

FORM 45-106 F2
Offering Memorandum for Non-Qualifying Issuers
February 10, 2017

Date:

The Issuer

Name:	Trez Capital Yield Trust US (Canadian \$) (the "Trust")
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Currently listed or quoted?	No. These securities do not trade on any exchange or market.
Reporting issuer?	No.
SEDAR filer?	Yes.

The Offering

Securities offered:	Series A, F and I Trust units, denominated in Canadian dollars ("Units").
Price per security:	CDN\$10.00 per Unit.
Minimum/Maximum offering:	There is no minimum or maximum Offering.
Minimum Subscription Amount:	500 Units (CDN\$5,000)
Payment terms:	Bank draft, certified cheques or wire transfer on closing.
Proposed closing date(s):	Continuous offering. Closings may occur from time to time as subscriptions are received.
Income tax consequences:	There are important tax consequences to these securities. See "Income Tax Considerations".
Selling agent:	No. The Trust may pay a sales fee to registered dealers, or where permitted, non-registrants, in an amount determined by the Manager in its discretion, acting reasonably, payable at the time of the initial investment.

Resale restrictions

You will be restricted from selling your securities for an indefinite period. However, the Units are redeemable at the demand of a Unitholder. **SEE "SECURITIES OFFERED – UNITHOLDER'S RIGHT TO REDEEM".**

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 **"Purchasers' Contractual and Statutory Rights of Action"**.

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

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SUMMARY

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian dollars.

Offering: A continuous offering of Series A, F and I Trust Units. There is no minimum or maximum offering amount. See "Subscription for Units". A subscriber whose subscription is accepted will become a Unitholder of the Trust.

Subscription Price: The subscription price per Unit is CDN\$10.00.

Minimum Subscription: There is a minimum subscription of 500 Units (CDN\$5,000). Residents of certain provinces may be restricted in the amount they can invest when relying on this Offering Memorandum. See "Subscription for Units".

Business Objective: The business objective of the Trust is to provide investors a steady income stream while preserving their invested capital. The Trust will seek to accomplish this objective by taking advantage of an underserved niche market and making prudent Mortgage investments selected by the Mortgage Broker in support of established and qualified real estate investors and developers within the United States. Specifically, the Trust will provide short-term flexible Mortgage financing at attractive rates ("**Mortgage Investments**"), invest in Mortgage financing comprising a base rate and a "bonus" participation option derived from the economics of the project ("**Mortgage Participations**"), invest (subject to a limit of 10% of the net assets of the Trust from time to time) in loans secured by a developer's interest in the developing entity ("**Mezzanine Loans**"), and enter into investments (subject to a limit of 20% of the net assets of the Trust from time to time) in Real Property through an indirect unsecured ownership interest in Real Property with qualified third-parties ("**Equity Investments**"). Mortgage Investments, Mortgage Participations, Mezzanine Loans and Equity Investments are collectively referred to as "Investments". The Trust is a source of funding for the Mortgage Broker's mortgage lending business.

The Trust will initially focus on Investments in Texas, and may expand to other growth states in the future. The Mortgage Broker will leverage its well-established lending strategies and competitive advantages, namely (i) flexible structure terms, (ii) speed and certainty of execution, and (iii) its ability to generate proprietary deal flow, to achieve its Investment Objective. In general, the Investments will generate income through either interest received or profit participation income derived from the sale of Real Property. Mortgage Investments will generally generate income through a rate of interest, which is typically payable periodically throughout the term of the Mortgages. Mortgage Participations will provide income from a rate of interest which is typically payable periodically throughout the term of the Mortgage plus a bonus when the Real Property is sold. Equity Investments will generally not generate income until the Investment has been sold.

All Mortgages will be secured by Real Property, comprised primarily of residential (generally not including single family residential), office, retail, industrial and/or other commercial property. The Mortgages may be either first ranking, a junior position in a first ranking Mortgage, or a subsequent

ranking Mortgage. Individual Mortgages may be secured by one or more properties owned by the same mortgagor.

Tranching:

While the Manager may retain the entire Investment for the Trust and other mortgage investment entities it manages, in the case of Mortgage Investments, the Manager may permit a third party investor (such as a bank or trust company or another mortgage investment entity) to provide a secured loan to the Trust at a reduced interest rate, thereby enabling the Trust to earn a disproportionately large amount of interest revenue when compared to the equity in the Mortgage it retains. This practice – sometimes referred to as "tranching" – will enable the Trust to effectively increase its returns while using less capital for each Mortgage Investment (thereby facilitating greater diversification for the Trust) and, in all cases, retain the Manager's control over administering the entire Mortgage. The third party will be granted non-recourse security in the Mortgage in return for receiving less interest than the stipulated rate of the Mortgage and the Manager believes the Trust will receive a disproportionately larger amount of interest revenue compared to the change in risk associated with the equity in the Mortgage it retains. An investment by the Trust in a subsequent ranking Mortgage differs from a junior position in a first Mortgage in that a second or subsequent ranking Mortgage has a lower priority for repayment and the Manager does not have control over administering the first Mortgage should a default occur. See "Business of the Trust – Tranching".

Loan Sharing:

The Manager may arrange for third parties or other mortgage investment entities managed by the Manager to share in a loan on a pari passu or junior basis. See "Business of the Trust – Loan Sharing".

Series:

Units are issuable in series ("**Series**"). Series are denominated in Canadian dollars. All Series are of the same class and have the same objectives, strategies and restrictions, but differ with respect to one or more of their features, such as fees and distributions, as set out in this Offering Memorandum. The book value per Unit will be expressed in Canadian dollars. However, distributions allocable to each Series will differ as a result of the deduction of the amounts payable in respect of Trailer Fees for the Series A Units and the lower Administration Fee payable in respect of the Series I Units. The Manager may, at any time and from time to time, authorize the Trust to issue additional Series without the authorization of Unitholders. Each Series will share in the same pool of Investments and Authorized Interim Investments on an equal pro rata (or "**pari passu**") basis. See "Securities Offered - Description of Units".

Purchases of Units may be effected through direct investment or through the settlement network operated by FundSERV Inc. using the following codes:

Series A Units:	TRZ – 360
Series F Units:	TRZ – 370
Series I Units:	TRZ – 380

Distribution Policy:

The Trust will make a distribution to each Unitholder of a Series on a quarterly basis. For each quarter ending March 31, June 30 and September 30, the Manager will distribute an amount it deems appropriate. Such quarterly distributions (for March 31, June 30, and September 30) will be paid in arrears on the 15th day following the quarter to which the distribution relates.

The distribution to be made in respect of the December 31 year end (the "**Final Year End Distribution**") will equal 100% of the Trust's net income and net realized capital gains for the applicable Series, less the aggregate distributions made in respect of any previous Calculation Date in that year and any reserves that the Manager deems appropriate, for the year. This year-end distribution will be made in two payments. The first payment for the year end will be made on January 15 following the year end in an amount determined in the same manner as the March, June and September distributions. The second payment for the year end will be paid in arrears not later than March 15 following the year end in an amount equal to any amount payable in excess of the distributions previously paid.

Subject to a Unitholder's election to receive distributions partially or wholly in Units, distributions by the Trust will be paid in cash. If, in any taxation year of the Trust, the Trust's Taxable Income is in excess of its cash distributions to Unitholders for that year, the Final Year End Distribution payable to the Unitholders may, at the option of the Manager, include a distribution of additional Units (including fractions thereof) of such Series of Units having a value reflecting the amount, in whole or in part, of such excess. The value of each additional Unit to be issued shall be CDN\$10.00. Such a distribution of additional Units would likely be followed by a consolidation of the Units to reset the Net Asset Value per Unit at CDN\$10.00.

As is described in the Declaration of Trust, the Trust intends to distribute its net income and net realized capital gains, if any, in the year they are earned or realized to ensure that no income tax is payable by the Trust. See "Distributions" and "Income Tax Considerations."

Hedging:

The Trust invests in U.S. dollar denominated Investments. In order to mitigate, but not eliminate, the adverse effects of a decline in the U.S. dollar versus the Canadian dollar from the time that the Trust acquires a U.S. dollar denominated Investment to the time that a U.S. dollar denominated Investment is repaid, the Trust will often undertake currency hedging transactions. U.S. dollar denominated Investments are hedged by way of foreign exchange swaps with maturities of approximately one month, or such other term determined by the Manager for the maximum benefit of Unitholders. The Trust utilizes several chartered banks and a private currency dealer in order to obtain best prices and to mitigate counterparty risk. See "Securities Offered – Hedging".

Redemption by Unitholder:

Subject to the restrictions below, Units are redeemable at the demand of the Unitholders, upon 30 days' written notice, at a Redemption price equal to:

(a) at any time up to the first anniversary of their issuance, 99% of CDN\$10.00 per Unit; and

(b) thereafter, at CDN\$10.00 per Unit,

For the Series A, Series F and Series I Units issued pursuant to the Reorganization, the time period in (a) began at the time the corresponding units were issued by the US Trust.

The Manager may from time to time suspend Redemptions and/or terminate the Trust. The Manager is not obligated to accept Redemption notices for amounts exceeding, in aggregate, 5% of the book value of the Trust at such time, in any one calendar month.

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

Closing:

Closings will take place on such dates as the Manager determines.

Manager Fees:

Pursuant to the Declaration of Trust, for the purposes of calculation of the Manager's Fees, each Series is deemed to be entitled to its Proportionate Share of the Average Annual Gross Total Assets. The Manager will be entitled to receive an annual fee equal to 1.5% of the Proportionate Share of the Series A Units and the Series F Units of the Average Annual Gross Total Assets (the "**Series A and Series F Administration Fee**") and an annual fee equal to 1.15% of the Proportionate Share of the Series I Units of the Average Annual Gross Assets (the "**Series I Administration Fee**"). As well, the Manager is entitled to receive an annual fee (the "**Incentive Fee**") equal to 10% of the Incentive Fee Revenue of the Trust. The Administration Fee is paid quarterly, in four instalments in arrears, 15 days following the end of each quarter, except the payment due for the quarter ending December 31st will be determined taking into consideration the previous payments made on an estimated basis and will be paid not later than March 15 following that quarter. The Incentive Fee is paid at the same time as the final year end payment to Unitholders. The Trust will be obligated to pay any applicable GST or other taxes on such fees.

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

Mortgage Broker Fees:

An Affiliate of the Mortgage Broker, Trez Capital Texas L.P. (the "**Originator**"), will originate Investments on behalf of the Trust under the supervision of the Mortgage Broker and the Mortgage Broker will undertake its customary due diligence review of the proposed investment. The Manager will pay any fees or expenses of the Mortgage Broker as described in the Declaration of Trust. Additionally, a brokerage fee may be payable by the Trust to the Originator in connection with certain participating loans and mortgages.

See "Directors, Management, Promoters and Principal Holders – Originator's and Mortgage Broker's Fees".

Sales and Trailer Fees:

The Trust may pay a sales fee (the "**Sales Fee**") to registered dealers, or where permitted, non-registrants, of up to 1.25% of the Subscription Price of the Units, payable at the time of the initial investment. Sales Fees may be paid to the Manager and its Affiliates and owners and employees of the Manager. The Trust will also pay an annual servicing (or "**trailer**") fee equal to 1.00% per annum of the Subscription Price of the Units (the "**Trailer Fee**") to registered dealers in respect of the Series A Units, payable quarterly in arrears. The amount of the Trailer Fee will be deducted from distributions to Series A Unitholders. See "Compensation Paid to Sellers and Finders".

Use of Proceeds:

It is intended that the net subscription proceeds will be invested in Investments. Pending an investment in Investments, the net subscription

proceeds will be invested in Authorized Interim Investments. The Mortgage Broker will use its reasonable commercial efforts to make suitable investments of the Net Subscription Proceeds in the Investments as soon as possible. The Trust will pay the expenses of this Offering.

Distribution on Termination:

On the termination of the Trust, the assets of the Trust will be liquidated and the proceeds distributed to pay the liabilities of the Trust (including the fees and expenses of the Manager) and to establish reserves for the contingent liabilities of the Trust. The balance of any funds remaining will be used to redeem Units on a pro rata basis. See "Distributions - Distribution on Termination of the Trust".

Taxation of the Trust and Unitholders:

Generally, the Trust will not pay tax under Part 1 of the Tax Act on its Taxable Income to the extent it is distributed to its Unitholders. However, in certain circumstances where the Trust has Investments that are not exclusively Mortgages, income tax may be payable by the Trust. The Trust will not be liable to tax as a "specified investment flow-through trust" or "SIFT trust". In computing their Taxable Income, Unitholders will be required to include the Taxable Income distributed to them by the Trust. Distributions not included in Taxable Income, other than the non-taxable portion of net realized capital gains, will generally reduce a Unitholder's adjusted cost base of the Units held. On a redemption or other disposition of Units, the Unitholder will realize a capital gain or loss to the extent that the proceeds of disposition exceed or are exceeded by the adjusted cost base of the Units. One-half of a capital gain must be included in income as a taxable capital gain. One-half of a capital loss is an allowable capital loss which may be applied against taxable capital gains realized in the year, with any excess available for carry back three years, or forward indefinitely, and applied against taxable capital gains realized in those earlier or later years.

To the extent the Trust's investments include assets denominated in currencies other than Canadian dollars, the cost and proceeds of disposition of such assets, income and any other relevant amounts must be determined for purposes of the Tax Act in Canadian dollars, and the Trust may therefore realize gains or losses by virtue of fluctuations in the value of foreign currencies relative to Canadian dollars. The Trust will also carry out hedging transactions in respect of Investments denominated in currencies other than Canadian dollars which are intended to reduce gains or losses resulting from fluctuations in the value of foreign currencies relative to Canadian dollars.

If the Trust has income from a U.S. trade or business that is liable to United States income tax, such tax will be paid by the Trust, which will then make a designation that such income will retain its character when distributed to Unitholders, which will generally permit the Unitholders to deduct a tax credit for foreign tax paid by the Trust.

Investment by Deferred Plans:

The Trust is a mutual fund trust as defined in the Tax Act. As such, the Units of the Trust are qualified investments for Deferred Plans. The Trust plans to make an election in its return of income for its first taxation year pursuant to subsection 132(6.1) of the Tax Act that will deem the Trust to have been a mutual fund trust from the start of its first taxation year. Provided the Trust qualifies as a mutual fund trust as defined in the Tax Act the Units of the Trust will be qualified investments for Deferred Plans. See "Income Tax Considerations" for discussion regarding the qualification of the Trust as a mutual fund trust.

No Transferability:

Units will not be transferable except by operation of law (such as the death or bankruptcy of a Unitholder) or in circumstances where the Manager deems it appropriate to do so in its absolute discretion. As well, securities laws will restrict, and may prohibit, transfer of Units. Units will not be listed on any stock exchange. See "Resale Restrictions".

Risk Factors:

Investment in the Trust entails a number of risks. This Offering is not suitable for investors who cannot afford to assume moderate risks in connection with their investments. These risks include the following:

- a) Unitholders' returns will be determined by the returns generated by the Investment Portfolio. These Investments are affected by general economic conditions, local real estate markets, demand for leased premises, fluctuation and occupancy rates, operating expenses and various other factors. Investments in Mortgages and Real Property are relatively illiquid. It is possible that credit market deterioration could affect the Trust's returns. See "Directors, Management, Promoters and Principal Holders – The Mortgage Broker – Due Diligence Procedures and Risk Reduction".
- b) The Investments, which will be indirect investments in Real Property or be secured by Real Property, can fluctuate in value. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby affecting the ability of the borrower to service the debt and/or repay the loan based on the property income.
- c) As of December 31, 2016, after giving effect to the Proposed Transaction, 21.15% of the Trust's Mortgage Portfolio by number of Mortgages and 44.32% of the Trust's Mortgage Portfolio by dollar amount will relate to Mortgages granted to one borrower. Given the concentration of the Trust's exposure to this borrower, the Trust will be more susceptible to adverse financial circumstances affecting this borrower than a mortgage investment entity that does not have its Mortgage investments concentrated with a small number of borrowers.
- d) An impairment of liquidity within the financial markets could affect the ability of the Trust's borrowers to refinance and pay out Mortgages when due. This lack of liquidity may result in the Trust suspending the Redemption of Units from time to time.
- e) There is no market for the Units and a market for the Units is not expected to develop. The Units are not transferable and securities requirements may prohibit or restrict transferability of Units. See "Resale Restrictions".
- f) The Trust makes no representation as to any return that will be generated from the Investments. There can be no assurance that past returns achieved by funds managed by the Manager will be, in any respect, indicative of how Investments will perform (either in terms of profitability, volatility or low correlation with other investments) in the future.
- g) Subordinate financing, which will be carried on by the Trust, is generally considered higher risk than primary financing.

- h) If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Trust's Mortgages are based), the Trust may find it difficult to originate additional Investments bearing rates sufficient to achieve distributions on the Units at the rates previously achieved by the Trust.
- i) If there is an increase in interest rates, property values may decline and adversely affect the value of the Investments.
- j) The Trust will be highly dependent upon the expertise and abilities of the Manager and the Mortgage Broker. The loss of services of key personnel of the Manager or the Mortgage Broker could adversely affect the Trust.
- k) The role of the Board of Governors is generally advisory in nature and it does not involve itself in the day to day management of the Trust. Its duties differ from those of the board of directors of a corporation. Its responsibilities are limited to those expressly set forth in the Declaration of Trust and substantially all powers, authorities and responsibilities in respect of the Trust are those of the Manager.
- l) Conditions may arise which would cause the Manager to suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for a period of not more than 180 days, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the value of the assets held by the Trust. If the Manager receives a Redemption Notice or is required to make Redemption for an amount exceeding the book value per Unit, the Manager may, in its discretion, give notice to terminate the Trust as of the Termination date which precedes the intended date of such Redemption or Redemptions. See "Securities Offered – Unitholder's Right to Redeem".
- n) The Units share certain attributes common to equity securities. The Units represent an undivided interest in the assets of the Trust. However, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.
- o) The Manager is required to satisfy a standard of care in exercising its duties with respect to the Trust. However, neither the Manager nor its officers, directors, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Trust. The Manager and its officers, employees and affiliates may undertake financial, investment or professional activities which give rise to conflicts of interest with respect to the Trust.
- p) Payment of income by the distribution of Units, for example, on payment of non-cash items such as foreign exchange gains, can result in Unitholders having a tax liability without a corresponding distribution of cash to pay that tax liability.

You should carefully consider whether your financial condition and/or retirement savings objectives permit you to invest in the Trust. The Units involve a moderate degree of risk. An investment in Units of the

Trust is appropriate only for investors who have the ability to absorb a loss of some or all of their investment. See "Risk Factors".

Certificates:

Certificates for Units will not be issued to Unitholders.

GLOSSARY

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

"**Administration Fee**" means, collectively, the Series A and Series F Administration Fee, the Series I Administration and the administration fee for any Series which may be created subsequent to the date hereof;

"**Affiliate**" or "**Affiliates**" has the same meaning as in the B.C. Securities Act;

"**Audit Committee**" means the audit committee of the Board of Governors;

"**Auditor(s)**" means the firm of Chartered Professional Accountants from time to time appointed as auditor(s) of the Trust by the Board of Governors;

"**Authorized Interim Investments**" means cash and guaranteed investment certificates;

"**Average Annual Gross Assets**" means, for a particular period, the value of all assets held by the Trust valued in accordance with the Valuation Policy;

"**B.C. Securities Act**" means the *Securities Act* (British Columbia), with all amendments thereto in force from time to time and any statutes that may be passed which have the effect of supplementing or superseding such statute;

"**Board of Governors**" means the board named as such and established pursuant to the Declaration of Trust;

"**book value of the Units**" means an amount equal to the Net Asset Value;

"**book value per Unit**" means the book value per Unit, as described under the heading "**Calculation of Book Value – Book Value of the Trust**";

"**Business Day**" means a day other than a Saturday, Sunday or any day on which the principal office of the Trust's bankers located in Vancouver, British Columbia, is not open for business during normal banking hours;

"**Calculation Date**" means the last day of March, June, September and December or, if the Manager decides to cause the Trust to make monthly distributions, the last day of each calendar month;

"**Credit Committee**" means the credit committee of the Board of Governors;

"**Declaration of Trust**" means the declaration of trust made as of December 8, 2016, made by the Trustee, creating the Trust under the laws of the Province of British Columbia;

"**Deferred Plan**" means a "registered retirement savings plan", a "registered retirement income fund", a "tax-free savings account", a "registered disability savings plan", a "registered education savings plan" or a "deferred profit sharing plan" as such terms are defined under the Tax Act;

"**Distribution Payment Date**" means, for each of the first three calendar quarters, the 15th day of the month following the Calculation Date for such calendar quarter and for the calendar quarter ending December 31, the Distribution Payment Date will be not later than the following March 15;

"**Equity Investment**" means, in respect of Real Property, an agreement with a third party to invest in Real Property through an indirect unsecured ownership interest in such Real Property;

"**Final Year End Distribution Payment**" means, in respect of any year, an amount equal to any amount payable in excess of the distributions previously paid for such year;

"**Fiscal Year**" means each such consecutive period of twelve months commencing on January 1, and ending on December 31;

"FundSERV" means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order matching, contracting, registrations, settlement of orders, transmission of confirmation of purchases and the redemption of investments or instruments;

"IFRS" means International Financial Reporting Standards;

"Incentive Fee" means a fee to be paid to the Manager pursuant to the Declaration of Trust, consisting of an annual fee equal to 10% of the Incentive Fee Revenue for such period;

"Incentive Fee Revenue", in respect of a period, means the net income and capital gains for a Series of the Trust for that period prior to the deduction of the Incentive Fee payable for that period and after the deduction of the Administration Fee payable in respect of that Series;

"Independent Review Committee" means the independent review committee of the Board of Governors;

"Investment Portfolio" means the portfolio of Investments acquired by the Trust in accordance with the investment policy of the Trust;

"Investments" means, collectively, Mortgage Investments, Mortgage Participations and Equity Investments;

"Manager" means Trez Capital Fund Management Limited Partnership, a limited partnership validly existing under the laws of the Province of British Columbia, or such other entity appointed to serve as Manager from time to time;

"Manager's Fees" means, collectively, the Administration Fee and the Incentive Fee;

"Mezzanine Loans" means a loan to a developer of Real Property whereby security is taken in the developer's interest in the developing entity, rather than the Real Property being developed;

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

"Mortgage Broker" means Trez Capital Limited Partnership, a limited partnership validly existing under the laws of the Province of British Columbia;

"Mortgage Broker Agreement" means the agreement dated December 8, 2016 among the Manager, the Mortgage Broker and the Trust, pursuant to which the Mortgage Broker provides its services to the Trust;

"Mortgage Investment" means an investment by the Trust in a Mortgage;

"Mortgage Participation" means an investment in a Mortgage which includes a bonus payment from any profits from the disposition of the Real Property;

"Net Asset Value" or **"NAV"** means the net asset value of the trust, as described under the heading **"Calculation of Book Value - Valuation Policy"**;

"Nominee" means Trez Capital Funding, LLC;

"Offering" means the offering of Series A, F and I Units pursuant to this Offering Memorandum;

"Ordinary Resolution" means a resolution consented to, in writing, by holders of more than 50% of all outstanding Units of the Trust or where Series are differently affected by the resolution, then 50% of each Series, or approved by at least 50% of the votes cast by Unitholders (or Unitholders of that Series) present in person or by proxy at a meeting of Unitholders which has been duly called and at which a quorum is present, as provided herein;

