This Offering Memorandum is confidential. By their acceptance hereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein.

FORM 45-106 F2

Amended and Restated
Offering Memorandum for Non-Qualifying Issuers

Date:	August 26, 2015	
The Issuer		
Name:	Trez Capital Yield Trust (the "Trust")	
Head office:	1550–1185 West Georgia Street Vancouver, British Columbia V6E 4E6	
	Phone #:	(604) 689-0821
	E-mail address:	investor-relations@trezcapital.com
	Website:	www.trezcapital.com
	Fax #:	(604) 638-2775
Currently listed or quoted?	No.	
Reporting issuer?	No.	
SEDAR filer?	No.	
The Offering		
Securities offered:	Series A, F and I Trust units ("Units").	
Price per security:	$10 per Unit.	
Minimum/Maximum offering:	No Minimum or Maximum Offering. Prior offerings have raised $430,245,120. See "Capital Structure – Prior Sales and Redemptions".	
Payment terms:	Bank draft or certified cheque on closing.	
Proposed closing date(s):	Continuous offering. Closings may occur from time to time as subscriptions are received.	
Tax consequences:	There are important tax consequences to these securities. See "Income Tax Considerations".	
Selling agent	No. The Trust will 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 Amended and Restated Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum.

Offering:	A continuous offering of Series A, F and I 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.
Prior Offerings:	Pursuant to prior offerings, 43,024,512 Units were sold, yielding proceeds of $430,245,120. See "Capital Structure – Prior Sales".
Subscription Price:	The subscription price per Unit is $10.00.
Minimum Subscription:	There is a minimum subscription of 500 Units ($5,000). Residents of Ontario must either be "accredited investors" or purchase Units with an aggregate acquisition cost of $150,000. Non-qualifying residents of Alberta and certain other provinces may be restricted in the amount they can invest. See "Plan of Distribution".
Investment Objective:	The investment objective of the Trust is to provide a stream of income to investors and, to achieve this objective, make investments in loans secured by Real Property situated in Canada and the United States and buy or sell such loans. The Trust will seek to accomplish its investment objectives through prudent investments in Mortgages focused on short term bridge financing to qualified real estate investors and developers. The Manager 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. In general, Mortgages will generate income through a rate of interest, which is typically payable periodically throughout the terms of the Mortgages. All Mortgages will be secured by Real Property consisting primarily of residential (generally not including single family residential), office, retail, industrial or other commercial property. 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. See "Objectives and Policies – Investment Restrictions".
Tranching:	In some cases, the Manager may retain the entire Mortgage for the Trust and other mortgage investment entities it manages. In other cases, the Manager may permit a third party (typically a Canadian chartered bank, a trust company or other mortgage investor) 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. 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 given priority for payment on its "senior" position in the Mortgage in return for receiving less interest than the stipulated rate of the Mortgage and the Manager believes

the Trust receives a disproportionately larger amount of interest revenue compared to the change in risk associated with the portion of 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. The Mortgages will be arranged by the Mortgage Broker. 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"). 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 Net Asset Value per Unit of each Series will be the same, but distributions allocable to each Series of Units 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 Mortgages and Authorized Interim Investments on an equal pro rata (or "pari passu") basis. See "Securities Offered".

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

Series A Units:	TRZ 100
Series F Units:	TRZ 110
Series I Units	TRZ 120

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 will equal 100% of the Trust's net income and net realized capital gains of the Series for the year, less any reserves that the Manager deems appropriate and any previous distributions made in that year. The 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 final 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 for the year.

Subject to a Unitholder's election to receive distributions partially or wholly in Units, distributions by the Trust will generally be paid in cash. If the Trust has taxable income for which it has not received cash, for example, in respect of foreign exchange gains, the Trust may make distibutions of such taxable income in Units. Such a distribution would be followed by a consolidation of the Units to maintain the net asset value per unit at $10.00. In each Fiscal Year, distributions will be proportionate to the number of days the Units have been issued and outstanding in the quarter to which the distribution relates. Unitholders who redeem their Units prior to a quarter end will not participate in distributions for that calendar quarter. A Unitholder who wishes to receive distributions partially or wholly in Units must complete the distribution reinvestment plan enrolment form provided by Computershare Trust Company.

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. If distributions to Unitholders are in excess of net income and net realized capital gains, if any, of the Trust, the adjusted cost base of the Unitholders' Units will generally be reduced. Alternatively, the Trust may record these excess distributions as advances to Unitholders which are repaid by way of reducing subsequent year's distributions. See "Distributions" and "Income Tax Considerations."

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

(i) at any time up to the first anniversary of their issuance, 99% of the Subscription Price; and

(ii) thereafter, at the Subscription Price.

The Manager may from time to time suspend Redemptions and/or terminate the Trust when the Redemption price exceeds the Net Asset Value per Unit. The Manager is not obligated to accept Redemption notices for amounts exceeding, in aggregate, 5% of the Net Asset 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 Management Fees, each Series is deemed to be entitled to its Proportionate Share of the Average Annual Gross 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 Assets (the "Series A and Series F Administration Fee") and an annual fee equal to a percentage to be negotiated by the Manager and the Unitholder 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 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 such quarter. The payment due for the quarter ending December 31st will be determined taking into consideration the previous payment 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 distribution 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:	The Mortgage Broker will arrange Mortgages on behalf of the Trust and will act as mortgage broker of the Trust. The Mortgage Broker may earn brokerage fees from placing Mortgages against properties and performing due diligence. In the case of Mortgages which are originated by the Mortgage Broker, such fees will generally be paid by the borrower and the Mortgage Broker will not charge any fees to the Trust. In some instances where the Trust agrees to participate in a loan which has no brokerage fee, the Mortgage Broker will charge the brokerage fee to the Trust, and the brokerage fee may be deducted from interest payments otherwise payable to the Trust. In the case of Mortgages, or interests in Mortgages, which have been purchased by the Mortgage Broker from third parties either on its own behalf or on behalf of the Trust, 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. See "Directors, Management, Promoters and Principal Holders - Mortgage Broker's Fees".
Sales and Trailer Fees:	The Trust will pay a sales fee (the "Sales Fee") to registered dealers, or where permitted, non-registrants of up to 1.0% 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 a servicing (or "trailer") fee equal to 1.0% 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:	The net subscription proceeds will be invested in Mortgages. Pending investment in Mortgages, 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 Mortgages 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 and to establish reserves for the contingent liabilities of the Trust. Any amounts payable will be distributed to Unitholders on termination, together with any monies payable as part of the Manager's Fee. 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. 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. 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 that term is defined under the Tax Act. As such, the Units of the Trust are qualified investments for Deferred Plans. See "Income Tax Considerations" for discussion regarding the assumption that the Trust is and will continue to be a mutual fund trust and a "registered investment" at all times.
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 reference to the Mortgage Portfolio. Investments in Mortgages are affected by general economic conditions, local real estate markets, demand for leased premises, fluctuation and occupancy rates, operating expenses and various other factors. It is possible that credit market deterioration could affect the Trust's returns. See "Directors, Management, Promoters and Principal Holders – Due Diligence Procedures and Risk Reduction".

b) The Trust's investments in Mortgage loans will be secured by Real Property, the value of which can fluctuate. 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) 11.76% of the Trust's Mortgage Portfolio by number of Mortgages and 19.21% of the Trust's Mortgage Portfolio by dollar amount relate to Mortgages granted to a single 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) Given the concentration of the Trust's exposure to the Mortgage lending sector, the Trust will be more susceptible to adverse economic or regulatory occurrences affecting that sector than a mortgage investment entity that is not concentrated in a single sector. Investments in Mortgages are relatively illiquid. This lack of liquidity may result in the Trust suspending the Redemption of Units from time to time. The Mortgage Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Mortgage Portfolio being less diversified than at other times.

e) 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.

f) 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".

g) The Trust makes no representation as to any return that will be generated from the Mortgage Portfolio. There can be no assurance that past returns achieved by funds managed by the Manager will be, in any respect, indicative of how the Trust's Mortgage Portfolio will perform (either in terms of profitability, volatility or low correlation with other investments) in the future.

h) Subordinate financing, which will be carried on by the Trust, is generally considered a higher risk than primary financing.

i) 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 Mortgages bearing rates sufficient to achieve distributions on the Units at the rates previously achieved by the Trust.

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 Board of Governors does not supervise or monitor the Manager in any respect. The Board of Governors functions in an advisory role only and not a management role. It does not have duties or liabilities similar to a board of directors in 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 a Redemption for an amount exceeding the Net Asset 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 Redemption. See "Securities Offered – Unitholder's Right to Redeem".

m) 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.

n) 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.

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 and the Series I Administration Fee and the administration fee for any Series which may be created subsequently;

"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 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;

"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;

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

"Custodial Agreement" means the agreement made as of March 21, 2013, among the Trust, the Manager and the Custodian;

"Custodian" means Computershare Trust Company of Canada;

"Declaration of Trust" means the declaration of trust made as of March 20, 2013, 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 "registered education savings plan", a "tax-free savings account", a "registered disability 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;

"Fiscal Year" means each such consecutive period of twelve (12) 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;

“Manager” means Trez Capital Fund Management Limited Partnership, a limited partnership validly existing under the laws of the Province of British Columbia;

“Manager’s Fees” means, collectively, the Administration Fee and the Incentive Fee;

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

“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 made as of March 20, 2013 between the Mortgage Broker and the Trust, pursuant to which the Mortgage Broker provides its services to the Trust;

“Mortgage Portfolio” means the portfolio of Mortgages held by the Trust;

“**Net Asset Value**” means the value of all assets the Trust less the value of all liabilities of the Trust, in each case determined in accordance with the Valuation Policy;

“**Net Asset Value per Unit**” means the quotient obtained by dividing the amount equal to the Net Asset Value by the total number of outstanding Units;

“Net Revenue” means, for a particular calendar quarter, net earnings of the Trust determined in accordance with IFRS as required by the Declaration of Trust, excluding unrealized gains and unrealized losses, if any, arising from the revaluation of Mortgages under IFRS and before the Manager’s Fee;

“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 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);

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

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

“**Sales Fee**” means a fee to registered dealers, or where permitted, non-registrants of up to 1.0% 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 a series of Units of the same class created by the Manager pursuant to the Declaration of Trust;

“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 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 a percentage to be negotiated by the Manager and the Unitholder 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;

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

“Subscription Price” means $10.00 per Unit;

“Tax Act” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1 as amended from time to time;

“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 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, a trust created pursuant to the Declaration of Trust;

“Trust Property” means:

a) 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;

b) all income which may hereafter be accumulated under the powers herein contained; and

c) 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 to, 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" or **"non-equity 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;

"Valuation Date" means any day on which a request for Redemption is received by the Manager and includes any other day on which the Trustee or the Manager elects, in its discretion, to calculate the Net Asset Value per Unit; and

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

CANADIAN CURRENCY

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

FORWARD LOOKING STATEMENTS

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

USE OF AVAILABLE FUNDS

Net Proceeds and Available Funds

		Assuming $100,000 Offering	Assuming $2,000,000 Offering
A.	Amount to be Raised by this Offering	$ 100,000[(1)]	$ 2,000,000[(1)]
B.	Selling Commissions and Fees	1,000	20,000
C.	Estimated Offering Costs (legal, accounting)	10,000[(2)]	10,000[(2)]
D.	Net Proceeds (D = A – B – C)[(2)]	89,000	1,970,000
E.	Current Working Capital (Deficit)	388,392,737[(3)]	388,392,737[(3)]
F.	Available Funds (F = D + E)	388,481,737	390,362,737

(1) There is no minimum or maximum offering. The sums of $100,000 and $2,000,000 have been used for illustrative purposes.

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

(3) As at December 31, 2014, this includes investment in Mortgages, as the average term is one year or less.

Use of Available Funds

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

BUSINESS OF THE TRUST

Structure

The Trust is an open-ended investment trust created under the laws of the Province of British Columbia pursuant to a Declaration of Trust made as of March 20, 2013 (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. The Trust differs from a mutual fund in that Units are redeemable monthly by the Unitholder at 99% of the Subscription Price during the first year after purchase, and at the Subscription Price thereafter, rather than based on their Net Asset Value or market value. 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 trust 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 Trustee also will calculate the Net Asset Value for each Unit. The Net Asset Value per Unit will be the same for all Series.

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 and the portfolio advisor 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 for 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.

Regulatory Changes

On September 12, 2013, the Ontario Securities Commission ("OSC") issued Staff Notice 81-722. In that notice, the OSC stated that it was of the view that mortgage investment entities which act as a source of funding for a mortgage originator should be treated as more akin to a lending business than an investment fund. As a result, mortgage investment entities which propose to file a prospectus and prepare financial statements in connection with a public offering and afterwards, must prepare those documents in the form required of an ordinary industrial issuer, rather than an investment fund.

