinion of such persons; purchasing on behalf of the Managing General Partner or Skyline Mortgage LP such property insurance, liability insurance, title insurance and other insurance as directed by the Managing General Partner or Skyline Mortgage LP or which the Manager considers necessary or appropriate; opening and operating on behalf of the Managing General Partner or Skyline Mortgage LP such bank, trust or investment accounts as directed by the Managing General Partner or Skyline Mortgage LP or which the Manager considers necessary or appropriate; assisting with appropriate arrangements for any required borrowing; making arrangements for payment on behalf of the Managing General Partner or Skyline Mortgage LP all fees and expenses of Skyline Mortgage LP or the Managing General Partner; assisting with arrangements for commencing and prosecuting any suit or proceedings with respect to or on behalf of the Managing General Partner or Skyline Mortgage LP, their respective property or business, assisting with arrangements for the defence of the Managing General Partner or Skyline Mortgage LP in any suit or proceedings taken against either or them and negotiating settlements in respect of any such suit or proceedings; managing Skyline Mortgage LP's and the Managing General Partner's regulatory compliance, including making all required filings on behalf of the Skyline Mortgage LP and the Managing General Partner; providing direction to the Mortgage Broker and negotiating arrangements for any new mortgage broker or the renewal of the arrangements with the existing Mortgage Broker; recommending to the Managing General Partner the amount, nature and the date of any distributions by Skyline Mortgage LP; preparing and filing on behalf of the Managing General Partner and/or Skyline Mortgage LP such certificates and do such other acts as may be required to qualify and maintain Skyline Mortgage LP as a limited partnership where deemed appropriate; preparing and filing on behalf of the Managing General Partner and/or Skyline Mortgage LP any and all returns and other documents, instruments, elections or determinations under the Tax Act or other legislation or similar laws of Canada or of any province or jurisdiction or any other taxation authority; and, as directed by the Managing General Partner, doing all such other acts and things the Managing General Partner may, in its sole discretion, deem necessary, desirable or incidental to the Manager's duties and obligations set out in the Management Services Agreement.

The Management Services Agreement provides that the Manager will make its executives available as are necessary for it to provide the services described above. In addition, the Manager will make such additional staff available as are reasonably necessary to perform the services described above and will have sufficient and appropriate, skilled and experienced staff as are reasonably necessary to carry out its responsibilities under the Management Services Agreement.

Manager's Fees

In consideration for the services provided by the Manager to the Managing General Partner and Skyline Mortgage LP under the Management Services Agreement, the Manager will be entitled to be paid a monthly management fee (the "**Manager Fee**") by the Managing General Partner equal to one-twelfth of 0.45% of Assets Under Administration. The Manager Fee will be calculated as at the last day of each calendar month and paid monthly in arrears within 30 days of the calculation date.

Under the Management Services Agreement, the Manager is solely responsible for employment expenses of its personnel, rent and other office expenses of the Manager and other miscellaneous administrative expenses related to the performance of its duties under the Management Services Agreement.

In addition to the fees and expenses to be paid to the Manager, the Managing General Partner is responsible for all expenses associated with the provision of the services by the Manager pursuant to the Management Services Agreement (other than expenses assumed by the Manager), including the following:

- (i) interest and other costs of borrowed money;
- (ii) fees and expenses of lawyers, accountants, auditors, brokers, appraisers and other agents or consultants employed by or on behalf of Skyline Mortgage LP;
- (iii) fees and expenses in connection with the origination, funding, entering into, acquiring, holding, managing or selling of Mortgages;
- (iv) insurance as considered necessary by the Managing General Partner;
- (v) expenses in connection with any employees or independent contractors employed or retained by the Managing General Partner, including all compensation costs, benefits and severance costs;
- (vi) expenses of changing or terminating Skyline Mortgage LP; and
- (vii) all costs and expenses in connection with the organization and maintenance of any partnership or other entity formed to hold Mortgages or other property of Skyline Mortgage LP.

Mortgage Broker Agreement

The Mortgage Broker Agreement was entered into between Skyline Mortgage LP and the Mortgage Broker on the Effective Date. Pursuant to the Mortgage Broker Agreement, the Mortgage Broker has been engaged, on an exclusive basis, to originate the Mortgage investments of Skyline Mortgage LP. See Item 2.2 – Our Business – Management of Skyline Mortgage Trust – The Mortgage Broker. The main provisions of the Mortgage Broker Agreement are summarized below.

Pursuant to the Mortgage Broker Agreement, the Mortgage Broker will originate the Mortgage investments of Skyline Mortgage LP for a term of five years, expiring in 2023. The Mortgage Broker Agreement will automatically renew for successive five-year terms unless terminated by Skyline Mortgage LP or the Mortgage Broker. The Mortgage Broker Agreement may be terminated at any time by Skyline Mortgage LP in the event of a material breach by the Mortgage Broker of its obligations under the Mortgage Broker Agreement, the commission by the Mortgage Broker or any of its officers, employees or agents of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws, an event of insolvency occurring with respect to the Mortgage Broker or a prohibited change of control of the Mortgage Broker. The Mortgage Broker Agreement may be terminated by the Mortgage Broker on 60 days' notice to Skyline Mortgage Trust as a result of a material breach by Skyline Mortgage LP of its obligations under the Mortgage Broker Agreement.

All of the directors, officers and executive management team members of the general partner of the Mortgage Broker have been involved in a broad range of real estate financing activities with at least 20 years of experience. The name and municipality of residence, office held with the Mortgage Broker and principal occupation of each director, officer and executive team member of the general partner of the Mortgage Broker are as follows:

Board of Directors of the Mortgage Broker

Name and Municipality of Residence	Office	Principal Occupation
John A. Brough Toronto, Ontario	Director and Chair of the Audit Committee	Retired / Director
Duncan Jackman Toronto, Ontario	Director and Member of the Governance Committee	Chairman, President and CEO
Robert E. Mitchell Vancouver, BC	Director and Member of the Audit	President
Barbara F. Palk Toronto, Ontario	Director and Chair of the Governance Committee	Retired / Director
Robert W. Pearce Oakville, Ontario	Director and Member of the Audit Committee	Director and/or Advisor
Stephen J.R. Smith Toronto, Ontario	Director and Chair of the Board of Directors	Chairman, President and CEO (of the Mortgage Broker)
Moray K. Tawse Toronto, Ontario	Director	Executive Vice President (of the Mortgage Broker)

Executive Officers of the Mortgage Broker

Name and Municipality of Residence	Office	Principal Occupation
Robert Inglis Toronto, Ontario	Officer and Executive Management Team	Chief Financial Officer
Scott McKenzie Oakville, Ontario	Officer and Executive Management Team	Senior Vice President, Residential Mortgages
Jeremy Wedgbury Toronto, Ontario	Executive Management Team	Senior Vice President, Commercial Mortgages
Lisa White Toronto, Ontario	Executive Management Team	Senior Vice President, Mortgage Operations

Name and Municipality of Residence	Office	Principal Occupation
Hilda Wong Toronto, Ontario	Executive Management Team	Senior Vice President and General Counsel
Jason Ellis Toronto, Ontario	Executive Management Team	Senior Vice President and Managing Director, Capital Markets

Mortgage Broker's Duties

Among other duties, the Mortgage Broker is responsible for: brokering and originating the Mortgage investments for Skyline Mortgage LP; seeking out and evaluating opportunities for investments in Mortgages; performing a detailed credit adjudication process for each Mortgage loan; investigating, selecting and conducting relations with leasing agents, realtors, brokers, and any other Persons acting in a capacity deemed necessary or desirable by Skyline Mortgage LP; obtaining appraisals as may be required in connection with the Business; and such other services as are reasonably necessary or ancillary to the foregoing matters or as Skyline Mortgage LP may from time to time reasonably request.

The Mortgage Broker Agreement provides that the Mortgage Broker will exercise its powers and discharge its duties under the Mortgage Broker Agreement diligently, honestly and in good faith and in the best interests of Skyline Mortgage LP and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in similar circumstances.

The services provided by the Mortgage Broker under the Mortgage Broker Agreement are not exclusive and the Mortgage Broker may, from time to time, provide similar services to itself and to other Persons, enter into other advisory relationships or engage in other business activities, even though such activities may be in competition with Skyline Mortgage LP and/or involve substantial time and resources of the Mortgage Broker. The Mortgage Broker has no obligation to recommend for purchase or sale for the account of Skyline Mortgage LP any investment which the Mortgage Broker purchases or sells for its own account or for the account of any other client of the Mortgage Broker; and the Mortgage Broker may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken while providing services to Skyline Mortgage LP, provided that the Mortgage Broker acts, at all times, in accordance with the standard of care that is set out above and thereby allocates investment opportunities to Skyline Mortgage LP, and to its clients, in accordance with its normal business practices.

Mortgage Broker's Fees

In consideration for the services provided by the Mortgage Broker under the Mortgage Broker Agreement, the Mortgage Broker will be entitled to a monthly brokerage fee (the "**Brokerage Fee**") equal to one-twelfth of 0.2% of Assets Under Administration calculated as of the last day of each calendar month and accrued and paid monthly in arrears, within 30 days of the calculation date.