"Originator" means Trez Capital Texas L.P., a limited partnership formed under the laws of Delaware;

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

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

"Redemption" means a redemption of Units by the Trust or by a Unitholder on his or her written request and subject to the limitations described herein;

"Reorganization" means the reorganization of the US Trust effective as of January 1, 2017;

"Sales Fee" means a fee to registered dealers, or where permitted, non-registrants, of up to 1.25% of the Subscription Price payable at the time of the initial investment;

"Securities Authorities" means the securities commissions of each of the provinces and territories of Canada;

"Series" means, as the context requires, any one of Series A Units, Series F Units, Series I Units or any new Series;

"Series A and Series F Administration Fee" means a fee to be paid to the Manager pursuant to the Declaration of Trust, consisting of an annual fee, as estimated quarterly, equal to 1.5% of the Proportionate Share of the Series A Units and the Series F Units of the Average Annual Gross Assets of the Trust as of the date same is calculated;

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

"Series F Units" means a Series, designated as Series F;

"Series I Administration Fee" means a fee to be paid to the Manager pursuant to the Declaration of Trust, consisting of an annual fee, as estimated quarterly, equal to 1.15% of the Proportionate Share of the Series I Units of the Average Annual Gross Assets of the Trust as of the date same is calculated;

"Series I Units" means a Series, designated as Series I;

"Short Term", when used in respect of Investments, means Investments which have an intended maturity date of no more than four years;

"Special Resolution" means a resolution consented to, in writing, by holders of more than 66 $\frac{2}{3}$ % of all outstanding Units of the Trust or where Series are differently affected by the resolution, then 66 $\frac{2}{3}$ % of each Series, or approved by at least 66 $\frac{2}{3}$ % of the votes cast by Unitholders present in person or by proxy at a meeting of Unitholders (or Unitholders of that Series) which has been duly called for that purpose and at which a quorum is present, as provided herein and excluding the votes of Units owned by the Manager or any Affiliate thereof in respect of any matter in which they have a financial interest (other than as Unitholders);

"Subscription Agreement" means the subscription agreement for Units, the form of which is attached as Schedule "A" hereto;

"Subscription Price" means an amount equal to CDN\$10.00 per Unit;

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

"Taxable Income" of the Trust for a year means the taxable income of the Trust (as that term is defined in the Tax Act) determined without any gross-up in respect of taxable dividends from corporations resident in Canada and without deduction for distributions by the Trust to Unitholders during the year;

"Termination Date" means the date on which the Trust is terminated in accordance with the provisions of the Declaration of Trust;

"Termination Event" has the meaning attributed thereto under the title **"Termination of the Trust"**;

"Trailer Fee" means a fee payable to registered dealers, in an amount equal to 1.0% per annum of the Subscription Price payable in respect of Series A Units, payable in arrears;

"Trust" means Trez Capital Yield Trust US (Canadian \$), a trust created pursuant to the Declaration of Trust;

"Trust Property" means:

- (i) all moneys, securities, property, assets and investments paid or transferred to and accepted by or in any manner acquired by the Trustee and held by the Trustee on the trust herein declared;
- (ii) all income which may hereafter be accumulated under the powers herein contained; and
- (iii) all moneys, securities, property, assets or investments substituted for or representing all or any part of the foregoing;

less any money, securities, property, assets or investments distributed, expended, sold, transferred or otherwise disposed of in accordance with the provisions of the Declaration of Trust;

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

"Unanimous Resolution" means a resolution consented in, in writing, by all Unitholders, or approved by 100% of the votes cast by Unitholders present in person or by proxy at a meeting of Unitholders which has been duly called for that purpose and at which a quorum is present;

"Unit" means a unit of beneficial interest in the Trust issued in a Series of such units;

"Unitholder" means a holder of Units and fractions thereof;

"US Trust" means Trez Capital Yield Trust US, a trust established pursuant to the laws of the Province of British Columbia on January 10, 2013;

"Valuation Date" means the last day of each month and any other day on which the Trustee or the Manager elects, in its discretion, to calculate the book value per Unit; and

"Valuation Policy" means the policy of the Manager, as described under the heading **"Calculation of Book Value - Valuation Policy"**.

CANADIAN CURRENCY

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

FORWARD LOOKING STATEMENTS

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

INTERPRETATION

As used in this offering memorandum, unless the context otherwise indicates or requires, the term "Trust" is referring to the Trust, as managed by the Manager and in the context of the Trust's operations, is referring to the Trust's operations as carried out by the Manager on behalf of the Trust.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

USE OF AVAILABLE FUNDS

Net Proceeds and Available Funds

	Assuming \$1,000,000 Offering	Assuming \$20,000,000 Offering
A. Amount to be Raised by this Offering	\$1,000,000 ⁽¹⁾	\$20,000,000 ⁽¹⁾
B. Selling Commissions and Fees	\$37,500 ⁽²⁾	\$750,000 ⁽²⁾
C. Estimated Offering Costs (legal, accounting)	\$30,000 ⁽³⁾	\$30,000 ⁽³⁾
D. Net Proceeds (D = A – B – C) ⁽²⁾	\$932,500	\$19,220,000
E. Current Working Capital (Deficit)	\$109,707,237 ⁽⁴⁾	\$109,707,237 ⁽⁴⁾

F.	Available Funds (F = D + E)	\$110,639,737	\$128,927,237
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- (1) There is no minimum or maximum offering amount. The sums of \$1,000,000 and \$20,000,000 have been used for illustrative purposes.
- (2) This amount is inclusive of the applicable trailer and manager fees payable by the Trust to the Manager, assuming the maximum commission, trailer and management fees.
- (3) The Trust will pay the expenses of this Offering.
- (4) As at December 31, 2016. This includes investments in Mortgages with a maturity date of one year or less from December 31, 2016.

Use of Available Funds

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

BUSINESS OF THE TRUST

Structure

The Trust is an open-ended investment trust created under the laws of the Province of British Columbia pursuant to a Declaration of Trust made as of December 8, 2016 (the "**Declaration of Trust**"). The principal place of business of the Trust is located at 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6. The Trust is not a "mutual fund" as defined by applicable securities legislation. Redemptions are processed on the last day of month, provided notice is given by the 15th day of the month. The Trust is not subject to the prescribed investment restrictions for mutual funds as defined by applicable securities legislation and, accordingly, is permitted to invest in Mortgages and to borrow funds.

The beneficial interest in the assets of the Trust is divided into Units issued in Series. The Trust may issue Units in Series. Only Series A Units, Series F Units and Series I Units are offered hereby. The Manager may issue additional Series without the approval of the Unitholders, provided same are within the investment objectives of the Trust. All of the Series of Units have the same investment objective, strategies and restrictions but differ with respect to one or more of their features, such as fees or distributions, as set out in this Offering Memorandum. The Trust's net asset value (the "**Net Asset Value**") is calculated as the value of the Trust's assets, less its liabilities, computed on a particular date in accordance with the Declaration of Trust. The Manager also will calculate the Net Asset Value for each Unit.

Computershare Trust Company of Canada is the trustee of the Trust ("**Trustee**") pursuant to the Declaration of Trust. Trez Capital Fund Management Limited Partnership is the manager of the Trust ("**Manager**") under the Declaration of Trust. Trez Capital Limited Partnership is the mortgage broker of the Trust ("**Mortgage Broker**") pursuant to the Mortgage Broker Agreement. The principal place of business of the Manager and the Mortgage Broker is located at 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6. The registered office of the Manager and the Mortgage Broker is 2900-595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

The Trust's Business

The Trust has been created for the purpose of generating revenues from interests acquired in a portfolio of Mortgages in the United States, as well as investments in Real Property in the United States through Mortgage Participations, Equity Investments and Mezzanine Loans. The Trust intends to participate in US real estate markets which provide potential investment opportunities for the Trust. The Trust will focus initially on the State of Texas.

Investment Strategies

The Manager has established the Trust to take advantage of an under-serviced niche market in the United States that requires Short Term, flexible customized Mortgages, as well as Real Property investment opportunities in the United States.

A Mortgage Lending

The Trust will make prudent investments in Mortgages focused on Short Term bridge financing to qualified real estate investors and developers. US financial institutions are generally reluctant to dedicate resources to originating and structuring Mortgages to real estate investors and developers and typically cannot provide the customization or timeliness required to meet the needs of these borrowers. As a result of the under-servicing of such borrowers by US financial institutions, there is

reduced competition in this market sector, thereby providing the Trust with an opportunity to provide well structured, secure, Mortgages with attractive pricing. Once these Mortgages are structured, the Trust has the opportunity to increase its returns by permitting third parties (including US banks, trust companies and other mortgage investment funds) to participate in such Mortgages on a senior basis at reduced interest rates, thereby enabling the Trust to retain a disproportionate amount of interest in respect of the portions of the Mortgages it retains. The Trust may also share loans with third parties and/or other investment funds managed by the Manager.

The Mortgages structured by the Mortgage Broker can benefit borrowers by providing (a) the ability to execute quickly on real estate investment opportunities, (b) loan terms that are in line with the real estate investor's business model, and (c) potentially lower monthly payments relative to traditional financing. As a result of the above, borrowers are generally willing to pay higher interest rates for such Short Term Mortgages. The Mortgage Broker will use its well-established lending strategies and competitive advantages, namely (i) flexible structure terms, (ii) speed and certainty of execution, and (iii) its ability to generate proprietary deal flow. At this time, the Trust does not have an operating facility with a bank, but may obtain an operating facility in the future in order to provide working capital and to bridge timing differences resulting from Mortgage loan maturities and new Mortgage loan funding.

In general, the Mortgages will generate income through a rate of interest, which is typically payable periodically throughout the terms of the Mortgages. The Manager intends to maintain a balanced portfolio of Mortgages with staggered maturity dates. All Mortgages will be secured by Real Property consisting primarily of real property which requires services. Mortgages may be either first ranking, a junior position in a first ranking Mortgage, or a subsequent ranking Mortgage, and individual Mortgages may be secured by more than one property owned by the same mortgagor. In some cases, the Manager may retain the entire Mortgage for the Trust and other investment funds it manages. In other cases, the Manager may permit a third party investor (such as a US bank or trust company or another mortgage investment fund) to participate in a senior portion of a first Mortgage at a reduced interest rate, thereby enabling the Trust to retain a disproportionately large amount of interest revenue when compared to the portion of the Mortgage it retains. See "**Tranching**" below. An investment by the Trust in a second Mortgage differs from a junior position in a first Mortgage in that the Manager does not have control over administering the first Mortgage should a default occur. The Mortgages will be arranged by the Mortgage Broker. See "**Objectives and Policies - Investment Restrictions**".

For over 19 years, the Mortgage Broker and its predecessor, Trez Capital Corporation, have managed a series of mortgage investment funds previously offered to investors on a prospectus-exempt basis, as well as TG Income Trust, TG Income Trust II, and TG Income Trust III, which have been offered in the Provinces of British Columbia and Alberta by prospectus. In 2012, the Manager offered shares in Trez Capital Mortgage Investment Corporation and Trez Capital Senior Mortgage Investment Corporation by prospectus in all the provinces and territories of Canada, except Quebec. The current investment opportunity allows investors to access the Mortgage Broker's extensive experience and track record in order to indirectly invest in an opportunistic, fully-secured, high-yield portfolio of Mortgage assets. With its strong platform and Mortgage lending expertise, the Mortgage Broker is able to issue Mortgages in as little as four weeks to meet short deadlines for qualified real estate investors and/or developers.

B. Mezzanine Loans

The Trust may make loans that are secured by the developer's interest in the entity that is developing the real estate. Mezzanine financing can take several forms, but most commonly it involves extending credit to the partners or other equity holders of the borrower and taking a pledge of such parties' equity interests (including the right to distributions of income). The Trust will earn a higher rate of return than that of a first Mortgage on the Real Property, which is commensurate with the greater risk of an equity loan.

C. Equity Investments and Mortgage Participations

The Trust will make equity investments in two ways – Equity Investments and Mortgage Participations.

Equity Investments are commonly entered into through a limited partnership. The Trust, as the financier, will set up a US entity which will be the limited partner and the developer will be the general partner. Both the developer and the limited partner will advance funds to the project. Usually, the developer and financier will earn a preferred rate of return on their respective advances after repayment of the capital advanced and the preferred rate of return. The balance of the proceeds will be split on a predetermined basis.

Mortgage Participation loans earn the lender returns in two ways – an agreed interest rate plus participation in the profits of the venture on disposition of the Real Property. These loans are typically secured on the property. The agreed interest rate is paid during the term of the loan and the participation paid when the Real Property is sold and profits ascertainable.

Investment Process

Under the supervision of the Mortgage Broker, the Originator will originate potential Investments for review by the Mortgage Broker. See "Directors, Management, Promoters and Principal Holders – The Mortgage Broker – The Mortgage Broker's Operations". The Originator will utilize an investment process that is characterized by a top-down approach to identify attractive investment opportunities, beginning first with a macro-level economic analysis of various geographic markets and asset classes, and followed by the identification and evaluation of individual investment opportunities. Once an investment opportunity is determined by the Originator to be satisfactory based on an initial review, the Mortgage Broker performs comprehensive due diligence on the underlying assets. This top-down approach to investment selection is expected to result in investments by the Trust that are high quality and offer attractive returns on a risk adjusted basis.

Due diligence procedures undertaken by the Mortgage Broker prior to funding investments have resulted in a strong record of return of principal and interest from Mortgages placed by the Mortgage Broker. The Manager believes its core strategy of investment in traditional real estate in major markets and with multiple-contingent exit strategies has proven to be successful over the long term. In connection with the Trust, the Mortgage Broker has formed the Originator to conduct its operations in Texas and has engaged John Hutchinson as a minority shareholder to assist it in the Texas market. See "Directors, Management, Promoters and Principal Holders – Trez Capital Limited Partnership (the Mortgage Broker)".

The Mortgage Broker manages the risks associated with Investments through initial due diligence and careful monitoring of its Investment Portfolio, active communication with borrowers and Equity Investment partners and the prompt institution of enforcement procedures on defaulting Mortgages. All properties are evaluated on the basis of location, quality, source of repayment, prospects for value-add and, cash flow profile. In addition, the creditworthiness of the borrower or Equity Investment partner is reviewed and personal covenants are often obtained from the principals of the borrower. Once funded, the Mortgage Broker regularly monitors the status of each Mortgage or Equity Investment and that of the borrower and Equity Investment partners. The Mortgage Broker communicates regularly with borrowers and Equity Investment partners to understand how their Real Property is performing and to discuss and monitor their repayment strategies and redevelopment strategies, where appropriate. The Mortgage Broker believes that a strong relationship with borrowers is critical to the success of the Mortgages and to the development of a good quality and repeat borrowers. The Manager monitors the performance of the Investment Portfolio, including tracking the status of outstanding payments due and due dates, progress of construction projects, pay down requirements from sales, and the calculation and assessment of other applicable charges. Each member of management of the Manager and the Mortgage Broker has extensive knowledge and understanding of the Mortgage and real estate industries that has enabled them to have a strong track record of making prudent investment decisions and identifying sound investment opportunities. As part of approving each Investment, the Mortgage Broker generally follows the investment approval process summarized below:

Investment Approval Stage

Investment Approval Activity

Credit Committee First Review

The Mortgage Broker's Credit Committee reviews a comprehensive written analysis (a "**Underwriting Transaction Report**") prepared by the individual who is the relevant Investment originator which details the proposed loan terms and provides preliminary assessment based on the preliminary information received from the prospective borrower or Equity Investment Partner, together with some initial due diligence evidentiary materials.

Prior to preparing an underwriting transaction report, in situations where a potential Investment is complex or non-standard compared to the normal course of business, the Investment originator (who will generally be an employee, officer or an agent of the Mortgage Broker) is encouraged to discuss the Investment with a Credit Committee member. Early discussion will generally be accompanied by a written analysis which includes high level deal characteristics and an outline of key risks and mitigants. Early

stage discussion is intended to improve the alignment of risk appetite with Investment originators.

Letter of Intent	If the preliminary assessment is positive, the Credit Committee may authorize a letter of intent. A letter of intent is reviewed and approved by the Chief Credit Officer and a Credit Committee member, then sent to the proposed borrower or Equity Investment partner for signature and return, together with a deposit cheque from the borrower or Equity Investment partner sufficient to cover third party due diligence, legal and other costs.
Draft Team Meeting	The mortgage officer (underwriter) assigned to the proposed transaction, the originator, the Senior Manager of Underwriting, and the Manager of Loan Administration, conduct a meeting to develop a strategy for the due diligence process. This includes discussions on timing, roles and responsibilities, underwriting tactics, and potential issues.
Due Diligence	The mortgage officer conducts due diligence including a review of: credit checks, financial statements and personal net worth statements of the prospective borrower(s), Equity Investment partner(s) and any guarantor(s); internet searches; third party reports (such as valuation appraisals, environmental, building condition assessment and geotechnical appraisals, and quantity surveyor reports); rent rolls, leases, and estoppel certificates; a development budget and schedules, zoning and permits; and prior and subsequent ranking mortgage balances. The mortgage officer also reviews the remainder of the information in the Mortgage Broker's due diligence checklist and completes an underwriting analysis model. The mortgage officer proceeds with completion of an Underwriting Transaction Report which details the loan terms, underwriting and due diligence, and comprises a complete analysis of the Investment.
Underwriting Review Meeting	<p>The Underwriting Transaction Report is submitted to the Senior Manager of Underwriting for first review. The Senior Manager of Underwriting analyzes the underwriting inputs, assumptions, supporting due diligence and output analysis. The Senior Manager of Underwriting approves the submission prior to submission for Credit approval.</p> <p>Note: Any changes to transaction terms and conditions or changes in perceived risk that occur during due diligence require that the transaction be returned to the Credit Committee for approval.</p>
Credit Approval	Once the due diligence is approved by the Senior Manager of Underwriting, and the transaction is deemed to meet the expectations of set out by the Committee during the first committee review, it is submitted to the Chief Credit Officer for approval, then to the Vice President of Loan Administration (or delegate) for concurrence.
Commitment Letter	Once the Investment is approved, a commitment letter is sent to the borrower or Equity Investment partner for signature. Where a commitment letter is not applicable in certain jurisdictions, the Mortgage Broker's legal counsel will prepare and conclude a loan agreement with borrower or Equity Investment partner.
Mortgage Funding Process	The Mortgage Broker's legal counsel prepares legal documents, obtains title insurance, and conducts the required enquiries and searches. The Mortgage Broker obtains advice from an insurance consultant whether the current and/or proposed insurance coverage is adequate. The Mortgage Broker obtains transmittal and reliance letters from various consultants who provided reports concerning the transaction.

Final Due Diligence Meeting and Funding

The mortgage officer, the Mortgage Broker's Mortgage funding department, the originator and the Vice-President of Loan Administration confirm that all due diligence and funding requirements have been completed. The Mortgage Broker's treasury department identifies the source of the funds and funding parties for the Mortgage. Legal counsel registers the Mortgage and other security documents and ensures all conditions are satisfied before releasing funds to the borrower or Equity Investment partner.

To manage and diversify risk or facilitate large loans, the Mortgage Broker may permit one or more investors to participate in Investments.

Once an Investment has been approved by the Mortgage Broker following the procedures summarized above, the Manager will determine whether the investment opportunity is suitable for the Trust, having regard for the Trust's investment objectives, strategies and restrictions and the Manager's goal of maintaining a diversified, fully-invested portfolio for the Trust. Where the Manager determines that a new investment opportunity is suitable for more than one mortgage investment entity managed by the Manager, the mortgage investment entities, when practicable, participate pro rata in that opportunity based upon, among other things, the relative importance of the investment opportunity to the fulfillment of each mortgage investment entity's objectives and the relative amount of assets under management in each mortgage investment entity. See "Objectives and Policies".

Where appropriate, and in most cases, title insurance will be obtained. Any title insurance will be held in the name of the mortgagee and not the Trust. In addition, the lender of record will obtain standard security in respect of commercial Mortgages which, depending on the specific Mortgage, may include one or more of an assignment of rents, an assignment of purchase agreements (on residential development projects), a general security agreement and personal covenants from borrowers.

Mortgage Tranching

The Trust may hold interests in Mortgages in which the Manager has permitted third parties (such as US banks or trust companies and other mortgage investors) to lend to the mortgagee against security of the applicable Mortgage at reduced interest rates on a non-recourse basis. This enables the Trust to retain a disproportionately large amount of interest revenue when compared to the equity in the Mortgages it retains. This practice – sometimes referred to as "**tranching**" – enables the Trust to effectively increase its returns while using less capital for each Mortgage investment (thereby facilitating greater diversification for the Trust) and, retaining the Manager's control over administering the Mortgages. The Manager believes that tranching will enhance risk-adjusted returns as the interest rate received by the Trust will be significantly higher than the rate it would have obtained under an equivalent non-tranched Mortgage.

The non-recourse loans made by third parties to the mortgagee of the Mortgages generally will be represented through agreements under which the mortgagee retains control over administering the Mortgages. The third party who lends to the mortgagee would receive a collateral assignment of the Mortgage (and related loan documents) to secure the loan made by the third party to the mortgagee, and the documents between the mortgagee and the third party lender would provide that, in the event of a failure by the borrower to pay any amount owing under a Mortgage, the mortgagee will be entitled to enforce the Mortgage in accordance with applicable law. In the event of a failure by a mortgagor to make a scheduled payment of interest and/or principal, the mortgagee will immediately communicate with the mortgagor and, failing prompt rectification, will issue a notice of the mortgagee's intent to exercise such remedy or remedies available to the mortgagee which the Manager considers appropriate. All legal costs, costs related to registration of Mortgages and costs relating to obtaining appraisals of Real Property, as allowed by law, will be for the account of the mortgagors.

Loan Sharing

If a Mortgage Investment is determined by the Manager to be too large for the Trust, the Manager may arrange for third parties or other mortgage investment entities managed by the Manager to share in the loan on a pari passu basis. Similarly, the Manager may determine that a Mortgage Investment has a higher element of risk than appropriate for the Trust and the Manager may allow a third party or other mortgage investment entities managed by the Manager to invest in a junior portion of the loan.

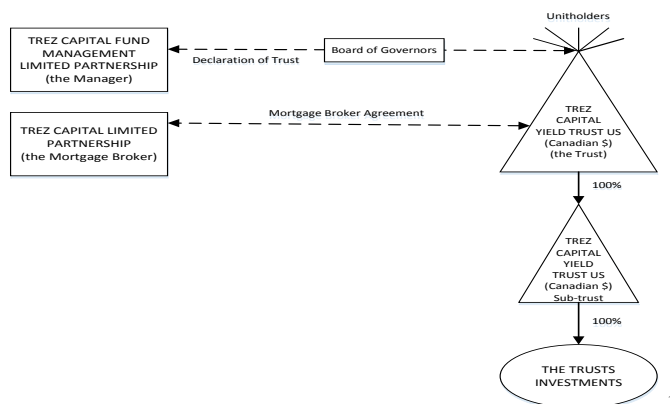
Management

The Originator will originate investments for approval by the Mortgage Broker. The Manager is responsible for carrying out all the transactions of the Trust, providing management services for the Trust and, as portfolio advisor, supervising the investment and Investment Portfolio of the Trust. Investments in Mortgages are reviewed by the Board of Governors of the Trust, through its Credit Committee, on a quarterly basis to ensure compliance with the Trust's investment objectives. See "Directors, Management, Promoters and Principal Holders – Trez Capital Limited Partnership (the Mortgage Broker)"; "Directors, Management, Promoters and Principal Holders – The Independent Review Committee".