These changes have little practical effect on the Trust, as it does not offer its Units pursuant to a prospectus. However, to be consistent with the approach taken by the OSC, the Trust will refer to itself as a mortgage investment entity in this Offering Memorandum as opposed to an investment fund.

The Trust's Business

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

Investment Strategies

Canadian 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 Canadian 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 Canadian banks, trust companies and other mortgage investment entities) 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 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. 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, (ii) terms, speed and certainty of execution, and (iii) its ability to generate proprietary deal flow.

The Mortgages structured by the Manager 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. As a result of the above, borrowers are generally willing to pay higher interest rates for such short term Mortgages.

In general, the Mortgages will generate income through a rate of interest, which is typically payable periodically throughout the terms of the Mortgages. All Mortgages will be secured by Real Property consisting primarily of residential (generally not including single family residential), office, retail, industrial or other commercial property. The Trust may co-invest with a third party or third parties in a Mortgage. 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 mortgage investment entities it manages. In other cases, the Manager may permit a third party (typically a Canadian chartered bank, a trust company or other investor) 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 17 years, the predecessor to the Manager, Trez Capital Corporation, has managed a series of mortgage investment entities previously offered to investors on a prospectus-exempt basis, as well as TG Income Trust and TG Income Trust II, 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 Manager’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 Manager is able to issue Mortgages in as little as four weeks to meet short deadlines for qualified real estate investors and/or developers.

Investment Process

The Mortgage Broker will utilize an investment process that is characterized by a top-down approach to identify attractive Mortgage 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 Mortgage opportunities. Once a Mortgage opportunity is determined by the Mortgage Broker to be satisfactory based on an initial review, the Mortgage Broker performs comprehensive due diligence on the underlying assets. This top-down approach to Mortgage selection is expected to result in Mortgage 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 Mortgages 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 lending on traditional real estate in major markets and with multiple-contingent exit strategies has proven to be successful over the long term.

The Mortgage Broker manages the risks associated with defaulting Mortgages through initial due diligence and careful monitoring of its Mortgage portfolio, active communication with borrowers 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 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 and that of the borrower. The Mortgage Broker communicates regularly with borrowers 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 Mortgage Portfolio, including tracking the status of outstanding payments due and due dates, 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 Mortgage, the Mortgage Broker generally follows the mortgage approval process summarized below:

Mortgage Approval Stage	Mortgage Approval Activity
Credit Committee First Review	• The Mortgage Broker's Credit Committee reviews a discussion paper prepared by the Mortgage originator which details the proposed loan terms and preliminary analysis based on the preliminary information received from the prospective borrower, together with some initial due diligence.
Letter of Intent	• A letter of intent is reviewed and approved by the manager of underwriting and a Credit Committee member, then sent to the proposed borrower for signature and return, together with a deposit cheque from the borrower sufficient to cover third party due diligence, legal and other costs.
Due Diligence	• The mortgage officer (underwriter) assigned to the proposed transaction conducts due diligence including a review of: credit checks, financial statements and personal net worth statements of the prospective borrower(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 a term sheet which details the loan terms, underwriting and due diligence, and comprises a complete analysis of the loan.
Underwriting Review Meeting	• The manager of underwriting analyzes the underwriting inputs, assumptions, supporting due diligence and output analysis.
Credit Committee Second Review	• A term sheet and commitment letter approved by the mortgage officer and manager of underwriting is reviewed and approved by the Mortgage Broker's Credit Committee.
Commitment Letter	• The commitment letter is sent to the borrower for signature.
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.

The Mortgage Broker intends to manage the risk to Unitholders by diversifying the Mortgage Portfolio geographically and across residential, industrial, retail and office sectors. To manage and diversify risk, the Mortgage Broker may permit one or more investors to participate in Mortgages.

As new Mortgage investments are approved by the Mortgage Broker following the procedures summarized above, the Manager will determine whether the Mortgage 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 Mortgage 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".

Tranching

The Trust may hold interests in Mortgages in which the Manager has permitted third parties (typically Canadian chartered banks, trust companies and other mortgage investors) to participate in senior portions at reduced interest rates. This enables the Trust to retain a disproportionately large amount of interest revenue when compared to the portions of the Mortgages it retains. This practice – sometimes referred to as "tranching" – 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, retaining the Manager's control over administering the entire Mortgage. 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 participation interests of the Trust and third parties in Mortgages generally will be represented through participation agreements under which the Manager retains control over administering the entire Mortgage. The standard participation agreements used with respect to Mortgages provide that, in the event of a failure by the borrower to pay any amount owing under a Mortgage, the mortgagees 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 mortgagees will immediately communicate with the mortgagor and, failing prompt rectification, will issue a notice of their intent to exercise such remedy or remedies available to the mortgagees 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.

The participation agreements will provide a legal entitlement of the Trust in the subject Mortgage, although not a directly registered interest. Where appropriate and in most cases, title insurance will be obtained. Any title insurance will be held in the name of the Manager 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.

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.

The Trust's Operating Facility

The Trust has entered into an operating facility with an arm's length Canadian chartered bank in order to (i) facilitate its operating activities and fund working capital requirements, (ii) facilitate payment of redemptions of Units, and (iii) facilitate entering into Mortgage loans or funding subsequent advances in an expeditious manner. The Trust will use the Credit Facility for general working capital purposes and to bridge timing differences resulting from Mortgage loan maturities and new Mortgage loan funding. This will result in leverage in the Trust of less than 20% and an increase in the Trust's returns from the Mortgage Portfolio.

Pursuant to an operating facility with a Canadian chartered bank, the Trust is authorized to borrow up to $20,000,000 under a demand revolving loan facility to assist in financing its day-to-day operating requirements. The operating loan will bear interest at the bank's prime rate plus 1.5% per annum. The loan may not exceed 60% of qualifying loans secured as a first Mortgage against income producing properties, 50% of qualifying loans secured as a second Mortgage against income producing properties and 35% of qualified loans which are construction related facilities or secured against raw land, provided that any one acceptable loan cannot be more than 20% of all acceptable loans. As security for the loan, the Trust has granted to the bank a first priority security interest in all of its assets and an assignment of its interest in the Mortgages.

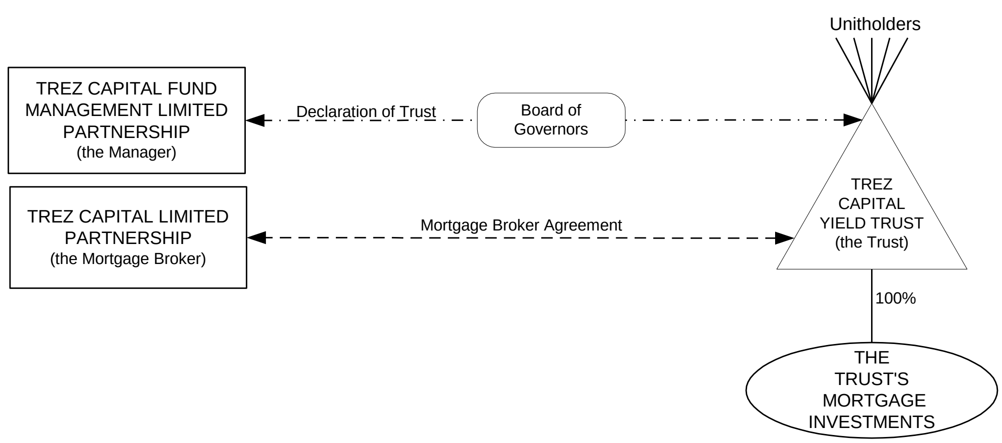
Management

The Trust has retained the services of the Mortgage Broker to provide advice to the Trust with respect to the acquisition of interests in Mortgages. 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 Mortgage Portfolio of the Trust. Investments in Mortgages are reviewed by the Independent Review Committee of the Trust, through its Credit Committee, on a quarterly basis to ensure compliance with the Trust's investment objectives. Upon receipt of advice from the Mortgage Broker and subject to any required approvals of the Credit Committee, the Manager will, from time to time sell investments in Mortgages and reinvest the proceeds or exchange such investments for other investments in Mortgages. 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, particularly in British Columbia, Alberta and Ontario. It identifies potential transactions principally through a network of existing business contacts, repeat borrowers and its reputation. The Mortgage Broker seeks out, reviews and presents to the Trust, Mortgage investment opportunities which are consistent with the investment and operating policies and objectives of the Trust and services such Mortgages on behalf of the Trust. 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 17 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 Mortgage Portfolio are illustrated below. This diagram is provided for illustration purposes only and is qualified by the information set forth elsewhere in this Offering Memorandum.



Mortgage Portfolio of the Trust as at December 31, 2014

The following is a summary of each loan in the Mortgage Portfolio as at December 31, 2014:

Trust	Total Amount of Loan	Trust Share of Loan	Percentage Share	Maturity Date	The Trust's Interest Rate
1	25,840,812	7,941,480	30.73%	1-Jan-09(1)	0.00%
2	4,177,346	607,346	14.54%	1-Aug-24	3.30%
3	5,972,760	5,972,760	100.00%	1-Sep-24	4.16%
4	2,775,768	2,775,768	100.00%	31-Dec-14(5)	6.56%
5	2,348,999	163,708	6.97%	1-Jan-15(3)	10.05%
6	905,195	905,195	100.00%	1-Feb-15(3)	10.00%
7	7,575,000	4,575,000	60.40%	1-Feb-15(2)	7.00%
8	25,000,400	5,442,343	21.77%	1-Feb-15(3)	11.53%
9	34,999,999	6,420,916	18.35%	1-Feb-15(7)	10.82%
10	7,310,965	1,057,577	14.47%	1-Feb-15(3)	11.00%
11	4,583,394	4,583,394	100.00%	1-Mar-15(4)	8.43%
12	4,265,550	4,265,550	100.00%	1-Mar-15(5)	10.00%
13	19,877,403	2,223,530	11.19%	1-Mar-15(2)	8.43%
14	1,700,050	550,000	32.35%	1-Apr-15(2)	8.00%
15	1,358,554	1,088,288	80.11%	29-Apr-15	12.00%
16	3,590,000	3,590,000	100.00%	1-May-15(2)	10.00%
17	40,000,000	20,000,000	50.00%	1-May-15	7.95%
18	7,456,626	1,066,435	14.30%	1-May-15	8.00%
19	1,944,926	1,944,926	100.00%	5-May-15(8)	9.50%
20	11,268,885	4,585,079	40.69%	5-May-15(8)	11.27%
21	21,543,400	762,021	3.54%	27-May-15	12.00%
22	1,151,975	1,143,559	99.27%	1-Jun-15	8.30%
23	1,158,787	1,150,248	99.26%	1-Jun-15	8.30%
24	5,950,454	5,906,601	99.26%	1-Jun-15	8.30%
25	6,432,443	5,157,973	80.19%	1-Jun-15	8.71%
26	3,632,400	2,729,801	75.15%	1-Jun-15	8.30%
27	4,031,093	1,380,757	34.25%	1-Jun-15	6.50%
28	22,500,000	4,812,533	21.39%	1-Jun-15	8.99%
29	8,500,000	375,000	4.41%	1-Jun-15	9.00%
30	3,913,627	942,872	24.09%	5-Jun-15(6)	10.66%
31	2,181,606	1,040,000	47.67%	1-Jul-15	11.57%
32	8,151,012	451,835	5.54%	1-Jul-15	7.50%
33	1,875,895	653,162	34.82%	1-Aug-15	9.25%
34	5,500,000	1,500,000	27.27%	1-Aug-15	9.00%
35	2,846,964	2,846,964	100.00%	5-Aug-15	8.50%
36	2,175,153	2,175,154	100.00%	1-Sep-15	8.00%
37	3,760,979	3,760,978	100.00%	1-Sep-15	10.00%
38	3,206,671	3,206,671	100.00%	1-Sep-15	14.00%
39	10,400,000	6,300,000	60.58%	1-Sep-15	10.00%
40	921,185	697,112	75.68%	1-Oct-15	5.75%
41	12,981,432	7,722,726	59.49%	1-Oct-15	6.25%
42	8,875,353	4,958,297	55.87%	1-Oct-15(2)	8.95%
43	5,500,000	2,250,000	40.91%	1-Oct-15	8.00%
44	19,400,962	4,039,939	20.82%	1-Oct-15(2)	7.75%
45	10,258,885	1,844,455	17.98%	1-Oct-15	10.00%
46	1,875,000	275,000	14.67%	1-Oct-15	8.00%
47	4,438,534	3,438,534	77.47%	11-Oct-15	9.00%
48	1,107,178	1,107,178	100.00%	1-Nov-15(2)	9.50%
49	231,041	231,041	100.00%	3-Nov-15	12.00%