In respect of each fiscal year of part thereof (in the case of any period during the Mortgage Broker Agreement that is not a full fiscal year), Skyline Mortgage LP shall pay to the Mortgage Broker a performance fee (the "**Mortgage Broker Performance Fee**") equal to 10% of the LP Net Return for such period. The amount of the Mortgage Broker Performance Fee will be paid by Skyline Mortgage LP within 60 days after the end of the fiscal year for which the calculation is made.

If the Mortgage Broker Agreement terminates before the last day of a fiscal year, the Mortgage Broker Performance Fee will be determined for such portion of the fiscal year up to the date of termination. The Mortgage Broker Performance Fee will be calculated and payable to the Mortgage Broker as set forth above.

The amount of the Brokerage Fee and any Mortgage Broker Performance Fee is inclusive of goods and services tax (or harmonized sales tax, as the case may be) payable in respect of such amount.

Under the Mortgage Broker Agreement, the Mortgage Broker is entitled to be reimbursed for all reasonable out-of-pocket expenses directly incurred by it exclusively on Skyline Mortgage LP's behalf in connection with the services provided to Skyline Mortgage LP pursuant to the Mortgage Broker Agreement.

Under the Mortgage Broker Agreement, the Mortgage Broker is responsible for its own employment expenses, rent and other office and overhead expenses and all costs and fees associated with maintaining and complying with applicable mortgage broker legislation.

Loan Administration Agreement

The Loan Administration Agreement was entered into between Skyline Mortgage LP and the Administrator on the Effective Date. Pursuant to the Loan Administration Agreement, the Administrator has been engaged to manage and administer the Mortgage investments of Skyline Mortgage LP. See Item 2.2 – Our Business – Management of Skyline Mortgage Trust – The Administrator. The main provisions of the Loan Administration Agreement are summarized below.

Pursuant to the Loan Administration Agreement, the Administrator will administer the Mortgage investments of Skyline Mortgage LP. The Loan Administration Agreement will automatically expire upon repayment in full of all indebtedness secured under the Mortgages constituting the Portfolio, unless terminated earlier by Skyline Mortgage LP or the Administrator. The Loan Administration Agreement may be terminated at any time by Skyline Mortgage LP if: (i) the Administrator ceases to hold a mortgage administrator's license required under applicable law; (ii) the Administrator materially breaches its obligations under the Loan Administration Agreement; (iii) the commission by the Administrator or any of its officers, employees or agents of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws; or (iv) an event of insolvency occurring with respect to the Administrator. The Loan Administration Agreement may be terminated by the Mortgage Broker on 30 days' notice to Skyline Mortgage LP as a result of a material breach by Skyline Mortgage LP of its obligations under the Loan Administration Agreement, if a regulatory action is taken to seize the assets or units of Skyline Mortgage LP, or an event of insolvency occurring with respect to Skyline Mortgage LP.

All of the directors, officers and executive management team members of the general partner of the Administrator have been involved in a broad range of real estate financing activities with at least 20 years of experience. The name and municipality of residence, office held with the Administrator and principal occupation of each director and senior officer of the general partner of the Administrator are as follows:

Board of Directors of the Administrator

Name and Municipality of Residence	Office	Principal Occupation
John A. Brough Toronto, Ontario	Director and Chair of the Audit Committee	Retired / Director

Name and Municipality of Residence	Office	Principal Occupation
Duncan Jackman Toronto, Ontario	Director and Member of the Governance Committee	Chairman, President and CEO
Robert E. Mitchell Vancouver, BC	Director and Member of the Audit	President
Barbara F. Palk Toronto, Ontario	Director and Chair of the Governance Committee	Retired / Director
Robert W. Pearce Oakville, Ontario	Director and Member of the Audit Committee	Director and/or Advisor
Stephen J.R. Smith Toronto, Ontario	Director and Chair of the Board of Directors	Chairman, President and CEO (of the Mortgage Broker)
Moray K. Tawse Toronto, Ontario	Director	Executive Vice President (of the Mortgage Broker)

Executive Officers of the Administrator

Name and Municipality of Residence	Office	Principal Occupation
Robert Inglis Toronto, Ontario	Officer and Executive Management Team	Chief Financial Officer
Scott McKenzie Oakville, Ontario	Officer and Executive Management Team	Senior Vice President, Residential Mortgages
Jeremy Wedgbury Toronto, Ontario	Executive Management Team	Senior Vice President, Commercial Mortgages
Lisa White Toronto, Ontario	Executive Management Team	Senior Vice President, Mortgage Operations
Hilda Wong Toronto, Ontario	Executive Management Team	Senior Vice President and General Counsel
Jason Ellis Toronto, Ontario	Executive Management Team	Senior Vice President and Managing Director, Capital Markets

Administrator's Duties

Among other duties, the Administrator is responsible for: supervising the day-to-day affairs and administration of the Mortgages in the Portfolio and maintaining proper books of accounts and records in connection with each Mortgage; overseeing the servicing of the Mortgages, providing those services as may be required to collect, handle, prosecute or settle any claims with respect to the Portfolio; and such other services as may be reasonably requested by Skyline Mortgage LP.

The Loan Administration Agreement provides that the Administrator will exercise its powers and discharge its duties under the Loan Administration Agreement honestly and in good faith and in the best interests of Skyline Mortgage LP using the same degree of care, diligence and skill as in administering its own Mortgage portfolio and to the standard of a prudent lender acting on its own account. The Administrator shall be deemed to be meeting the standard of care set out above if it is acting on the instructions or with the written approval of Skyline Mortgage LP.

The services provided by the Administrator under the Loan Administration Agreement are not exclusive and the Administrator may, from time to time, provide similar services to itself and to other Persons, enter into other advisory relationships or engage in other business activities, even though such activities may be in competition with Skyline Mortgage LP and/or involve substantial time and resources of the Administrator.

Administrator's Fees

In consideration for the services provided by the Administrator under the Loan Administration Agreement, the Administrator will be entitled to a monthly administration fees (the "**Administration Fees**") equal to one-twelfth of 0.15% of Assets Under Administration calculated as of the last day of each calendar month and paid monthly in arrears, within 30 days of the calculation date.

In the event that the Administrator is not acting as Administrator for all or part of an entire month, the Administration Fees payable to the Administrator for such month shall be prorated to reflect the portion of the month during which the Administrator is acting in such capacity pursuant to the Loan Administration Agreement.

In consideration of the origination and the administration of the Mortgages in the Portfolio, in the event that Skyline Mortgage LP accepts early repayment of any such Mortgage (an "**Early Payout Mortgage**"), the Administrator will be entitled to be paid the present value of the remaining fees, servicing or otherwise, that would have been payable to the Administrator for the remainder of the term of the Early Payout Mortgage, calculated in accordance with the Administration Agreement.

Under the Administration Agreement, Skyline Mortgage LP shall be responsible for any and all reasonable costs, expenses or liabilities whatsoever actually incurred by the Administrator in the execution and performance of its duties and obligations under the Administration Agreement, the enforcement of the obligations of any borrower under or in respect of a Mortgage in the Portfolio and the realization upon the security granted in respect thereof.

Exempt Market Dealer Agreement

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Mortgage Trust on the Effective Date. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Units, as described below. See Item 2.2 – Our Business – Management of Skyline Mortgage Trust – The Exempt Market Dealer. The main provisions of the Exempt Market Dealer Agreement are summarized below.

The Exempt Market Dealer Agreement has an initial term of five years, and will be automatically renewed for successive five-year terms unless terminated by Skyline Mortgage Trust or the Exempt Market Dealer. The Exempt Market Dealer Agreement may be terminated at any time by Skyline Mortgage Trust in the event of a material breach by the Exempt Market Dealer of its obligations under the Exempt Market Dealer Agreement, including if the Exempt Market Dealer ceases to be a registered dealer in good standing with any applicable securities commission, a breach of the representations of the Exempt Market Dealer, the commission by the Exempt Market Dealer of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws, an event of insolvency occurring with respect to the Exempt Market Dealer or, on 60 days' notice to the Exempt Market Dealer, without cause, provided, however, that the prior approval of the holders of 85% of the Units will be required for any termination of the Exempt Market Dealer without cause occurring one year or more after the Exempt Market Dealer Agreement was entered into. The Exempt Market Dealer Agreement may be terminated by the Exempt Market Dealer as a result of a material breach by Skyline Mortgage Trust of its obligations under the Exempt Market Dealer Agreement, a breach of the representations of Skyline Mortgage Trust, an event of insolvency occurring with respect to Skyline Mortgage Trust or in the event of an order of a securities commission or other regulatory authority to cease trade the Units.

All of the directors and a majority of the senior officers of the Exempt Market Dealer have been involved in a broad range of real estate activities over at least the past fifteen years. The name and municipality of residence, office held with the Exempt Market Dealer and principal occupation of each director and senior officer of the Exempt Market Dealer are as follows:

Name and Municipality of Residence	Office	Principal Occupation
Jason Scott Castellan Centre Wellington	President and Director	Chief Executive Officer for the Skyline Group of Companies
Martin Julian Castellan Township of Eramosa	Secretary and Director	Chief Administrative Officer for the Skyline Group of Companies
Roy Jason Ashdown Centre Wellington	Vice President and Director	Chief Operating Officer for the Skyline Group of Companies
Wayne Brian Byrd Centre Wellington	Treasurer and Director	Chief Financial Officer for the Skyline Group of Companies
Vivian Salonga Town of Milton	Chief Compliance Officer	Chief Compliance Officer of the Exempt Market Dealer

Exempt Market Dealer's Duties

Among other duties, the Exempt Market Dealer will be responsible for (subject to the provisions of the Exempt Market Dealer Agreement) acting as exempt market dealer in each of the provinces of Canada where the Exempt Market Dealer is registered as an exempt market dealer on each equity raise undertaken by Skyline Mortgage Trust.