The Mortgage Broker is well known in the non-bank real estate lending industry in Canada. It identifies potential transactions principally through a network of existing business contacts, repeat borrowers and its reputation. Trez Capital Corporation, the predecessor to the Mortgage Broker, has successfully originated, underwritten and serviced Mortgage investments on behalf of, and syndicated Mortgage investments with, numerous investor clients and financial institutions over the past 19 years. See "Directors, Management, Promoters and Principal Holders – Trez Capital Limited Partnership (the Mortgage Broker)".

Organizational Relationships

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



Mortgage Portfolio of the Trust effective as at September 30, 2016, after giving effect to the Reorganization.

The following is a summary, as at September 30, 2016, after giving effect to the Reorganization, of each loan in the Mortgage Portfolio, organized by type of Mortgage. The value of the Trust's interest in each loan is calculated on a *pro forma* basis using information current to the interim financial statements of the US Trust dated September 30, 2016. The *pro forma* information presented is based on estimates of the value of each loan, which estimates are based upon, in part, professional appraisals of the properties on which the loans are secured and other information available to the Manager, as well as estimates as to the share of the net assets of the US Trust transferred to the Trust pursuant to the Reorganization, all of which estimates include assumptions by the Manager which may not be correct. The estimates of value may be revised as additional information becomes available. The interest that the Trust has in each of the loans on completion of the Reorganization will be adjusted following completion of the year-end accounting of the US Trust for the period ended December 31, 2016. As a result, the Manager anticipates that the actual value will differ from the below *pro forma* information, and the difference may be material.

#	Total Amount of Loan (\$)	Trust's Share of Loan (\$)	Percentage Share	Maturity Date	Trust's Interest Rate	LTV
1	28,485,782	5,998,417	21.06%	6-Sep-18	9.00%	77%
2	28,485,782	2,347,941	8.24%	6-Sep-18	17.18%	60%
3	25,476,625	11,050,106	43.37%	12-Nov-17	10.89%	71%

¹ Trez Capital Yield Trust US (Canadian \$) Sub-trust is a wholly owned subsidiary of the Trust that directly holds the Investment Portfolio.

#	Total Amount of Loan (\$)	Trust's Share of Loan (\$)	Percentage Share	Maturity Date	Trust's Interest Rate	LTV
4	21,479,918	10,958,306	51.02%	11-Feb-17	12.00%	70%
5	12,012,157	2,934,744	24.43%	30-Jan-18	17.46%	75%
6	11,979,478	2,744,391	22.91%	1-Apr-19	18.24%	42%
7	9,827,598	5,444,490	55.40%	14-Apr-21	10.00%	64%
8	8,975,766	4,972,574	55.40%	26-Jul-18	12.00%	42%
9	8,974,414	3,022,236	33.68%	22-Nov-18	12.00%	83%
10	8,527,443	4,151,299	48.68%	19-Dec-16	10.03%	51%
11	8,135,071	1,021,990	12.56%	1-Aug-18	10.00%	64%
12	7,686,337	1,187,269	15.45%	7-Oct-17	13.49%	79%
13	7,168,592	1,463,796	20.42%	12-Sep-17	19.18%	66%
14	7,018,299	3,664,314	52.21%	19-Dec-16	10.00%	72%
15	6,904,808	1,902,414	27.55%	22-Jan-18	13.07%	72%
16	6,842,488	2,609,828	38.14%	16-Nov-17	12.00%	75%
17	6,830,975	3,212,632	47.03%	12-Feb-18	10.04%	31%
18	6,541,323	1,216,495	18.60%	30-Nov-18	16.46%	58%
19	5,981,207	830,277	13.88%	4-Dec-17	12.19%	68%
20	5,973,200	1,333,338	22.32%	26-Aug-17	13.00%	77%
21	5,918,514	3,524,420	59.55%	23-Mar-19	12.00%	79%
22	5,600,014	695,060	12.41%	20-Jun-18	18.93%	58%
23	5,133,773	918,665	17.89%	5-Apr-19	12.25%	72%
24	5,080,083	2,212,620	43.55%	19-Dec-16	10.00%	55%
25	4,545,093	1,674,578	36.84%	16-Oct-18	16.00%	84%
26	4,161,146	2,305,275	55.40%	16-Oct-16	12.00%	76%
27	4,020,898	904,626	22.50%	30-Mar-20	14.00%	71%
28	3,837,156	1,279,812	33.35%	12-Feb-19	13.00%	80%
29	3,597,778	1,993,169	55.40%	30-Nov-17	13.50%	83%
30	2,967,311	1,643,890	55.40%	1-Apr-18	9.27%	85%
31	2,883,082	1,597,228	55.40%	2-Dec-17	12.00%	58%
32	2,763,574	1,531,020	55.40%	25-Jul-17	10.00%	63%
33	2,672,189	1,346,425	50.39%	18-Aug-17	12.00%	50%
34	2,656,255	1,471,565	55.40%	10-Dec-19	14.00%	79%
35	2,594,681	1,437,453	55.40%	1-Oct-17	13.50%	NA
36	1,971,650	1,092,294	55.40%	31-Aug-17	10.70%	88%
37	1,607,073	297,893	18.54%	31-Jul-17	19.17%	59%
38	1,513,699	838,589	55.40%	6-Jul-17	13.00%	62%
39	1,471,501	815,212	55.40%	12-Apr-18	10.00%	80%
40	1,434,127	256,741	17.90%	9-Sep-18	12.00%	64%
41	1,361,686	754,374	55.40%	28-Feb-20	11.00%	80%
42	1,195,794	176,960	14.80%	30-Jun-17	13.71%	73%
43	1,155,132	503,570	43.59%	29-Oct-16	12.00%	27%
44	1,128,846	15,387	1.36%	10-Dec-19	11.03%	65%
45	1,111,610	148,171	13.33%	19-Mar-17	19.62%	70%
46	500,137	277,076	55.40%	31-Aug-21	10.00%	64%
47	271,400	150,356	55.40%	31-Jul-17	13.50%	84%
48	119,490	66,197	55.40%	31-Dec-16	13.50%	91%
49	105,271	57,742	54.85%	4-Nov-17	10.00%	59%
50	1,024	567	55.40%	30-Nov-18	11.00%	69%
Total		102,053,794				
Total US Trust		82,158,830				
Total (Both Trusts)		184,212,624				

Between September 30, 2016 and December 31, 2016, there have been 8 new mortgages added totaling \$13.2 million and 2 mortgages paid out totaling \$1.6 million

The following are details of the Mortgage Portfolio of the Trust as at September 30, 2016, after giving effect to the Reorganization, by type of Mortgage.

Type of Mortgage	Number of Mortgage Investments	Outstanding Balance (\$)	Weighted Average Interest Rate	Percentage of Total Investments
First Mortgage	41	92,552,662	11.94%	90.69%
Second Mortgage	8	9,224,055	14.00%	9.04%
Third Mortgage	1	277,076	10.00%	0.27%
Total	50	102,053,794	12.12%	100.00%

The following are details of the Mortgage Portfolio of the Trust as at September 30, 2016, after giving effect to the Reorganization, by nature of underlying property.

Nature of Underlying Property	Number of Mortgage Investments	Outstanding Balance (\$)	Weighted Average Interest Rate	Percentage of Total Investments
Residential	49	100,825,068	12.11%	98.80%
Retail	1	1,228,726	13.15%	1.20%
Total	50	102,053,794	12.12%	100.00%

The following are details of the Mortgage Portfolio of the Trust as at September 30, 2016, after giving effect to the Reorganization, by location of underlying property.

Location of Underlying Property	Number of Mortgage Investments	Outstanding Balance (\$)	Weighted Average Interest Rate	Percentage of Total Investments
Texas	48	95,609,654	12.10%	93.69%
Colorado	1	4,972,575	12.00%	4.87%
Tennessee	1	1,471,565	14.00%	1.44%
Total	50	102,053,794	12.12%	100.00%

Recent Developments

The Trust was formed on December 8, 2016 and except for the initial Unit issued on formation, no Units were issued until 1,415,548.76 Series A Units, 7,723,571.22 Series F Units and 5,882,000.00 Series I Units were issued on January 1, 2017 pursuant to the Reorganization.

Pursuant to the Reorganization, the three series of Canadian dollar denominated units of the US Trust, being the series A (C\$) units, series F (C\$) units and series I (C\$) units (collectively, the "**CAD Units**"), were, effective at 12:10 AM PST on January 1, 2017, redeemed and in satisfaction of the redemption price, holders of such redeemed units were transferred Units of a corresponding series of the Trust. Accordingly, the prior holders of CAD Units now hold Units in the Trust and the holders of US dollar denominated units of the US Trust continue to hold such units in the US Trust.

The authorized capital of the Trust consists of an unlimited number of Series A, Series F and Series I Units, with each Series having substantially similar terms to those previously attaching to the corresponding CAD Units of the US Trust. The Trust has identical investment objectives and restrictions, holds interests in similar loans and mortgages, and the Manager, Trustee, Board of Governors and Independent Review Committee comprise the same entities and individuals, as applicable, as the US Trust. The voting rights for the Units are the same as those attaching to units of the US Trust. After giving effect to the Reorganization, the Trust owns a proportionate interest in the net assets and liabilities of the US Trust equal to the proportion that the aggregate subscription proceeds paid, as at December 31, 2016, to the US Trust by the Unitholders bears to the aggregate subscription proceeds paid by all unitholders of the US Trust as at December 31, 2016 (calculated, with respect to the subscription proceeds paid by Unitholders, on an as-converted to US dollar basis at the exchange rate in effect on the date the subscription proceeds for the Units were paid).

OBJECTIVES AND POLICIES

Business Objective

The business objective of the Trust is to provide investors a steady income stream while preserving their invested capital. In order to achieve this objective, the Trust will invest in a diversified portfolio of Mortgages, Mortgage Participations, Mezzanine Loans and Equity Investments within the United States. Specifically, the Trust will make prudent investments to generate attractive returns in order to permit quarterly distributions to Unitholders.

Investment Strategies

The Trust Investments will be focused primarily in Texas, but may expand to other growth States in the future. The Mortgage Broker will use its well-established lending strategies and competitive advantages, namely (i) flexible structure, (ii) terms, speed and certainty of execution, and (iii) its ability to generate proprietary deal flow to identify and execute on attractive investment opportunities. The Trust is a source of funding for the Mortgage Broker's mortgage lending business.

Mortgages

In general, the Trust will generate income through a rate of interest, payable either periodically throughout the term of the Mortgages or upon their expiration. Mortgages may have a first, second or subsequent ranking and may grant security for more than 75% of the value of the Real Property mortgaged, which is higher than leverage permitted by conventional bank lending practices. The interests in Mortgages will be acquired by the Originator from third parties or will be new loans originated by the Originator.

The Trust may co-invest with a third party or third parties in an Investment. As well, the Trust may take a junior position in a Mortgage, in that the Trust may invest in a portion of a Mortgage, which by agreement with other investors, will be subordinate to those other investors in terms of priority of payment, but will earn a higher interest rate for doing so, commensurate with the additional risk. The Trust describes a "junior portion" as being subordinate to the "senior portion" and describes a "junior B portion" as being senior to a "junior C portion".

Equity Real Property Investments

The Trust will make either direct or indirect equity investments in Real Property. In direct Equity Investments, the developer and financier will typically earn a preferred rate of return on their respective advances after repayment of the invested capital. The remaining proceeds are then split on a pre-determined basis. Indirect Equity Investments, or Mortgage Participations, earn a return from two sources – an agreed upon interest rate as well as participation in the profits of the sale of the Real Property.

Mezzanine Loans

The Trust may make loans that are secured by the developer's interest in the entity that is developing the Real Property. Mezzanine financing can take several forms, but most commonly it involves extending credit to the partners or other equity holders of the borrower and taking a pledge of such parties' equity interests (including the right to distributions of income). The Trust will earn a higher rate of return than that of a first Mortgage on the real estate commensurate with the greater risk of an equity loan.

Investment Restrictions

Pursuant to the Declaration of Trust, the following are the investment restrictions applied by the Trust in selecting Investments:

- (a) The Trust will not invest in any Mortgage (often referred to as a Deed of Trust in the United States) or interest in Real Property where the Manager or an Affiliate of the Manager holds a prior charge or other security interest on the underlying Real Property which forms the security of such Mortgage.
- (b) The Trust will not invest in Real Property, except pursuant to an Equity Investment or a Mortgage Participation. However, subject to review of environmental issues, the Trust may indirectly hold Real Property acquired as a result of foreclosure where such foreclosure was necessary to protect an Investment

as a result of a default by the Mortgagor. The Trust will use its reasonable best efforts to dispose of such Real Property acquired on foreclosure.

- (c) The Trust will not invest in a loan to the directors or officers of the Manager, but the Trust may invest in a Mortgage or Mortgage Participation when the borrower is an entity owned in whole or in part, or controlled, by the Manager or its Affiliates and the Trust may make an Equity Investment in Real Property owned, directly or indirectly, in whole or in part, by the Manager or its Affiliates, in each case on the following conditions:
 - (i) the investment must be on the same terms as, and must not be for an amount greater than, the amount either borrowed from or invested by, parties who are not Affiliates of the Manager, or in which the Manager or its Affiliates have no financial interest, who rank *pari passu* in the investment with the Trust;
 - (ii) the profit from any joint venture must not be included in calculating the Incentive Fee paid to the Manager in respect of the investment;
 - (iii) the aggregate amount of all such investments must not exceed 20% of the net assets of the Trust at the time each investment is considered for approval; and
 - (iv) all such investments will be reviewed by the Credit Committee of the Board of Governors after the investments are made as part of its normal review of the Trust's compliance with its investment restrictions to ensure that the foregoing investment restrictions set out herein have been met.
- (d) Except as provided in paragraph (c) above, the Trust will not make loans to, nor invest in Real Property owned by the Manager or its Affiliates, nor make loans to the directors or officers of the Manager.
- (e) The Trust will not invest in or hold any asset which in any way does not qualify as a "qualified investment" for a trust governed by a Deferred Plan, unless the Trust qualifies as a "mutual fund trust" under the Tax Act.
- (f) The Trust will not invest in any asset, or conduct its affairs in a way, that would disqualify the Units as a "qualified investment" for a trust governed by a Deferred Plan.
- (g) The Trust will not make any Equity Investments until the Trust has not less than \$50,000,000 in net assets.
- (h) The Trust will not invest more than 20% of its net assets in Equity Investments.
- (i) The Trust will not invest more than 10% of its net assets in Mezzanine Loans.

The Manager may, in its discretion, from time to time, impose additional investment restrictions on the Trust.

INDUSTRY AND SECTOR OVERVIEW

US Real Property Investment

The Manager believes that the fundamentals for real estate investment and development remain favorable in the US due to improving economic conditions, and relatively high real estate capitalization rates compared to government bond yields. United States GDP grew by an estimated 2.0% in 2016. Core personal consumption expenditure inflation has risen from its recent trough of 1.4 per cent in the fourth quarter of 2015 and is projected to reach 2% by 2018, as wage pressures rise and the disinflationary effects of the past exchange rate appreciation ease. Economic growth is expected to pick up to about 2% on average over 2017–18. However, the expected composition of growth has shifted. Business investment is projected to expand at a more moderate pace than previously forecast, and the profile for residential investment is expected to be lower. Offsetting these revisions is a slightly faster pace of consumption growth (*Source: Bank of Canada, October 2016*). US real estate prices have seen continued improvements in recent years, and are expected to remain stable due to a balance between supply and demand. These conditions continue to provide an attractive market for Mortgage lending in the US.

The performance of commercial and multifamily Mortgages remains strong, supported by strong property fundamentals and values, coupled with the persistent low interest rate environment. The estimated total balance of outstanding Commercial/Multifamily Mortgage debt in the US was \$2.9 trillion as at June 30, 2016, representing a 2.4% increase from \$2.83 trillion since December 31, 2015. Originations of commercial and multifamily mortgages are projected to total \$500 billion in 2016, roughly flat from the \$504 billion originated in 2015 and slightly less than the record of \$508 billion originated in 2007. Mortgage banker originations of multifamily mortgages are forecast at \$210 billion in 2016, with total multifamily lending at \$273 billion (*Source: MBA Commercial Real Estate/Multi Family Finance Quarterly Databook, Q2 2016*).

Despite strong performance, the amount of Mortgage financing available for investment in real estate has contracted since the global credit crisis in 2008 and early 2009. Traditional financial institutions, pension funds, insurance companies, and other institutional lenders have reduced their available credit for commercial loans for a variety of reasons, including increasingly strict impositions by US regulatory agencies on lending practices, and attrition of market participants through bankruptcy. Many large and small traditional lenders have contracted their new lending activities and focused on increasing the strength of their own balance sheets while restricting their credit to fewer borrowers. Furthermore, recent volatility and uncertainty in the debt capital markets has limited the availability of funds from US financial institutions, regardless of the quality of the borrower or loan. With available Mortgage capital having declined, the remaining market participants have become more selective in underwriting higher quality Mortgages. Due to the factors outlined above, the Manager believes that there will remain strong availability of selective lending opportunities.

The traditional US financial institutions have particularly underserved borrowers who require funding in the transition phase of the investment process, including construction, development and lease-up financing. The traditional financial institutions do not typically provide financing to this market due to the short-term nature of the mortgages, the limited size of the loans and the greater risk involved. The 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 of approximately 900 to 1200 basis points over the corresponding US Government 3-year bond yields 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 US financial institutions.

Overall, the Mortgage Broker believes that the above factors have created an opportunity for non-financial institution lenders to charge premium interest rates for high quality Mortgage loans which, prior to the credit crisis, were available at relatively low conventional rates from a variety of financial institutions, both domestically and globally. The Manager believes that this reduction of available Mortgage capital has contributed to the increased number of attractive investment opportunities available to the Trust.

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

The investment real estate market is comprised of residential (including multi-residential, retirement and student residences, residential building lots and condominium inventory), office, retail and industrial real estate, as well as development land. Real estate investors or developers typically are either large institutional investors, such as pension funds, and public companies, or smaller entrepreneurial investors, such as privately managed and commingled investment funds and individuals. Most investors and developers in the US real estate industry require (or benefit from) some form of Mortgage financing to acquire, develop or re-position real property or a portfolio of real property.

Development Land

The Trust will mainly focus its investment activity on land servicing Mortgages, which normally are used to finance the acquisition of the land and the installation and construction thereon of roads, drainage and sewage systems, utilities, recreational facilities and similar improvements. Land servicing loan advances are made pursuant to a stipulated schedule after an inspection and review of the project's progress by the lender or its agent and the furnishing of reports by professional engineers, architects or quantity surveyors. In some instances, land servicing loans may be made to finance the acquisition of more land than will be improved immediately, or land on which development is contemplated at a later date. Developers seeking financing for small housing projects in developed areas have fewer financing options as the small scale of these types of projects are of limited appeal to the larger financial institutions. Land servicing loans are generally for terms of 12 months to 24 months. The Mortgage Broker will not consider loans against development land where zoning has not been completed.

Types of Mortgages

The Trust will focus on Short Term Mortgages to qualified real estate investors and developers. Mortgages may be first ranking, a junior position in a first ranking Mortgage, subsequent ranking or a blanket Mortgage. Short Term loans typically bear higher rates of interest than other financing. A sale of the property or a debt refinancing will often provide sufficient proceeds to repay the Mortgage.

Generally, Mortgages will finance Real Property development, rather than construction. Development Mortgages are typically loans secured against development lands prior to development or with existing buildings that are slated for redevelopment in the 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 can begin to take place.

Types of Investments

The Manager anticipates that an Equity Investment formed to carry out real estate development in the United States will typically be conducted through a multi-tiered partnership structure. Funds from the Trust will be invested in a Canadian partnership which will "check the box" to be treated as a corporation for US purposes. This partnership will concurrently invest in an Equity Investment limited partnership with the third party developer. Mortgage Participation loans are typically secured on the property. The agreed interest rate is paid during the term of the loan and the participation paid when the Real Property is sold and profits ascertainable. Such investments will be structured based on Canadian and U.S. income tax considerations. See "Income Tax Considerations".

Texas

The Texas housing markets present an excellent opportunity for investment in lot development. Historically, Texas' four major markets - Houston, Dallas - Ft. Worth, Austin and San Antonio - have been dynamic housing growth markets.

From 1990 (the beginning of housing cycle following the Texas Savings and Loan crisis) until 2006, Texas experienced massive expansion in the housing sector. During this period, Texas witnessed the issuance of 1.66 million new home permits, an average of almost 98,000 permits per year.

Much of this growth stemmed from explosive employment and population growth. From 1990 to 2006, Texas employment grew from 7.1 million to 10.1 million workers, an average of 185,200 net new workers per year. Texas' central location in the U.S., lack of state income tax, pro-growth attitude and affordability attracted numerous corporate relocations to the state. These factors remain in place today. From 2000 to 2014, the population in Texas grew by 6.15 million to 27.0 million people, an increase of 29.5%.

The US credit crisis and ensuing collapse in new home construction from 2006 to 2008 reduced housing starts in the state by over 70%. Fortunately for Texas, housing prices declined only moderately, unlike other parts of the country. Texas did not participate in the run up in prices from 2003-2006 (there was a general absence of real estate speculation in the state) and in the aftermath, housing price declines in most Texas markets were less than 10% compared to the national average of -21%.

Nonetheless, Texas markets were saddled with a vast over-supply of vacant developed lots. Most builders abandoned underperforming neighborhoods and several builders went out of business or departed the Texas markets altogether. As a result, much of the period from 2009-2011 was characterized by builders investing in so-called 'legacy lots', lots that had been previously abandoned and/or foreclosed that were then put back into service. Markets were generally graded as 'A', 'B' or 'C' in quality based on neighborhood absorptions and builder results. In most cases, 'A' quality lots sold within 10% of original values, while 'B' and 'C' quality lots experienced more pronounced discounting. In many cases 'C' quality lots have sold below replacement costs.

With the rapid decline of construction activity in the state, builders, developers and lenders were adversely affected. In the Dallas-Ft. Worth ("**DFW**") market, the number of production builders producing 50+ houses per year declined from 79 building companies in 2007 to just 36 by 2009. The impact on the development community was even more dramatic. In

2005, there were 286 different development companies (including builders) that delivered 55,594 new lots. By 2010, the number of participating companies fell to just 42 producing just 3,433 new lots.

In the aftermath of the collapse of the housing sector, the Obama administration implemented programs to stimulate construction and slow foreclosures. In late-2009 (and then extended into Summer, 2010) the Housing Tax Credit spurred the purchase of homes by first time home buyers. While welcomed at the time, this artificial stimulus proved to be short lived, and Texas markets experienced a slump in construction at the expiration of this program. During this period, the Obama administration also signed into law the Dodd-Frank financial reform law that regulates mortgage lenders and services. Finally, the Government Sponsored Enterprises, Fannie Mae and Freddie Mac were taken over by the U.S. government. Since then, the vast majority of all US new home mortgages produced have been generated by the U.S. government. The net effect of these programs and reforms is that the requirements to qualify for a new home mortgage have become much more restrictive. Only those households with the highest FICO scores and credit quality have been able to qualify for a new home mortgage. This phenomenon has manifested itself in the market by a reduction of first time and first move-up buyers and a surge in purchases of higher-priced homes. This coincided with the strongest demand being for 'A' quality lots in the most affluent market areas.