Trust	Total Amount of Loan	Trust Share of Loan	Percentage Share	Maturity Date	The Trust's Interest Rate
50	2,964,056	791,210	26.69%	3-Nov-15	10.00%
51	9,150,000	3,769,200	41.19%	5-Nov-15(6)	9.74%
52	1,274,292	342,862	26.91%	15-Nov-15	20.00%
53	4,475,814	307,479	6.87%	16-Nov-15	20.84%
54	3,184,932	3,184,932	100.00%	1-Dec-15	12.00%
55	7,565,534	3,429,640	45.33%	1-Dec-15	11.12%
56	5,321,071	1,782,668	33.50%	1-Dec-15	8.00%
57	3,241,905	191,286	5.90%	1-Dec-15	8.00%
58	10,759,019	3,415,781	31.75%	7-Dec-15	9.16%
59	9,684,313	660,945	6.82%	20-Dec-15	16.25%
60	237,944	88,612	37.24%	31-Dec-15	16.00%
61	974,921	248,614	25.50%	31-Dec-15	20.00%
62	6,400,000	4,200,000	65.63%	1-Jan-16	9.05%
63	3,206,000	3,206,000	100.00%	1-Feb-16	10.00%
64	7,800,000	3,900,000	50.00%	1-Feb-16	8.50%
65	23,753,059	7,500,000	31.57%	1-Feb-16(2)	5.00%
66	3,575,000	3,575,000	100.00%	1-Mar-16	12.00%
67	3,575,000	3,575,000	100.00%	1-Mar-16	16.00%
68	15,235,666	8,047,211	52.82%	1-Mar-16	16.18%
69	2,021,303	1,010,652	50.00%	1-Mar-16	8.00%
70	3,803,789	1,604,829	42.19%	1-Mar-16	8.00%
71	4,000,000	3,000,000	75.00%	1-Apr-16	7.00%
72	2,648,691	588,598	22.22%	1-Jun-16	8.95%
73	5,950,091	3,950,091	66.39%	1-Jul-16	8.00%
74	17,500,000	8,500,000	48.57%	1-Jul-16	7.39%
75	16,688,052	7,688,052	46.07%	1-Jul-16	8.00%
76	1,965,060	788,680	40.14%	1-Jul-16	10.00%
77	26,000,000	26,000,000	100.00%	1-Aug-16	8.00%
78	4,805,694	1,262,740	26.28%	1-Aug-16	6.99%
79	3,762,703	696,885	18.52%	1-Oct-16	14.64%
80	6,326,586	919,721	14.54%	30-Oct-16	10.00%
81	10,552,553	8,547,144	81.00%	1-Dec-16	8.40%
82	18,500,000	10,500,000	56.76%	1-Dec-16	5.75%
83	16,548,410	9,143,623	55.25%	1-Jan-17	9.83%
84	6,986,593	6,386,948	91.42%	1-Jun-17	7.00%
85	6,250,000	4,305,600	68.89%	10-Jul-17	8.00%
86	5,618,735	1,164,283	20.72%	25-Jul-17	10.00%
87	2,577,544	2,577,544	100.00%	18-Aug-17	12.00%
88	29,794,326	1,671,729	5.61%	12-Sep-17	10.00%
89	6,664,623	3,037,204	45.57%	1-Oct-17	17.46%
90	19,306,615	1,224,209	6.34%	1-Oct-17	11.88%
91	2,118,029	62,534	2.95%	17-Nov-17	13.90%
92	4,829,923	201,703	4.18%	19-Dec-17	10.00%
93	5,427,624	1,976,664	36.42%	1-Apr-18	10.66%
		311,645,580			

Notes:

(1) This loan is in default and has been foreclosed and a receiver-manager appointed. The property is being marketed for sale.

(2) Loans were fully repaid between January 1 and March 31, 2015.

(3) These loans have been renewed.

(4) This loan has been repaid in April 2015.

(5) These loans are being renewed.

(6) These two loans from a single borrower group are subject to cross default and collateralization provision and as such are considered in default. Demand for payment has been issued.

(7) This loan has matured in 2014 and renewed till 2015. A demand for repayment had been issued and a receiver was appointed and the property will be listed for sale.

(8) These two loans from a single borrower were in default as a result of a shareholder dispute. This resulted in the appointment of a court appointed manager for the borrower's properties.

The following are details of the Mortgage Portfolio of the Trust as at December 31, 2014 by type of Mortgage.

Type of Mortgage	Number of Mortgage Investments	Outstanding Balance	Weighted Average Interest Rate	Percentage of Total Investments
First Mortgage	60	$ 216,239,747	8.39%	69.38%
Second Mortgage	21	60,604,692	9.48%	19.45%
Third Mortgage	4	15,124,576	12.25%	4.85%
Ninth Mortgage	1	1,143,559	8.30%	0.37%
Tenth Mortgage	1	2,729,801	8.30%	0.88%
Blanket	6	15,803,205	8.14%	5.07%
	93	$ 311,645,580	8.78%	100.00%

The following are details of the Mortgage Portfolio of the Trust as at December 31, 2014 by nature of underlying property.

Nature of Underlying Property	Number of Mortgage Investments	Outstanding Balance	Weighted Average Interest Rate	Percentage of Total Investments
Office	14	$27,816,803	8.51%	8.92%
Residential	49	135,971,706	8.65%	43.63%
Retail	7	35,968,842	10.67%	11.54%
Industrial	20	93,109,869	8.76%	29.88%
Other	3	18,778,360	6.50%	6.03%
	93	$311,645,580	8.78%	100.00%

The following are details of the Mortgage Portfolio of the Trust as at December 31, 2014 by location of underlying property.

Location of Underlying Property	Number of Mortgage Investments	Outstanding Balance	Weighted Average Interest Rate	Percentage of Total Investments
BC	12	$45,203,714	6.13%	14.50%
Alberta	42	171,097,923	9.50%	54.90%
Ontario	18	74,568,549	8.10%	23.93%
Quebec	3	4,994,142	9.36%	1.60%
Saskatchewan	1	550,000	8.00%	0.18%
Nova Scotia	1	3,415,781	9.16%	1.10%
Texas	16	11,815,471	12.26%	3.79%
	93	$311,645,580	8.78%	100.00%

Recent Developments

From the period January 1, 2015 to March 31, 2015, the Trust invested in nineteen new Mortgages totalling $117,806,623, made Mortgage repayment net of advances totalling $31,411,273 and ten Mortgages totalling $32,350,541 were paid out. As at March 31, 2015, the Trust had investments in net Mortgages before syndicated mortgages aggregating $365,690,389.

Loans in Default

As at December 31, 2014, the Trust had six Mortgages with the carrying value of $25,604,473 and gross value of $25,604,673 that were in default and/or past their contractual due dates.

The following Mortgages were in default at December 31, 2014:

(i) A loan with a carrying value of $7,941,480 was acquired as part of an asset purchase agreement in 2013 at its fair value and no further adjustment for impairment was required in 2014.

(ii) A Mortgage with a carrying amount of $6,420,916 matured in 2014 and was not repaid, hence a demand for repayment had been issued. Subsequent to the year end, a receiver was appointed and the property will be listed for sale.

(iii) The Trust had two loans with a carrying amount of $4,712,072 with a single borrowing group. While one loan was current with respect to interest, the other loan was in arrears. These loans, along with loans of other borrowers, were subject to cross default and collateralizations provisions, and as such all are considered in default. Demand for payment has been issued on all loans.

(iv) Two Mortgages with a carrying value of $6,530,005 with a single borrower were in default as a result of a shareholder dispute. This resulted in the appointment of a court appointed manager for the borrower’s properties.

OBJECTIVES AND POLICIES

Investment Objective

The investment objective of the Trust is to provide a stream of income to investors and, to achieve this objective, make investments in loans secured by Real Porperty situated in Canada and the United States and buy or sell such loans.

Investment Strategies

The Trust’s strategy is to make prudent investments in Mortgages focused on bridge financing to qualified real estate investors and developers. 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.

Investment Restrictions

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

a) The Trust will not invest in any Mortgage 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, and will be subject to the investment requirements that must be met for certain trusts, as set out below under paragraph (d). However, the Trust may hold Real Property acquired as a result of foreclosure where such foreclosure was necessary to protect the Mortgage investment of the Trust as a result of a default by the mortgagor. The Trust will use its reasonable best efforts to dispose of such Real Property acquired on foreclosure.

c) The Trust will not make loans to, nor invest in securities issued by the Manager or its Affiliates nor make loans to the directors or officers of the Manager.

d) 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.

e) 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.

ECONOMIC AND INDUSTRY OVERVIEW

Canadian Commercial Real Estate Perspective

The fundamentals for Canadian commercial real estate remained stable in 2014, supported by low interest rates and an abundance of foreign and domestic capital seeking high quality assets. Total investment volume was $26.1 billion in 2014, and while this figure is slightly less than the $26.8 billion recorded in 2013, it is well above the long-term historic average of $23.2 billion. Private Canadian buyers accounted for 45% of annual investment volume, exhibiting particular interest in multi-residential, land and industrial assets. Pension funds transacted $2.7 billion of commercial property in 2014, with a concentration on retail, office and hotel properties. REIT activity lessened from previous highs to match 2010 investment levels, with most funds maintaining relatively conservative leverage. Institutional and foreign investors accounted for 7.6% and 7.1% of total volume respectively (*Source: CBRE Research, February 2015*).

Investment Volume by Market, 2014:

Market	Volume (millions, $)	%
Toronto	10,784	41%
Montreal	5,282	20%
Vancouver	3,321	13%
Calgary	2,539	10%
Edmonton	1,820	7%
Ottawa	1,071	4%
Other	1,317	5%
Total	**26,134**	**100%**

In January 2015, the Bank of Canada announced a 25bps reduction in its target for the overnight rate from 1.0% to 0.75%. Canadian commercial banks responded with a 15bps reduction to the Prime lending rate. Despite capitalization rates remaining flat or lower than the year prior, spreads over the 10-year Government of Canada bond yield expanded in 2014. At the end of the year the national average cap rate was 6.1%, approximately 430 basis points above the GoC 10-yr yield. This environment of persistently low interest rates has proved accommodative for buyers, leaving many investors focused on the timing and magnitude of future rate rises.

Office: Changing demographics, technology, and consolidations aimed at improving operational efficiencies are shaping demand for office space. Nearly 22 million square feet is under construction across Canada with 55% of that total located in Toronto and Calgary. Increasing supply is likely to put temporary pressure on vacancy rates, and with 7 million square feet scheduled to come online in 2015, it is estimated that the Canadian office market could see vacancy rates rise slightly from current levels. However, an improvement in market sentiment coupled with the projected increase in business investment should provide a stabilizing force and help maintain the supply/demand equilibrium (*Source: Avison Young 2015 Forecast, January 2015*).

Retail: Retailers continue to adapt to ongoing changes in e-commerce and consumer behaviour. While some companies are reducing their presence in the Canadian market (Target), the successful IPO's of Choice Properties (Loblaws) and CT REIT (Canadian Tire) have led other Canadian retailers to contemplate options for monetizing their own real estate (*Source: Avison Young 2015 Forecast, January 2015*). Retail investment volume was the strongest of all commercial asset categories in 2014 at $6.5 billion.

Industrial: The Canadian industrial market remained active throughout 2014 with total investment volume of $4.7 billion. While distribution activity has dominated the market in recent years, the improving U.S. economy and lower Canadian dollar could provide a boost to Canada's manufacturing sectors in 2015. Canadian industrial markets represented eight of the ten lowest vacancy rates in North America at the end of 2014. Development activity is particularly strong in Western Canada, with Calgary, Edmonton, Vancouver, and Winnipeg accounting for 45% of current construction despite representing 28% of existing industrial inventory. There is currently 19.9 million square feet of industrial construction underway across Canada (*Source: CBRE 2015 Canadian Market Outlook, January 2015*).

Multi-Unit Residential: Supported by sound economic fundamentals including growth in GDP, employment, real wages, and record low mortgage rates, multifamily properties are expected to continue to attract strong pricing, and record low cap rates in 2015. Investment volume was over $3.6 billion in 2014, and increased activity from institutional buyers is likely to contribute to further densification. Purpose-built rental assets are of particular interest in the institutional space, and recent increases in seniors housing investment are expected to continue in the coming years (*Source: CBRE 2015 Canadian Market Outlook, January 2015*).

Canadian Mortgage Lending Industry

According to the Canadian Institutional Commercial Mortgage Market Report, 2014, published by The Real Property Association of Canada, the estimated total size of the disclosed institutional commercial mortgage market was $144.9 billion as at May 2014, representing a 4% increase from May 2013. While life insurance companies historically dominated the space and until as recently 2011 had the highest market share, chartered banks have steadily increased market share and accounted for 39.2% of commercial mortgages as of May 2014, up 10% year over year. Credit unions have also been increasingly active in commercial lending and have increased their market share by 8% year over year.