Exempt Market Dealer's Fees

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Mortgage Trust, the Exempt Market Dealer will be entitled to an equity raise fee equal to a maximum of 2.0% on the capital raised in offerings of Units (\$260,000, assuming the maximum offering) and a fee, payable monthly, equal to one-twelfth of 0.3% of Skyline Mortgage Trust's Equity Under Management (calculated as the product of the outstanding Units multiplied by the then market value of one Unit), estimated to be \$3,250 per month, assuming the maximum Offering.

ITEM 3 INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out specified information about each Trustee, officer and promoter of Skyline Mortgage Trust and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of Skyline Mortgage Trust. A person who is employed by and receives salary from Skyline Mortgage Trust, its Subsidiaries, the Manager, the General Partners or the Exempt Market Dealer will not receive any remuneration from Skyline Mortgage Trust for serving as a Trustee or senior officer.

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party 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 max. offering
Jason Scott Castellan Centre Wellington	Chief Executive Officer Trustee (February 23, 2018)	\$230,000 ⁽¹⁾	Nil
Wayne Brian Byrd Centre Wellington	Chief Financial Officer Trustee (February 23, 2018)	\$230,000 ⁽¹⁾	Nil
Roy Jason Ashdown Centre Wellington	Chief Operating Officer (February 23, 2018)	\$230,000 ⁽¹⁾	Nil
Martin Julian Castellan Township of Eramosa	Senior Vice-President (February 23, 2018) Chief Administrative Officer (February 27, 2018)	\$230,000 ⁽¹⁾	Nil
Michael Peter Bonneveld Centre Wellington	Vice President and Trustee (February 23, 2018)	\$250,000 ⁽¹⁾	Nil
Skyline Mortgage Investment GP (II) Inc.	Principal holder of Initial Unit ⁽²⁾ (February 23, 2018)	Nil ⁽³⁾	Nil

Notes:

(1) The compensation paid to the Officers of Skyline Mortgage Trust are not paid by Skyline Mortgage Trust. The compensation is paid by the management companies external to Skyline Mortgage Trust.

(2) On February 23, 2018, Skyline Mortgage Trust issued the Initial Unit to Skyline Mortgage Investment GP (II) Inc. for \$10.00, which Initial Unit will be automatically redeemed by Skyline Mortgage Trust upon the issuance of the first additional Unit.

(3) Skyline Mortgage Investment GP (II) Inc. may receive a Distribution from Skyline Mortgage LP in respect of the current financial year. See Item 2.1 - Structure - Skyline Mortgage LP Agreement - Partnership Distributions.

3.2 Management Experience

The following table sets forth the principal occupations of the Trustees and executive officers of Skyline Mortgage Trust during the past five years and the nature and extent of their related experience.

Name	Principal occupation and related experience
Jason Scott Castellan	Chief Executive Officer for the Skyline Group of Companies
Wayne Brian Byrd	Chief Financial Officer for the Skyline Group of Companies
Roy Jason Ashdown	Chief Operating Officer for the Skyline Group of Companies
Martin Julian Castellan	Chief Administrative Officer for the Skyline Group of Companies
Michael Peter Bonneveld	Vice President of the Manager ⁽⁵⁾

Notes:

(1) Jason Castellan is co-founder and President of the group of companies operating under the Skyline Group banner. Since 1991, Mr. Castellan has been an owner and manager of investment real estate, starting out with a student rental portfolio and gradually moving to larger apartment buildings, as well as industrial, office and retail real estate. He is active in all of Skyline's activities with a focus on investor relations and product development. Mr. Castellan is a Trustee of Skyline Apartment REIT, Skyline Commercial REIT and Skyline Retail REIT. He also sits on the board of directors of the Grand River Agricultural Society. Mr. Castellan holds degrees from both the University of Guelph and York University.

(2) Wayne Byrd has been involved in the accounting and finance field since 1995 and has been Treasurer of the group of companies that operate under the Skyline Group banner since 2005. From 1998 to 2005, Mr. Byrd held the position of Controller of All Treat Farms Limited where he was responsible for financial planning, accounting, reporting and management of organizational investment, expansion and acquisition decisions. Mr. Byrd is a Chartered Professional Accountant (formerly Certified Management Accountant) and graduated from Brock University with a Bachelor of Accounting Degree (Honours).

(3) Roy Jason Ashdown is co-founder and Vice President of the group of companies operating under the Skyline Group banner. Mr. Ashdown has in depth experience in operations, construction and building systems and a passion for driving efficiencies. Mr. Ashdown oversees the Skyline Portfolio Efficiency Plan and Capital Expenditures. Since 1996, Mr. Ashdown has been an owner and manager of residential and commercial real estate. Since 1999, Mr. Ashdown has been devoted to managing Skyline properties. He is a member of the asset management team and works to enhance the quality and profitability of the properties. Mr. Ashdown sits on the board of the [Federation of Rental Housing Providers of Ontario \(FRPO\)](#), the province's leading advocate for landlords and tenants, the board of Shelldale Better Beginnings, Better Futures, a community organization helping hundreds of families in Guelph, Ontario, and the Board of Trustees of Skyline Apartment REIT. Mr. Ashdown has a Bachelor of Arts degree from the University of Waterloo.

(4) Martin Castellan is co-founder and Corporate Secretary of the group of companies operating under the Skyline Group banner. Martin has been investing and working in real estate for over 20 years. He holds an honours Bachelor of Commerce degree from the University of Guelph, majoring in Management Economics in Industry and Finance. With the significant growth of Skyline since its inception, to now over 800 employees, Martin focuses on the commitment toward Skyline's guiding principles and instilling the grassroots culture that has been a part of Skyline from its beginning. He currently oversees Human Resources, Information Systems, and the Corporate Office while fostering an environment of team work, customer service, and respect.

(5) Michael Bonneveld is Vice President of the Manager. He leads the Skyline acquisitions and asset management team, and is responsible for all acquisitions and dispositions, due diligence, and closing portfolio transactions for Skyline's three real estate investment trusts and for Skyline Mortgage Trust. Mr. Bonneveld has also been heavily involved with new product development for the Skyline Group of Companies. Mr. Bonneveld has over 24 years of real estate experience. He has worked with a number of Canadian investment banks in the field of real estate corporate finance, as well as public real estate companies running acquisitions. He is focused on the continued growth and expansion of Skyline's real estate portfolios and new business ventures. Mr. Bonneveld holds an Honours BA in Urban Development from the University of Western Ontario.

3.3 Penalties, Sanctions and Bankruptcy

In March 2011, an order of the Ontario Securities Commission (the "**Commission**") was issued against Skyline Apartment Real Estate Investment Trust ("**Skyline Apartment REIT**"), the Exempt Market Dealer and Skyline Incorporated regarding the settlement of proceedings relating to the sale of units by Skyline Apartment REIT where the exemptions from the prospectus and registration requirements of applicable securities legislation were not available. Jason Castellan, Wayne Byrd, Roy (Jason) Ashdown, and Martin Castellan were trustees or directors and/or officers of Skyline Apartment REIT, the Exempt Market Dealer and/or Skyline Incorporated at the time. In accordance with the order, Skyline Apartment REIT, the Exempt Market Dealer and Skyline Incorporated paid an administrative penalty of \$300,000 in the aggregate and an additional \$150,000, representing a portion of the Commission staff's costs in the matter. Under the order, as a term and condition to the registration of the Exempt Market Dealer, within 90 days of the approval of the Settlement Agreement, approximately 216 investors in Skyline Apartment REIT who did not qualify for any of the registration/prospectus exemptions, were required to be divested of their investment, by having Skyline Apartment REIT purchase for cancellation or otherwise redeem the REIT units held by these investors, and by providing to them: (i) the amounts originally invested, capital growth and any amounts arising from the distribution reinvestment plan (approximately \$15M); and (ii) any amounts owing with respect to the stated distribution amount for the Units at the time for the period from the last distribution on March 15, 2011 to the time of payment.

3.4 Loans

As of the date of this Offering Memorandum, Skyline Mortgage Trust does not have any debenture or loan due to or from the Trustees, management, promoters and principal holders of Skyline Mortgage Trust.

ITEM 4 CAPITAL STRUCTURE

4.1 Equity Securities

The following is a description of the equity securities of Skyline Mortgage Trust.

The beneficial interests in Skyline Mortgage Trust are divided into units (the "**Units**"). The number of Units of any class which Skyline Mortgage Trust may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at March 1, 2018	Number outstanding after max. offering
Units ⁽¹⁾	Unlimited	\$10.00	1 ⁽²⁾	1,300,000

Notes:

(1) Each Unit shall represent an undivided beneficial interest in distributions by Skyline Mortgage Trust, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Skyline Mortgage Trust, in the net assets of Skyline Mortgage Trust remaining after satisfaction of all liabilities.