Since 2010, most of the 'A' and 'B' quality legacy lots have been acquired by the DFW area builders. As housing development has continued to accelerate, lot supply has fallen to a level that warrants further development. At the end of 2015, the supply of 'A' and 'B' lots remains well below 24 months, the level considered equilibrium. (*Source: Residential Strategies, January 2016*). When the dormant legacy lots (unwanted lots from the last housing cycle) are removed from the equation, the situation appears even tighter. The acceleration of lot development is needed and warranted in DFW as housing demand continues to increase, climbing back to more 'normal', long-term historical averages.

The growth story in the DFW area is strongly supported by the level of corporate migration that has occurred and is expected to continue in 2016. In 2014, Toyota announced the relocation of their U.S. headquarters to a \$350 million build-to-suit campus that will bring roughly 4,000 jobs to the DFW area. Furthermore, corporate expansions have been announced by companies including FedEx, State Farm, CVE Technology, Nielson, Active Network, and Omnitrac, which will collectively result in the formation of thousands of high income households in the area.

Tight housing inventory in both the new and existing home markets is expected to offset any short to mid-term fluctuations in housing demand resulting from oil price volatility. The current supply of existing home inventory (listings) is less than one third the level considered equilibrium for the market. Year over year, home prices are up 9.5% in Dallas/Fort-Worth versus a national average of 45.7%. Housing price inflation is a strong indicator of the shortage of available housing supply, and with the volume of new household formation associated with corporate migration trends, 2016 is projected to be another strong year for homebuilders.

With the renewed health of the housing market, an increasing number of independent lot developers have returned to the industry. Notwithstanding, equity requirements for acquisition and development lot development financing by the area financial institutions remain steep, thus independent developers are actively pursuing capital partners in order to conform to the requirements of today's lending environment.

Prior to the housing crisis, lending institutions would require 10-15% equity to secure development financing. Developers were often able to use builder earnest money to reduce this requirement even further. As a result, marginal players with limited capital could compete in the lot development business. Today, equity and credit requirements for the development community have increased noticeably. Fewer lending institutions will consider development loans (than was the case prior to 2006), and those that do typically require 30-40% equity at a minimum. Although builder earnest money is still used to offset equity requirements, there persists a need for outside equity to meet the new capital requirements.

Independent developers and builders that develop their own lots must turn to equity groups to meet today's requirements for lot development financing. As the Texas markets continue to heal, numerous opportunities for the development of 'A' quality lots in the best submarkets are emerging. Those groups that can produce right-priced, well located lots are finding an enormous appetite from the builders.

Historically, and over an extended period, the ratio of net job growth to single family housing starts has been about 2:1. For every two jobs created there has been one housing start. Texas has led the nation with respect to the housing recovery and the future for business expansion remains quite bright.

Since September 2010, the Mortgage Broker has funded approximately 105 mortgages in the State of Texas, with aggregate value exceeding \$707 million. Through the Originator, the Mortgage Broker is focusing at this time on providing financing to residential lot developers in the four main urban sub-markets of Dallas-Fort Worth, Houston, San Antonio and Austin. The Mortgage Broker's focus has been to lend solely on major suburban in-fill projects with loan to value ratios ranging between 49% and 75% and attractive rates of interest between 10% and 13%, which are better than rates currently achievable in Canada.

DISTRIBUTIONS

Quarterly Distributions

The Trust will make a distribution to each Unitholder on a quarterly basis. For each quarter ending March 31, June 30 and September 30, the Manager will distribute an amount it deems appropriate. Such quarterly distributions (for March 31, June 30 and September 30) will be irrevocably payable as of the applicable Calculation Date on the Units outstanding on such Calculation Date, and will be paid in arrears on or before the 15th day following the end of the quarter to which the distribution relates. The distribution to be made in respect of the December 31 year end (the "**Final Year End Distribution**") will equal 100% of the Trust's net income and net realized capital gains for the year, less the aggregate distributions made in respect of any previous Calculation Date in that year and any reserves that the Manager deems appropriate.

The Final Year End Distribution will equal the Trust's net income and net realized capital gains for the applicable Series, less the aggregate distributions made in respect of any previous Calculation Date in that year and any reserves that the Manager deems appropriate, for the year. The Final Year End Distribution will be made in two payments. The first payment for the Final Year End Distribution will be made on or before January 15 following the year end in an amount determined in the same manner as the March, June and September distributions. The second payment of the Final Year End Distribution will be paid in arrears not later than March 15 following the year end.

Subject to a Unitholder's election to receive distributions partially or wholly in Units, distributions by the Trust will be paid in cash. If, in any taxation year of the Trust, the Trust's Taxable Income is in excess of its cash distributions to Unitholders for that year, the Final Year End Distribution payable to the Unitholders may, at the option of the Manager, include a distribution of additional Units (including fractions thereof) of such Series of Units having a value reflecting the amount, in whole or in part, of such excess. The value of each additional Unit to be issued shall be \$10.00. Such a distribution of additional Units would likely be followed by a consolidation of the Units to reset the Net Asset Value per Unit at \$10.00.

On each quarterly distribution, 0.25% of the book value per Unit, determined as of the applicable Calculation Date, may be deducted from the distribution otherwise payable to Series A Unitholders for each Series A Unit held by them on such Calculation Date, in order to provide the funds available to pay the Trailer Fee. If at any Distribution Payment Date there are insufficient funds to pay the Trailer Fee from the distribution otherwise payable to Series A Unitholders, the Manager will redeem a sufficient number of Units from each Series A Unitholder to pay the Trailer Fee payable by such Series A Unitholder.

For greater certainty, although the Trust intends to pay the amounts of its distributions on the applicable Distribution Payment Date, each distribution declared pursuant to the Declaration of Trust constitutes a binding obligation of the Trust on the applicable Calculation Date. Consequently, a Unitholder can demand a payment of a declared distribution on that Calculation Date and upon receipt of such demand the Trust must pay that amount to the Unitholder forthwith.

The Manager will be paid the Administration Fee at the same time that distributions are made to Unitholders on a quarterly basis. The Incentive Fee will be paid at the same time as the final year end payment to Unitholders. See "Directors, Management, Promoters and Principal Holders – Manager's Fees".

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

A Unitholder holding a Unit will only be entitled to a proportionate share based on the proportion that the number of days between the date of the first issuance of such Unit and the last day of the calendar quarter bears to the total number of days in such calendar quarter. Subscribers of Units who do not hold such Units throughout a quarter will receive reduced distributions in respect of such quarter based on the number of the days in the quarter that the Units were held.

The Trust intends to distribute all of the net income and net realized capital gains, if any, of the Trust to Unitholders, so that the Trust will not be liable to pay income tax pursuant to the Tax Act during any year. If distributions to Unitholders are in excess of the net income and net realized capital gains, if any, of the Trust, it will generally result in a reduction in the adjusted cost base of the Units to the Unitholder. See "Income Tax Considerations".

If, on a Distribution Payment Date, the Trust does not have cash in an amount sufficient to pay the cash distribution to be made on such Distribution Payment Date, the Manager may, in its discretion, borrow sufficient funds on such terms as it deems appropriate to make such cash distributions. If the Manager is unable to, or determines that it is not in the best interests of the Trust and the Unitholders to borrow funds in order to make a distribution wholly in cash, the distribution payable to the Unitholders on such Distribution Payment Date may, at the option of the Manager and subject to the provision of an officers' certificate and to the approval of the Trustee, include a distribution of additional Units (at \$10.00 per Unit) having a value equal to the cash shortfall. If the Manager determines that the value of a Unit is materially different than \$10.00, each additional Unit will be issued at such different value. The distribution of Units will be subject to the requirements of the applicable Securities Authorities and, if not permitted, distributions will be made in cash. The Manager may consolidate the number of outstanding Units after a distribution of additional Units.

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

Excess Taxable Income Distributions

If, in any taxation year of the Trust, the Trust's Taxable Income is in excess of its cash distributions to Unitholders for that year, the Final Year End Distribution payable to the Unitholders may, at the option of the Manager, include a distribution of additional Units (including fractions thereof) of such Series of Units having a value reflecting the amount, in whole or in part, of such excess. Such a distribution of additional Units would likely be followed by a consolidation of the Units to reset the Net Asset Value per Unit at \$10.00.

Distribution on Termination of the Trust

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

- (a) to pay the liabilities of the Trust (including unpaid fees and expenses of the Manager) and to establish reserves for the contingent liabilities of the Trust; and
- (b) to redeem the Units on a pro rata basis from the Unitholders.

MATERIAL AGREEMENTS

The following is a list of agreements, which are material to this Offering and to the Trust, all of which are in effect by the initial Closing:

- (a) the Declaration of Trust made as of December 8, 2016, creating the Trust under the laws of the Province of British Columbia. For details, see the heading "Summary of Declaration of Trust"; and
- (b) the Mortgage Broker Agreement dated December 8, 2016, among the Manager, the Mortgage Broker and the Trust with respect to the provision of services by the Mortgage Broker to the Trust. For details, see the heading "Directors, Management, Promoters and Principal Holders – The Mortgage Broker Agreement".

Copies of all agreements referred to above may be inspected during normal business hours at the principal office of the Manager, 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

SUMMARY OF DECLARATION OF TRUST

Meetings of Unitholders and Resolutions

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

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

Each Unitholder is entitled to one vote per Unit held.

Matters Requiring Unitholder Approval

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

- (a) matters relating to the administration of the Trust for which the approval of the Unitholders is required by policies of the securities regulatory authorities in effect from time to time;
- (b) subject to the requirements for a Special Resolution and a Unanimous Resolution, any matter or thing stated herein to be required to be consented to or approved by the Unitholders; and
- (c) any matter which the Manager or Trustee considers appropriate to present to the Unitholders for their confirmation or approval.

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

- (a) the amendment of the Declaration of Trust (except as provided under "Amendments to the Declaration of Trust" below) or changes to the Trust, including the investment objectives of the Trust (for greater certainty, the establishment of a new Series, provided same are within the investment objectives of the Trust, will not require Unitholder approval);
- (b) an increase in the fees payable to the Manager;
- (c) the removal of the Trustee;
- (d) the appointment of a new trustee;
- (e) the termination of the Manager;
- (f) subject to the right of the Manager to do so, the termination of the Trust; and
- (g) a reorganization, restructuring, merger (other than a Permitted Merger (as defined below)), de-merger, spin-off with, or transfers of all or substantially all of its assets to, another entity or other similar transactions including, without limitation, by way of cancelling, exchanging, distributing or otherwise directly or indirectly transferring Units or a Series of Units for securities of another entity or for cash consideration.

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

- (a) a reduction in the interest in the Trust of any Unitholder (other than a reduction arising through an issuance of additional Units);
- (b) a reduction in the amount payable on any outstanding Units of the Trust upon liquidation of the Trust;
- (c) an increase in the liability of any Unitholder; or
- (d) the alteration or elimination of any voting rights pertaining to any outstanding Units of the Trust.

Amendments to the Declaration of Trust by the Manager

Subject to the restrictions described under "Matters Requiring Unitholder Approval" above, any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the Trustee without the consent of the Unitholders:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of this Declaration and any provisions of any law or regulation applicable to or affecting the Trust;
- (b) make any change or correction in this Declaration which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained herein;
- (c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Securities Authorities or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of the Trust as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof;
- (e) permit the Manager to rectify, repair or correct any matter, action, transaction or document that it reasonably determines is oppressive or unfairly prejudicial to, or that unfairly disregards, the interest of any Unitholder or series of Unitholders, provided that the Manager shall have delivered to the Trustee such written certification and opinion of counsel as the Trustee may require confirming the basis upon which the Manager has determined that such rectification, repair or correction is necessary and appropriate under the circumstances, and that the Trustee shall be entitled to rely upon such certification and opinion without further inquiry in connection with any approval or confirmation or execution of any document by the Trustee;
- (f) effect a Permitted Merger (as defined below); and
- (g) if the amendment is not a material change which adversely affects the pecuniary value of the interest of any Unitholder in the Trust.

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

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

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

- (a) create a Series which will be entitled to a preference over that Series; or
- (b) abrogate, affect or alter any rights, privileges, restrictions or conditions attaching to that Series.

Permitted Mergers

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

- (a) the fund(s) with which the Trust is merged must be managed by the Manager or an affiliate of the Manager;
- (b) Unitholders are permitted to redeem their Units at a redemption price equal to the Subscription Price, less any costs of funding the redemption, including commissions, prior to the effective date of the merger;
- (c) the funds being merged have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager and by the manager of the Affiliated Trust(s) in their sole discretion;
- (d) the Manager must have determined in good faith that there will be no increase in the management expense ratio borne by the Unitholders as a result of the merger;
- (e) the merger of the funds is completed on the basis of an exchange ratio determined with reference to the redemption value per unit of each fund; and
- (f) the merger of the funds must be accomplished on a tax-deferred rollover basis for unitholders of each of the funds.

Reporting to Unitholders

The Trust will furnish to Unitholders such financial statements as are from time to time required by applicable law to be furnished by the Trust, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial or territorial legislation. As required by applicable securities laws, these financial statements and reports will include financial information relating to the Trust. The audited annual financial statements of the Trust will be audited by the Trust's auditor in accordance with IFRS. The Manager will ensure that the Trust complies with all applicable reporting and administrative requirements.

No Certificates

An investor who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased in accordance with the book-based system. No physical paper certificates for Units will be issued.

Liability of Unitholders

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

Because of uncertainties in the law relating to investment trusts such as the Trust, there is a remote risk that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations in connection with the Trust (to the extent that claims cannot be satisfied by the Trust). It is intended that the Trust's operations be conducted in such a way as to minimize any such risk and, in particular and where practical, to cause every written contract

or commitment of the Trust to contain an express statement that liability under such contract or commitment is limited to the value of the assets of the Trust.

Under the *Income Trust Liability Act*, a relatively new British Columbia statute, Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Trustee. This statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds. Unitholders who are resident in jurisdictions which have not enacted legislation similar to the British Columbia legislation may not be entitled to the protection of the British Columbia legislation. As a general rule, the Mortgage Broker, when making investments for the Trust, contracts as principal and therefore, subject to contract, the Mortgage Broker is liable for all obligations incurred in carrying out such investments for the Trust. Legal title will be held in the name of a subsidiary of the Mortgage Broker and the Trust's legal entitlement thereto held pursuant to participation agreements. As well, in conducting its affairs, the Trust has acquired and will be acquiring Mortgage investments, subject to existing contractual obligations. The Manager will use all reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations become binding upon any of the Unitholders.

However, in cases where the Manager is unable to obtain written agreement that a material obligation assumed by the Trust is not binding upon the Unitholders personally, there is a risk that if the claims made in respect thereof are to be satisfied by the Trust, a Unitholder will be held personally liable for the obligations of the Trust. Such risk is believed by the Manager to be very limited since, as indicated above, the Manager intends to act in all transactions as principal and not as agent for the Trust or the Unitholders.

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

Termination of the Trust

The Trust does not have a fixed termination date. However, the Trust may be terminated at any time upon not less than 90 days' written notice by the Trustee provided that the prior approval of Unitholders has been obtained by Special Resolution at a meeting of Unitholders called for that purpose (the "**Termination Date**"); provided, however, that the Manager may, in its discretion, on 60 days' notice to Unitholders, terminate the Trust without the approval of Unitholders if, in the opinion of the Manager:

- (a) it would be in the best interests of the Trust and the Unitholders to terminate the Trust;
- (b) the Manager determines to terminate the Trust in connection with a Permitted Merger; or
- (c) it is no longer economically feasible to continue the Trust.

Upon termination, the net assets of the Trust will be distributed to Unitholders on a pro rata basis in proportion to the number of the Units held by each Unitholder. Immediately prior to the termination of the Trust, including on the Termination Date, the Trustee will, to the extent possible, convert the assets of the Trust to cash and after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to the Unitholders as soon as practicable after the Termination Date and any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. The Manager may, in its discretion, defer the Termination Date for up to 90 days if the Manager provides written notice of such deferral to the Unitholders at least 30 days prior to the Termination Date and advises the Trust that the Manager deems it important or is unable to convert all of the Trust's assets to cash and that it would be in the best interests of the Unitholders to do so.

If the Manager receives a Redemption notice or is required to make a redemption for an amount exceeding the book value per Unit, the Manager may, in its discretion, give notice to terminate the Trust as of a termination date which precedes the intended date of such Redemption or redemption.

The Declaration of Trust will be terminated immediately following the occurrence of a Termination Event. On such termination, the Trust Property will be distributed. Each of the following events is a "Termination Event":

- (a) the Manager is, in the opinion of the Board of Governors, in material default of its obligations under the Declaration of Trust and such default continues for 30 days from the date that the Manager receives written notice of such material default from the Board of Governors, unless the Manager is taking steps to remedy such default and such default is remedied within 120 days from the date of such notice and there is no reasonable basis for believing that such default cannot be remedied within such 120 day period;
- (b) the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction);
- (c) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or
- (d) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

CALCULATION OF BOOK VALUE

Valuation Policy

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

The Manager will calculate the book value of the Units and book value per Unit in Canadian dollars on each Valuation Date in accordance with the Valuation Policy as set out in the Declaration of Trust. In determining the Net Asset Value for such purpose, net assets will be calculated in Canadian dollars in accordance with IFRS, following the significant accounting policies disclosed in the audited financial statements of the Trust for the period ended December 31, 2016 attached to this offering memorandum, except as modified as follows. Unrealized gains and losses resulting from foreign exchange translation from the Trust's U.S. dollar assets and liabilities to the presentation currency of Canadian dollars will be allocated to the net asset value calculation for the purposes of the Valuation Policy, instead of being recorded in accumulated other comprehensive income (loss) as is required under IFRS.

Book Value of the Trust

The Manager will calculate the book value of the Units and book value per unit in Canadian dollars as at each Valuation Date in accordance with the Valuation Policy.

Book value per Unit

The "book value per Unit" on a particular date shall be the quotient obtained by dividing the book value of the Units on such date by the total number of Units outstanding at the end of such date (for greater certainty, after giving effect to all issuances, purchases, redemptions and consolidations of Units occurring, or deemed to occur, on such date).

The book value per Unit will be calculated by the Manager as at each Valuation Date. The most recently calculated book value per Unit will be available to the public upon request and will be posted at www.trezcapital.com.

For information concerning the Redemption of Units, see "Securities Offered – Unitholder's Right to Redeem" and "Risk Factors – Restrictions on Redemption".

Reporting of Book Value

The book value per Unit is included in the quarterly report of the Trust that is available to the public upon request by contacting the Manager at info@trezcapital.com or by calling toll free 1-877-689-0821.

Suspension of Redemptions

For a period of not more than 180 days, the Manager may suspend the Redemption of Units, for or during a period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the value of the assets held by the Trust. The Manager may from time to time limit or suspend redemptions and/or terminate the Trust when the Redemption price exceeds the book value per Unit.

Differences from International Financial Reporting Standards

For the purpose of determining the net asset value per unit of the Trust in connection with the purchase and redemption of units, the net asset value of the assets of the Trust is determined in accordance with the valuation policy described above. However, for the purpose of the financial statements for the Trust, net assets will be calculated in accordance with IFRS.

For the purpose of calculating net assets for financial reporting purposes, IFRS requires the unrealized gains and losses resulting from foreign exchange translation from the Company's functional currency of U.S. dollars to the presentation currency of Canadian dollars to be recorded in other comprehensive income (loss), instead of being allocated to net assets attributable to unit holders.

For the purpose of reconciling the net asset value per unit of the Trust determined in accordance with the valuation policy described above, to the net assets calculated under IFRS, the following reconciliation is performed: accumulated other comprehensive income (loss) determined under IFRS is added to the net assets attributable to unit holders determined under IFRS .

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Trez Capital Fund Management Limited Partnership (the "Manager")

Pursuant to the terms and conditions of the Declaration of Trust, the Manager is the manager of the Trust. In performing its services, the Manager will, at all times, on the terms and conditions of the Declaration of Trust, be subject to the continuing and ultimate authority of the Unitholders. The head office of the Manager is located at 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6. Trez Capital Fund Management Limited Partnership is a limited partnership formed under the laws of British Columbia on August 11, 2011.

Trez Capital Group

Trez Capital Group Limited Partnership operates principally through four limited partnerships. Trez Capital Fund Management Limited Partnership is registered as an exempt market dealer, investment fund manager and portfolio manager (restricted to buying and selling Mortgages and interests in Mortgages) under applicable securities legislation. See "Business of the Trust – Regulatory Changes". Trez Capital Limited Partnership is registered as a mortgage broker in British Columbia, Alberta and Ontario. Trez Capital Asset Management Limited Partnership is registered as a mortgage administrator in Ontario and a mortgage broker in British Columbia. Trez Capital US Limited Partnership was formed to hold certain investments in the United States.

Duties and Services to be Provided by the Manager

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

Subject to the terms of the Declaration of Trust, the Manager will be responsible for managing the business and administration of the Trust. The Manager has coordinated the organization of the Trust and will manage the ongoing business and administration of the Trust. The Manager will be responsible for ensuring that the net proceeds of this Offering are invested as described under "Use of Available Funds" and in accordance with the investment objectives of the Trust. Funds of the Trust will not be commingled with the Manager's funds, or with any other funds.

The Manager has exclusive authority to manage the operations and affairs of the Trust and to make all decisions regarding the business of the Trust, and has authority to bind the Trust. The Manager may, pursuant to the terms of the Declaration of Trust, delegate its powers to third parties where it deems it advisable. The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in comparable circumstances.

The Manager's duties include, without limitation, appointing the registrar and transfer agent for the Trust, appointing the bankers of the Trust, valuing the assets of the Trust, calculating the income and capital gains of the Trust, authorizing all contractual arrangements relating to the Trust, providing or causing to be provided services in respect of the Trust's daily operations, distributing or causing to be distributed Units, ensuring compliance with applicable securities legislation, preparing and filing or causing to be prepared and filed all requisite returns, reports and filings, providing all requisite office accommodation and associated facilities and services, providing or causing to be provided to the Trust all other administrative and other services and facilities required by the Trust and maintaining or causing to be maintained complete records of all transactions in respect of the investment portfolio of the Trust.

Directors and Officers

The name and municipality of residence of each of the directors and senior officers of the general partner of the Manager, the office held by them and principal occupation in the last five years are as follows:

Name and Municipality	Office	Principal Occupation	Year First Became a Director/Officer
Morley Greene, B.A., LLB Vancouver, B.C.	Chairman, Chief Executive Officer and Director	Business Executive	1997 ⁽¹⁾
Gregory Vorwaller, B.A. Vancouver, B.C.	President	Business Executive	2015 ⁽¹⁾
Robert Perkins, B. Comm. Vancouver, B.C.	Managing Director and Director	Business Executive	2000 ⁽¹⁾
Alexander (Sandy) Manson, B. Comm., C.A. West Vancouver, B.C.	Chief Financial Officer and Director	Business Executive	2006 ⁽¹⁾
Ken Lai, B. Comm., C.A. Richmond, B.C.	Vice-President, Loan Administration and Director	Business Executive	2005 ⁽¹⁾

⁽¹⁾ Refers to the date the individual first became a director or officer of Trez Capital Corporation.

Each director is appointed for a one year term, with their term of office to expire at the next annual general meeting of the shareholders of the Manager.

As at the date of this Offering Memorandum, the directors and senior officers of Trez Capital Fund Management Limited Partnership, own or control, directly or indirectly, 0 Units or 0.00% of the issued and outstanding Units.