Traditional financial institutions, pension funds, insurance companies, and other institutional lenders have recently reduced their available credit for commercial Mortgages for a variety of reasons, including increasingly strict impositions by Canadian regulatory agencies on lending practices. Many large and small traditional lenders have contracted their new lending activities and are focused on servicing existing borrowers rather than establishing new relationships. Traditional Canadian financial institutions have particularly underserviced borrowers who require funding in the transition phase of the investment process, including construction, development and lease-up financing, as it is short term in nature and the loans are perceived as having a higher risk profile. 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 500 to 800 basis points over the corresponding Government of Canada bonds for these short term Mortgages. Once the transitional phase of the underlying property is complete, the properties can be refinanced with longer-term, lower interest Mortgage loans from traditional Canadian financial institutions.

Overall, the Mortgage Broker believes that the above factors have created an opportunity for non-financial institution lenders to charge premium interest rates for high quality Mortgage loans.

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

The investment real estate market in Canada 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 mortgage investment entities and individuals. Most investors and developers in the Canadian 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.

Residential

Residential and multi-residential real estate primarily consists of apartment buildings, retirement residences, student residences, residential building lots and condominium inventory. Though this rental apartment asset class is considered to have consistently high demand and a relatively low level of risk, the sector does experience considerable tenant turnover. Nonetheless, the impact of turnover to the investor's profitability is often low as the turnover is spread across a large tenant base. The demand in residential real estate is driven by various community characteristics including security, access to public transportation, education, and well-maintained infrastructure. Student housing has a captive tenant base that values proximity to universities and colleges, and is primarily multi-residential, often with a single unit containing multiple bedrooms adjoined by a common area and kitchen; the Manager focuses on off-campus student housing properties, preferably with parental rent guarantees. Rental on residential leases rates can change annually, as compared to alternative sectors that generally lock in rental rates for longer-term leases (5 to 10 years). Residential properties require less capital expenditure in order to continue ongoing operations and generate income. In addition to lending against rental properties, the Trust may also participate in condominium inventory loans, whereby the Trust will lend against units in a fully developed for-sale development condominium project that is typically 80% to 90% sold, as developers will often use financing provided by the Trust to repay a portion of the construction financing outstanding, or as an advance on development profits. In this case, the Trust will lend against the unsold units as a pool, but will get first priority of payment as condominium units are sold until the Trust's loan is fully paid out. The Mortgage Broker only pursues condominium inventory loans in major centers with developed condominium markets.

Retail

The demand for retail real estate is driven by location, visibility, population density and traffic. Returns from retail investments tend to be stable as retail leases are generally longer term as compared to office tenants. Investment risk can also be mitigated due to the diversity of retailers in a given property. The large anchors in a shopping centre may pay lower rental rates, but will increase traffic for smaller retailers that pay higher rates.

Retail buildings are leased to businesses that sell products and services directly to consumers for their personal consumption. The Mortgage Broker classifies shopping centres into six principal types:

- Power Centres – Specific purpose-built retail centres that are typically open-air and are comprised of three or more large-format retailers that are mostly freestanding.
- Retail Malls – An all-purpose centre that is typically fully enclosed and includes retailers usually selling fashion apparel, accessories and other discretionary goods but also provides services in full depth and variety. Its main attraction is generally a combination of anchors.
- Factory Outlet Centres – Consists of separate manufacturers and retailers' outlet stores selling goods at discount prices. Could be either open-air or enclosed / covered.
- Neighbourhood Centres – A general-purpose centre that could be either open-air or enclosed / covered and provides convenience shopping for the daily needs of consumers in the immediate neighbourhood, and is typically anchored by a supermarket or drugstore.
- Convenience Centres – A limited-purpose centre that could be either open-air or enclosed / covered that provides a narrow mix of goods and personal services to a very limited trade area, including walk-in traffic. A typical anchor would be a convenience store.
- Freestanding Stores – Single store or multi-stores that are stand-alone, self contained, not physically connected to other stores in the vicinity.

The Mortgage Broker often provides financing to proven owners and operators of retail centres where a repositioning of the centre is planned, as the Mortgage Broker believes that it has a competitive advantage in instances such as this, as financial institutions typically do not evaluate these opportunities. For example, a retail property owner may require financing in the event of a tenant departure, whereby a significant retrofit of existing space is required over a period of months in order to prepare for a new tenant to enter the space – in these instances, the Mortgage Broker will evaluate a loan against the property which proceeds are used to retrofit the space over the vacancy period, with the intention of getting refinanced with traditional bank debt once the new tenant is in place and is paying regular rental payments. Other examples of repositioning may include financing tenant improvements such as flooring, electrical improvements, and parking lots repairs.

Industrial

Industrial real estate consists primarily of buildings for warehousing and distribution, manufacturing and assembly, research and development, showrooms, and other general uses which may include back office operations, post-production film studios, call centres and low cost office alternatives. Industrial properties are, for the most part, one-storey buildings located near major metropolitan regions and thoroughfares, ranging in size from 5,000 square feet of gross leasable area to over 500,000 square feet of gross leasable area. Industrial buildings tend to be more homogeneous than other commercial real estate asset classes and can accommodate a relatively diverse tenant base. Due to the significant scale and diversity of the tenant base, the industrial real estate sector generally tracks the overall performance of the economy. The industrial real estate market tends to operate near its demand/supply equilibrium, which leads to stable availability rates, facilitated by a shorter development cycle (9 to 12 months). Developments are typically build-to-suit projects, with limited speculative development, which further facilitates demand/supply equilibrium. Industrial properties can be either single-tenant or multi-tenant, and industrial investments often require smaller average investments, are less management intensive and have lower operating costs than residential or retail properties. Industrial buildings tend to have long term leases, and tenant rollover is not a significant risk as the cost of relocating is too high. Specific factors to take into account with regards to industrial properties include functionality, location relative to major transportation routes, and the degree of specialization. When evaluating a mortgage on an industrial property, a thorough assessment of the tenant's creditworthiness is important, as securing a replacement tenant can take significant time.

Office

Office buildings generally have multiple tenants, are typically located in downtown cores, sprawling suburban office parks, or near an airport. Office leases are generally mid-to-long term, providing stable cash flows to service Mortgages. However, returns from office properties can be more variable than residential and industrial properties as the market is more sensitive to economic performance. Similar to industrial properties, thorough due diligence on the tenants' creditworthiness is a critical factor with regards to Mortgage lending against the asset. The Mortgage Broker has strong relationships with owners and operators of office properties across the country that are often instrumental in assisting the Mortgage Broker with third party due diligence and/or market intelligence.

Development Land

Mortgages on undeveloped land often relate to land servicing and 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 bridge financing 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. Bridge mortgages are short term loans, typically borrowed to bridge a short period of time, generally ranging between 6 months and 3 years. Bridge loans are often used for capital repairs to a property, redevelopment of a property, or the purchase of another investment. Bridge loans typically bear higher rates of interest than other financing. A sale of the property or a debt refinancing will often provide sufficient proceeds to repay the bridge mortgage.

In some cases, Mortgages may finance Real Property development or 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.

The United States - Economic Overview of the State of Texas

The Trust may invest in loans secured by Real Property in the United States. As at March 31, 2015, loans secured by Real Property in the United States constituted 13.68% of the gross assets of the Mortgage Portfolio of the Trust.

Since December 2010, the Mortgage Broker has arranged funding for seventeen mortgages in the State of 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 2010, the population in Texas grew by 4.29 million to 25.1 million people, an increase of 20.6%.

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 under-performing 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 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. Over the past 18 months, lot development has accelerated in most of these market areas as the lot supply has fallen to a level that warrants new development. By year-end 2014, it is anticipated that the overall DFW lot supply will have returned to a balanced 24-month supply, and that the pace of lot development will have climbed to the pace equivalent of the start rate. When the dormant legacy lots (unwanted lots from the last housing cycle) are removed from the equation, the situation appears even tighter. By 2014YE, the supply of usable lots in DFW may be under an 18-month supply. 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 revitalization of the housing market is not unique to the DFW market. The pace of lot development has risen throughout the Texas markets, and builders have been eager to contract for new lots.

Initially, much of the new lot development in the Texas markets was initiated by the public builders. However, 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. Housing cycles in Texas historically have averaged about 7 years on the ‘up’ leg, and 3 years on the ‘down’ leg. The current new cycle is now 10 quarters old and is poised to experience solid growth over the next few years. Texas has led the nation with respect to the housing recovery and the future for business expansion remains quite bright.

The Mortgage Broker has partnered with a DFW based group with over 50 years of land acquisition and development experience in the Texas real estate industry and is focusing solely on providing financing to residential lot developers in these main markets. 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.

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”).

DISTRIBUTIONS

Quarterly Distributions

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 will equal 100% of the Trust's net income and net realized capital gains of the Series for the year, less any reserves that the Manager deems appropriate and any previous distributions made in that year. The 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 final 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 generally be paid in cash. If the Trust has taxable income for which it has not received cash, for example, in respect of foreign exchange gains, the Trust may make distibutions of such taxable income in Units. Such a distribution would be followed by a consolidation of the Units to maintain the net asset value per unit at $10.00. A Unitholder who wishes to receive distributions partially or wholly in Units must complete the distribution reinvestment plan enrolment form provided by Computershare Trust Company of Canada.

On each quarterly distribution, 0.25% of such distribution is deducted from the distribution otherwise payable to Series A Unitholders, 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.

In each Fiscal Year of the Trust, with respect to each Unit, the Unitholder holding such Unit will only be entitled to a proportionate share based on the proportion that the number of days between the date of first issue of such Unit and the last day of the calendar quarter bears to the aggregate total number of days in such calendar quarter all Units are issued and outstanding. By allocating distributions made by the Trust in the aforementioned manner, early subscribers of Units are compensated for the fact that later subscribers would otherwise share in distributions of the Trust made after the date of their subscription despite the fact that early subscribers contributed to the Trust at an earlier date. Subscribers of Units who do not hold such Units throughout a quarter will receive reduced distributions in respect of such quarter. In each Fiscal Year, distributions will be proportionate to the number of days the Units have been issued and outstanding in the quarter to which the distribution relates. Unitholders who redeem their Units prior to a quarter end will not participate in distributions for that calendar quarter.

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. Distributions to Unitholders in excess of the net income and net realized capital gains, if any, of the Trust, 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. In the event that the Manager is unable to, or determines that it is not in the best interests of the Trust and the Unitholders to borrow funds in order to make a distribution wholly in cash, the distribution payable to the Unitholders on such Distribution Payment Date may, at the option of the Manager and subject to the provision of an officers' certificate and to the approval of the Trustee, include a distribution of additional Units (at $10 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, in which case each additional Unit shall be issued at such different value. The distribution of Units shall 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, so that each Unitholder holds the same number of Units held before the distribution of additional Units.

The Trust has adopted a distribution reinvestment plan (the "DRIP"), pursuant to which Unitholders are entitled to elect to have all distributions of the Trust automatically reinvested in additional Units. 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.

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 or will be in effect by the initial Closing:

a) the Declaration of Trust made as of March 20, 2013 creating the Trust under the laws of the Province of British Columbia. For details, see the heading "The Declaration of Trust and Description of Units";

b) the Mortgage Broker Agreement made as of March 20, 2013, between 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 "Organization and Management Details of the Trust – The Mortgage Broker – The Mortgage Broker Agreement"; and

c) the Custodial Agreement made as of March 21, 2013, among the Trust, the Manager and Computershare Trust Company of Canada. For details, see the heading "Directors, Management, Promoters and Principal Holders – Custodian and Registrar".

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; and

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

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

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

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

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

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

Amendments to the Declaration of Trust by the Manager

Subject to the restrictions described under "Matters Requiring Unitholder Approval" above, any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the Manager:

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

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

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

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

e) effect a Permitted Merger; and

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

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

Notwithstanding the above or any other provision herein, no confirmation, consent or approval will be sought or have any effect and no Unitholder will be permitted to effect, confirm, consent to or approve, in any manner whatsoever, where the same increases the obligations of or reduces the compensation payable to or protection provided to either the Manager, 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 (the "**Affiliated Trust(s)**");

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

c) the funds being merged have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager and by the manager of the Affiliated 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 (including interim unaudited and annual audited financial statements) and other reports including the management's discussion and analysis 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 Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles. The Manager will ensure that the Trust complies with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements.