(2) On February 23, 2018, Skyline Mortgage Trust issued the Initial Unit to Skyline Mortgage Investment GP (II) Inc. for \$10.00, which Initial Unit will be automatically redeemed by Skyline Mortgage Trust upon the issuance of the first additional Unit.

4.2 Long Term Debt Securities

Skyline Mortgage Trust does not have any long-term debt as of the date of this Offering Memorandum.

4.3 Prior Sales

As of the date of this Offering Memorandum, there is one Unit of Skyline Mortgage Trust issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
February 23, 2018 ⁽¹⁾	Unit	1	\$10.00	\$10.00

Note:

(1) On February 23, 2018, Skyline Mortgage Trust issued the Initial Unit to Skyline Mortgage Investment GP (II) Inc. for \$10.00, which Initial Unit will be automatically redeemed by Skyline Mortgage Trust upon the issuance of the first additional Unit.

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

The following is a description of the material terms of the Units offered pursuant to this Offering.

The beneficial interests in Skyline Mortgage Trust are divided into units (collectively, the "**Units**"). The number of Units of any class which Skyline Mortgage Trust may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Each Unit shall represent an undivided beneficial interest in distributions by Skyline Mortgage Trust, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Skyline Mortgage Trust, in the net assets of Skyline Mortgage Trust remaining after satisfaction of all liabilities.

Except as described below in respect of the Monthly Limit applicable to Units tendered for redemption, no Unit shall have preference or priority over any other. The distribution entitlement of each Unit is intended to and will be derived from the same sources.

Purchase of Units

Skyline Mortgage Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, at a price per Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

Redemption of Units

Pursuant to the Declaration of Trust, each Unitholder shall be entitled to require Skyline Mortgage Trust to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the following conditions.

To exercise a Unitholder's right to require redemption, a duly completed and properly executed notice requiring Skyline Mortgage Trust to redeem said Units, in a form approved by the Trustees, specifying the number of Units to be so redeemed, shall be sent to Skyline Mortgage Trust at its head office.

Upon receipt by Skyline Mortgage Trust of the notice to redeem Units, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including ceasing to have the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by Skyline Mortgage Trust of such notice. Units shall be considered to be tendered for redemption on the date that Skyline Mortgage Trust has, to the satisfaction of the Trustees, received the notice, other documents and any evidence with respect to the identity, capacity or authority of the Person giving such notice as the Trustees may reasonably require.

Upon receipt by Skyline Mortgage Trust of the notice to redeem Units, in accordance with the Declaration of Trust, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (the "**Redemption Price**") equal to 100% of the most recent Market Value of a Unit. Subject to the provisions of the Declaration of Trust set out below, the Redemption Amount is payable by cheque to or to the order of the Unitholder who exercised the right of redemption, on or before the last day of the calendar month following the month in which the Unitholder tendered the Units for redemption. For the purposes of the Declaration of Trust, "**Market Value**" means the market value of the Units which shall be determined by the Trustees at least annually or more frequently as the Trustees may determine and "**Redemption Amount**" means the Redemption Price times the number of Units that a Unitholder tenders for redemption.

The Trustees determine the Market Value of the Units at least annually using an IFRS/ Net Asset Value (NAV) pricing model. This iterative calculation is driven by the IFRS values of the Mortgages in the Portfolio; calculated as: (a) IFRS value of assets less total debt obligations; (b) less a discounted net present value of future tax implications; (c) less a discounted net present value of future Management Performance Fee and Mortgage Broker Performance Fee; (d) divided by the total Units outstanding; and the result of which is a discounted IFRS/NAV value per Unit.

The foregoing payment terms shall not be applicable to Units tendered for redemption by a Unitholder, if the total amount payable by Skyline Mortgage Trust in respect of such Units and all other Units tendered for redemption prior thereto in the same calendar month exceeds \$50,000 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, increase such Monthly Limit in respect of all Units tendered for redemption in any calendar month. Where the Monthly Limit is exceeded, the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied as follows:

- (a) a portion of the Redemption Amount equal to the Monthly Limit divided by the total number of Units tendered by all Unitholders for redemption in the month times the number of Units tendered for redemption by a Unitholder shall be paid and satisfied in cash, in accordance with the Declaration of Trust; and
- (b) subject to receipt of all necessary regulatory approvals, the remainder of the Redemption Amount shall be paid and satisfied by way of issuance to the Unitholder of a Trust Note, in accordance with the Declaration of Trust, having a principal amount equal to the Redemption Amount minus the cash paid or payable to the Unitholder pursuant to (a) above. Any such Trust Note shall mature and be payable not later than ten (10) years

following the date of issue, shall be repayable at any time at the option of Skyline Mortgage Trust and shall bear interest at the Prime Rate plus 2%.

Upon the payment by Skyline Mortgage Trust of the Redemption Amount in accordance with the Declaration of Trust, Skyline Mortgage Trust shall be discharged from all liability to the Unitholder or former Unitholder who redeemed the Units in respect of the Units so redeemed.

All Units which are redeemed pursuant to the Declaration of Trust shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

Some or all of the income of Skyline Mortgage Trust and the net realized capital gains of Skyline Mortgage Trust for a year may, for purposes of computing the net income of Skyline Mortgage Trust and the net realized capital gains of Skyline Mortgage Trust under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Mortgage Trust to the Unitholders redeeming Units in such year and, to the extent of the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the holder's redemption proceeds shall be reduced accordingly. Any such amounts shall be determined at the discretion of a majority of the Trustees; however in all cases, a redeeming Unitholder will only be treated as having been paid an amount to which the Unitholders of the Units redeemed would be entitled to receive.

Take-Over Bids

If there is a take-over bid (other than certain exempt take-over bids under applicable securities laws) for all of the outstanding Units and, within the time limit in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the Units (including Units issuable upon the surrender or exchange of any securities for Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or an associate of the offeror, the offeror is entitled, on complying with the Declaration of Trust, to acquire the Units held by the dissenting offerees.

Meetings of Unitholders

There shall be an annual meeting of the Unitholders, at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Skyline Appointee(s)), appointing or changing the accountants of Skyline Mortgage Trust and Skyline Mortgage LP and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders shall be held after delivery to the Unitholders of the information referred to in the Declaration of Trust and, in any event, within 180 days after the end of each fiscal year of Skyline Mortgage Trust. The first annual meeting of Unitholders shall be held in 2019.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully-diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. The requisition must state in reasonable detail the business proposed to be transacted at the meeting and shall be sent to each of the Trustees and to the principal office of Skyline Mortgage Trust. The Unitholders have the right to obtain a list of the Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario). Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy need not be a Unitholder.

Issuance of Units

The Trustees may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of Skyline Mortgage Trust in Units) and to such Person, Persons or class of Persons as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received.

Limitation on Non-Resident Ownership

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the Units then outstanding be held by or for the benefit of Persons who are non-residents of Canada for the purposes of the Tax Act or partnerships, other than Canadian partnerships, for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from holders of Units as to whether such Units are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 49% of the Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such Units from or issue or register a transfer of such Units to a Person unless the Person provides a declaration that the Person is not a non-resident of Canada for the purposes of the Tax Act or is a Canadian Partnership for purposes of the Tax Act (or, in the discretion of the Trustees, that the Person is not a Non-Resident Beneficiary) and does not hold his Units for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of Units and holders of Units for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not more than 60 days.

Distribution Policy

The Declaration of Trust provides that Skyline Mortgage Trust may distribute to Unitholders on or about each Distribution Date such amounts ("**Distributions**") as shall be determined by the Trustees in their discretion for each calendar month or other calendar period selected by the Trustees.

Any Distribution shall be payable proportionately to persons who are Unitholders as at the close of business on the record date for such Distribution selected by the Trustees in respect of such Distribution.

It is the present intention of the Trustees to allocate, distribute and make payable to Unitholders in each year, in aggregate, the amount necessary such that Skyline Mortgage Trust will not be liable to pay tax under Part I of the Tax Act for such year.

Where the Trustees determine that Skyline Mortgage Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional Units or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

5.2 Subscription Procedure

In order to subscribe for Units, Subscribers must complete, execute and deliver the following to the Exempt Market Dealer at 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8:

1. one fully completed and signed copy of the Subscription Agreement, including the schedules and all other documentation contemplated by the Subscription Agreement; and
2. a cheque, bank draft or evidence of completed wire transfer in an amount equal to the aggregate subscription price payable for the Units subscribed for by the Subscriber (as set forth in the Subscription Agreement).

Skyline Mortgage Trust has the right to accept or reject the Subscriber's subscription in whole or in part. If the subscription is rejected in whole or in part, all or a portion of the purchase price, as the case may be, will be promptly delivered to the Subscriber, without interest.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

Representations of Subscribers

Each Subscriber for Units under this Offering will be required to represent to Skyline Mortgage Trust, the Exempt Market Dealer and any dealer who sells the Units to such Subscriber that: (a) the offer and sale of Units was made exclusively through the Offering Memorandum; (b) such Subscriber has reviewed and acknowledges the terms referred to below under the section entitled "Resale Restrictions"; and (c) such Subscriber is entitled under applicable Canadian securities laws to purchase such Units without the benefit of a prospectus, because such Subscriber is an "accredited investor" as defined in NI 45-106 or the *Securities Act* (Ontario) or is purchasing the Units in reliance on another exemption from the prospectus requirement in NI 45-106.