Principal Occupations and Biographies

Morley Greene is Chairman, Managing Partner and Director of the general partner of the Manager. Prior to that, he had been Chairman and President of Trez Capital Corporation since May 30, 2009. Prior to that, he had been President and Chief Executive Officer of Trez Capital Corporation since August 1997. For approximately two years prior to establishing the Mortgage Broker, Mr. Greene acted as counsel to Samoth Capital Corporation (now called Sterling Centrecorp), a company listed on The Toronto Stock Exchange. From September 1991 to 1995, Mr. Greene was in private law practice.

Gregory Vorwaller is President of the general partner of the Manager. Prior to that, he held a number of senior executive positions at prominent financial and real estate services firms, where he lead and built businesses encompassing investment sales, mortgage brokerage and investment banking to market leading positions. Most recently he served as Executive Vice President and Global Head of Cushman & Wakefield, prior to which he served as the President and Chief Operating Officer of CBRE's Global Capital Markets business line. In each capacity, Greg developed a reputation for leading from the front line, working with teams and clients throughout the US, Canada, Europe and Asia Pacific in developing and executing business plans which resulted in the advancement of the key strategic initiatives of each firm.

Robert Perkins is Managing Partner and Director of the general partner of the Manager. Prior to that, he had been Vice President – Mortgage Funds of Trez Capital Corporation since July 2000 and became Executive Vice-President on June 1, 2006. He is registered as a sub-mortgage broker under the *Mortgage Brokers Act* (British Columbia). He has a mandate to identify, analyze, underwrite and fund new Mortgages. From 1986 to April 2000, Mr. Perkins was a Principal of Montrose Realty Corporation, the B.C. licensed lending and real estate arm of Montrose Mortgage Corporation, which has placed and administers a \$1.2 billion commercial mortgage portfolio on behalf of various pension funds, life insurance companies, banks and private clients. From 1984 to 1986, Mr. Perkins was a Financial Analyst in the Controller's Department of the Hong Kong Bank of Canada/Bank of B.C., now HSBC Bank Canada.

Alexander (Sandy) Manson is Chief Financial Officer and Director of the general partner of the Manager. Prior to that, he had been the Chief Financial Officer of Trez Capital Corporation since February 2006. Mr. Manson has been a Chartered Accountant since 1982 and has thirty years of experience in finance and accounting. From January 2001 through December 2005, Mr. Manson was the Chief Financial Officer for Autostock International, an international autoglass replacement company with 2,000 employees based in Burnaby B.C. which operated the "Speedy Glass" stores in Canada and the United States. Prior to that, he was the Chief Financial Officer for Coast Mountain Hardwoods (1997–2000), a lumber company based in Ladner, B.C. Mr. Manson is responsible for all finance and administrative operations of the Mortgage Broker.

Ken Lai is Vice-President, Loan Administration and Director of the general partner of the Manager. Prior to that, he had been Vice President, Loan Administration of Trez Capital Corporation since June 1, 2006 and has been with Trez Capital Corporation since August 2002, after relocating from Hong Kong. Mr. Lai is a Chartered Accountant with more than 20 years' experience in the areas of finance and accounting. From March 2000 to December 2001, Mr. Lai was controller/chief financial officer for Continuous Technologies International Limited, based in Hong Kong. From January 1996 to February 2000, he was controller with Ryder Industrial Limited, of Hong Kong. He previously worked for an international public accounting firm, and has many years of commercial experience in real estate and investment companies.

Manager's Fees

Pursuant to the Declaration of Trust, the Series A and Series F Administration Fee, being an annual amount equal to 1.5% of the Proportionate Share of the Series A Units and the Series F Units of the Average Annual Gross Total Assets (calculated by using a simple moving average of the month end value of the assets held by the Trust), is payable to the Manager by the Trust in each Fiscal Year. The Series I Administration Fee, being an annual amount equal to 1.15% of the Proportionate Share of the Series I Units of the Average Annual Gross Assets (calculated by using a simple moving average of the month end value of the assets held by the Trust), is payable to the Manager by the Trust in each Fiscal Year. The Proportionate Share of the Series A Units, the Series F Units and the Series I Units of the Annual Gross Total Assets of the Trust, in respect of each quarterly distribution will be determined by the Proportionate Share of Units of each Series existing at the end of such quarterly period. On each quarterly distribution, the Series A and Series F Administration Fee will be deducted from the monies otherwise payable to the Series A Unitholders, the Series F Unitholders and the Series I Administration Fee will be deducted from the monies otherwise payable to the Series I Unitholders and the Series I Unitholders. As well, an Incentive Fee, being an annual amount equal to 10% of the Incentive Fee Revenue of the Trust, is payable to the Manager by the Trust in each Fiscal Year.

The Administration Fee is paid quarterly in arrears in four instalments and is to be estimated and paid for the quarters ended March, June and September, 15 days following the end of each month at the quarter end, except the payment due for the quarter ended December 31st will be determined taking into consideration the previous payments made on an estimated basis and will be paid in two payments, the first on January 15 and the second payment not later than March 15 following that quarter. The Incentive Fee is paid at the same time as the final year end payment to Unitholders. The Trust will be obligated to pay any applicable GST or other taxes on such fees.

Expenses of the Trust

The Trust pays for all expenses incurred in connection with its operation and administration. It is expected that the operating expenses of the Trust will include, without limitation: preparing, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the Trustee; fees payable to the transfer agent and registrar for performing certain financial, record-keeping, reporting and general administrative services; fees payable to accountants, the auditors and legal advisors; ongoing regulatory fees, licensing fees and other fees; external bookkeeping fees and the costs associated with FundSERV; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Trust; any additional fees payable to the Manager for the performance of extraordinary services on behalf of the Trust; any taxes payable by the Trust or to

which the Trust is subject; interest expenses; expenses relating to portfolio transactions; any expenditures that may be incurred upon the termination of the Trust; and fees payable to members of the Board of Governors. Such expenses also will include expenses of any action, suit or other proceeding in which or in relation to which the Manager is entitled to indemnity by the Trust. The Trust will also be responsible for any extraordinary expenses which it may incur from time to time.

The Trust will be subject to an independent audit and report to the Trustee, and the Manager will provide full access to its books and records for such purpose.

Trez Capital Limited Partnership (the "Mortgage Broker")

The Trust is a source of funding for the Mortgage Broker's mortgage lending business. The Mortgage Broker acts as the Trust's loan underwriter, adviser and syndicator. To conduct its operations in the state of Texas, the Mortgage Broker and John Hutchinson have formed the Originator to act as loan originator for the Trust. See "**The Mortgage Broker's Operations**", "**Mortgage Broker Regulation**". Trez Capital Corporation, the predecessor to the Mortgage Broker, has been in the business of originating, underwriting, servicing and syndicating Mortgage loans since 1997.

Mortgage Broker Agreement

The Mortgage Broker has entered into the Mortgage Broker Agreement with the Trust. Pursuant to the Mortgage Broker Agreement, the Mortgage Broker acts as the Trust's loan underwriter, adviser and syndicator.

The Mortgage Broker is required to service the Investments in the same manner, and with the same care, skill, prudence and diligence, with which it services and administers similar Mortgage loans and Real Property investments for other similar third-party portfolios. It must also exercise reasonable business judgment in accordance with applicable law to maximize recovery under the Investment Portfolio without regard to any other relationship that the Mortgage Broker or any of its Affiliates may have with borrowers. The Mortgage Broker Agreement also requires the Mortgage Broker to administer deposits and trust accounts for reserves under deposit trust agreements in respect of the Investment Portfolio in accordance with the standard of care applicable to its servicing duties under the Mortgage Broker Agreement.

The Mortgage Broker is permitted to invest (for the benefit of its clients, other than the Trust) in the Investment Portfolio. Similarly, the Mortgage Broker will offer the Trust the opportunity to invest with its other clients. This provides the Trust with an increased opportunity to reduce risk through syndication.

The Mortgage Broker Agreement provides that the Mortgage Broker will not have any liability to the Trust or Unitholders of the Trust for taking any action or refraining from taking any action in good faith or for errors in judgment, unless caused by the wilful misfeasance, dishonesty, bad faith or negligence of the Mortgage Broker. The Mortgage Broker Agreement has a term which ends on the termination of the Trust.

The Mortgage Broker will continue as Mortgage Broker until the dissolution of the Trust or the happening of any of the following:

- (a) the Mortgage Broker may resign if the Trust or the Manager is in breach or default of the provisions of the Mortgage Broker Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Trust or the Manager, as applicable;
- (b) the Mortgage Broker becomes bankrupt or insolvent;
- (c) termination of the Mortgage Broker Agreement by the Trust if the Mortgage Broker is in material breach or default of the provisions of the Mortgage Broker Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Mortgage Broker;
- (d) the Mortgage Broker no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations hereunder and is unable to obtain them within a reasonable period after their loss;
- (e) the Mortgage Broker resigns as Mortgage Broker of the Trust and terminates the Mortgage Broker Agreement upon not less than 120 days written notice to the Trust; or

- (f) termination of the Mortgage Broker Agreement by mutual agreement of the parties.

The Mortgage Broker's Operations

Trez Capital Corporation, the predecessor to the Mortgage Broker, commenced operations in September 1997 in order to raise a pool of capital for investment in Mortgages, primarily in the commercial and multi-unit residential markets. Since inception, the Mortgage Broker and its predecessor have established a number of corporations and trusts, in addition to syndicating Mortgages to individual investor, and have funded more than 1,090 loans totalling over \$5.6 billion. The Mortgage Broker currently is one of the largest non-bank providers of Mortgages in Canada with approximately \$2.0 billion in assets under administration, of which approximately \$1.74 billion is invested in Mortgages.

The entities established by the Mortgage Broker are income trusts, mortgage investment corporations, corporations and corporate management companies. The variety of investment vehicles provides investors with varying degrees of risk and potential return, as well as mechanisms to accommodate both residents and non-residents of Canada. Since 1997, the predecessor to the Mortgage Broker has taken the initiative in forming sixteen mortgage investment entities. All of these offerings have been conducted pursuant to exemptions from applicable prospectus requirements, except for TG Income Trust, TG Income Trust II and TG Income Trust III, which have been offered by prospectus in the provinces of British Columbia and Alberta, and Trez Capital Mortgage Investment Corporation ("**TCMIC**") and Trez Capital Senior Mortgage Investment Corporation ("**TCSMIC**"), each of which has been offered by prospectus in all the provinces and territories of Canada and is listed on the TSX. Of the sixteen mortgage investment entities, six have reached their maturity and have been wound up, and their assets distributed to their unitholders. As a result of the worldwide credit crisis which occurred in 2008, two mortgage investment entities, Harvard High Yield Investments Inc. and Mickey II LLC, which are managed by affiliates of the Mortgage Broker and had invested in mortgages in the United States, were unable to meet their obligations to holders of their debt instruments and entered into a compromise arrangement with such holders whereby they agreed to accept a lesser amount in one instance and reduced interest rate in the other.

TCMIC and TCSMIC trade on the Toronto Stock Exchange and both appointed Special Committees of the Board of Directors on September 28, 2015 to consider alternatives to address their share price trading at a discount to the book value per share. On May 9, 2016, the Special Committees of TCMIC and TCSMIC announced that an orderly winding-up plan would be put forward to shareholders at the companies' annual and special meetings on June 16, 2016. TCMIC and TCSMIC represent less than 15% of the assets under management by the Manager and its affiliates, and therefore the outcome of this decision is not expected to have a material impact on the Manager's operations or any of its privately managed mortgage pools including the Trust.

In September 2010, the Mortgage Broker began making loans in the state of Texas. See "Industry and Sector Overview – Texas". Since that time, the Mortgage Broker has participated in several lending transactions with John Hutchinson.

Due Diligence Procedures and Risk Reduction

Due diligence procedures, undertaken prior to funding Investments, have resulted in an excellent track record of return of principal and interest to the investors. Since the inception of the Mortgage Broker, out of approximately 1,090 Mortgages, or \$5.6 billion, funded by the Mortgage Broker, the realized losses on these Mortgages aggregate less than 0.8%. The Mortgage Broker believes its core strategy of lending primarily on traditional commercial real estate (including multi-family), in major markets and with multiple-contingent exit strategies has proved successful. See "Risk Factors".

The Mortgage Broker reduces the risks associated with defaulting Mortgages through extensive initial due diligence and careful monitoring of its Mortgage portfolio, active communication with borrowers and the institution of aggressive enforcement procedures on defaulting Mortgages. All properties are evaluated on the basis of location, quality, prospects for capital appreciation and, in the case of commercial Mortgages, on prospects for income. In addition, the credit of the borrower is also reviewed and, often, personal covenants are obtained from the principals of the borrower. See "Business of the Trust – Investment Process". The Mortgage Broker monitors the performance of the Investment Portfolio, including tracking the status of outstanding payments due, grace periods and due dates, and the calculation and assessment of other applicable charges. Each member of management of the Mortgage Broker has extensive knowledge and understanding of the Mortgage and real estate industries that has enabled him to make prudent investment decisions and identify sound investment opportunities.

The Mortgage Broker intends to restrict investors' risk exposure by diversifying its portfolio geographically. However, during the past several years, the economy in the state of Texas has been particularly strong and the Trust intends initially to make

its investments in that state. To manage and diversify risk, the Mortgage Broker may syndicate a Mortgage investment with one or more investors. All such syndicated Mortgages may initially be funded by the Mortgage Broker at a specified interest rate and the Mortgage may then be syndicated at a lower interest rate to investors, including the Trust and other entities formed by the Mortgage Broker. In some instances, the Mortgage Broker may syndicate a Mortgage to different parties at different rates, but never on interest or priority terms more favourable than those offered to the Trust. Syndication may be on a pari passu basis or on a basis where parties are subordinated to the Trust. Syndication of Mortgages is done to provide a dilution of risk of default of any one Mortgage among a number of entities and individuals. The syndication process also facilitates the ability to provide a more secure senior portion of a Mortgage to a lower risk entity, with progressively higher risk / higher return junior portions to those with higher risk tolerances.

Although the Mortgage Broker also intends to restrict investors' risk exposure by diversifying its portfolio by borrowers, the Trust currently has 21.15% of its Mortgage Portfolio by number of Mortgages and 44.32% of its Mortgage Portfolio by dollar amount of Mortgages advanced to one borrower. The Mortgage Broker is well aware of this concentration, but the borrower involved has an exemplary track record in terms of loan repayment. As well, the loan to value ratio of the properties securing the Mortgages is approximately 66.06%. The Mortgage Broker allocates participation in Mortgages based on the Mortgage Broker's assessment of the investor's risk tolerance and any investment restrictions placed upon an investor.

Originator's and Mortgage Broker's Fees

The Originator will receive originating fees, commitment fees and renewal fees from borrowers on Mortgages it originates for the Trust. The Manager will pay any fees or expenses of the Mortgage Broker.

Under the Mortgage Broker Agreement, the Mortgage Broker is responsible for all employment and other expenses of its personnel, rent and other office expenses of the Mortgage Broker.

Mortgage Broker Regulation

Mortgage brokers in Canada are regulated by provincial mortgage brokers legislation. As the Trust is not and will not be registered under the provincial mortgage brokers legislation, the Trust cannot engage directly in the business of lending money secured in whole or in part by Mortgages, and must therefore conduct its Mortgage investment activities under contract with the Mortgage Broker. The Mortgage Broker, which performs mortgage broker services on behalf of the Trust pursuant to the Mortgage Broker Agreement, is currently registered under the *Mortgage Brokers Act* (British Columbia), the *Real Estate Act* (Alberta) and the *Mortgage Brokerages, Lenders and Mortgage Brokers Act* (Ontario) in order to permit it to carry on the activities contemplated in the Mortgage Broker Agreement.

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

The Office of the Registrar of Mortgage Brokers at the Financial Institutions Commission regulates the mortgage brokering and lending activities of mortgage investment entities (MIEs) under the Mortgage Brokers Act. The Registrar and the *Mortgage Brokers Act* do not regulate the capital raising and investment marketing activities of MIEs which are subject to securities legislation and regulation. You can find further information at FICOMM's website: <http://www.fic.gov.bc.ca/pdf/mortgagebrokers/mb-13-0011.pdf>.

The Mortgage Broker is not licensed as a mortgage broker or lender in the United States. There are no licensing requirements in Texas (except for banks and savings and loan institutions) for originating loans and lending funds in respect of commercial loans (a loan that is not for "personal, family or household purposes").

Directors and Senior Officers of the Mortgage Broker

The directors and senior officers of the general partner of the Mortgage Broker are the same as the directors and officers of the general partner of the Manager. See "Directors and Officers of the Manager".

The Originator

The Originator will originate investment opportunities for the Trust. The Originator will only refer investment opportunities to the Trust for consideration where such investments fall within the objectives or investment policies of the Trust. An Affiliate of the Mortgage Broker is the majority limited partner and John Hutchinson is the minority limited partner of the Originator.

Directors and Officers of the Originator

The name and municipality of residence of each of the directors and senior officers of the general partner of the Originator, the office held by them and principal occupation in the last five years are as follows:

Name and Municipality	Office	Principal Occupation	Year First Became a Director/Officer
Morley Greene, B.A., LLB Vancouver, B.C.	President	Business Executive	2013
John D. Hutchinson Coppell, Texas	Vice President	Business Executive	2012
Alexander (Sandy) Manson, C.A. West Vancouver, B.C.	Vice President, Finance Secretary Treasury	Business Executive	2012
Fred Phillips Sunnyvale, Texas	Vice President	Business Executive	2013

Principal Occupations and Biographies

For the biographies of Morley Greene and Alexander (Sandy) Manson, see "Trez Capital Group Limited Partnership" (the "**Manager**").

John D. Hutchinson is currently the Vice President of the general partner of the Originator. Between January 1, 1996 and December 31, 2009, Mr. Hutchinson was President of the Dallas Division of The Ryland Group, Inc., a major developer, builder and marketer of residential housing in the United States. In January 1995, Mr. Hutchinson served as President of Perry Homes, Inc., a regional home builder with offices in Houston and San Antonio, Texas. Between 1993 and 1995, Mr. Hutchinson was Vice President and General Counsel of Hillwood Development, a Dallas, Texas based mixed-use real estate development firm controlled by the Perot family. Between 1978 and 1993, Mr. Hutchinson was engaged in the full time practice of law in Dallas, Texas. Immediately prior to going into the real estate business in 1993, Mr. Hutchinson was a partner with the Dallas law firm of Hughes and Luce, LLP which subsequently merged into the national law firm of K&L Gates, LLP.

During his nearly 14 years as President of Ryland's Dallas Division, Mr. Hutchinson was responsible for the operations of the division and oversaw the construction of more than 11,000 homes and the development of 4,000 residential lots. At various times, the Dallas Division had over 200 employees and produced revenues of over \$175,000,000 annually.

On March 1, 2005, Mr. Hutchinson consented to the entry of an order of permanent injunction in federal district court in Los Angeles, California. The order resulted from claims by the Securities and Exchange Commission that Mr. Hutchinson violated certain provisions of the federal securities laws in connection with his exercise of fully vested stock options granted to him under the employee stock option plan of The Ryland Group, Inc. Mr. Hutchinson consented to the entry of the injunction without admitting or denying any violations of law. Mr. Hutchinson continued to serve as Ryland's divisional president until December 31, 2009 when he resigned to pursue personal real estate investments.

Frederick S. Phillips is currently the Vice-President of the general partner of the Originator. From August 1993-November 2011, Mr. Phillips was Vice President of Land Acquisition and Development for Ryland Homes Dallas division. Mr. Phillips was responsible for all aspects of the land process for one of the largest homebuilders in Dallas and the United States. From 1992-1993, Mr. Phillips was a partner in a Dallas custom homebuilding operation. From 1983-1991, Mr. Phillips was a construction supervisor, new home sales counsellor, and director of land and development for Gemcraft Homes, a publicly traded South region homebuilder. Mr. Phillips has personally supervised the acquisition, entitlement, engineering, and development of lots for new home communities in Dallas-Ft. Worth, San Antonio, Houston, Atlanta, and Oklahoma City.

Forman Capital

On April 19, 2016, the Manager announced the formation of Trez Forman Capital Group Limited Partnership, a partnership with Forman Capital LLC, of Boynton Beach, Florida. The Manager anticipates that Trez Forman Capital Group Limited Partnership will permit the Trust to invest in Mortgages in other areas of the United States.

The Board of Governors

The Declaration of Trust provides that a Board of Governors be appointed for the Trust to consist of four members, whose mandate is to identify and establish procedures for resolving situations where there exists a conflict or potential conflict between the interests of the Manager on the one hand and the interests of the Unitholders on the other hand as well as in connection with certain other stated matters such as the Trust's annual audit. The Board of Governors will act at all times, and ensure the actions of the Manager and the Trustee are at all times, in accordance with the best interests of the Trust and the Unitholders. The members of the Board of Governors are Steve Mathiesen (Chairman), Stewart Robertson, Dale Belsher and Andrew Huntley. The members of the Board of Governors receive compensation from the Trust. The members of the Board of Governors also constitute the board of governors of TG Income Trust II, TG Income Trust III, Bison Income Trust II, Trez Capital Yield Trust, Trez Capital Yield Trust US and Trez Capital Prime Trust. The fees paid to the members of the Board of Governors are paid in respect of their services to all of the foregoing trusts. Currently, the Chairman receives a total of \$78,750 per annum, the Chairman of the Credit Committee receives \$55,125, the Chairman of the Audit Committee receives \$52,500 and the other Board member receives \$42,000 per annum. The fees are allocated to the funds as a fixed minimum plus a percentage based on their respective total assets. The Board of Governors will from time to time, in respect of the Trust:

- (a) identify and establish procedures for resolving situations where there exists a conflict or potential conflict between the interests of the Manager and the Mortgage Broker on the one hand and the interests of the Unitholders on the other hand and review any conflicts of interest referred to it by the Manager for review and for both of these purposes an Independent Review Committee has been appointed;
- (b) approve every material contract of the Trust referred to it by the Manager for review which may raise a conflict of interest, including any agreement between the Trust or the Trustee, the Manager;
- (c) meet with the Manager from time to time, on a not less than quarterly basis, to review the investments in Mortgages made by the Manager on behalf of the Trust, in order to confirm that such investments comply with the investment objectives of the Trust and for this purpose a Credit Committee has been appointed;
- (d) review and approve annual financial statements provided to Unitholders for the purpose of advising the Trustee, the Manager and the Mortgage Broker on any matters pertaining to the Trust as a result of such review and for this purpose an Audit Committee has been appointed;
- (e) review compliance by the Trust with its investment restrictions;
- (f) appoint Auditors and fix their remuneration, and meet with them at least annually;
- (g) approve the giving of indemnities to the Trustee, the Manager or the Mortgage Broker or any of their Affiliates, or their respective directors, officers or employees;
- (h) receive the resignation of the Trustee and select and appoint a successor trustee; and
- (i) provide such other assistance to the Trustee as the Trustee or Unitholders may reasonably request from time to time.

A member of the Board of Governors must, among other things, be independent of both the Manager and the Trustee and their respective Affiliates and shall not be an employee of any of them. Any member of the Board of Governors who has any material interest in a material contract or transaction with the Trust must disclose in writing to the other Board members and to the Manager the nature and extent of his interest and may not vote upon or sign any resolution dealing with such material contract or transaction.