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 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 to Mortgages will be held in the name of the Custodian 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. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available 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;

c) the Net Asset Value of the Trust is less than the aggregate Subscription Price of all outstanding Units; or

d) 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 up to an amount equal to the Subscription Price 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 (up to the Subscription Price) as soon as practicable after the date of termination or 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 Net Asset Value of such Units, 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 NET ASSET VALUE

Valuation Policy

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

Income Recognition:

Interest income from Mortgages, bonds, debentures and notes will be recorded for accounting purposes on the accrual basis. Recording of interest income will cease on Mortgages if the Manager determines there is some reasonable doubt as to the ultimate collectability of principal and interest. Realized gains and losses from investment transactions will be calculated on a cost basis.

Foreign Currency Conversion:

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

Net Asset Value of the Trust

In calculating the Net Asset Value:

a) The recorded value of any cash on hand, on deposit or on call, and prepaid expenses will be the cost amount thereof unless the Manager, or its delegate, deems otherwise.

b) Mortgages will be measured at amortized cost, determined by using the effective interest rate method based on a discounted cash flow analysis of the future expected cash flows from the period end to the maturity of the mortgage. The discount rate used to discount the future expected cash flows of each mortgage is the aggregate rate produced by taking an appropriate Bank of Canada treasury bill rate at the period end and applying the inherent credit spread of the mortgage at the time of investing in the mortgage. Interest income is recorded on the accrual basis provided that the Mortgage loan is not impaired. An impaired Mortgage loan is any loan where, in the Manager's opinion, there has been a deterioration of credit quality to the extent that the Trust no longer has a reasonable assurance as to the timely collection of the full amount of principal and interest. As the Mortgage loans comprising the Mortgage Portfolio do not trade in actively quoted markets, the Manager will estimate fair value based upon: (i) market interest rates; (ii) credit spreads for similar loans; and (iii) the specific creditworthiness and status of an existing borrower. The Manager will consider, but not be limited in considering, the following as part of the creditworthiness and status of a borrower: (i) payment history; (ii) value of underlying property securing the loan or Mortgage; (iii) overall economic conditions; (iv) status of construction or property development (if applicable); and (v) other conditions specific to the underlying property or building.

c) The value of short term investments (treasury bills, money market instruments, or similar) will be the cost of such instrument plus accrued interest up to and including the date of calculation.

d) The value of any other property will be the value determined by the Manager, or its delegate, which most accurately reflects its fair value. and

e) All expenses or liabilities will be recorded on an accrual basis.

Based on International Accounting Standard 39, F*inancial Instruments – Recognition and Measurement* (IAS 39), the Trust has classified its investments in Mortgages as financial instruments, loans and receivables, subsequent measured at amortized cost by using the effective interest method, less any impairment losses.

The Mortgage investments are assessed regularly to determine whether there is objective evidence of impairment. A financial asset is considered to be impaired only if objective evidence indicates that one or more loss events have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. An impairment loss is recognized in profit and loss and reflected in an allowance account against the Mortgage and loan investments.

The Manager will determine the need for adjustments to the recorded amounts of investments in Mortgages based on changes in circumstances relating to the mortgagor and to market conditions. The Trust publishes its annual audited financial statements in accordance with IFRS.

If an investment cannot be valued under the above standards, or if the Manager determines that the above standards are at any time inappropriate under the circumstances, then notwithstanding such standards, the Manager will make such valuation as it considers fair and reasonable and, if there is an appropriate industry practice, in a manner consistent with such industry practice for valuing such investment.

The Manager will review and, if required from time to time, consider the appropriateness of the valuation standards adopted by the Trust. As such, at the discretion of the Manager, the valuation standards may be modified, acting reasonably, in good faith and in the best interests of the Unitholders. Any material modification of the valuation standards will be disclosed, by press release or other timely disclosure document issued by the Trust.

Net Asset Value per Unit

The Net Asset Value per Unit will be the quotient obtained by dividing the Net Asset Value of the Trust on given day by the total number of outstanding Units (immediately before any subscriptions for or redemptions of Units) at the close of business on such day.

The Net Asset Value per Unit will be calculated by the Manager at the close of business weekly and on each Valuation Date. The most recently calculated Net Asset 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 Net Asset Value

The Net Asset Value of each Series of Units is included in the quarterly report of the Trust that is available to the public upon request by contacting the Manager at investor-relations@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 Net Asset Value per Unit.

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 and portfolio advisor 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 partnership. 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 investment in the United States.

Duties and Services to be Provided by the Manager

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

Subject to the terms of the Declaration of Trust, the Manager will be responsible for managing the business and administration of the Trust pursuant to the terms of the Declaration of Trust. The Manager has coordinated the organization of the Trust, will manage the ongoing business and administration of the Trust and will monitor the investment portfolio of the Trust. The Manager will be responsible for ensuring that the net proceeds of this Offering are invested as described under "Use of Proceeds" 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
Robert Perkins, B. Comm. Vancouver, B.C.	Managing Director and Director	Business Executive	2000[(1)]
Michael J.R. Nisker, B. Comm., LLB Toronto, Ontario	Managing Director and Director	Business Executive	2009[(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, as a group, beneficially own, or control, directly or indirectly, 242,474 Units, or 0.63% of the issued and outstanding Units.

Principal Occupations and Biographies

Morley Greene is Chairman, Chief Executive Officer 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 Director 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.

Michael J.R. Nisker is Managing Director and Director of the general partner of the Manager. Prior to that, he had been Senior Vice-President of Trez Capital Corporation since May 1, 2009. He is responsible for spearheading the Mortgage Broker's efforts to expand its loan portfolio and investor base throughout Eastern Canada. From 2006 to 2008, he acted as Managing Director in Canada for Fortress Investment Group of New York. He founded, and from 1994 to 2004, acted as President of Equivest Capital Group, one of the first mezzanine lending firms in Canada focused exclusively on real estate projects. Prior to that, he was in private law practice, specializing in international taxation.

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 over 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 prior to that he had been a Mortgage Broker of 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 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 a percentage to be negotiated by the Manager and the Unitholder 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 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 and the Series F Unitholders and the Series I Administration Fee will be deducted from the monies otherwise payable to 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 Custodian; 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)

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 investors, and have funded more than 975 loans totalling over $4.5 billion. The Mortgage Broker currently is one of the largest non-bank providers of Mortgages in Canada with approximately $1.9 billion in assets under administration, of which approximately $1.4 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 and TG Income Trust II, which have been offered by prospectus in the provinces of British Columbia and Alberta, and Trez Capital Mortgage Investment Corporation and Trez Capital Senior Mortgage Investment Corporation, which have been offered by prospectus throughout Canada, except Quebec. 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.

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 will not refer Mortgage investment opportunities to the Trust for consideration where such investments do not fall within the objectives or investment policies of the Trust.

The Mortgage Broker is required to service the Mortgage Portfolio in the same manner, and with the same care, skill, prudence and diligence, with which it services and administers similar Mortgage loans for other similar third-party portfolios. It must also exercise reasonable business judgment in accordance with applicable law to maximize recovery under the Mortgage 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 Mortgage 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 Mortgage 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 in the event that 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 in Texas

In September 2010, the Mortgage Broker began making loans in the state of Texas. The Mortgage Broker's activities in connection with the Trust in the state of Texas will be conducted through a newly formed entity, Trez Capital Texas, L.P. ("Trez Texas"), of which an Affiliate of the Mortgage Broker is the majority limited partner and John Hutchinson is the minority limited partner. Trez Texas will originate loans in Texas for referral to, and approval by, the Mortgage Broker.

Due Diligence Procedures and Risk Reduction

Due diligence procedures undertaken prior to funding Mortgages have resulted in an excellent record of return of principal and interest to the investors. Since the inception of the Mortgage Broker and its predecessor, out of approximately 975 Mortgages funded by the Mortgage Broker and its predecessor as part of its general lending operations, less than 7% of these Mortgages had defaults which required the commencement of realization proceedings upon the security held. 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 the 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 Mortgage 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 U.S. Mortgage investments in that state. See "Business of the Trust – Mortgage Portfolio of the Trust as at December 31, 2014". 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 11.76% of its Mortgage Portfolio by number of Mortgages and 19.21% of its Mortgage Portfolio by dollar amount of Mortgages advanced to a single borrower. The loan to value ratio of the properties securing the Mortgages of this borrower is 91.07%. The Mortgage Broker is well aware of this concentration, but the borrower involved has an exemplary track record in terms of loan repayment. 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.

Mortgage Broker's Fees

The Mortgage Broker (and Trez Texas, in respect of Mortgages in Texas) will receive originating fees, commitment fees and renewal fees from borrowers on Mortgages it originates for the Trust. The Mortgage servicing fees payable to the Mortgage Broker are commensurate with fees paid to other entities providing similar services as the Mortgage Broker and which have been negotiated at arm's length. In addition to such fees, the Mortgage Broker is entitled to retain any overnight float interest on all accounts maintained by the Mortgage Broker in connection with its originating and servicing of the Trust's Mortgage investments. 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, or interests in Mortgages, which have been purchased by the Mortgage Broker from third parties either on its own behalf or on behalf of the Trust, 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.

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 Administrators 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 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 Officers of the Mortgage Broker

The directors and officers of the general partner of the Mortgage Broker are the same as the directors and officers of the general partner of the Manager, except that Barry Brovender, Christopher Enns, Mario Abreu and Noah Mintz are also "vice-presidents" of the Mortgage Broker, but these individuals do not participate in the management of the Mortgage Broker. See "Directors and Officers of the Manager".

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 Peter Clayden. 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, Bison Income Trust II, Trez Capital Prime Trust and Trez Capital Yield Trust US. The members of the Board of Governors were appointed as the board of governors for TG Income Trust II on August 20, 2009 and for Bison II and Trez Capital Prime Trust on January 1, 2011 and for Trez Capital Yield Trust US on January 11, 2013. 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 of the Board receives a total of $70,000 per annum, the Chairman of the Credit Committee receives $47,500, the Chairman of the Audit Committee receives $45,000 and the other Board member receives $40,000 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 and for both of these purposes an Independent Review Committee has been appointed;

b) approve every material contract of the Trust, including any agreement between the Trust and the Trustee, the Manager or the Mortgage Broker;

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 policies;

f) appoint Auditors and fix their remuneration;

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;

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:

Peter Clayden, a fellow of the Institute of Chartered Accountants of British Columbia, is a retired senior tax partner of the international firm of Chartered Accountants, Deloitte. After qualifying as a Chartered Accountant in the UK, Mr. Clayden joined Deloitte's Toronto office in 1964. In 1979, he was transferred to the Vancouver office as director of tax. He retired from that firm in 2002. During Mr. Clayden's professional career he mainly served large corporate clients specializing in both domestic and foreign taxation. His major clients included real estate holding and real estate development companies. He was western Canada's only appointee to the Canadian Institute of Chartered Accountants' "Public Interest and Integrity Committee". This committee was instrumental in amending the professional code of conduct in the areas of independence and conflict of interest and implementing changes to accommodate the Sarbanes Oxley legislation in the United States.

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. During this period, Glentel's sales grew from $40 million to $308 million, and its retail presence grew from 32 locations to more than 280 stores across Canada. 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 focussed on his board directorships. Until 2011, he was a partner at the national law firm, McMillan LLP, focussing on mergers and acquisitions, financings, and corporate matters including contracts and governance. He is currently on the board of Savox Communications Ltd., Variety-The Children's Charity of BC and is Chair of RockBridge Resources Inc., a junior oil and gas company. 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.

The Audit Committee

The Declaration of Trust provides that the Manager will appoint an Audit Committee consisting of a minimum of two 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) and Peter Clayden.

The Credit Committee

The Declaration of Trust provides that the Manager will appoint a Credit Committee consisting of three 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 and Steve Mathiesen.

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 Peter Clayden.

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".

The Independent Review Committee prepares a report at least annually of its activities for Unitholders which is available on the Manager's website at www.trezcapital.com, or at the Unitholder's request at no cost, by contacting the Manager at investor-relations@trezcapital.com.

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. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy occurs in the office of the Trustee, a successor trustee will forthwith be appointed by the Manager to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee will execute and deliver such documents as the Manager may require for the conveyance of any property of the Trust held in the Trustee's name, will account to the Manager for all property of the Trust which the Trustee holds as trustee and shall thereupon be discharged as trustee.

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 also is 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 an 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.

Custodian and Registrar

Computershare Trust Company of Canada is the custodian of the assets of the Trust pursuant to the Custodial Agreement and also acts as registrar and transfer agent of the Trust and the Units.

The address of the Custodian is Computershare Trust Company of Canada, 9th Floor – 100 University Avenue, Toronto, Ontario, M5J 2Y1.

The Custodian is entitled to receive fees from the Trust, which will be paid by the Manager, as described under "Directors, Management, Promoters and Principal Holders - Expenses of the Trust" and to be reimbursed for all expenses and liabilities which are properly incurred by the Custodian in connection with the activities of the Trust.