In addition, each purchaser of Units will be required to represent to Skyline Mortgage Trust, the Exempt Market Dealer and each dealer from whom a purchase confirmation was received, that such Subscriber: (a) has been notified by Skyline Mortgage Trust (i) that Skyline Mortgage Trust is required to provide certain personal information ("**personal information**") pertaining to the Subscriber to the securities regulatory authority or regulator in each Canadian jurisdiction in which investors reside, or in circumstances where a subscription for securities is otherwise subject to such a reporting requirement under applicable securities law (including its name, residential address, telephone number, the number and value of any Units purchased and the prospectus exemption relied upon); (ii) that such personal information is collected by the securities regulatory authority or regulator under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation of the local jurisdiction; and (iii) of the title, business address and business telephone number of the public official in each jurisdiction of Canada who can answer questions about the securities regulatory authority or regulator's indirect collection of such information; and (b) by purchasing Units, such Subscriber has authorized the indirect collection of the personal information by securities regulatory authority or regulator. Each Subscriber will also acknowledge that while the information in the report described above is currently not expected to be placed on the public file of any Canadian securities regulatory authority or regulator, freedom of information legislation may require the securities regulatory authority or regulator to make this information available, if requested.

Proceeds of Crime (Money Laundering) Legislation

In order to comply with Canadian legislation aimed at the prevention of money laundering and terrorism, the Exempt Market Dealer may require additional information concerning Canadian investors and by signing the Subscription Agreement, the Subscriber agrees to provide such information.

If as a result of any information or other matter which comes to its attention of the Exempt Market Dealer, any director, officer or employee of the Exempt Market Dealer, or its professional advisers, such person knows or suspects that a Canadian investor is engaged in money laundering or terrorism, such person is required to report such information or other matter to applicable law enforcement and securities regulatory authorities, including the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

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

In the opinion of Aird & Berlis LLP, counsel to Skyline Mortgage Trust, the following summary fairly presents the principal Canadian federal income tax considerations generally applicable to prospective subscribers of Units pursuant to this Offering Memorandum who, for the purposes of the Tax Act, are resident in Canada, deal at arm's length with, and are not affiliated with, Skyline Mortgage Trust and will hold their Units as capital property. Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in a transaction considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election under subsection 39(4) of the Tax Act.

This summary is not applicable to (i) a Unitholder that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) a "specified financial institution" as defined in the Tax Act, (iii) a Unitholder where an interest in such Unitholder would be a "tax shelter" or a "tax shelter investment" as defined in the Tax Act, (iv) a Unitholder who has elected to report its Canadian tax results in a currency other than the Canadian currency in accordance with the rules in the Tax Act, or (v) a Unitholder who enters into, or has entered into, a "derivative forward arrangement" with respect to the Units, as that term is defined in the Tax Act, nor does this summary address the tax consequences to a Unitholder who has borrowed funds in connection with the acquisition of Units.

This summary is based upon the facts set out in this Offering Memorandum and a certificate of an officer of Skyline Mortgage Trust provided to Aird & Berlis LLP by Skyline Mortgage Trust with respect to certain factual matters (the "**Officer's Certificate**"). This summary assumes that the representations in the Officer's Certificate are true and correct. This summary assumes that Skyline Mortgage Trust will at all times comply with the provisions of the Declaration of Trust. This summary assumes that Skyline Mortgage Trust will meet the requirements to qualify as a mutual fund trust under the Tax Act before the end of 2018 and that it will elect in its income tax return for the 2018 taxation year to be a mutual fund trust from the beginning of its first taxation year in accordance with the requirement to do so in its Declaration of Trust. This summary assumes that Skyline Mortgage Trust will not be a SIFT trust (as defined below) for purposes of the Tax Act. This summary is based upon the current provisions of the Tax Act and the regulations thereunder, the specific proposals to amend the Tax Act and regulations thereunder, publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency ("**CRA**").

This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to acquiring, holding or disposing of Units pursuant to this Offering Memorandum and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units pursuant to this Offering Memorandum will vary depending on the Unitholder's

particular circumstances. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Unitholder. Accordingly, prospective Unitholders should consult with their tax advisors for advice with respect to the tax consequences to them having regard to their own particular circumstances.

SIFT Rules

The Tax Act contains legislation relating to the federal income taxation of publicly-listed or traded trusts (such as income trusts and real estate investment trusts) and partnerships (the "**SIFT Rules**").

The SIFT Rules apply to a publicly-listed or traded trust that is a specified investment flow-through entity (a "**SIFT trust**") and to its investors. Certain distributions attributable to a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's income and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Provided that investments in Skyline Mortgage Trust are not listed or traded on a stock exchange or other public market, Skyline Mortgage Trust will not be subject to the SIFT Rules. If investments in Skyline Mortgage Trust become publicly-listed or traded, there can be no assurance that Skyline Mortgage Trust will not be subject to the SIFT Rules at that time.

Taxation of Skyline Mortgage Trust

The taxation year of Skyline Mortgage Trust is the calendar year. In each taxation year Skyline Mortgage Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by Skyline Mortgage Trust or if the Unitholder is entitled in that year to enforce payment of the amount.

In computing its income for the purposes of the Tax Act for a particular taxation year, Skyline Mortgage Trust must include interest on Skyline Mortgage Trust's portfolio of mortgages, any gains on the disposition of mortgages and any other income earned by Skyline Mortgage Trust in such taxation year.

In computing its income for purposes of the Tax Act, Skyline Mortgage Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including a reasonable amount of interest on borrowed funds. Skyline Mortgage Trust generally may also deduct in computing its income for the year a portion of the reasonable expenses incurred by Skyline Mortgage Trust to issue Units. The portion of the issue expenses deductible by Skyline Mortgage Trust in a taxation year is 20% of the total issue expenses, pro-rated where Skyline Mortgage Trust's taxation year is less than 365 days.

The Declaration of Trust generally requires Skyline Mortgage Trust to claim the maximum amount of deductions available to it in computing its income for tax purposes unless the Trustees determine otherwise.

Skyline Mortgage Trust may also deduct in computing its income for purposes of the Tax Act the aggregate amount paid or made payable to Unitholders in the year. Losses incurred by Skyline Mortgage Trust cannot be allocated to Unitholders but may be deducted by Skyline Mortgage Trust in future years in accordance with the detailed rules in the Tax Act.

The Tax Act includes "loss restriction event" ("**LRE**") rules that could potentially apply to Skyline Mortgage Trust. In general, a trust is subject to an LRE if a person (or group of persons) acquires more than 50% of the fair market value of the units of the trust. If an LRE occurs (i) a trust will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) unless any net income and net realized capital gains of the trust at such year-end is distributed or otherwise made payable to unitholders of the trust to the extent required for the trust not to be liable for income taxes, the trust would be subject

to tax under Part I of the Tax Act, and (iii) the trust will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

The Tax Act contains an exemption from the LRE rules for investment funds. There are two principal conditions that a trust must meet to be an investment fund for the purposes of the Tax Act and thereby qualify for such exemption: One condition relates to the status of the trust as a mutual fund trust for tax purposes and the other condition relates to the assets owned by the trust. However, relief from the LRE rules is not available for a trust that holds any Real Property. Depending on the circumstances, Skyline Mortgage Trust may not qualify for this exemption.

Part XII.2 of the Tax Act imposes a special 40% tax on the designated income (which includes income from Real Property in Canada but not income from mortgages) of certain trusts with respect to distributions to designated beneficiaries (which include non-resident persons and certain tax-exempt persons). Part XII.2 will not apply to Skyline Mortgage Trust in a taxation year provided that Skyline Mortgage Trust qualifies as a mutual fund trust throughout the taxation year.

Taxation of Unitholders

A Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of Skyline Mortgage Trust, determined for the purposes of the Tax Act, paid or made payable to such Unitholder in the year, whether such amount is paid or made payable in cash or by way of the issuance of additional Units, to the extent that Skyline Mortgage Trust deducts such amounts in computing its income for tax purposes for such year.

The Declaration of Trust provides that net income, including net taxable capital gains for purposes of the Tax Act, will be allocated to Unitholders in the same proportion as distributions received by Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

The amount distributed to Unitholders in a year may exceed the income of Skyline Mortgage Trust for tax purposes for that year. Distributions in excess of Skyline Mortgage Trust's taxable income in a year will not be included in computing the income of the Unitholders from Skyline Mortgage Trust for tax purposes. However, a Unitholder is required to reduce the adjusted cost base of such holder's Units by the portion of any amount paid or payable to such holder by Skyline Mortgage Trust (other than the non-taxable portion of certain capital gains) that was not included in computing such holder's income. A Unitholder will realize a capital gain in the year to the extent the adjusted cost base of the holder's Units would otherwise be a negative amount. Skyline Mortgage Trust will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of Skyline Mortgage Trust. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain.

Disposition of Units

Upon the disposition or deemed disposition by a Unitholder of a Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the Unit immediately before the disposition and any reasonable costs of the disposition. The adjusted cost base to a Unitholder of a Unit will be determined by averaging the cost base of all Units owned by a Unitholder as capital property at a particular time. Generally, one-half of any capital gain (a "taxable capital gain") realized by a Unitholder will be included in the Unitholder's income for the year of disposition. One-half of any capital loss so realized (an "allowable capital loss") may generally be deducted against taxable capital gains of the Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Unitholder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

Capital gains realized by an individual or trust, other than certain trusts, may give rise to alternative minimum tax under the Tax Act. A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on taxable capital gains.