Each member of the Board of Governors and the Independent Review Committee is appointed for a term of not less than one year and not more than three years and will hold office until his successor has been appointed or until his appointment has terminated or such person revokes his consent. The terms of office of members of the Board of Governors may be staggered. In the event of the death, removal, resignation, bankruptcy or other incapacity of a member of the Board of Governors, the Board of Governors will fill a vacancy on the Board of Governors as soon as practicable. A member of the Board of Governors whose term has expired, or will soon expire, may be reappointed by the members of the Board of Governors. A member of the Board of Governors may not be reappointed for a term or terms of office that, if served, would result in the member serving on the Independent Review Committee for longer than six years, unless the Manager agrees to the reappointment.

The nature and extent of the experience of the members of the Board of Governors and their principal occupations are as follows:

Stewart J.L. Robertson has served on the board of directors of a number of public companies. He is the president of the Crerar Group of Companies. The Crerar Group is an active principal in the commercial real estate business in Canada and the U.S., with holdings including office, apartment, storage/warehousing, and retail buildings. Mr. Robertson also consults on structured mortgage and corporate acquisitions to various real estate entities.

Dale Belsher is a Chartered Accountant and served as Chief Financial Officer for Glentel Inc., a Burnaby-based retailer of telecommunications solutions, from 2001 to 2010. Prior to joining Glentel, Mr. Belsher was Vice President, Finance and CFO for Norsat International Inc., a Burnaby-based satellite communications technology company. Prior to moving to British Columbia in 1983, Mr. Belsher was Vice President, Finance and Controller of Denro Developments Inc., a family-owned real estate development firm. Denro was a land and multi-family residential development company based in Regina, Saskatchewan. Denro was one of the first Canadian real estate development companies to develop property in and around Phoenix, Arizona.

Steve Mathiesen, was a corporate and securities lawyer for more than 30 years and is now a corporate director. Until 2011, he was a partner at the national law firm, McMillan LLP, focussing on mergers and acquisitions, financings, and corporate matters. He is currently on the board of several private and public companies. He holds an LL.B from the University of British Columbia, a BA in Economics and Commerce from Simon Fraser University, the ICD.D designation from the Institute of Corporate Directors and is a non-practising member of the Law Society of BC.

Andrew Huntley, has spent the bulk of his 35 year career involved in commercial real estate finance. He retired from AIMCo in 2015 as SVP Mortgage Investments having been responsible for a commercial mortgage portfolio in excess of \$3 billion. He has negotiated complex transactions in all sectors and throughout North America and Western Europe. Prior to AIMCo, Mr. Huntley was a partner with the Toronto based Murray & Company. He has extensive community Board experience including Chairing the Board of Northlands in Edmonton. He holds a BSc. from the University of Alberta; an MBA from the Ivey School of Business at the University of Western Ontario and the ICD.D designation.

The Audit Committee

The Declaration of Trust provides that the Manager will appoint an Audit Committee consisting of a minimum of three persons, whose mandate is to meet with the Auditors and review and recommend approval of financial statements sent to Unitholders. The members of the Audit Committee are: Dale Belsher (Chairman), Steve Mathiesen and Andrew Huntley.

The Credit Committee

The Declaration of Trust provides that the Manager will appoint a Credit Committee consisting of at least four persons, whose mandate is to meet with the Manager from time to time, on a not less than quarterly basis, to review the investments in Mortgages made by the Manager on behalf of the Trust, in order to confirm that such investments comply with the investment objective and investment policies of the Trust. The members of the Credit Committee are: Stewart Robertson (Chairman), Dale Belsher, Steve Mathiesen and Andrew Huntley.

The Independent Review Committee

The Declaration of Trust provides that the Manager will appoint an Independent Review Committee. The Independent Review Committee has been established to review situations where a reasonable person would consider the Manager or an entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith and in the

best interests of the Trust. The members of the Independent Review Committee are: Steve Mathiesen (Chairman), Stewart Robertson, Dale Belsher and Andrew Huntley.

The Independent Review Committee will:

- (a) review and provide input to the Manager with respect to the written policies and procedures of the Manager related to conflict of interest matters;
- (b) review and approve every conflict of interest matter; and
- (c) perform any other function required by applicable securities legislation.

Members of the Independent Review Committee are not compensated separately for their participation on this committee. They are compensated as members of the Board of Governors. See "The Board of Governors".

Penalty, Sanctions and Bankruptcy

While Steve Mathiesen was the Secretary of Uniserve Communications Corporation ("**Uniserve**"), a cease trade order was issued by the Ontario Securities Commission on October 8, 2008 against Uniserve for failure to file financial statements on time, which order was revoked November 19, 2008. While Mr. Mathiesen was a director of CMC Metals Ltd. ("**CMC**"), a cease trade order was issued by the BC Securities Commission on September 3, 2009 against CMC pending filing a technical report and clarifying disclosure, which order was revoked January 15, 2010. Mr. Mathiesen resigned from Uniserve in January 2012 and from CMC in June 2012.

The Trustee

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

The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Declaration of Trust. The Trustee is responsible for holding Trust Property in safekeeping and investing moneys from time to time forming part of Trust Property as directed by the Manager. The Trustee may also sell, encumber or otherwise dispose of Trust Property as directed by the Manager and may borrow money as directed by the Manager.

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

The Declaration of Trust provides that the Trustee will be liable in carrying out its duties under the Declaration of Trust as a result of its wilful misconduct, bad faith, negligence or disregard of its obligation to act honestly, in good faith and in the best interests of the Trust and Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee.

The Trustee will receive fees from the Trust for acting as trustee of the Trust, and will be reimbursed by the Manager for all expenses and liabilities, which are properly incurred by the Trustee in connection with the activities of the Trust.

Policies and Procedures of the Manager

Pursuant to its internal policies and procedures, the Manager and its directors, officers and employees are required to devote as much of their time and attention to the business and affairs of the Trust as they consider necessary and appropriate under the then prevailing circumstances.

The Manager is also required to ensure fairness in the allocation of investment opportunities among its mortgage investment entities. For such purpose, all mortgage investment entities that have investment objectives that are compatible with a particular investment opportunity are required, when practicable, to participate pro rata in that opportunity based upon, among other things, the relative importance of the investment opportunity to the fulfillment of each mortgage investment entity's objectives and the relative amount of assets under management in each mortgage investment entity. An assessment of the relative importance of an investment opportunity to the fulfillment of a mortgage investment entity's objectives is dependent upon a number of factors including alternative investment opportunities, present holdings of the same, or similar, investments, geographic and industry sector considerations and the liquidity of the mortgage investment entity.

For purposes of new Mortgage investment opportunities, the Manager identifies those mortgage investment entities that have investment objectives that are compatible with the Mortgage investment opportunity and ranks them in order of the relative importance that each mortgage investment entity places on such investment opportunity for the purpose of fulfilling its investment objectives. If such an investment opportunity meets more than one mortgage investment entity's objectives, it is considered first for the mortgage investment entity that places the highest level of importance on the investment opportunity. If two or more mortgage investment entities rank equally in terms of the importance they place on the investment opportunity, each mortgage investment entity generally will participate pro rata in the investment opportunity.

Promoters

Trez Capital Fund Management Limited Partnership, the Manager, Trez Capital Limited Partnership and the Mortgage Broker are the promoters of the Trust by reason of their initiative in forming and establishing the Trust and taking steps necessary for the public distribution of the Units. The directors and officers of the Manager and the Mortgage Broker are set out above. Affiliates and associates of the Manager and the Mortgage Broker may receive a portion of the Sales Fee. Neither the Manager nor the Mortgage Broker will receive any benefits, directly or indirectly from the issuance of the Units other than as described in this Offering Memorandum.

Principal Holders of the Trust

To the knowledge of the Manager, no person directly or indirectly beneficially owns or controls 10% or more of the Units.

CAPITAL STRUCTURE

Structure

The Trust is an investment unit trust formed under the laws of the Province of British Columbia.

The following are the details of the outstanding securities of the Trust at January 31, 2017:

Description of Security	Number Authorized to be Issued	Number Outstanding as at December 31, 2016	Number Outstanding as at January 31, 2017	Number Outstanding after \$1,000,000 Offering	Number Outstanding after \$20,000,000 Offering
Series A Units	Unlimited	1	1,444,356.746		
Series F Units	Unlimited	0	8,218,414.300		
Series I Units	Unlimited	0	6,547,120.000		
Total			16,209,891.046 ⁽¹⁾	16,309,981.046	18,209,891.046

⁽¹⁾ This total is not inclusive of Units distributed pursuant to the DRIP in 2016 or any Final Year End Distribution.

SECURITIES OFFERED

Description of the Units Offered

Investments in the Trust are represented by Units. The Trust is permitted to have an unlimited number of Series of a single class of Units, having such terms and conditions as the Manager may determine. Each Unit represents an undivided beneficial interest in the net assets of the Trust. The Manager, in its discretion, determines the number of Series of Units and establishes the attributes of each Series, including investor eligibility, the designation and currency of each Series, the initial closing date and initial offering price for the first issuance of Units of the Series, any minimum initial or subsequent investment thresholds,

any minimum redemption amounts or minimum account balances, fees and expenses of the Series, sales or redemption charges payable in respect of the Series, redemption rights, convertibility among Series and any additional Series specific attributes.

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

Each Unit of a Series entitles the holder to the same rights and potential liabilities as a holder of any other Unit of such Series and no Unitholder of a Series is entitled to any privilege, priority or preference in relation to any other Unitholders of such Series. Each Unitholder is entitled to one vote for each Unit held and, subject to an adjustment in a Unit's proportionate share as a result of the date of first issue of a Unit in the first Fiscal Year, is entitled to participate equally with respect to any and all distributions made by the Trust in respect of such Series, including distributions of Taxable Income (which they are required to receive their share of) and the non-taxable portion of net realized capital gains, if any. On termination, the Unitholders of record holding outstanding Units are entitled to receive all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust up to an amount equal to the Subscription Price of such Units. See "Termination of the Trust".

Series

The Manager may create one or more new Series without Unitholder approval (provided same are within the investment objectives set out in the Declaration of Trust). Before the issue of a new Series, the Manager will execute a supplemental Declaration of Trust creating the new Series and the terms and investment objectives relating thereto. Any new Series created by the Manager shall:

- (a) be designated by letter or letters or letters and numbers; and
- (b) have Series' rights (including the rights of Redemption) established by the Manager.

No Series may have priority over any other Series, provided that the calculation of distributions and the Redemption price for each Series may differ.

The Trust is authorized to issue an unlimited number of redeemable non-transferable units of beneficial interest in Series, each of which represents an equal, undivided interest in the net assets of the Trust. The Trust is currently authorized to issue Series A Units, Series F Units and Series I Units. Fractional Units will not be issued.

Three Series of Units of the Trust are offered under this Offering Memorandum:

Series A Units are designed for investors who are not eligible to purchase Series F Units. Series A Units pay a Trailer Fee.

Series F Units are designed for investors who are enrolled in a dealer sponsored fee-for-service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.

Series I Units are generally only available to investors who make large investments in the Trust as well as directors, officers and employees of the Manager or an affiliate of the Manager. Series I Unitholders pay a lower administration fee than Series A, Series F Unitholders (1.15%, as opposed to 1.5%). See "Directors, Management, Promoters and Principal Holders – Manager's Fees". A negotiated service fee may be payable by investors to a dealer who sells Series I Units. The Manager does not pay any sales commission to a dealer who sells Series I Units.

Units will be issued in Canadian dollars. To be eligible to purchase Series I Units investors must enter into an agreement with the Manager. This agreement will set out, among other things, the amount to be invested and the service fee payable to the dealer, if any. If the investor did not qualify to hold Series I Units when the investor originally purchased them, or is no longer eligible to hold Series I Units, the dealer must tell the Manager to switch the investor's Units into Series A Units, Series F Units or to redeem them. The Manager also retains the right, at its sole discretion, to redeem or switch the Series I Units into Series A Units or Series F Units if the Manager determines that the investor is not eligible to hold Series I Units.

All Units of the same Series are entitled to participate pro rata: (i) in any payments or distributions made by the Trust to the Unitholders of the same Series; and (ii) upon liquidation of the Trust, in any distributions to Unitholders of the same Series of net assets of the Trust attributable to the Series remaining after satisfaction of outstanding liabilities of such Series. The book value per Unit will reflect the foreign exchange differential between Canadian dollars and US dollars.

Outstanding Units of any Series may be subdivided or consolidated in the Manager's discretion. The Manager may redesignate Units of a Series as Units of any other Series.

Hedging

To mitigate exposure of the original capital investment to potentially unfavourable movements relative to the Trust's investing currency (United States dollars), a hedging program will be used for Unitholders.

The cost of hedging is allocated to all Series.

Purchases

All advances and payments by investors with respect to their invested amounts will be made in Canadian dollars. The Manager will then convert the Canadian dollars into United States dollars and enter into a hedge against the foreign currency risk with respect to the amount of the investment.

Redemptions

At the time of redemption, the Manager will unwind the hedge and all payments of principal will be converted from United States dollars into Canadian dollars and made to the investors in Canadian dollars.

Interest payments

All payment of interest will be made in Canadian dollars. The determination of the amount of any such Canadian dollar interest will be computed based on the United States dollar interest received and then converted at the applicable spot rate (as reasonably determined by the Trust) in effect on the date such interest payment is made.

Margin calls

Any margin calls required to support the open hedging contracts will be made through the cash flows of the Trust and will not be advanced directly from Unitholders.

No Transfer of Units

Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or in circumstances where the Manager deems it appropriate to do so in its absolute discretion. No transfer of Units will be effective or recognized by the registrar and transfer agent of the Trust unless and until a transfer form in the form prescribed in the Declaration of Trust has been duly completed and signed by the Unitholder, as transferor, and by the transferee and delivered to the registrar and transfer agent. The transferee, by executing the transfer form: (i) acknowledges that he or she agrees to be bound by the terms of the Declaration of Trust and is liable for all obligations of a Unitholder; (ii) makes certain representations and warranties that the transferee is not a "non-resident" for purposes of the Tax Act and is not a "non-Canadian" for purposes of the Investment Canada Act and that the transferee will maintain such status during such time as Units are held by the transferee; and (iii) irrevocably ratifies and confirms the power of attorney given to the Manager pursuant to the transfer form. Pursuant to the provisions of the Declaration of Trust, when the transferee has been registered as a Unitholder, the transferee will be subject to the obligations and entitled to the rights of a Unitholder thereunder.

Liquidity

There is no market through which the Units may be sold. No market is expected to develop. Investors may find it difficult or impossible to sell their Units. However, Unitholders may exercise their right of Redemption. See "Unitholders' Right to Redeem". There are no assurances, however, that funds will be available to permit the Manager to honour requests for Redemption. A Redemption Notice for an amount exceeding the book value of the Units may cause the Manager to delay redemption and ultimately to terminate the Trust. See "Summary of Declaration of Trust - Termination of the Trust".

Consolidation and Subdivision

Units may be consolidated or subdivided by the Trustee. As well, the Manager may issue and consolidate Units of different Series at different rates, or to the exclusion of other Series, in order to make adjustments for foreign exchange fluctuations.

Unitholder's Right to Redeem

Units may be surrendered to the Manager by entering a request for redemption, which may be entered on the FundSERV network where Units were purchased through that network. A Unitholder is entitled to, at any time, or from time to time, redeem ("**Redemption**") all or any of the Unitholder's Units in increments of not less than \$5,000, by giving 30 days' written notice to the Manager (the "**Redemption Payment Date**"), which notice shall be irrevocable and shall contain a clear request that a specified number of Units be redeemed or the dollar amount which the Unitholder requires to be paid. If a Unitholder, after Redemption, holds Units with a value of less than \$5,000, the Unitholder must redeem all of his or her investment. The Manager may, in its absolute discretion, redeem the Units of the Unitholder if such Units have a value of less than \$5,000. The form of notice may be obtained from the Manager. Payment will be made using the FundSERV network where Units were purchased through that network.

Suspension of Redemptions

The Manager also may from time to time suspend Redemptions and/or terminate the Trust when the Redemption price exceeds the book value per Unit. The Manager is not obligated to accept Redemption notices for amounts exceeding, in aggregate, 5% of the book value of the Trust at such time, in any one calendar month.

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

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

Short Term Trading

In order to protect the interests of the remaining Unitholders in the Trust and to discourage short-term trading in the Trust, Unitholders will be subject to a short-term trading deduction. If a Unitholder redeems Units during the first year after purchasing Units, the Trust will deduct and retain, for the benefit of the remaining Unitholders in the Trust, 1% of the Subscription Price of the Units being redeemed.

Redemption at the Demand of the Manager

At no time may non-residents of Canada and/or partnerships that are not Canadian partnerships within the meaning of the Tax Act (or any combination thereof) (collectively, "**non-residents**") be the beneficial owners of a majority of the Units (on a number of Units or on a fair value basis), and the Manager shall inform the registrar and transfer agent of the Trust of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on a number of Units or on a fair value basis) are, or may be, non-residents, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on a number of Units or on a fair value basis) are beneficially held by non-residents, or that such a situation is imminent, the Manager may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of

not less than 30 days. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents within such period, the Manager may, on behalf of such Unitholders, redeem such Units at the Subscription Price and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such Redemption, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of Redemption of such Units.

If at any Distribution Payment Date there are insufficient funds to pay the Trailer Fee from the distribution otherwise payable to Series A Unitholders, the Manager will redeem a sufficient number of Units from each Series A Unitholder to pay the Trailer Fee payable by such Series A Unitholder.

SUBSCRIPTION FOR UNITS

The Units are conditionally offered if, as and when subscriptions are accepted by the Trust and subject to prior sale. There is no minimum or maximum offering. Subscriptions for Units will be received by the Trust subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

Every person who subscribes for Units will be required to complete and deliver to the Trust a subscription in the form set forth as Schedule "A" to this Offering Memorandum, together with payment of the subscription price in the manner therein described.

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

SUBJECT TO THE FOREGOING, ALL SUBSCRIPTION DOCUMENTS SHOULD BE REVIEWED BY PROSPECTIVE SUBSCRIBERS AND THEIR PROFESSIONAL ADVISERS PRIOR TO SUBSCRIBING FOR UNITS.

Subscription Procedure

Subscribers may subscribe for Units in this Offering by delivering the following documents to the Trust at the address shown in the Subscription Agreement:

- (a) an executed Subscription Agreement, in the form provided with this Offering Memorandum; and
- (b) a cheque, bank draft or wire transfer made payable to "Trez Capital Yield Trust (Canadian \$)" in the amount of the subscription price for the Units.

The Trust may collect, use and disclose individual personal information in accordance with the privacy policy of the Trust and will obtain consent to such collection, use and disclosure from time to time as required by its policy and the law.

The Trust anticipates that there will be multiple closings. The Trust may close any part of this Offering on any date as it may determine in its sole business judgment. The Trust reserves the right to accept or reject in whole or in part any subscription for Units and the right to close the subscription books at any time without notice. Any monies for subscription that are not accepted will be promptly returned after it has been determined not to accept the investment. At a closing of this Offering, the Trust will provide direct subscribers with a confirmation of their subscription for Units, provided the Subscription Price has been paid in full. A subscriber who purchases Units through a registered dealer will receive a customer confirmation from the registered dealer from or through which the Units were purchased.

Subscribers should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of subscribers and the Trust. Execution and delivery of a Subscription Agreement will bind subscribers to the terms thereof, whether executed by Subscribers or by an agent on their behalf. Subscribers should consult with their own professional advisors. See "Risk Factors".

Qualified Unitholders

The Manager is offering for sale an unlimited number of Units on a continuous basis in each of the Provinces of Canada and Territories by way of private placement.

The offering is being conducted:

- (a) in all the Provinces and Territories, other than Quebec, pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3, 2.9 and 2.10 of NI 45-106; and
- (b) in the Province of Quebec pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3 and 2.10 of NI 45-106.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors purchasing as principal and who are "accredited investors" as defined in NI 45-106. Certain accredited investors will be required to sign a risk acknowledgement in the form attached as Appendix B to the Subscription Agreement.

The exemption pursuant to Section 2.10 of NI 45-106 is available for distributions to investors purchasing as principals where (i) the trade in a security that has an aggregate acquisition cost to the investor of not less than CDN\$150,000, paid in cash at the time of acquisition, and (ii) the investor is not an individual.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions only to investors purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in the form attached as Appendix A to the Subscription Agreement.

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

- in the case of a "non-eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed \$10,000;
- in the case of an "eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed \$30,000;
- in the case of an "eligible" investor that is an individual and that receives advice from a portfolio manager, investment dealer or exempt market dealer that the investment above \$30,000 is suitable, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed \$100,000.

The foregoing exemptions relieve the Trust from the provisions of the applicable securities laws of each of the Provinces of Canada and the Northwest Territories, Yukon and Nunavut, which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The Manager is registered as an exempt market dealer in various provinces of Canada, which allows the Manager, on behalf of the Trust, to offer the Units for sale directly to the investors. The Trust may also use qualified dealers or brokers to sell Units and may enter into non-exclusive agency agreements with such brokers or dealers in connection with such sales. Depending on provincial requirements, brokers or dealers used by the Trust may be required to be registered as exempt market dealers pursuant to National Instrument 31-103 of the Canadian Securities Mortgage Brokers.

Acceptance of Subscriptions

Subscriptions received are subject to rejection or allotment in whole or in part by the Manager on behalf of the Trust within 30 days of their receipt by the Manager. The minimum subscription is 500 Units (CDN\$5,000). The Manager reserves the

right to close the subscription books at any time without notice. Confirmation of the acceptance of a subscription will be forwarded by the Manager to the investor. The Manager is not obligated to accept any subscriptions, and will reject any subscription which the Manager considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Manager will return to the investor within 30 days after making the decision to reject the subscription, the Subscription Agreement, any other documentation delivered by the investor, and the subscription funds comprising such subscription.

Subject to the contractual rights of action, and a two day right of withdrawal for certain investors provided for herein, and subject to applicable securities laws, the investor's subscription may not be withdrawn, cancelled, terminated or revoked by the investor for a period of 30 days from the date of receipt of the subscription by the Manager, unless previously accepted by the Manager.

Units will be issued to an investor if a Subscription Agreement substantially in the form prescribed by the Manager from time to time is received by the Trust and accepted by the Manager and if payment of the subscription price is made by cheque or bank draft. Units will be issued at a price of CDN\$10.00, subject in all cases to the minimum investment levels described above. An investor who subscribes for Units by executing and delivering a Subscription Agreement will become a Unitholder after the Manager accepts such subscription and the Trust has received the subscription price.

Additional Investments

The minimum additional subscription is \$2,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Manager.

No Unit Certificates

Certificates evidencing ownership of the Units will not be issued to a Unitholder.

FINANCIAL STATEMENTS

Attached to this Offering Memorandum are the audited financial statements of the Trust for the period dated December 8 to December 31, 2016.

INCOME TAX CONSIDERATIONS

In the opinion of Thorsteinssons LLP, tax counsel to the Trust, the following is a fair summary of the principal Canadian federal income tax considerations generally relevant to individual investors who, for purposes of the Tax Act, are resident in Canada, deal at arm's length with the Trustee and Manager and beneficially hold their Units as capital property.

This summary is based on the current provisions of the Tax Act and the regulations under it, all publicly announced proposals to amend the Tax Act and its regulations, and the published administrative practices of the Canada Revenue Agency. It is assumed that all amendments will be passed as proposed. This summary is also based on the assumptions that (i) none of the Investments will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; (ii) the Trust will not acquire any Investment that would cause the Trust to become a SIFT trust within the meaning of subsection 122.1(1) of the Tax Act; (iii) none of the Investments will be property that would be "taxable Canadian property" within the meaning of the Tax Act (without reference to paragraph (b) thereof); and (iv) none of the Investments will be an interest in an "offshore investment fund property" pursuant to section 94.1 of the Tax Act.