Promoters

Trez Capital Fund Management Limited Partnership, the Manager, and Trez Capital Limited Partnership, the Mortgage Broker, are the promoters of the Trust by reason of the initiative of their predecessors 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 of the Trust, except that as of March 31, 2015, BMO Life Assurance Company owns 4,950,776 units or 12.95% of the total units of the Trust.

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 March 31, 2015:

Description of Security	Number Authorized to be Issued	Number Outstanding as at March 31, 2015
Series A Units	Unlimited	5,263,896
Series F Units	Unlimited	22,009,467
Series I Units	Unlimited	10,942,928
Total		38,216,291

Prior Sales and Redemptions

Pursuant to prior offerings, Units of the Trust (and its predecessor) were sold, yielding proceeds of $430,245,120. Since they were first offered in April 1, 2013, 7,062,131 Units have been redeemed to March 31, 2015.

During the fiscal year ended December 31, 2014, 11,584,335 Units of the Trust were sold yielding proceeds of $115,843,349. The Trust redeemed 3,177,965 Units during the fiscal year ended December 31, 2014.

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 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 investors typically pay a negotiated management fee that they pay directly to the Trust. 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.

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, the management fee payable to the Manager 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 or Series F Units of the Trust, 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 of the Trust if the Manager determines that the investor is not eligible to hold Series I Units of the Trust.

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

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

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. To dispose of Units, a Unitholder must have them redeemed. 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 “Unitholder’s 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 Net Asset 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 Manager upon the Manager giving at least twenty-one (21) days’ prior written notice to the Trustee and to each Unitholder of its determination to do so.

Unitholder’s Right to Redeem

Units may be surrendered to the Manager by entering a request for redemption on the FundSERV 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 thirty (30) days’ written notice to the Manager of a specified number of Units to be redeemed or the dollar amount which the Unitholder requires to be paid. Any Redemption must include Units with a value of less than $5,000. If a Unitholder holds Units with a value of less than $5,000, the Unitholder must redeem all of his or her investment. The Manager may, in its absolute discretion, redeem the Units of the Unitholder if such Units have a value of less than $5,000. 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 Net Asset Value per Unit. The Manager is not obligated to accept Redemption notices for amounts exceeding, in aggregate, 5% of the Net Asset 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 shall be advised by the Manager of the suspension and that the Redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for Redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee or Manager shall be conclusive.

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

Short Term Trading

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 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 market value basis), and the Manager will 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 market 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 market 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, will suspend the voting and distribution rights attached to such Units. Upon such Redemption, the affected holders will 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 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 or bank draft made payable to "Trez Capital Yield Trust" in the amount of the subscription price for the Units.

The Trust will hold subscription funds in trust until midnight on the second business day after the day on which it received a signed Subscription Agreement. After this, the Trust will hold the subscription funds in trust pending a closing under this Offering.

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 deliver to Subscribers certified copies of or, if requested, original certificates representing fully paid and non-assessable Units, provided the subscription price has been paid in full.

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, other than the Yukon Territory, by way of private placement.

The offering is being conducted:

a) in all the Provinces and Territories, other than Ontario, 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 Ontario 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, and, if an individual, who sign a risk acknowledgement in the form attached as Appendix B.

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.

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 $150,000, paid in cash at the time of acquisition, and (ii) the investor is not an individual.

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 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 Administrators.

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 ($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 $10.00 per Unit, 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 interim condensed consolidated unaudited financial statements of the Trust for the three months ended March 31, 2015 and 2014, and the audited financial statements of the Trust for the year ended December 31, 2014.

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 of a general nature and is not intended to be exhaustive. It does not take into account provincial, territorial or foreign tax laws. **Investors 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

The Manager and Trustee have advised tax counsel that the Trust is a "mutual fund trust" as that term is defined under the Tax Act and that it is recognized as such by the Canada Revenue Agency. The Trust became a registered investment for Deferred Plans with effect from March 20, 2013. This summary is based on the assumption that the Trust is and, at all material times, will be a mutual fund trust and a "registered investment" for Deferred Plans at all times.

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 by 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.

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 of 36% under Part XII.2 of the Tax Act. 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. 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 terms of the Declaration of Trust are designed to limit the possibility of the application of Part XII.2 tax by providing that no Subscriber may be a non-resident of Canada or otherwise be a "designated beneficiary" or demand that the Units be transferred to another person who is a "designated beneficiary".

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.

The Tax Act imposes tax on trusts that are "specified investment flow-through trusts" or "SIFT trusts". In order to qualify as a SIFT trust, a trust must meet three conditions: it must be resident in Canada; investments in the trust must be listed or traded on a stock exchange or other public market; and the trust must hold one or more "non-portfolio properties". As units of the Trust are not listed or traded on a stock exchange or other public market, the Trust is not a SIFT trust and will not be liable to tax under the Tax Act as such.

If the Trust ceases to qualify as a mutual fund trust and holds at the end of any month property that is not a "qualified investment" for the type of Deferred Plan that holds Units, the Trust will be liable for a penalty tax under Part X.2 of the Tax Act equal to 1% of the fair market value of such property at the time of its acquisition. The Declaration of Trust prohibits the Trust from holding any property that would cause the Units of the Trust to cease to be "qualified investment" for a Deferred Plan.

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. 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 his or her 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.

If the Trust receives dividends or foreign income or realizes capital gains, the Trust intends to make designations under the Tax Act so that taxable dividends received from taxable Canadian corporations, income from foreign sources 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. Each taxable Unitholder will generally be entitled to a tax credit for any foreign taxes paid by the Trust in respect of the 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. All relevant amounts must be determined in Canadian dollars at the appropriate exchange rate for the particular transaction. The adjusted cost base of a Unit is equal to the total adjusted cost base of all of the Unitholder's Units divided by the number of Units held. If the 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. 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 reduced on account of distributions made by the Trust to the Unitholder, as described above.

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 Unitholders 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.

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

A Unit constitutes a "qualified investment" under the Tax Act for Deferred Plans. However, 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 1.0% 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.

Selling commissions may be modified or discontinued by the Manager at any time.

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 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 Mortgage 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 on Mortgages in the Mortgage 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 Mortgage 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 Trust's investments in Mortgage loans will be secured by real estate, the value of which can fluctuate. 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.

Concentration and Composition of the Mortgage Portfolio

The Mortgage Portfolio will be invested in Mortgages, although the Trust also may hold some cash and cash equivalents. Given the concentration of the Trust's exposure to Mortgages, 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. 11.76% of the Trust's Mortgage Portfolio by number of Mortgages and 19.21% of the Trust's Mortgage Portfolio by dollar amount relate to Mortgages granted to a single 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 Mortgages are relatively illiquid. Such illiquidity will tend to limit the Trust's ability to vary the Mortgage 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. Therefore, the composition of the Mortgage Portfolio may vary widely from time to time, subject to the investment objectives and investment restrictions of the Trust. The Mortgage Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Mortgage Portfolio being less diversified than at other times. As a result, the returns generated by the Mortgage Portfolio may change as its composition changes.

No Market

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".

Investments Not Guaranteed or Insured

There can be no assurance that Mortgage loans of the Trust 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). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make 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 the Trust's borrowers to refinance and pay out the Mortgages in the Mortgage Portfolio when due. 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 Redemption of its Units.

Subordinate and Non-conventional Financing

Subordinate financing (such as a second ranking Mortgage investment), 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

It is anticipated that the market price for the Units and the value of the Mortgage Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Trust's income will consist primarily of interest payments on the Mortgages comprising the Mortgage Portfolio. 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 purchase additional Mortgages bearing rates sufficient to achieve the targeted payment of distributions on the Units. 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 Mortgage Portfolio may be negatively affected.

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, in the event that 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. Exercising Mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely affect the cash flows of the Trust during the period of enforcement. 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 Net Asset 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. In the event that 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.

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 Board of Governors does not supervise or monitor the Manager in any respect. The Board of Governors functions in an advisory role only and not a management role. It does not have duties or liabilities similar to a board of directors in 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 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 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 "Fees and Expenses".

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 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.

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 Owen Bird Law Corporation 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 upon request.

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

In the event that 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.

In the event that 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.

Rights for Investors in Quebec

Where the Offering Memorandum contains a Misrepresentation (as defined under the *Securities Act* (Quebec)), an Investor who purchases Units during the period of distribution has, without regard to whether the Investor relied on the Misrepresentation, a right of action for damages against the Trust or a right of action for rescission against the Trust. If the Investor elects to exercise a right of action for rescission against the Trust, then the Investor shall have no right of action for damages against the Trust.

No person or company is liable hereunder 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) 180 days from the day that the Investor first had knowledge of the facts giving rise to the cause of action, or (ii) 3 years from the day of the transaction that gave rise to the cause of action.

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), the *Securities Act* (Nova Scotia) and the *Securities Act* (Quebec), 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.

Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)

TREZ CAPITAL YIELD TRUST

For the three months ended March 31, 2015 and 2014

(Unaudited – Prepared by Management)

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TREZ CAPITAL YIELD TRUST

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	March 31, 2015	December 31, 2014
Assets			
Cash		$ -	$ 51,807,314
Accrued interest receivable		577,550	454,919
Other receivables		4,451	264,109
Due from related parties	13	345,585	1,821,853
Prepaid expenses and deposits		4,160,738	2,145,479
Promissory notes receivable	7	14,437,912	7,795,136
Investments in associates and joint ventures	3	20,075,368	25,986,425
Other investments	4	3,937,057	201,389
Investments in mortgages	5	383,667,817	328,077,550
Foreclosed properties held for sale	6	11,597,162	12,635,576
		$ 438,803,640	$ 431,189,750
Liabilities and Net Assets Attributable To Holders of Redeemable units			
Bank indebtedness	8	$ 13,595,108	$ -
Accounts payable and accrued liabilities	13	9,405,499	7,357,712
Distributions payable on redeemable units	11	5,507,384	9,569,668
Loans payable	9	3,443,996	3,383,877
Syndicated loan liability	5(a)	13,679,875	13,464,425
Mortgage payable	10	3,783,003	3,818,308
Mortgages payable to related parties	13	5,321,978	5,203,023
Fair value on derivative contracts	16(a)(v)	1,376,222	-
		56,113,065	42,797,013
Net assets attributable to holders of redeemable units	12	382,690,575	388,392,737
		$ 438,803,640	$ 431,189,750
Net assets attributable to holders of redeemable units:			
Class A units		$ 52,708,375	$ 56,674,314
Class F units		220,399,020	223,232,320
Class I units		109,583,180	108,486,103

See accompanying notes to interim condensed consolidated financial statements.

TREZ CAPITAL YIELD TRUST

Interim Condensed Consolidated Statements of Comprehensive Income (loss)
(Expressed in Canadian dollars)

	Notes	Three month period ended March 31, 2015	Three month period ended March 31, 2014
Revenue:			
Interest income		$ 8,242,140	$ 7,249,348
Interest expense on mortgage syndication		(176,014)	-
Other income		53,598	1,872
Income from investments in associates and joint ventures	3	-	226,834
Other investment income	4	70,009	3,068
		8,189,733	7,481,122
Expenses:			
Commissions		359,106	460,486
Foreign exchange gain		(1,083,711)	(57,664)
Management and incentive fees	13	2,273,448	1,502,535
Professional fees		34,762	29,650
Governance fees		31,033	24,895
Provision for mortgage investment losses, net of recoveries	5	-	(69,173)
Bank charges	8	21,800	41,793
General administrative expenses		26,218	45,416
		1,662,658	1,977,938
Income from operations		6,527,075	5,503,184
Financing costs:			
Interest expense	9	92,030	128,894
Distributions to holders of redeemable units	11	5,507,384	4,597,017
		5,599,414	4,725,911
Increase (decrease) in net assets attributable to holders of redeemable units, from operations		$ 927,661	$ 777,273

See accompanying notes to the interim condensed consolidated financial statements.

TREZ CAPITAL YIELD TRUST

Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in Canadian dollars)

Three months ended March 31, 2015 and 2014

	March 31, 2015	March 31, 2014
Balance, beginning of year	$ 388,392,737	$ 292,555,583
Increase (decrease) in net assets attributable to holders of redeemable units, from operations	927,661	777,273
Contributions and redemptions by holders of redeemable units:		
Issuance of units	11,489,820	41,900,959
Reinvestment of distributions on redeemable units	5,197,174	4,044,025
Redemptions	(23,316,817)	(12,971,440)
Net (redemptions)/contributions	(6,629,823)	32,973,543
Balance, end of period	$ 382,690,575	$ 326,306,400

See accompanying notes to the interim condensed consolidated financial statements.