Since the net income of Skyline Mortgage Trust will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of Skyline Mortgage Trust accrued or realized by Skyline Mortgage Trust in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the Unit was purchased.

Eligibility for Investment

In the opinion of Aird & Berlis LLP, counsel to Skyline Mortgage Trust, provided that Skyline Mortgage Trust qualifies as a "mutual fund trust" for purposes of the Tax Act at a particular time, the Units will be qualified investments for a trust governed by a registered retirement savings plan, registered retirement income fund, registered disability savings plan, registered education savings plan, or a tax-free savings account (collectively "Registered Plans") or a deferred profit sharing plan at such time.

Notwithstanding the foregoing, if the Units are "prohibited investments" for a trust governed by a Registered Plan which acquired Units pursuant to this Offering Memorandum, the annuitant or holder will be subject to a penalty tax in respect of such Units. A Unit will generally be a "prohibited investment" if the annuitant or holder does not deal at arm's length with Skyline Mortgage Trust for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act) in Skyline Mortgage Trust. For these purposes, an annuitant or holder will have a significant interest in Skyline Mortgage Trust at a particular time if the annuitant or holder, or the annuitant or holder together with persons or partnerships with which the annuitant or holder does not deal at arm's length, holds at the time interests as a beneficiary under Skyline Mortgage Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under Skyline Mortgage Trust. The Units will generally not be a "prohibited investment" if the Units are "excluded property" (as defined in the Tax Act) for trusts governed by a Registered Plan.

Holders or annuitants should consult their own tax advisors with respect to whether Units would be prohibited investments in their particular circumstances, including with respect to whether the Units would be "excluded property".

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Mortgage Trust on the Effective Date. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Units. See Item 2.2 – Our Business – Management of Skyline Mortgage Trust – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Mortgage Trust, the Exempt Market Dealer will be entitled to an equity raise fee equal to a maximum of 2.0% on the capital raised in offerings of Units (\$260,000, assuming the maximum offering) and a fee, payable monthly, equal to one-twelfth of 0.3% of Skyline Mortgage Trust's Equity Under Management (calculated as the product of the outstanding Units multiplied by the then market value of one Unit), estimated to be \$3,250 per month, assuming the maximum Offering.

The Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to Skyline Mortgage Trust under the Exempt Market Dealer Agreement.

ITEM 8 RISK FACTORS

There are certain risks inherent in an investment in the Units and in the activities of Skyline Mortgage Trust, including the following, which subscribers should carefully consider before subscribing for the Units. If any such risks actually occur, the financial condition and results of operations of Skyline Mortgage Trust could be materially adversely affected and the financial performance of Skyline Mortgage Trust and the ability of Skyline Mortgage Trust to make cash distributions or satisfy requests for redemptions of Units could be materially adversely affected.

No Assurance of Achieving Investment Objectives

There is no assurance that Skyline Mortgage Trust will be able to achieve its investment objectives or be able to pay distributions or preserve capital. The funds available for distribution to Unitholders will vary according to, among other things, the interest and principal payments received by Skyline Mortgage LP in respect of the Mortgage loans comprising the Portfolio. There is no assurance that the Portfolio will earn any return. The Manager may periodically re-evaluate Skyline Mortgage Trust's level of distributions and recommend to the Trustees that distributions be adjusted higher or lower, which may have a material effect on the price or value of the Units. An investment in Skyline Mortgage Trust is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of distributions not being paid in any period or at all.

Changes in Real Estate Values

Skyline Mortgage Trust's investments in Mortgage loans (indirectly through Skyline Mortgage LP) will be secured by Real Property, the value of which can fluctuate. The value of Real Property is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing Real Property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, disruptions to the credit and financial markets, and local economic disruptions in areas where the borrowers of the Mortgage loans are located, may adversely affect the value of the Real Property on which the Mortgage loans are secured and the ability of the borrowers to repay the Mortgage loans and thereby negatively impact on the value of the Units.

A substantial decline in value of Real Property provided as security for a Mortgage may cause the value of the Real Property to be less than the outstanding principal amount of the Mortgage loan. Foreclosure by Skyline Mortgage LP on any such Mortgage loan might not provide Skyline Mortgage LP with proceeds sufficient to satisfy the outstanding principal amount of the Mortgage loan.

While independent appraisals are required before Skyline Mortgage LP may make any Mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying Real Property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion of construction, rehabilitation, remediation or leasehold improvements on the Real Property providing security for the loan. There can be no assurance that these conditions will be satisfied and if, and to the extent that they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the Real Property at the time the conditions are satisfied.

Concentration and Composition of the Portfolio

The Portfolio is primarily invested in Mortgages, although Skyline Mortgage Trust may also hold other Mortgage-related investments and some cash and cash equivalents. Given the concentration of the

Portfolio's exposure to Mortgages, Skyline Mortgage Trust will be more susceptible to adverse economic or regulatory occurrences affecting Real Property than investment vehicles such as investment funds that hold a diversified portfolio of securities. Investments in Mortgages are relatively illiquid. Such illiquidity will tend to limit the Mortgage Broker's ability to vary the Portfolio promptly in response to changing economic or investment conditions.

The investment objectives and investment restrictions of Skyline Mortgage Trust permit the assets of the Portfolio to be invested in a broad spectrum of Mortgages. Therefore, the composition of the Portfolio may vary widely from time to time, subject to the investment objectives and investment restrictions of Skyline Mortgage Trust. The Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Portfolio being less diversified than at other times. As a result, the returns generated by the Portfolio may change as its composition changes.

Reliance on Multi-Unit Residential and Commercial Mortgages

The number of multi-unit residential and commercial properties developed or resold each year tends to be cyclical, and depends on a number of factors, including overall economic growth, interest rates and business and population growth. For the last several years, the Mortgage Broker has benefited from low interest rates, and a lack of competition. There is no guarantee that these trends will continue or that the Mortgage Broker will be able to originate the same volume of multi-unit residential and commercial Mortgages it has in the past.

Subordinate and Non-Conventional Financing

Subordinate financing (such as a second ranking Mortgage), which may be utilized by Skyline Mortgage LP, is generally considered a higher risk than first ranking financing. Mortgages will be secured by a charge, which may be in a first, but also a subsequent ranking position upon or in the underlying Real Property. When a charge on Real Property is in a position other than first ranking, it is possible for the holder of a prior charge on the Real Property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the Real Property in order to realize the security given for such loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first ranking charge on the Real Property of the value of their security of the Real Property. If an action is taken to sell the Real Property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the Real Property, the holder of a subsequent charge will lose their investment or part thereof to the extent of such deficiency unless they can otherwise recover such deficiency from other property, if any, owned by the debtor.

No Guarantees or Insurance

There can be no assurance that Mortgages held by Skyline Mortgage LP will result in a guaranteed rate of return or any return to Skyline Mortgage Trust or its Unitholders, or that losses will not be suffered on one or more Mortgage loans. Moreover, at any point in time, the interest rates being charged for Mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage investments will also change.

A Mortgage borrower's obligations to Skyline Mortgage LP or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada), as it may be amended from time to time. In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make Skyline Mortgage LP whole if and when resort is to be had thereto.

Competition

The Mortgage Broker's products compete with those offered by banks, insurance companies, trust companies and other financial services companies. Certain of these competitors are better capitalized, hold a larger percentage of the Canadian mortgage market, may have greater financial, technical and marketing resources than the Mortgage Broker and have greater name recognition than the Mortgage Broker. The Mortgage Broker will experience competition in all aspects of its business, including price competition. If price competition increases, Skyline Mortgage LP may not be able to raise the interest rates it charges in response to a rising cost of funds or may be forced to lower the interest rates that it is able to charge borrowers, which has the potential to reduce the value of the mortgages Skyline Mortgage LP will place with institutional mortgage purchasers or securitization vehicles. Price-cutting or discounting may reduce profits. This could have a material adverse effect on Skyline Mortgage Trust's business, financial condition and results of operations and on the amount of cash available for distributions to Unitholders.

Sensitivity to Interest Rates

The market price for the Units and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. Skyline Mortgage Trust's income will be comprised primarily from distributions from Skyline Mortgage LP. Skyline Mortgage LP's income will be comprised primarily of interest payments on the Mortgages comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of Skyline Mortgage LP's Mortgages are based), Skyline Mortgage LP may find it difficult to purchase additional Mortgages bearing rates sufficient to maintain distributions on the Units at a consistent level. As well, if interest rates increase, the value of the Portfolio may be negatively impacted.

Availability of Investments

As Skyline Mortgage Trust relies on the Mortgage Broker to source the Mortgages that Skyline Mortgage LP invests in, Skyline Mortgage Trust is exposed to adverse developments in the business and affairs of the Mortgage Broker, to its management and financial strength and to its ability to operate its businesses profitably. The ability of Skyline Mortgage Trust to make investments in accordance with its investment objectives and investment strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, Skyline Mortgage Trust may occasionally hold excess funds to be invested in additional Mortgages, which may negatively impact returns.