This summary is of a general nature and is not intended to be exhaustive. It does not take into account provincial, territorial or foreign tax laws. **Investors, particularly those who are U.S. citizens, should consult their own tax advisers with respect to the tax consequences in their particular circumstances. No application has been made nor is it intended that any application be made for an advance income tax ruling with respect to the tax consequences of acquiring or holding Units in the Trust.**

Status of the Trust

This summary is based on the assumptions that the Trust will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the Trust will validly elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, (i) the Trust must be a Canadian resident "unit trust" for purposes of the Tax Act; (ii) the

only undertaking of the Trust must be the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable); and (iii) the Trust must comply with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Trust qualifies as a mutual fund trust, and that the Trust will elect to be deemed to be a mutual fund trust from the date it was established and that it will qualify as a mutual fund trust at all relevant times.

If the Trust were not to qualify as a mutual fund trust at all times, the income tax considerations as described below would in some respects be materially and adversely different.

Provided the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for Deferred Plans. See "Investment by Deferred Plans" for the consequences of holding Units in Deferred Plans.

Taxation of the Trust

The Trust must pay tax on its net income and net realized capital gains for each of its taxation years, except to the extent such amounts are distributed to Unitholders. Losses incurred by the Trust cannot be allocated to Unitholders but may be deducted in computing the taxable income of the Trust in future years in accordance with the Tax Act. The Declaration of Trust requires the Trust to distribute, in cash and Units, all of its net income and net realized capital gains each year, so that the Trust will not pay any tax under Part I of the Tax Act.

The Trust is required to include in its income for a taxation year all interest on thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Trust before the end of that year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Trust's income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Trust. Upon the actual or deemed disposition of indebtedness, the Trust will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Trust's income for that or another taxation year and such interest will not be included in the proceeds of disposition for purposes of computing any gain or loss.

In the event the Trust ceases to qualify as a mutual fund trust under the Act, and a Unitholder is a "designated beneficiary" of the Trust in a taxation year of the Trust, the "designated" income" of the Trust for that taxation year will be subject to tax under Part XII.2 of the Tax Act. A "designated beneficiary" is defined in the Tax Act to include non-residents of Canada, certain tax-exempt entities and certain trusts. "Designated income" is defined in the Tax Act to include, generally, taxable capital gains from the disposition of taxable Canadian property, and income from Canadian businesses and real estate. The Manager and the Trustee do not expect that the Trust will earn designated income.

A portion of the Part XII.2 tax paid by the Trust will, if the Trust makes a designation in its tax return, be credited against tax otherwise payable by Unitholders who are not designated beneficiaries of the Trust.

To the extent the Trust's investments include assets denominated in currencies other than Canadian dollars, the cost and proceeds of disposition of such assets, income and any other relevant amounts must be determined for purposes of the Tax Act in Canadian dollars, and the Trust may therefore realize gains or losses by virtue of fluctuations in the value of foreign currencies relative to Canadian dollars. To the extent the Trust derives income or gains from investments in countries other than Canada, the Trust may be liable to pay income or profits tax to such countries and the utilization of credits or deductions in respect of foreign tax so paid is subject to special rules and restrictions under the Tax Act. Each taxable Unitholder will generally be entitled to a tax credit for any foreign taxes paid by the Trust in respect of his or her share of income from foreign sources.

Taxation of Unitholders

Each Unitholder will be required to include in computing the Unitholder's income for a particular year the portion of the net income, and the taxable portion of net realized capital gains, of the Trust for the year distributed in cash and Units to the Unitholder (including any amounts distributed on the redemption of Units). Each year the Trust will advise each Unitholder of the share of the net income and taxable portion of net realized capital gains of the Trust distributed to that Unitholder.

Any amount in excess of the net income and the taxable portion of net realized capital gains of the Trust that is distributed to a Unitholder in a year is not included in computing the Unitholder's income for the year. Under the Tax Act, the Trust is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the calendar year in which such taxation year ends. This will enable the Trust to utilize, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Trust will not be included in the Unitholder's income. However, the payment of any such excess amount, other than as proceeds of disposition of a Unit or a part thereof, will reduce the adjusted cost base to the Unitholder of the Unitholder's Units except to the extent that such amount relates to the non-taxable portion of the net realized capital gains of the Trust distributed to the Unitholder. If the adjusted cost base of the Unit is reduced to a negative amount as a result of this reduction, the negative amount will be a capital gain to the Unitholder. The adjusted cost base of the Unit is then reset to nil.

As the Trust will generate its income principally from interest on mortgages on U.S real estate, it is unlikely that the Trust will receive dividends or that it will realize capital gains (the Trust will treat gains or losses on currency conversions between Canadian and US dollars as being on income account). However, if the Trust receives income or capital gains, the Trust intends to make designations under the Tax Act so that taxable dividends received from taxable Canadian corporations, and net realized capital gains distributed to Unitholders will retain their character when distributed to Unitholders. Distributed amounts that retain their character as taxable dividends on shares of taxable Canadian corporations will be subject to the normal gross-up and dividend tax credit rules in the Tax Act applicable to individuals. The Trust will carry out hedging transactions in respect of Investments denominated in currencies other than Canadian dollars which are intended to reduce gains or losses resulting from fluctuations in the value of foreign currencies relative to Canadian dollars.

The Trust intends to make a designation under the Tax Act so that income from foreign sources will retain its character when distributed to Unitholders. Each taxable Unitholder will generally be entitled to a tax credit for any foreign taxes paid by the Trust in respect of that unitholder's share of income from foreign sources.

On a redemption or other disposition of Units, including a redemption of Units on the termination of the Trust, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Unitholder of those Units immediately before the disposition.

- The adjusted cost base of Units owned by a Unitholder is computed separately for each Series of Units owned by a Unitholder.
- The adjusted cost base of a particular Unit is equal to the total adjusted cost base of all of the Unitholder's Units of that Series divided by the number of Units of that Series held by the Unitholder.
- Any additional Units of a particular Series acquired by a Unitholder, including Units received by the Unitholder in satisfaction of a distribution, have an initial cost to the Unitholder equal to the value of the Units or the amount of the distribution so satisfied, as the case may be. Generally, this value or amount is the amount of income allocated to the Unitholder in the year in excess of the amount of cash distributions received by the Unitholder in the year.
- If a Unitholder acquires Units of the same Series at separate times, the cost of each Unit in that Series owned by the Unitholder will be determined by averaging the cost of those Units acquired with the adjusted cost base of the Units of the same Series then owned by the Unitholder. Any additional Units acquired by a Unitholder, including in satisfaction of a distribution, have an initial cost to the Unitholder equal to the value of the Units or the amount of the distribution so satisfied, as the case may be. For example, a Unitholder who acquires 100 Series A units for \$10.00 per unit and 50 Series A Units in satisfaction of a distribution of \$400 will have an aggregate adjusted cost base of \$1,400 and an adjusted cost base per unit of \$9.33.
- Generally, the total adjusted cost base of Units in the same Series will be equal to the total cost of all Units in the Series acquired by the Unitholder minus the adjusted cost base of Units in the Series previously redeemed or otherwise disposed of and the amount by which the adjusted cost base of Units in the Series is required to be increased or reduced on account of distributions made by the Trust to the Unitholder, as described above.
- The Trust may consolidate all Units of a particular series to maintain the value of each of the Units at \$10. The consolidation of Units is a separate transaction from a distribution of Units in satisfaction of a distribution, and may occur together with or independently of any such distribution. A consolidation of Units is not a taxable event to a Unitholder.

- The adjusted cost base of a Unitholder's consolidated Units will be equal to the result obtained when the adjusted cost base of a Unitholder's Units immediately prior to the time of consolidation is divided by the number of Units the Unitholder holds immediately after consolidation. For example, a Unitholder who held 120 Series A Units with an aggregate value and adjusted cost base of \$1,000 before a consolidation that reduced the number of Series A Units held by the Unitholder to 100 Series A Units would not realize a gain or a loss on the consolidation of the Units, which would have a value and adjusted cost base of \$10.00 per Unit.

One-half of any capital gain realized by a Unitholder on the disposition of Units must be included in the Unitholder's income as a taxable capital gain. One-half of a capital loss is an allowable capital loss, which may be deducted from taxable capital gains realized by the Unitholder in the year. Allowable capital losses of a Unitholder that exceed taxable capital gains of the Unitholder's in a year may be carried back three years or forward indefinitely and deducted against net taxable capital gains realized by the Unitholder in those earlier or later years, to the extent and in the circumstances specified in the Tax Act.

Any consolidation of Units is not a taxable event to a Unitholder. The adjusted cost base of the Unitholders' consolidated Units will be equal to the result obtained when the adjusted cost base of a Unitholder's Units immediately prior to the time of consolidation is divided by the number of Units the Unitholder holds immediately after consolidation.

The Tax Act provides for an alternative minimum tax applicable to individuals (including certain trusts and estates) resident in Canada, which is computed by reference to an adjusted taxable income amount. Eighty percent of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in adjusted taxable income. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years; however this carry forward amount will only be creditable in a particular year to the extent that the individual's tax payable for the year, calculated without reference to the minimum tax provisions, exceeds the tax payable under the minimum tax provisions for the year. Amounts distributed by the Trust that are taxable dividends from taxable Canadian corporations or the taxable portion of net realized capital gains, and capital gains realized on the disposition of Units, may result in the Unitholder being liable to alternative minimum tax, or increase the Unitholder's liability for alternative minimum tax.

Investment by Deferred Plans

Units of the Trust will constitute a "qualified investment" under the Tax Act for Deferred Plans so long as the Trust qualifies as a mutual fund trust for purposes of the Tax Act.

Even if the Units are qualified investments for Deferred Plans, the Units of the Trust will be a "prohibited investment" for Unitholders who hold Units in tax-free savings accounts, registered retirement savings plans and registered retirement income funds if, among other things, the holder has a "significant interest" in the Trust. A Unitholder will have a significant interest in the Trust if the Unitholder, either alone or together with persons and partnerships with which the Unitholder does not deal at arm's length, holds interests in the Trust that have a fair market value of at least 10% of the value of all the beneficial interests in the Trust. The interest of a Unitholder who holds less than 10% of the beneficial interests in the Trust cannot be a prohibited investment.

Prospective Unitholders should consult with their own tax advisors as to whether units of the Trust would be prohibited investments under the Tax Act in their particular circumstances.

COMPENSATION PAID TO SELLERS AND FINDERS

Selling Commissions

The Trust and the Manager do not charge a fee or commission when investors purchase Units of the Trust, except the Trust may pay a Sales Fee of up to 1.25% of the Subscription Price of the Units to registered dealers, or where permitted, non-registrants, payable at the time of initial investment. Selling commissions payable by the Trust may be modified or discontinued by the Manager at any time.

An authorized broker, dealer or advisor will charge investors an upfront selling commission (estimated to be up to 5% of the Subscription Price) at the time of purchase of Units, which will reduce the amount of money invested in the Trust.

Short Term Trading Deduction

In order to protect the interest of the remaining Unitholders in the Trust and to discourage short-term trading in the Trust, Unitholders will be subject to a short-term trading deduction. If a Unitholder redeems Units of the Trust within one year of purchasing such Units, the Trust will deduct and retain, for the benefit of the remaining Unitholders in the Trust, 1% of the Subscription Price of the Units being redeemed.

Dealer Compensation

As set out under "Selling Commissions" above, brokers, dealers or advisors selling Units of the Trust may charge investors a commission at the time of purchasing Units, which will reduce the amount of money invested in the Trust.

The Trust will pay an investor's authorized broker, dealer or advisor Trailer Fees as compensation for ongoing advice and service in respect of Series A Units. The Trailer Fees are accrued monthly and are paid quarterly at the current annual rate of 1.0% of the Subscription Price per Unit of the Series A Units held by clients of the authorized broker, dealer or advisor. The Trailer Fee is calculated based on the Subscription Price of the Units for each calendar quarter. The Trailer Fee will not be paid if the Units are redeemed. Trailer Fees are calculated monthly and payable, on or about 45 days following the last day of each calendar quarter. The amount of the Trailer Fee will be deducted from distributions otherwise payable to Series A Unitholders. The Trust may, from time to time, pay the Trailer Fee more frequently than quarterly, in which event the Trailer Fee will be pro-rated for the period to which it relates.

Investors who purchase Series I Units through a dealer, pay their dealer a negotiated service fee and a lower Administration Fee is paid to the Manager by the Fund.

Selling commissions and Trailer Fees payable by the Trust may be modified or discontinued by the Manager at any time. The Manager may, at its discretion, negotiate, change the terms and conditions of, or discontinue the Trailer Fee with brokers, dealers and advisors. Brokers, dealers or advisors qualifying for a Trailer Fee in respect of the Trust for the first time must contact the Manager in writing to arrange the first payment. Payments thereafter are made automatically as long as the broker, dealer or advisor continues to qualify.

RISK FACTORS

The purchase of Units involves a number of risk factors. An investor should reach a decision to invest in the Trust after careful consideration with his or her advisors as to the suitability of an investment in the Trust in light of its investment objective and the information set out in this Offering Memorandum. The Manager does not make any recommendation as to the suitability of the Trust for investment by any person. All prospective Unitholders should consider an investment in the Trust within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons. This Offering is not suitable for investors who cannot afford to assume moderate risks in connection with their investments. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following factors.

Return on Units Determined By Reference to Investment Portfolio

Unitholders' returns on the Units will be determined by reference to any cumulative net gains or losses (if any) arising from the investment activities of the Trust and any appreciation (including all the accrued interest thereon) earned in the Investment Portfolio. The return on the Units may decrease as well as increase. The Trust makes no representation as to any return that a Unitholder will earn on the Units and there can be no assurance that information on the Mortgage Broker or the Investment Portfolio set out in this Offering Memorandum will be, in any respect, indicative of how they will perform (either in terms of profitability, volatility or low correlation with other investments) in the future.

Changes in Real Estate Values

The Investments will be direct or indirect investment in Real Property or be secured by Real Property, which can fluctuate in value. The value of real estate 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 affecting the ability of the borrower to service the debt and/or

repay the loan based on the property income. In particular, recent disruptions to the credit and financial markets in Europe and worldwide and local economic disruptions in areas where the borrowers of the Mortgage loans are located may adversely affect the value of the real estate on which the Mortgage loans are secured and the ability of the borrowers to repay the Mortgage loans and thereby negatively affect the Trust's business and 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 property to be less than the outstanding principal amount of the Mortgage loan. Foreclosure by the Trust on any such Mortgage loan might not provide the Trust with proceeds sufficient to satisfy the outstanding principal amount of the Mortgage loan.

While independent appraisals are generally required before the Trust 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 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.

No Market

There is no market for the Units and a market for the Units is not expected to develop. The Units are transferable, but securities requirements may prohibit or restrict transferability of Units. See "Resale Restrictions".

Concentration and Composition of the Investment Portfolio

Given the concentration of the Trust's exposure to Mortgages and Real Property Investments, the Trust will be more susceptible to adverse economic or regulatory occurrences affecting Real Property than a mortgage investment entity that holds a diversified portfolio of securities. 28.21% of the Trust's Mortgage Portfolio by number of Mortgages and 41.34% of the Trust's Mortgage Portfolio by dollar amount relate to Mortgages granted to one borrower. Given the concentration of the Trust's exposure to this borrower, the Trust will be more susceptible to adverse financial circumstances affecting this borrower than a mortgage investment entity that does not have its Mortgage investments concentrated with a small number of borrowers. Investments in Real Property and Mortgages are relatively illiquid. Such illiquidity will tend to limit the Trust's ability to vary the Investment Portfolio promptly in response to changing economic or investment conditions.

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

Investments Not Guaranteed or Insured

There can be no assurance that the Investments will result in a guaranteed rate of return or any return to 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 the Trust 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). If 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 the Trust whole if and when resort is to be had thereto. Further, Units are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Lack of Liquidity

An impairment of liquidity within the financial markets, such as the extraordinary credit crisis which commenced in 2008, could affect the ability of some of the Trust's borrowers to refinance and pay out Mortgages when due. Various real estate

markets in the United States are still affected by the credit crisis. If a similar crisis were experienced, the Manager expects an impairment of liquidity will occur within the financial markets and this lack of liquidity may require that the Trust suspend the Redemption of its Units.

Subordinate and Non-Conventional Financing

Subordinate financing (such as a second ranking Mortgage), which will be carried on by the Trust, is generally considered a higher risk than first ranking financing. Mortgages will be secured by a charge, which may be in a first, but more often subsequent, ranking position upon or in the underlying real estate. As well, the Trust may take a junior position in a Mortgage. 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 his loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first-ranking charge on the Real Property of the 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 may lose his investment or part thereof to the extent of such deficiency unless he can otherwise recover such deficiency from other property owned by the debtor. The Trust may make investments in Mortgages where the aggregate of all Mortgages registered against the underlying real property exceeds 75% of the value of the Real Property which is mortgaged, which exceeds the investment limit for conventional bank Mortgage lending.

Sensitivity to Interest Rates

If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Trust's Mortgages are based), the Trust may find it difficult to originate additional Investments bearing rates sufficient to achieve the distributions on the Units at the rates previously achieved by the Trust. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Trust's ability to maintain distributions on the Units at a consistent level. As well, if interest rates increase, the value of the Trust's Investment Portfolio may be negatively affected.

Tax Matters

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

If the Trust ceases to qualify as a mutual fund trust or a registered investment Units may cease to be qualified investments for Deferred Plans. This could result in Deferred Plans which hold Units becoming liable for a penalty tax under the Tax Act.

Payment of income by the distribution of Units, for example on payment of non-cash items such as foreign exchange gains, can result in Unitholders having a tax liability without a corresponding distribution of cash to pay that tax liability. There can be no assurance that the hedging transactions the Trust proposes to carry out will eliminate gains or losses resulting from fluctuations in the value of foreign currencies relative to Canadian dollars.

Hedging

The Trust enters into hedging transactions relating to subscriptions in Canadian dollars being converted into US dollars to manage the risks from changes in currency conversion. Hedging instruments allow the Manager to reduce, but not eliminate, the potential effects of the variability in cash flow from fluctuations in currency conversion. The Manager's hedging strategy and future hedging transactions will be determined at its discretion. Hedging of US dollar investments may not perfectly offset fluctuations in the Canadian-US dollar exchange rate. This can result in the book value attributable to each Unit being from time to time different than the original \$10.00 Subscription Price and Redemption Price of a Unit.

The value of the Canadian dollar against the U.S. dollar will affect the Trust's results and distributions

All of the assets of the Trust will be located in the United States. The Trust's revenues are also received in U.S. dollars. The Trust also raises funds primarily in Canada from the sale of Units in Canadian dollars and invests indirectly through the Manager in U.S. assets, using U.S. dollars. When the Canadian dollar decreases in value against the U.S. dollar, the value of the Trust's assets increases when valued in Canadian dollars, and there is a corresponding gain in the Trust's taxable income for Canadian income tax purposes.

Risks Related to Mortgage Extensions and Mortgage Defaults

The Manager may from time to time deem it 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 Manager generally will do so if it believes that there is a very low risk to the Trust of not being repaid the full principal and interest owing on the Mortgage loan. In these circumstances, however, the Trust 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 affect the cash flows of the Trust during the period in which it is granting this accommodation. Further, if the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Trust may not recover all or substantially all of the principal and interest owed to the Trust 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, the Manager has the ability to exercise its Mortgage enforcement remedies in respect of the extended or renewed Mortgage loan. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Trust will be able to recover all or substantially all of the outstanding principal and interest owed to the Trust in respect of such Mortgages by exercising its Mortgage enforcement remedies. Should the Trust be unable to recover all or substantially all of the principal and interest owed to the Trust in respect of such Mortgage loans, the book value of the Trust would be reduced, and the returns, financial condition and results of operations of the Trust could be adversely affected.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loans, and the Trust could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Trust'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 the Trust's rights as mortgagee. Legal fees and expenses and other costs incurred by the Trust 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. If these expenses are not recoverable they will be borne by the Trust.

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. The Trust may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

The Trust intends to hold any foreclosure property through a wholly-owned U.S. corporate subsidiary to prevent the Trust from having a "permanent establishment" in the U.S. for income tax treaty purposes. If the Trust were to be treated as having a permanent establishment in the United States, the income tax consequences to the Trust could be materially and adversely affected.

Reliance on the Manager

The Trust will be highly dependent upon the expertise and abilities of the Manager. The loss of services of key personnel of the Manager could adversely affect the Trust. Unitholders have no right to take part in the management of the Trust.

Very Limited Role of the Board of Governors

The role of the Board of Governors is generally advisory in nature and it does not involve itself in the day to day management of the Trust. Its duties differ from those of the board of directors of a corporation. Its responsibilities are limited to those

expressly set forth in the Declaration of Trust and substantially all powers, authorities and responsibilities in respect of the Trust are those of the Manager.

Restrictions on Redemption

Conditions may arise which would cause the Manager may suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for a period of not more than 180 days, for or during a period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the value of the assets held by the Trust. If the Manager receives a Redemption Notice or is required to make a Redemption for an amount exceeding the Redemption price per Unit, the Manager may, in its discretion, suspend redemptions or give notice to terminate the Trust as of the Termination date which precedes the intended date of such Redemption. See "Securities Offered – Unitholder's Right to Redeem".

Nature of Units

The Units share certain attributes common to equity securities. The Units represent an undivided interest in the assets of the Trust. However, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

Potential Conflicts of Interest

The Manager is required to satisfy a standard of care in exercising its duties with respect to the Trust. However, neither the Manager nor its officers, directors, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Trust. The Manager and its officers, employees and affiliates may undertake financial, investment or professional activities which give rise to conflicts of interest with respect to the Trust.

Certain inherent conflicts of interest arise from the fact that the Manager may carry on investment activities for other clients (including other mortgage investment entities managed by the Manager) or on a proprietary basis in which the Trust will have no interest. Future investment activities by the Manager, including the establishment of other mortgage investment entities, may give rise to additional conflicts of interest.

The Manager also may engage in the promotion, management or investment management or other services in relation to other investment products, vehicles or any other fund or trust. These competing vehicles may have investment policies similar to those of the Trust or entities through which they make investment allocations and the Manager may be compensated in a different manner in respect of those vehicles. The Manager will follow procedures designed to ensure an appropriate allocation of available investment opportunities among the Trust and competing vehicles.

Where there is a material risk of damage to the Trust arising from any conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the Trust, including by reference to the Trust's Independent Review Committee.

Availability of Investments

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

Fees and Transaction Costs

The Trust will be subject to the payment of various fees, including those of the Mortgage Broker. See information within the section entitled "Directors, Management, Promoters and Principal Holders – Manager's Fees; Expenses of the Trust".

Possible Personal Liability of Unitholders

The Declaration of Trust provides that it is intended that no Unitholder will be held to have any personal liability as such, and no resort will be had to a Unitholder's private property, for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustee, or any obligation in respect of which a

Unitholder might otherwise have to indemnify the Trustee for any liability incurred by the Trustee, but rather only the Trust Property is intended to be subject to any levy or execution for satisfaction of any obligation or claim.

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

Under the *Income Trust Liability Act*, a relatively new British Columbia statute, Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Trust. This statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds. Unitholders who are resident in jurisdictions which have not enacted legislation similar to the British Columbia legislation may not be entitled to the protection of the British Columbia legislation. In any event, the Manager considers that the risk of any personal liability of Unitholders is minimal in view of the size of the anticipated equity of the Trust, the nature of its activities and the requirement of the Trust that any written contract or commitment of the Trust (except where such inclusion is not reasonably possible) include an express limitation of such liability.