TREZ CAPITAL YIELD TRUST

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Three months ended March 31, 2015 and 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units , from operations	$ 927,661	$ 777,274
Items not involving cash:		
Income from investments in associates	-	(226,834)
Other investment income	(70,009)	(3,068)
Provision for mortgage investment loss, net of recoveries	-	(69,173)
Interest income, net of interest expense on mortgage syndication	(8,066,126)	(7,249,348)
Fair value on derivative contracts	1,376,222	-
Interest expense	92,030	128,894
Distribution expense incurred	5,507,384	4,597,017
Interest received	4,767,945	4,749,157
Changes in non-cash items:		
Other receivables	259,658	(45,283)
Prepaid expenses and deposits	(2,015,258)	(625,373)
Due from related parties	1,476,268	1,979,938
Accounts payable and accrued liabilities	2,047,158	(370,399)
	6,302,933	3,642,802
Cash flows from investing activities:		
Advances of promissory notes receivable	(6,642,776)	383,923
Funding of investments in mortgages	(135,380,180)	(100,210,889)
Repayments on investments in mortgages	83,180,911	33,093,101
Investment in associates	5,911,057	(1,115,860)
Other investments	(3,665,659)	7,019
Capital improvements to foreclosed properties held for sale	(286,619)	-
Proceeds from foreclosed properties held for sale	1,325,033	1,048,009
	(55,558,233)	66,794,698
Cash flows from financing activities:		
Interest paid	(91,400)	(114,029)
Distributions paid	(4,372,493)	(3,233,782)
Advances of notes payables	60,119	450,798
Repayments of loans payable	(35,305)	-
Advances of loans from related parties	118,955	-
Proceeds on issuance of units	11,489,819	41,900,959
Payments on redemption of units	(23,316,818)	(12,971,440)
	(16,147,122)	26,032,506
Net (decrease)/increase in cash	(65,402,422)	(37,119,390)
Cash, beginning of period	51,807,314	24,954,246
Cash, end of period	$ (13,595,108)	$ (12,165,148)

See accompanying notes to the interim condensed consolidated financial statements.

1. General:

Trez Capital Yield Trust (the "Trust") is an unincorporated trust which was established under the laws of British Columbia pursuant to a Trust Agreement dated March 20, 2013 and commenced operations April 1, 2013.

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

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 within Canada and the United States and from equity profit sharing arrangements through limited partnerships. Pursuant to the Trust Agreement, the legal ownership of the Trust's property is vested in the Trustee and the Trust Unitholders' beneficial interest in the Trust is represented by units. The affairs and administration of the Trust are managed by the Manager.

The principal place of business of the Trust is located at 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

2. Basis of preparation:

(a) Statement of compliance:

The interim condensed consolidated financial statements have been prepared in compliance with International Accounting Standard 34, *Interim Financial Statements*. The accompanying interim condensed consolidated financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), since they do not contain all disclosures required by IFRS for annual financial statements. These interim condensed consolidated financial statements reflect all normal and recurring adjustments which are in the opinion of the Manager, necessary for a fair presentation of the respective interim periods presented.

(b) Functional and presentation currency:

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

(c) Use of estimates and judgments:

The preparation of interim condensed consolidated 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.

2. Basis of preparation (continued):

(c) Use of estimates and judgments (continued):

In making estimates, the Manager relies on external information and observable inputs where possible supplemented by internal analysis as required. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the interim condensed consolidated financial statements are as follows:

(*i*) Investments in mortgages:

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

(*ii*) Measurement of fair values:

The Trust's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Trust uses observable market data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the Manager will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. The information about the assumptions made in measuring fair value is included in note 15.

3. Investments in associates and joint ventures:

The summary below lists the Trust's investments in associates and joint ventures, their names, types and percentage of ownership:

	2015	2014
Investment in associates:		
Trez WTH Equity LP, a US limited partnership to acquire, hold, manage or dispose of real property in the US, 27.83% (2014 - 27.83%)	$ 915,587	$ 818,310
T Church and Stone Oak Investments LP, a Canadian limited partnership invested in two development projects in Texas, 23.53% (2014 - 23.53%)	1,373,818	1,326,332
T-NWBP Investments LP, a Canadian limited partnership invested in a development project, 44.61% (2014 - 44.61%)	469,677	6,994,093
TC Logan Park Investments LP, a Canadian limited partnership invested in a development project in Texas, 40.63% (2014 - 40.63%)	3,106,875	2,692,303
TC Beacon Hill LP, a Canadian limited partnership invested in a development project in Texas, 22.50% (2014 – 22.50%)	(47,591)	30,765
	5,818,366	11,861,803
Investment in joint ventures:		
Scarborough Forest Ridge Development LP, a US LP invested in a development project in Texas for single-family residential lots, 50% (2014 - 50%)	355,420	1,692,877
Parkside Land West LP, a US LP invested in a development project in Texas comprising 623 single-family residential lots, 50% (2014 - 50%)	6,878,619	6,092,647
HT Spring Stuebner Land LP, a US LP invested in a development project in Texas comprising 310 single – family residential lots 50% (2014 – 50%)	4,294,685	3,911,294
HT Midtown LP, a US LP invested in a development project in Texas comprising 280 single-family lots 50% (2014 – 50%)	2,728,188	2,427,713
Trez Centro LP, a Canadian LP invested in a development project in British Columbia 50% (2014 – 50%)	91	91
	14,257,002	14,124,622
	$ 20,075,368	$ 25,986,425

3. Investments in associates and joint ventures (continued):

Investments in associates – significant influence:

The summary below shows 100% of the investees' total assets, total liabilities, revenue, expenses and net income (loss) on aggregate basis for investments in associates.

	2015	2014
Total assets	$ 34,416,744	$ 32,832,841
Total liabilities	1,181,252	1,082,210
Revenue	-	14,990,130
Expenses	-	452,007
Net income (loss)	-	14,538,123

During the period ended March 31, 2015, the Trust recorded income from its equity accounted investments in associates of $nil (2014 - $64,371). As at March 31, 2015, the Trust's total investment in associates in which the Trust has significant influence is $5,818,366 (2014 - $11,861,803).

Investments in joint ventures:

The summary below shows 100% of the investees' total assets, total liabilities, revenue, expenses and net income (loss) on aggregate basis for its joint ventures.

	2015	2014
Total assets	$ 98,063,356	$ 90,446,646
Total liabilities	69,884,845	64,637,480
Revenue	-	2,731,045
Expenses	-	2,165,260
Net income	-	565,785

During the period ended March 31, 2015, the Trust recorded its share of income from joint ventures of $nil (2014 - $162,463). As at March 31, 2015, the Trust's total investment in joint ventures is $14,257,002 (2014 - $14,124,622).

4. Other investments:

The summary below lists the Trust's investment accounted for at fair value and its percentages of ownership:

	2015	2014
Trez NP Investors LP, a Canadian limited partnership invested in a mortgage investment in Canada, 4% (2014 - 4.00%)	$ 3,937,057	$ 201,389

During the period ended March 31, 2015, the Trust received distributions in amount of $70,009 (2014 - $3,068) from other investments which were recognized in the statement of comprehensive income.

5. Investments in mortgages:

The Trust holds mortgages in the following types of properties:

	2015			2014		
Property type	Number		Amount	Number		Amount
Industrial	18	$	85,718,454	20	$	93,109,869
Office	13		23,458,052	14		27,816,803
Residential construction	58		189,950,967	49		135,971,706
Retail	10		46,518,964	7		35,968,842
Other	4		20,750,831	3		18,778,360
	103		366,397,268	93		311,645,580
Less mortgage provision			-			-
						311,645,580
Mortgages syndicated			13,679,875			13,464,425
Total			380,077,143			325,110,005
Accrued interest			3,590,674			2,967,545
	103	$	383,667,817	93	$	328,077,550

	2015			2014		
Location	Number		Amount	Number		Amount
Alberta	42	$	180,394,702	42	$	171,097,923
British Columbia	13		44,156,619	12		45,203,714
Saskatchewan	1		824,107	1		550,000
Quebec	3		8,346,549	3		4,994,142
Ontario	20		79,241,802	18		74,568,549
Nova Scotia	1		3,416,073	1		3,415,781
Texas	23		63,697,290	16		25,279,896
	103	$	380,077,142	93	$	325,110,005

The following table presents the reconciliation of mortgages as at March 31, 2015 and December 31, 2014:

	Note		2015		2014
Investments in mortgages, beginning of period		$	325,110,005	$	265,129,423
Purchase of mortgages, in exchange for units	18		-		3,215,677
Funding of investments in mortgages			135,343,771		429,575,497
Interest capitalized to investments in mortgages			2,552,420		5,900,665
Principal payments on investments in mortgages			(83,180,911)		(384,992,128)
Increase in syndicated loans			215,450		9,432,504
Increase (decrease) in embedded derivatives			36,407		(755,839)
Mortgage reclassified as foreclosed properties, net of allowance			-		(1,464,970)
Provision for mortgage investment loss			-		(930,824)
		$	380,077,142	$	325,110,005

5. Investments in mortgages (continued):

All mortgages, except for the mortgage under the CMBS program as discussed below are conventional uninsured mortgages which contain a prepayment option, whereby the borrower may repay the principal and accrued interest, at any time prior to maturity without penalty or yield maintenance.

At March 31, 2015, the Trust is invested in one loan at an effective interest rate of 4.16%, which matures in September 2024. The loan is intended to be held for short term, as the Trust will hold the investment until it can be funded under the CMBS program led by Trez Commercial Finance Limited Partnership (“TCF”), a related party. The loan is expected to be purchased by TCF in 2015.

(a) Mortgage syndication liabilities:

The Trust has entered into certain mortgage participation agreements with third party lenders, whereby, the third party lenders take the senior position and the Trust retains the subordinated position, all of which is secured by first mortgage positions. The Trust retains an option, not the obligation, to repurchase the senior position at a price equal to the outstanding principal amount of the senior lenders’ share together with accrued interest. As a result, the senior lenders’ position is recorded as a mortgage syndication liability. The interest earned on the transferred participation interests and the related interest expense is recognized in the statement of comprehensive income (loss).

For those investments which have not met the de-recognition criteria, the participation transactions have resulted in the Trust recognizing the participating mortgages and corresponding mortgage syndication liabilities on its statements of financial position. The carrying value of the transferred assets and corresponding liabilities is $13,679,875 (2014 - $13,464,425).

(b) Mortgages in default:

As at March 31, 2015, the Trust had six mortgages with the carrying value of $26,172,410 and gross value of $26,172,410 that were in default and/or past their contractual due dates (2014 - 6, net $25,604,473, gross $25,604,473). Mortgages that are in default are not provided against if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest.

The following mortgages were in default at March 31, 2015:

(*i*) A loan with a carrying value of $8,041,636 was acquired as part of an asset purchase agreement in 2013 at its fair value and no adjustment for impairment was required in 2015 and 2014.

(*ii*) A mortgage with a carrying amount of $6,422,416 matured in 2014 and was not repaid hence a demand for repayment had been issued. Subsequent to the year end, a receiver was appointed and the property is listed for sale.

(*iii*) The Trust had two loans with a carrying amount of $4,977,187 with a single borrowing group. Both loans were current with respect to interest. These loans, along with loans of other borrowers, were subject to cross default and collateralizations provisions, and as such all are considered in default. Demand for payment has been issued on all loans.

5. Investments in mortgages (continued):

(b) Mortgages in default (continued):

(*iv*) Two mortgages with a carrying value of $6,731,171 with a single borrower were in default as a result of a shareholder dispute. This resulted in the appointment of a court appointed manager for the borrowers properties.

Management has estimated that the proceeds recoverable from the underlying securities on all loans is sufficient to support the carrying values of the mortgages. All mortgages are secured by the real property to which they relate.

(c) Allowance for mortgage investment loss:

The changes in the allowance for mortgage investment loss during the period ended March 31, 2015 and the year ended December 31, 2014 were as follows:

	2015	2014
Balance, beginning of period	$ -	$ 69,176
Acquired, from purchase of investments in mortgages (note 18)		-
Provision for mortgage investments loss, net of recoveries	-	930,824
Allowance for mortgage investment loss reclassified to FPHFS (note 6)	-	(1,000,000)
Balance, end of period/year	$ -	$ -

(d) Profit participation mortgages:

Included in the investments in mortgages are certain profit participation mortgages which, in addition to the interest at a stipulated rate, provides the Trust with an entitlement to future profits from the projects as set in the terms of the mortgage agreement.

As at March 31, 2015 and December 31, 2014, the Trust had the following profit participation loans.

	Number	2015	Number	2014
Profit participation mortgages	5	$ 15,873,803	5	$ 15,242,625

Included in the balance of the profit participation mortgages are embedded derivatives representing the Trust's rights to participate in the profit of the underlying properties. The embedded derivatives are measured at fair value with changes in fair value reported in the statement of comprehensive income (loss). The fair value of the embedded derivatives at March 31, 2015 is $353,739 (2014 - $317,332).