Risks Related to Mortgage Extensions and Mortgage Defaults

The Mortgage Broker may from time to time recommend to Skyline Mortgage LP that it is appropriate to extend or renew the term of a Mortgage loan past its maturity, or to accrue the interest on a Mortgage loan, in order to provide the borrower with increased repayment flexibility. The Mortgage Broker generally will make such recommendation only if it believes that there is a very low risk to Skyline Mortgage LP of not being repaid the full principal and interest owing on the Mortgage loan. In these circumstances, however, Skyline Mortgage LP is subject to the risk that the principal and/or accrued interest of such Mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of Skyline Mortgage LP and Skyline Mortgage Trust during the period in which this accommodation is granted. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that Skyline Mortgage LP may not recover all or substantially all of the principal and interest owed to Skyline Mortgage LP in respect of such Mortgage loan.

When a Mortgage loan is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, Skyline Mortgage LP has the ability to exercise its Mortgage enforcement remedies in respect of the extended or renewed Mortgage. Exercising Mortgage enforcement remedies is a process that requires a significant amount of

time to complete, which could adversely impact the cash flows of Skyline Mortgage LP (and, as a consequence, Skyline Mortgage Trust) during the period of enforcement. In addition, as a result of potential declines in Real Property values, there is no assurance that Skyline Mortgage LP will be able to recover all or substantially all of the outstanding principal and interest owed to Skyline Mortgage LP in respect of such Mortgages by exercising its Mortgage enforcement remedies. Should Skyline Mortgage LP be unable to recover all or substantially all of the principal and interest in respect of such Mortgage loans, the returns, financial condition and results of operations of Skyline Mortgage Trust could be adversely impacted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Mortgage Broker could therefore be forced to exercise the rights of the mortgagee. The recovery of a portion of Skyline Mortgage LP's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of Skyline Mortgage LP's rights as mortgagee. Legal fees and expenses and other costs incurred by Skyline Mortgage LP in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by Skyline Mortgage LP.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, Mortgage payments, insurance costs and related charges must be made through the period of ownership of Real Property regardless of whether the property is producing income or whether Mortgage payments are being made. Skyline Mortgage LP may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

Skyline Mortgage Trust or Skyline Mortgage LP may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, Skyline Mortgage LP generally will not receive payments of interest on a Mortgage loan that is the subject of litigation, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have an adverse effect on Skyline Mortgage Trust and its financial position and results of operations that could be material.

Reliance on Key Personnel

Skyline Mortgage Trust depends on the services of certain key personnel of the Manager and the Mortgage Broker. Should any of these persons be unable or unwilling to continue in their employment, this could have a material adverse effect on Skyline Mortgage Trust.

Skyline Mortgage LP May Be Unable to Fund Investments

Skyline Mortgage LP may commit to making future Mortgage investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage investments. In the event that such repayments of principal or payments of interest are not made, Skyline Mortgage LP may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

General Economic Conditions

The mortgage financing industry in Canada continues to benefit from historically low and stable interest rates. There is a risk that an increase in interest rates could slow the pace of Real Property sales and

adversely affect growth in the mortgage market, which could adversely affect Skyline Mortgage Trust's operations and stated growth initiatives. Decline in general economic conditions could also cause default rates to increase as creditworthiness decreases for borrowers. This could have a material adverse effect on Skyline Mortgage Trust's operating results. Further, there are economic trends and factors that are beyond Skyline Mortgage Trust's control, such trends and factors include adverse changes in the conditions in the specific markets (including oil-dependent provincial economies), the conditions in the broader market for multi-unit residential and commercial mortgages and the conditions in the domestic or global economy generally.

In addition, a significant decline in Real Property values could negatively affect Skyline Mortgage Trust's operating results and growth prospects as this would result in a decrease in the value of mortgage transactions. As property values decline, security on mortgages could also be adversely affected, thereby reducing the ability to liquidate properties held by defaulting borrowers at favourable prices.

The profits earned on mortgage sales depend, in part, on the spread between mortgage rates and capital market funding rates and any fee income derived therefrom. The Portfolio may include assets whose value can fluctuate because of changing interest rates and economic and market conditions. In addition, some of these assets could be difficult to sell at any given time. Changes in interest rates and other market factors such as stock market prices and demographics could affect the preferences of its customers for different types of products and adversely impact Skyline Mortgage Trust's profitability. A reduction in positive spreads between mortgage rates and capital market funding rates could have a material adverse effect on Skyline Mortgage Trust's operating results.

In addition, there are economic trends and factors that are beyond Skyline Mortgage Trust's control and which may affect its operations and business. Such trends and factors include adverse changes in the conditions in specific markets, in the broader market for residential and commercial mortgages and the conditions in the domestic or global economy generally, and not all areas are affected equally. It is not possible for the Mortgage Broker's management to accurately predict economic fluctuations and the impact of such fluctuations on performance.

Failure or Unavailability of Computer and Data Processing Systems and Software

The Mortgage Broker is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Mortgage Broker's ability to originate, monitor or service customer accounts. If sustained or repeated, a system failure or loss of data could negatively affect the ability of the Mortgage Broker to discharge its duties to Skyline Mortgage Trust and Skyline Mortgage LP. In addition, the Mortgage Broker depends on automated software to match the terms of its liabilities and asset maturities. If such software fails or is unavailable on a prolonged basis, the Mortgage Broker could be required to manually complete such activities, which could have a material adverse effect on the Mortgage Broker's ability to discharge its duties to Skyline Mortgage Trust and Skyline Mortgage LP.

Changes in Legislation

There can be no assurance that certain laws applicable to Skyline Mortgage Trust and Skyline Mortgage LP, including Canadian federal and provincial tax laws, tax proposals, securities laws, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect Skyline Mortgage Trust or Skyline Mortgage LP or fundamentally alter the tax consequences to Unitholders acquiring, holding or disposing of Units or adversely affecting the amounts received by Skyline Mortgage Trust or the distributions received by the Unitholders.

Environmental Matters

Skyline Mortgage LP may in the future take possession, through enforcement proceedings, of properties that secured defaulted Mortgage loans to recover its investment in such Mortgage loans. Prior to taking possession of properties which secure a Mortgage investment, the Mortgage Broker will assess the potential environmental liability associated with such enforcement and determine whether it is significant, having regard to the value of the property. If Skyline Mortgage LP decides to take possession of the property, Skyline Mortgage LP could be subject to environmental liabilities in connection with such Real Property, which could exceed the value of the property. As part of the due diligence performed in respect of Skyline Mortgage LP's proposed mortgage investments, the Mortgage Broker may obtain a Phase I Environmental Audit on the underlying Real Property provided as security for a Mortgage, when the Mortgage Broker has determined that a Phase I Environmental Audit is appropriate. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate Skyline Mortgage LP from potential liability for a materially adverse environmental condition at any mortgaged property. If hazardous substances are discovered on a property of which Skyline Mortgage LP has taken possession, Skyline Mortgage LP may be required to remove such substances and clean up the property. Skyline Mortgage LP may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such remediation.

Impact of Natural Disasters and Other Events

Various events, including natural disasters, extreme weather conditions, war and terrorism may cause a significant decline in the value of the properties underlying the Mortgages in the Portfolio and/or adversely affect the capacity of borrowers to repay mortgages, capital resources of borrowers that can be used to cover any shortfalls, collateral in support of mortgages and conditions of mortgages. Deterioration in these factors could lead to difficulties in repayment of mortgages or a decline in the performance of mortgage portfolios or of assets in securitization structures, possibly resulting in higher loan losses and a decline in the return of Skyline Mortgage LP's securitization vehicles, thereby having a material adverse effect on Skyline Mortgage Trust's business, financial condition and results of operations and on the amount of cash available for distributions to Unitholders.

Potential Conflicts of Interest

Skyline Mortgage Trust may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Mortgage Trust and the senior officers and directors of the Manager, the Exempt Market Dealer and the general partner of the Mortgage Broker are engaged in a wide range of real estate, financing and other business activities, and may become involved in transactions which conflict with the interests of Skyline Mortgage Trust and Skyline Mortgage LP.

Tax Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Skyline Mortgage Trust or the Unitholders.

If Skyline Mortgage Trust fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 6 "Income Tax Consequences and Eligibility for Investment" would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Mortgage Trust did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that its designated income (which includes income from Real Property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

If investments in Skyline Mortgage Trust become publicly listed or traded, there can be no assurances that Skyline Mortgage Trust will not be subject to the SIFT Rules, as described under Item 6 - Income Tax Consequences and Eligibility for Investment – SIFT Rules, at that time.

Skyline Mortgage Trust or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Skyline Mortgage Trust.

Since the net income of Skyline Mortgage Trust will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of Skyline Mortgage Trust accrued or realized by Skyline Mortgage Trust in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the Unit was purchased.

The LRE Rules could potentially apply to Skyline Mortgage Trust if a person (or group of persons) was to acquire more than 50% of the fair market value of the Units, with the consequences described under Item 6 - Income Tax Consequences and Eligibility for Investment – Taxation of Skyline Mortgage Trust".

Not a Trust Company

Skyline Mortgage Trust is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

Nature of Units

The Units are not the same as shares of a corporation. As a result, Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.

Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a Unitholder could be held personally liable for obligations of Skyline Mortgage Trust (to the extent that claims are not satisfied by Skyline Mortgage Trust) in respect of contracts which Skyline Mortgage Trust enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause Skyline Mortgage Trust's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Skyline Mortgage Trust contain an express disavowal of liability against Unitholders.