CONFLICTS OF INTEREST AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

General

Purchasers of the Units will be required to rely upon the judgment, honesty and good faith of the Manager. Persons who are not willing to rely thereon should not purchase any of the Units offered hereby.

The mandate of the Independent Review Committee is to consider, and to recommend or approve, the Manager's proposed course of action in response to conflict of interest matters that are referred to it by the Manager. The Independent Review Committee has adopted a written charter that prescribes its mandate, its responsibilities and functions and the policies and procedures that govern its activities. A conflict of interest matter is any situation where a reasonable person would consider the Manager, or any person related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith in the best interests of the Trust. Please see "Directors, Management, Promoters and Principal Holders – The Board of Governors – Independent Review Committee" for a description of the members of the Independent Review Committee.

Although the Independent Review Committee is required to review same (see "**The Board of Governors**"), there may be situations in which the individual interests of the Manager may conflict with those of the Trust or its Unitholders. The Manager will make any decision involving the Trust or the Unitholders in accordance with its duty to deal honestly and in good faith.

The Mortgage Broker or its Affiliates may also earn brokerage fees from placing Mortgages against properties and performing due diligence review proceedings.

The Manager and the Mortgage Broker are Affiliates and transactions between them have not been, and will not be, negotiated or conducted at arm's length.

Other Competing Activities of the Manager and its Affiliates

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

The Manager may also establish or acquire an interest in one or more mortgage brokerage businesses (see "**Risk Factors - Conflicts of Interest**"), and such business may recommend investments for the Trust which, if taken, will entitle such businesses to a brokerage fee. The Trust is not committed to make any investment with such mortgage brokerage businesses.

The Manager or its Affiliates will determine the amount of any brokerage or due diligence fees they may charge. In the case of Mortgages which are originated by the Mortgage Broker, such fees will generally be paid by the borrower. In some instances where the Trust agrees to participate in a loan which has a low brokerage fee, a portion of the brokerage fee may be deducted from interest payments otherwise payable to the Trust. In the case of Mortgages which have been purchased by the Mortgage Broker from third parties, such fees may also be deducted from interest payments otherwise payable to the Trust, or may be paid directly by the Trust, as a result of the difference between the purchase price paid by the Mortgage Broker and the purchase price paid by the Trust. The brokerage fees charged to the Trust in such instances will vary depending on the size of the transaction and the amount of any fees otherwise payable to the Mortgage Broker. Such fees will generally be paid by the borrower, but may be deducted from monies paid by borrowers in respect of existing Mortgages which have been purchased from third parties.

AUDITORS

The auditor of the Trust is KPMG LLP, whose address is 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3.

REGISTRAR AND TRANSFER AGENT

SGGG Fund Services Inc., whose address is #1200-60 Yonge Street, Toronto, Ontario, M5E 1G9, acts as registrar and transfer agent of the Trust.

LEGAL AND TAX MATTERS

Certain legal matters in connection with the issuance and sale of Units offered hereunder will be passed upon on behalf of the Trust by Bennett Jones LLP and in respect of income tax matters, by Thorsteinssons LLP, Tax Lawyers.

CONTINUOUS REPORTING OBLIGATIONS TO INVESTORS

As the Trust is not a "reporting issuer" as defined in the *Securities Act* (British Columbia), the continuous reporting requirements of those acts do not generally apply to the Trust. The Trust will, however, on or before March 31 in each calendar year, provide to each Unitholder all information required to file Canadian income tax returns and will provide to each Unitholder annual audited financial statements, together with notice as to how the proceeds raised pursuant to this Offering Memorandum have been used, in accordance with Form 45-106F16.

RESALE RESTRICTIONS

The Units will be subject to a number of resale restrictions, including a restriction on trading. Investors will not be able to trade the securities unless they comply with an exemption from the prospectus and registration requirements under securities legislation.

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

- (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units which have been purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) the Investor has held the securities for at least 12 months.

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

PURCHASERS' CONTRACTUAL AND STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides investors (known as statutory rights), or requires investors to be provided (known as contractual rights) with, in addition to any other rights they may have at law, a remedy for rescission

or damages where this Offering Memorandum and any amendment thereto contains a Misrepresentation; however, such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation. As used herein, except where otherwise specifically defined, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. Purchasers of Units should refer to the applicable provisions of the securities legislation of their provinces for the particulars of these rights or consult with a legal advisor. The contractual rights of action described below will be provided to investors in their Subscription Agreements.

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

Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Manager by midnight on the second Business Day after you sign the agreement to buy the securities.

Rights for Investors in British Columbia

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

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

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

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

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

Rights for Investors in Alberta

If an Investor is (i) resident in Alberta; (ii) not an "accredited investor", as defined in NI 45-106, and (iii) purchases the Units during the period of distribution, then he shall be deemed to have relied on a representation contained in this Offering Memorandum, if it was a misrepresentation at the time of purchase, the Investor shall have a right of action for damages against the Trust but may elect (while still the owner of any of the Units purchased) to exercise a right of rescission against the Trust, in which case he shall have no right of action for damages against the Trust, provided that:

- (a) the Trust will not be held liable under this right of action if the Trust proves that the Investor purchased the Units with knowledge of the misrepresentation;

- (b) in an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable under this right of action exceed the price at which the Units were sold to the Investor.

The Trust has granted an identical contractual right of action in the Subscription Agreement to Investors resident in Alberta who are "accredited investors".

In Alberta, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, not later than 180 days from the date the Investor purchased the Units; or
- (b) in the case of any action, other than an action for rescission, the earlier of: (A) 180 days from the day that the Investor first had knowledge of the facts giving rise to the cause of action, or (B) one year from the day the Investor purchased the Units.

The foregoing summary is subject to the express provisions of the Securities Act (Alberta) and the rules and regulations thereunder and reference is made thereto for the complete text and provisions. If an Investor is resident in Alberta, he should refer to those provisions for the particulars of these rights or consult with a legal adviser.

Rights for Investors in Ontario

If this Offering Memorandum, together with any amendment hereto, delivered to an Investor of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of the Units by such Investor, the Investor will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action against the Trust for damages or, while still the owner of the Units purchased by that Investor, for rescission, in which case, if the Investor elects to exercise the right of rescission, the Investor will have no right of action for damages against the Trust, provided that:

- (a) the right of action for rescission or damages will be exercisable by an Investor resident in Ontario, only if the Investor gives notice to the Trust, not later than 180 days for Investors resident in Ontario, after the date on which the payment is made for the Units, (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the Investor is exercising this right; and, with respect to Investors resident in Ontario an action is commenced to enforce such right (i) in the case of an action for rescission not more than 180 days after the date of purchase; or (ii) in the case of an action for damages not more than the earlier of 180 days following the date the Investor first had knowledge of the Misrepresentation or three years after the date of purchase;
- (b) the Trust will not be liable if it proves that the Investor purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the Trust will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the Investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Rights for Investors in Saskatchewan

The Securities Act, 1988 (Saskatchewan) (the "**Saskatchewan Act**") provides that if this Offering Memorandum or any amendment hereto contains a Misrepresentation, a purchaser of Units pursuant to this Offering Memorandum is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action

for damages or rescission against the Trust and a statutory right of action for damages against every promoter and director of the Trust at the time this Offering Memorandum or any amendment hereto was sent or delivered, every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them, every person who or company that signed this Offering Memorandum or any amendment hereto and every person who or company that sells Units on behalf of the Trust under this Offering Memorandum or any amendment hereto. These rights of action are subject to certain limitations, including that:

- (a) no person or company will be liable if it proves that the Investor purchased the Units with knowledge of the Misrepresentation; and
- (b) in an action for damages, no person or company will be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

The Saskatchewan Act also provides that where any advertising or sales literature (as such terms are defined therein) disseminated in connection with the offering of Units contains a Misrepresentation, a purchaser who purchases Units referred to in that advertising or sales literature is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action for damages or rescission against the Trust and a statutory right of action against every promoter or director of the Trust at the time the advertising or sales literature was disseminated and every person who or company that, at the time the advertising or sales literature was disseminated, sells Units on behalf of the Trust in the offering with respect to which the advertising or sales literature was disseminated. These rights of action are subject to certain limitations, including that:

- (a) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation; and
- (b) in an action for damages, no person or company will be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

In addition, the Saskatchewan Act provides that, where an individual makes a verbal statement to a prospective Investor of Units that contains a Misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the Investor is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action for damages against the individual who made the verbal statement. This right is subject to certain limitations, including:

- (a) no individual will be liable if he or she proves that the Investor purchased the Units with knowledge of the Misrepresentation; and
- (b) in an action for damages, no individual will be liable for all or any portion of the damages that he or she proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

An Investor of Units from a vendor trading in contravention of the Saskatchewan Act, the regulations thereunder or a decision of the Saskatchewan Securities Commission may elect to void the contract and to recover all monies or other consideration paid by him to the vendor pursuant to such trade.

An Investor of Units to whom this Offering Memorandum or any amendment hereto was not delivered prior to such purchase has a right of action for rescission or damages against the Trust or any dealer who failed to deliver this Offering Memorandum or any amendment hereto prior to such purchase.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of purchase of the Units; or
- (b) in the case of an action for damages, more than the earlier of:
 - (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or

- (ii) six years after the date of purchase of the Units.

Rights for Investors in Manitoba

Securities legislation in Manitoba provides that Investors of Units pursuant to this Offering Memorandum shall have, in addition to and without derogation from any other right or remedy they may have at law, the following contractual right of action for damages and/or rescission against the Trust if this Offering Memorandum or any amendment hereto contains a Misrepresentation. However, such rights must be exercised within the prescribed time limits described below.

Each Investor of Units pursuant to this Offering Memorandum will not be bound by the contract for the purchase of the Units if the person or company from whom the Units were purchased or his agent receives written or telegraphic notice evidencing the Investor's intention not to be bound not later than midnight on the second Business Day after receipt or deemed receipt by the Investor or his agent of this Offering Memorandum and has the right to rescind the contract for the purchase of the Units, while the holder thereof, if this Offering Memorandum or any amendment hereto, as of the date of receipt or deemed receipt, contains a Misrepresentation. No action to enforce this right may, however, be commenced by the Investor after the expiration of the later of (i) 180 days from the date of receipt or deemed receipt of this Offering Memorandum or any amendment hereto by the Investor or any agent of the Investor, or (ii) the date of the contract for the purchase of the Units.

If this Offering Memorandum or any amendment hereto contains a Misrepresentation, the Investor also has a right of action for damages against every person or company who signed either of the certificates required in this Offering Memorandum and against every director who, on the date this Offering Memorandum or any amendment hereto was signed, was a director of the person or company who signed such certificates for any loss or damage that the Investor has sustained as a result of the purchase of the security, unless it is proved:

- (a) that this Offering Memorandum or any amendment hereto was delivered to the Investor without the director's knowledge or consent;
- (b) that, after the delivery of this Offering Memorandum to the Investor and before the purchase of the Units by the Investor, on becoming aware of any false statement in this Offering Memorandum or any amendment hereto, the director withdrew his consent to the delivery of this Offering Memorandum to prospective Investors and gave reasonable public notice of such withdrawal and of the reason therefore;
- (c) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;
- (d) that where such false statement was that of any expert, the director had no reasonable grounds to believe that the expert who made the statement in this Offering Memorandum or any amendment hereto or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or
- (e) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy or extract from the document;

but no action to enforce these rights of action for damages against signatories of certificates in this Offering Memorandum or their directors may be commenced by the Investor within the earlier of 180 days after learning of the misrepresentation and two years after the Investor signed the agreement to purchase the Units.

Rights for Investors in New Brunswick

Where this Offering Memorandum contains a Misrepresentation, an Investor who purchases the Units offered by this Offering Memorandum during the period of distribution shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and, the Investor has a right of action for damages or rescission against the Trust. If the Investor elects to exercise a right of rescission against the Trust, then the Investor shall have no right of action for damages against the Trust.

No person or company is liable if the person or company proves that the Investor purchased the Units with knowledge of the Misrepresentation.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation.

In no case shall the amount recoverable exceed the price at which the Units were offered.

In the case of an action for rescission, no action may be commenced more than 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, no action may be commenced more than the earlier of: (i) 1 year from the day that the Investor first had knowledge of the facts giving rise to the cause of action, or (ii) 6 years from the day of the transaction that gave rise to the cause of action.

Rights for Investors in Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) provides that if this Offering Memorandum, together with any amendment thereto, or any record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) in respect of the Units, contains a Misrepresentation, any Investor to whom this Offering Memorandum is sent or delivered who purchases the Units referred to in this Offering Memorandum, or such amendment or record, and any Investor who purchases Units referred to in such advertising or sales literature, is deemed to have relied on that Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject as hereinafter provided, a statutory right of action for damages against the Trust at the date of this Offering Memorandum, and subject to additional defences against the directors of the Trust and every person who signed this Offering Memorandum (and the liability of such persons and companies is joint and several with respect to the same cause of action), or the Investor may elect instead to exercise a statutory right of rescission against the Trust in which case the Investor has no right of action for damages against the Trust at the date of this Offering Memorandum, any director or any person who signed this Offering Memorandum, provided that:

- (a) no action shall be commenced to enforce the right of rescission or damages created under Section 138 of the *Securities Act* (Nova Scotia) more than 120 days after the date payment was made for the Units (or after the date on which initial payment was made for the Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);
- (b) no person or company is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that the Investor purchased the Units with knowledge of the Misrepresentation;
- (c) no person or company, other than the Trust, is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that:
 - (i) this Offering Memorandum, or the amendment to this Offering Memorandum, was sent or delivered to the Investor without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
 - (ii) after delivery of this Offering Memorandum, or the amendment thereto and before the purchase of the Units by the Investor, on becoming aware of any Misrepresentation in this Offering Memorandum, or the amendment thereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this Offering Memorandum, or amendment to this Offering Memorandum, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or
 - (iii) with respect to any part of this Offering Memorandum, or amendment thereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or that the relevant part of this Offering Memorandum, or amendment thereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;
- (d) no person or company, other than the Trust, is liable under Section 138 of the *Securities Act* (Nova Scotia) with respect to any part of this Offering Memorandum, or amendment thereto or any record incorporated

or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;

- (e) in an action for damages under Section 138 of the *Securities Act* (Nova Scotia), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation;
- (f) the amount recoverable by a plaintiff under Section 138 of the *Securities Act* (Nova Scotia) may not exceed the price at which the Units were offered under this Offering Memorandum or amendment thereto.

General

The foregoing summaries are subject to the express provisions of the *Securities Act* (British Columbia), the *Securities Act* (Alberta), the *Securities Act* (Ontario), *The Securities Act*, 1988 (Saskatchewan), the *Securities Act* (Manitoba), the *Securities Act* (New Brunswick) and the *Securities Act* (Nova Scotia), and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

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

Financial Statements of

**TREZ CAPITAL YIELD TRUST US
(CANADIAN \$)**

For the period from inception on December 8, 2016 to
December 31, 2016



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

INDEPENDENT AUDITORS' REPORT

To the Unitholder of Trez Canada Yield Trust US (Canadian \$)

We have audited the accompanying financial statements of Trez Canada Yield Trust US (Canadian \$), which comprise the statement of financial position as at December 31, 2016, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units, and cash flows for the period from inception on December 8, 2016 to December 31, 2016, and notes, and comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Trez Capital Yield Trust (Canadian \$)
Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trez Canada Yield Trust US (Canadian \$) as at December 31, 2016, and its financial performance and its cash flows for the period from inception on December 8, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly curved line.

Chartered Professional Accountants

January 25, 2017
Vancouver, Canada

TREZ CAPITAL YIELD TRUST US (CANADIAN \$)

Statement of Financial Position

As at December 31, 2016

	Note	2016
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Assets

Cash		\$ 10
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Net Assets Attributable to Holders of Redeemable Units

Net assets attributable to holders of redeemable unit		\$ 10
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Subsequent events (note 6)

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

Approved on behalf of the Board of the General Partner of the Manager,
Trez Capital Fund Management Limited Partnership

Director

Director

TREZ CAPITAL YIELD TRUST US (CANADIAN \$)

Statement of Comprehensive Income

For the period from inception on December 8, 2016 to December 31, 2016

	2016
Increase in net assets attributable to holders of redeemable unit	\$ -

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

TREZ CAPITAL YIELD TRUST US (CANADIAN \$)

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from inception on December 8, 2016 to December 31, 2016

		2016
Balance, beginning of the period	\$	-
Increase in net assets attributable to holders of redeemable unit		-
Issuance of redeemable unit		10
Balance, end of period	\$	10

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

TREZ CAPITAL YIELD TRUST US (CANADIAN \$)

Statement of Cash Flows

For the period from inception on December 8, 2016 to December 31, 2016

	2016
Cash provided by (used in):	
Operating activities:	
Increase in net assets attributable to holders of redeemable unit	\$ -
Investing activities	-
Financing activities:	
Issuance of redeemable unit	10
Increase in cash and cash equivalents	10
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 10

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

1. Nature of Business:

Trez Capital Yield Trust US (Canadian \$) (the "Trust") is an unincorporated trust established under the laws of British Columbia pursuant to a Declaration of Trust dated December 8, 2016 (the "Declaration of Trust").

Trez Capital Fund Management Limited Partnership is the Trust's manager (the "Manager"), Trez Capital Limited Partnership is the mortgage broker (the "Mortgage Broker") and Computershare Trust Company of Canada is the trustee (the "Trustee") of the Trust.

The Trust has been created for the purpose of generating a stream of income from interests acquired in a portfolio of mortgages related to any and all types of real property and from limited equity profit sharing arrangements through limited partnerships within the United States ("U.S.").

The principal place of business of the Trust is located at 1550 - 1185 West Georgia Street, Vancouver, British Columbia, V6E 4C6.

There has been no activity in the Trust other than its formation on December 8, 2016.

2. Basis of preparation:

(a) Statement of compliance:

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

The financial statements were authorized for issue by the Board of Governors on January 25, 2017.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

The Trust's functional currency is the U.S. dollar. Foreign currency monetary assets and liabilities are translated into U.S. dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates.

The Trust is using the Canadian dollar as its presentation currency. All assets and liabilities are translated using the exchange rate at the reporting date. Revenue and expenses are translated using the average rate for the period. Equity accounts are translated using the historical rate. As the translation differences from the Trust's functional currency of U.S. dollars to the presentation currency of Canadian dollars are movements in unrealized gains and losses, the differences are recorded in other comprehensive income (loss), and do not impact the calculation of net income or loss.

(d) Use of estimates and judgments:

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

3. Significant accounting policies:

(a) Financial instruments:

(i) Recognition and classification:

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

The Trust has classified cash as a loan and receivable which is measured at amortized cost.

(b) Redeemable units:

All units of the Trust are redeemable at the Unitholder's option and have different distribution features between the classes and accordingly are classified as financial liabilities and presented as "net assets attributable to holders of redeemable units" in the statement of financial position. Units redeemed are accounted for in the period during which the redemption is effective. Resultant gains on redemption are recognized in the statement of comprehensive income in the same period.

(c) Future changes in accounting policies:

The Trust has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Trust has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9, *Financial instruments* ("IFRS 9"):

The IASB issued a new standard, IFRS 9, which will ultimately replace International Accounting Standard 39, *Financial Instruments - Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is available for early application.

IFRS 15, *Revenue recognition*:

The IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

4. Redeemable trust unit liability:

The Trust has authorized an unlimited number of Series A, Series F and Series I redeemable, non-transferrable Units. The Manager intends for all \$10 Units issued to be in Canadian dollars.

All series are of the same class and have the same objectives, strategies and restrictions, but differ with respect to one or more of their features, such as fees and distributions. Distributions allocable to each series of units will differ as a result of the deduction of the amounts payable in respect of trailer fees, as defined in the Declaration of Trust, for the Series A Units and the lower administration fee payable in respect of the Series I Units.

The total distribution to be made in respect of the December 31 year end will equal 100% of the Trust's taxable net income and realized gains and losses for tax purposes relating to fluctuations of the U.S. dollar relative to the Canadian dollar of the Series for the year, as explained in note 5, less any reserves that the Manager deems appropriate

5. Income taxes:

The Trust qualifies as a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act").

The Trust allocates to its Unitholders net earnings and net realized gains that would otherwise attract tax in the Trust. Accordingly, no provision for income taxes is reflected in its financial statements.

For purposes of the Tax Act, the Trust is required to compute its Canadian tax results using Canadian currency. Where an amount that is relevant in computing the Trust's Canadian tax results is expressed in U.S. dollars, such amount must be converted to Canadian currency, generally using the rate of exchange on the day such amount arose. As a result, the Trust may realize gains and losses for tax purposes by virtue of the fluctuation of the value of the U.S. dollar relative to Canadian dollar. Any net gain realized by the Trust for a particular taxation year may be made payable to Unitholders and is thus required to be included in computing Unitholders' income for Canadian tax purposes.

6. Subsequent events:

(a) Reorganization of Trez Capital Yield Trust US ("US Trust"):

On December 9, 2016, the unitholders of the US Trust approved a reorganization to restructure the US Trust and its assets and liabilities such that holders of Units denominated in Canadian dollars will hold their interests in the US Trust's Net Assets through a newly established trust to be known as the Trez Capital Yield Trust US (Canadian \$) (the "Trust"), while holders of Units denominated in US dollars will continue to hold their interests in the US Trust's Net Assets through the US Trust.

6. Subsequent events (continued):

(a) Reorganization of Trez Capital Yield Trust US ("US Trust") (continued):

Following the reorganization, the Trust will hold a proportionate interest in the US Trust's Net Assets equal to the proportion that the aggregate subscription proceeds paid to the US Trust by the CAD Series Unitholders for the existing CAD Series Units bears to the aggregate subscription proceeds paid to the US Trust by all Unitholders. Current holders of US dollar denominated series Units will continue to hold such Units in the US Trust.

On January 1, 2017 pursuant to the reorganization, the three series of Canadian dollar denominated units of the US Trust, being the Series A (C\$) units, Series F (C\$) Units and Series I (C\$) units (collectively, the "CAD Units") were redeemed and exchanged for Units of a corresponding series of the Trust. Accordingly, the prior holders of CAD Units now hold Units of the Trust and the holders of the US dollar denominated units of the US Trust continue to hold such units in the US Trust.

CERTIFICATE OF THE TRUST AND OF THE PROMOTER

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

This Offering Memorandum does not contain a misrepresentation.

DATED this 10th day of February, 2017.

Trez Capital Yield Trust US (Canadian \$)

By its Manager and Promoter, Trez Capital Fund Management Limited Partnership, by its general partner, Trez Capital Fund Management (2011) Corporation

"Morley Greene"

(Signed) Morley Greene
Chief Executive Officer and Director

"Alexander (Sandy) Manson"

(Signed) Alexander (Sandy) Manson
Chief Financial Officer and Director

**On behalf of the Directors of Trez
Capital (2011) Corporation, the
general partner of Trez Capital
Limited Partnership**

"Robert Perkins"

(Signed) Robert Perkins
Director

"Ken Lai"

(Signed) Ken Lai
Director

**On behalf of the Directors of Trez
Capital Fund Management (2011)
Corporation, the general partner of
Trez Capital Fund Management
Limited Partnership**

"Robert Perkins"

(Signed) Robert Perkins
Director

"Ken Lai"

(Signed) Ken Lai
Director