Dilution

The number of Units that Skyline Mortgage Trust is authorized to issue is unlimited and the Trustees have discretion to issue additional Units. Any issuance of additional Units may have a dilutive effect on the holders of Units.

Liquidity

An investment in the Units is an illiquid investment. There is currently no market through which the Units may be sold and redemptions are subject to restrictions imposed in the Declaration of Trust and applicable securities regulation. Skyline Mortgage Trust is not a "reporting issuer" in any jurisdiction, and

a prospectus has not qualified the issuance of the Units. Accordingly, investors will be unable to sell the Units, subject to some limited exceptions. See Item 10 - Resale Restrictions. Consequently, holders of Units may not be able to liquidate their investment in a timely manner.

Redemptions

The entitlement of Unitholders to receive cash in respect of Units tendered for redemption is subject to a Monthly Limit. Where the Monthly Limit is exceeded, a portion of the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied in cash and, subject to receipt of all necessary regulatory approvals, the remainder shall be paid and satisfied by way of issuance to the Unitholder of a Trust Note in accordance with the Declaration of Trust. See Item 5.1 – Terms of Securities – Redemption of Units.

ITEM 9 REPORTING OBLIGATIONS

Prior to each annual meeting of the Unitholders, Skyline Mortgage Trust will deliver audited consolidated financial statements (along with notice of such meeting) to Unitholders. The annual financial statements shall be audited by Skyline Mortgage Trust's auditors in accordance with IFRS.

On or before March 15 in each year, Skyline Mortgage Trust will provide to Unitholders who received distributions (including amounts treated as having been paid) from Skyline Mortgage Trust in either the prior calendar year or on or before January 15 of such year, such information regarding Skyline Mortgage Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

ITEM 10 RESALE RESTRICTIONS

10.1 General Statement

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan

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.

10.2 Restricted Period

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan

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

10.3 Manitoba Resale Restrictions

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

- (a) Skyline Mortgage Trust 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 PURCHASERS' RIGHTS

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

(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.

(2) **Statutory Rights of Action in the Event of a Misrepresentation**

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined in the applicable securities legislation to mean 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 any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

The following is a summary of the rights of action for damages or rescission, or both, available to certain purchasers resident in British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Alberta, Newfoundland and Labrador and Prince Edward Island. Each purchaser should refer to the complete text of the relevant provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

British Columbia

In British Columbia, where there is reliance on the exemption from the prospectus requirements contained in section 2.9 of NI 45-106 (the "offering memorandum exemption"), if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Mortgage Trust, every trustee of Skyline Mortgage Trust at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (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 of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action and 3 years after the date of the transaction that gave rise to the cause of action.

Saskatchewan

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against:
 - (i) Skyline Mortgage Trust;
 - (ii) every promoter and trustee of Skyline Mortgage Trust at the time the Offering Memorandum or an amendment to the Offering Memorandum was sent or delivered;
 - (iii) every person or company whose consent has been filed in connection with the Offering Memorandum, but only with respect to reports, opinions or statements that have been made by them;
 - (iv) every person who or company that, in addition to the persons or companies mentioned in clauses (i) to (iii), signed the Offering Memorandum or the amendment to the Offering Memorandum; and
 - (v) every person who or company that sells securities on behalf of Skyline Mortgage Trust under the Offering Memorandum or amendment to the Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature and verbal statements. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (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 of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of one year after the plaintiff first had knowledge of the facts giving rise to the cause of action and six years after the date of the transaction that gave rise to the cause of action.

Manitoba

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Mortgage Trust, every trustee of Skyline Mortgage Trust at the date of this Offering Memorandum; and every person or company who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (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 day of the transaction that gave rise to the cause of action. You must commence your action for damages within the

earlier of 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action and 2 years after the day of the transaction that gave rise to the cause of action.

Ontario

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by this Offering Memorandum during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer in the event that the Offering Memorandum contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation. Skyline Mortgage Trust is not liable for a misrepresentation in forward-looking information if certain requirements are satisfied. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first has knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

Nova Scotia

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Mortgage Trust, every trustee of Skyline Mortgage Trust at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature, on which a purchaser is deemed to have relied. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement or your action for damages within 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with, the initial payment of the transaction that gave rise to the cause of action.

New Brunswick

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Mortgage Trust.

Similar rights are provided in respect of advertising or sales literature and verbal statements. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However,

there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (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 of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of one year after the plaintiff first had knowledge of the facts giving rise to the cause of action and six years after the date of the transaction that gave rise to the cause of action.

Alberta, Newfoundland and Labrador and Prince Edward Island

In Alberta, where there is reliance on the exemption from the prospectus requirements contained in section 2.9 of NI 45-106 (the "offering memorandum exemption") or section 2.10 of NI 45-106 (the "minimum amount investment exemption"), and in Newfoundland and Labrador and Prince Edward Island, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Mortgage Trust to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Mortgage Trust, every trustee of Skyline Mortgage Trust at the date of this Offering Memorandum; and every person or company who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (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 of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action and 3 years after the date of the transaction that gave rise to the cause of action.

(3) Contractual Rights of Action in the Event of a Misrepresentation

British Columbia, Alberta and Québec

In British Columbia, Alberta and Québec, where there is reliance on the exemption from the prospectus requirements contained in section 2.3 of NI 45-106 (the "accredited investor exemption") or, in British Columbia and Québec, in section 2.10 of NI 45-106 (the "minimum amount investment exemption"), securities legislation does not provide or require an issuer to provide to purchasers resident in these jurisdictions any rights of action in circumstances where an offering memorandum contains a misrepresentation. Skyline Mortgage Trust hereby grants to such purchasers in British Columbia, Alberta and Québec the following rights of action.

If there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue Skyline Mortgage Trust:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that Skyline Mortgage Trust proves does not represent the depreciation in value of the securities resulting from the misrepresentation. Skyline

Mortgage Trust has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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 you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities. The foregoing contractual rights of action are in addition to, and do not detract from, any other rights you may have.

ITEM 12 FINANCIAL STATEMENTS

The audited consolidated financial statements of Skyline Mortgage Trust as at February 23, 2018 are included on the following pages.

SKYLINE MORTGAGE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 23, 2018

SKYLINE MORTGAGE INVESTMENT TRUST

INDEX TO THE FINANCIAL STATEMENTS

PERIOD ENDED FEBRUARY 23, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	63
FINANCIAL STATEMENTS	
Statement of Financial Position	64
Notes to the Financial Statements	65 - 66

INDEPENDENT AUDITOR'S REPORT

To the unitholders of: Skyline Mortgage Investment Trust

We have audited the accompanying statement of financial position of Skyline Mortgage Investment Trust, as at February 23, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of Skyline Mortgage Investment Trust as at February 23, 2018 in accordance with international financial reporting standards.



Guelph, Ontario
March 1, 2018

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE MORTGAGE INVESTMENT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 23, 2018

	2018
ASSETS	
CASH	\$ <u>10</u>
UNITHOLDERS' EQUITY	
UNITHOLDERS' EQUITY (note 4)	\$ <u>10</u>

See notes to the financial statements

SKYLINE MORTGAGE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 23, 2018

1. NATURE OF BUSINESS

Skyline Mortgage Investment Trust ("the Trust") is an unincorporated, open-ended private mortgage investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated February 23, 2018.

Skyline Mortgage Investment Trust is domiciled in Ontario, Canada. The address of Skyline Mortgage Investment Trust's registered office and its principal place of business is 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

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

The financial statements are prepared in accordance with International Accounting Standard ("IAS") 1 – Presentation of Financial Statements ("IAS 1").

Separate statements of net income and comprehensive income, changes in unitholders' equity and cash flows have not been prepared as there has been no activities for this entity.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Trust's accounting policies.

These financial statements as at February 23, 2018 were approved for issue by the Board of Trustees on March 1, 2018.

(b) BASIS OF MEASUREMENT

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

(c) FUNCTIONAL CURRENCY AND PRESENTATION

The financial statements are presented in Canadian dollars, which is also the Trust's functional currency.

The Trust presents its statement of financial position based on the liquidity method, where all assets and liabilities are presented in the ascending order of liquidity.

SKYLINE MORTGAGE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 23, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with international financial reporting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

Skyline Mortgage Investment Trust acknowledges their responsibility for the creation and compilation of the following significant accounting policy decisions and the related policy notes.

(b) **CASH**

Cash consists of cash on hand.

4. UNITHOLDERS' EQUITY

Unitholders' equity of the Trust is as follows:

	Number	
Authorized for issue	Unlimited	\$ 0
Issued and outstanding units	One	<u>10</u>
		<u>\$ 10</u>

ITEM 13 DATE AND CERTIFICATE

Dated March 1, 2018

This offering memorandum does not contain a misrepresentation.

SKYLINE MORTGAGE INVESTMENT TRUST

"Jason Scott Castellan"

"Wayne Brian Byrd"

JASON SCOTT CASTELLAN
Chief Executive Officer

WAYNE BRIAN BYRD
Chief Financial Officer

"Jason Scott Castellan"

"Wayne Brian Byrd"

"Michael Peter Bonneveld"

JASON SCOTT CASTELLAN
Trustee

WAYNE BRIAN BYRD
Trustee

MICHAEL PETER BONNEVELD
Trustee



**SKYLINE MORTGAGE
INVESTMENT TRUST**