Management has estimated the fair value of the embedded derivative based on a probability weighted average of management's best estimate of the eventual profits to be realized and discounted using a risk-free interest rate.

6. Foreclosed properties held for sale ("FPHFS"):

As at March 31, 2015, there are three FPHFS (2014 - three) which are recorded at their fair value of $11,597,162 (2014 - $12,635,576). The changes in the FPHFS during the period end March 31, 2015 were as follows:

	2015	2014
Balance, beginning of period	$ 12,635,576	$ 2,510,296
Acquired as part of asset transfer	-	-
Capital improvements	286,619	441,034
Proceeds on sale of foreclosed properties	(1,325,033)	(522,055)
Additions to FPHFS	-	10,486,301
Fair market value adjustment	-	(280,000)
Balance, end of period	$ 11,597,162	$ 12,635,576

During the year ended December 31, 2014, the Trust, through a related entity, foreclosed on the underlying security related to a mortgage in default. The property was purchased by a Limited Partnership in which the Trust has an 87% ownership interest in, with the other 13% owned by a related party. As the Trust has a controlling interest in this Limited Partnership, the Trust consolidates this Limited Partnership and thus, reflects the fair value of the FPHFS on its statement of financial position.

Prior to this transaction occurring, the Trust had a second mortgage outstanding on this property of $2,464,970. As the estimated fair value of the underlying property was determined to be less than the outstanding loan balances on the property, the Trust recognized a loan loss provision of $1,000,000. The net recoverable amount of the mortgage of $1,464,970 was reclassified from investments in mortgages to FPHFS, at the time of the foreclosure.

As at March 31, 2015, one of the FPHFS was sold and proceeds were received to cover its outstanding amount.

7. Promissory notes receivable:

	2015	2014
Unsecured, demand promissory note due from a private entity bearing interest at 10% per annum	$	$ -
Secured, demand promissory note due from a private entity bearing interest at 8% per annum	2,208,602	2,208,602
Unsecured, USD demand promissory note due from a related entity bearing interest at 10% per annum	132,993	121,810
Unsecured, CAD demand promissory note due from a related entity bearing interest at 8% per annum	8,296,517	5,464,724
Unsecured, USD demand promissory note due from a related entity bearing interest at 15% per annum	3,799,800	-
	$ 14,437,912	$ 7,795,136

8. Bank indebtedness:

The Trust has a revolving demand loan with a Canadian bank providing for borrowings up to $30,000,000 (2014 - $30,000,000) by way of direct advances. The amount available under the loan is further limited by a margin requirement. Interest is calculated at the bank's prime rate plus 1.5% per annum and a standby fee is calculated on the undrawn portion of the loan at 0.33% per annum.

The credit facility has financial tests and other covenants with which the Trust must comply. The Trust shall not, without the prior written consent of the bank: (a) permit its ratio of bank debt to tangible net worth at any time to exceed 0.25 to 1.00; or (b) permit its tangible net worth at any time to be less than $100,000,000; (c) permit its ratio of debt to EBITDA on a rolling 12 month basis to at any time exceed 3.00 to 1.00; or (d) permit its interest coverage ratio to be less than 3.00 to 1.00. These covenants place restrictions on, among other things, the ability of the Trust to incur additional indebtedness, and to sell or otherwise dispose of assets. During the period, the Trust was in compliance with all such covenants.

The credit facility is collateralized by a general security agreement representing a fixed and floating charge on all current and future mortgages receivables and all other accounts and assets of the Trust and an assignment of the Trust's beneficial interest in all mortgages held.

9. Loans payable (unsecured):

		2015		2014
U.S. dollar demand loan from a private investor, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice	$	714,996	$	654,877
Demand loan from a private investor, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice		2,729,000		2,729,000
Demand loan from a company related to the Manager, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice		-		-
Demand loan from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 15 days' notice		-		-
Demand loan from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 15 days' notice		-		-
Various demand loans from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 30 days' notice		-		-
Total loans payable	$	3,443,996	$	3,383,877

During the period, the Trust incurred interest charges of $92,030 (2014 - $128,894) relating to loans payable, including $42,810 (2014 - $68,874) from companies related to the Manager through common management.

10. Mortgage payable

	2015	2014
Mortgage payable	$ 3,783,003	$ 3,818,308

Mortgage payable relates to a first mortgage due to a third party secured by a first charge on a foreclosed property held for sale by the Trust (note 6). The interest rate charged on the mortgage is the greater of prime plus 2% or 5% per annum with maturity date on October 1, 2015.

11. Distributions payable to holders of redeemable units:

The Trust makes distributions totaling 100% of the net taxable earnings to Unitholders of each class on an annual basis. Distributions in excess of net earnings are recorded as advances to Unitholders which are repaid by way of reducing the subsequent year's distributions or from subsequent retractions.

Distributions allocable to each class of units differs as a result of the deduction of the amounts payable quarterly in respect of 1.0% per annum trailer fee, as defined in the Declaration of Trust, for the Class A Units and the lower administration fee payable in respect of the Class I Units.

For the period ended March 31, 2015, the Trust had declared distributions totaling $5,507,384 (2014 - $4597,017) of which $3,136,913 (2014 - $2,435,579) were reinvested.

As at March 31, 2015, distribution payable on redeemable units is as follows:

	2015	2014
Cash paid out subsequent to the period/year	$ 2,370,471	$ 4,372,494
Reinvested as trust units	3,136,913	5,197,174
	$ 5,507,384	$ 9,569,668

12. Redeemable units, representing net assets attributable to holders of redeemable units:

As at December 31, 2015 and 2014, there were an unlimited number of Class A Units, Class F Units and Class I Units authorized.

The holder of Class A Units, Class F Units and Class I Units (collectively, the "Units") are entitled to one vote per unit. The Units are redeemable on demand of the Unitholder upon 30 days' notice in increments of not less than $5,000. If notice is received by the Manager, the redemption will occur within thirty days subsequent to the receipt of the redemption notice. Redemptions may be subject to a 1.0% discount if units are redeemed prior to their one year anniversaries.

12. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

All classes of units have the same objectives, strategies and restrictions, but differ with respect to one or more of their features, such as fees and distributions. Under Canadian GAAP, the Trust previously accounted for its Units as equity. Under IFRS, IAS 32, *Financial Instruments: Presentation*, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem the Units or shares for cash or another financial asset be classified as financial liability. The Trust Units do not meet the exception criteria in IAS 32 for classification as equity due to the redemption terms of the Units and the dissimilarity of features between classes. As a result, the Units have been reclassified as financial liabilities on transition to IFRS.

Reconciliation of Units:

	2015		2014	
Class A units	Number	Amount	Number	Amount
Issued and outstanding, beginning of period	5,673,268	$ 56,674,314	3,564,682	$ 35,646,826
Increase/(decrease) in net assets attributable to redeemable units, from operations	-	127,776	-	(58,368)
Issued, as consideration for asset purchase (note 18)	-	-	476,125	4,761,248
Issued for cash	6,906	69,058	2,005,944	20,059,441
Issued for reinvested distributions	66,160	661,604	147,899	1,478,988
Redeemed for cash	(482,438)	(4,824,377)	(521,382)	(5,213,821)
Issued and outstanding, end of period	5,263,897	$ 52,708,375	5,673,268	$ 56,674,314

	2015		2014	
Class F units	Number	Amount	Number	Amount
Issued and outstanding, beginning of period	22,346,222	$ 223,232,320	19,299,554	$ 192,995,540
Issued upon inception of the Trust	-	-	-	-
Increase/(decrease) in net assets attributable to redeemable units, from operations	-	534,257	-	(229,904)
Issued, as consideration for asset purchase (note 18)	-	-	-	-
Issued for cash	532,076	5,320,762	5,187,568	51,875,682
Issued for reinvested distributions	300,919	3,009,193	777,594	7,775,944
Redeemed for cash	(1,169,751)	(11,697,512)	(2,918,494)	(29,184,942)
Issued and outstanding, end of period	22,009,466	$ 220,399,020	22,346,222	$ 223,232,320

12. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

Reconciliation of Units (continued):

Class I units	2015 Number		2015 Amount	2014 Number		2014 Amount
Issued and outstanding, beginning of period	10,859,793	$	108,486,103	6,391,322	$	63,913,217
Increase/(decrease) in net assets attributable to redeemable units, from operations	-		265,628	-		(111,728)
Issued, as consideration for asset purchase (note 18)	-		-	-		-
Issued for cash	610,000		6,100,000	4,176,609		41,766,090
Issued for reinvested distributions	152,638		1,526,377	291,852		2,918,524
Redeemed for cash	(679,493)		(6,794,928)	-		-
Issued and outstanding, end of period	10,942,928	$	109,583,180	10,859,783	$	108,486,103

Total	2015 Number		2015 Amount	2014 Number		2014 Amount
Issued and outstanding, beginning of period	38,879,273	$	388,392,737	29,255,558	$	292,555,583
Issued upon inception of the Trust	-		-	-		-
Increase/(decrease) in net assets attributable to redeemable units, from operations	-		927,661	-		(400,000)
Issued, as consideration for asset purchase (note 18)	-		-	476,125		4,761,248
Issued for cash	1,148,109		11,489,820	11,370,121		113,701,213
Issued for reinvested distributions	520,591		5,197,174	1,217,345		12,173,456
Redeemed for cash	(2,331,682)		(23,316,817)	(3,439,876)		(34,398,763)
Issued and outstanding, end of period	38,216,291	$	382,690,575	38,879,273	$	388,392,737

13. Related party transactions:

The Trust invests in mortgages alone or on a participation basis with parties related to the Manager. Titles to mortgages are held by Computershare Trust Company of Canada, on behalf of the beneficial owners of the mortgages. In addition, certain duties are performed by the Mortgage Broker. The Mortgage Broker is related to the Manager and the Trust through common control. In cases where mortgages are held on a participation basis:

- The Trust's rights are as outlined in the Declaration of Trust and a Mortgage Participation and Servicing Agreement with the Mortgage Broker.
- Pursuant to this agreement, the Mortgage Broker administers and services the mortgages on behalf of the Trustee and other investees. The Mortgage Broker acts as the Trust's loan originator, underwriter, servicer and syndicator.

13. Related party transactions (continued):

- The Mortgage Broker performs certain duties including registering the mortgages, arranging for title searches, and holding all title papers and other security documentation related to the mortgages.
- The Mortgage Broker delivers cash payments for interest and principal to the Trustee.

The Trust is managed by the Manager pursuant to the Declaration of Trust, a summary of which is set out in the most current Confidential Offering Memorandum. Certain of the Manager's duties may be performed by a company or companies related to the Manager through common control.

The Manager is responsible for the employment expenses of its personnel, rent and other office expenses. The Manager is not responsible for any taxes payable by the Trust or to which the Trust may be subject. The Trust is liable to the Manager for all expenses incurred in the management of the Trust except as previously noted.

(a) Due from related party and other receivables includes $94,109 (2014 - $1,806,811) cash held by the Mortgage Broker for principal and interest payments on mortgages not distributed to the Trust at March 31, 2015 and $23,776 (2014 - $15,042) for certain reimbursable expenses, and an amount receivable from a Trez managed limited partnership of $227,700 (2014 - nil). Also included is a receivable in amount of $8,296,517 (2014 - $5,464,724) for funds advanced on a foreclosed property held by parties related by common management and control. These advances were converted into an 8.0% note receivable beginning 2015.

(b) Accounts payable and accrued liabilities includes $87 (2014 - $207,183) which represents unfunded capital call and initial subscription in investments in associates. Mortgages payable to related parties include $5,321,978 (2014 - $5,203,023) to a listed entity and a related party by common management and control as a result of consolidating an investment controlled by the Trust.

(c) The Trust generally invests in an interest in a mortgage at the time the mortgage is funded. However, at any time during the term of the mortgage, it may acquire an interest from or sell its interest in a mortgage to parties related to the Manager, Trustee and Mortgage Broker. Purchases from and sales to related parties are transacted at unpaid principal plus accrued interest due at the date of the transaction which, in the opinion of the Manager, represent the estimated fair values of the related mortgages. During the period, the Trust purchased investments in mortgages of $nil (2014 - $5,841,773) from and sold investments in mortgages of $51,195,805 (2014 - $128,372,836) to entities under common management.

(d) Pursuant to the terms and conditions of the Trust Agreement, the Manager in entitled to receive from the Trust in respect of each class of units an annual fee (the “Management Fee”) payable quarterly. For Class A Units and Class F Units this is equal to 1.5% of the proportionate share of the average gross assets of the Trust plus applicable taxes. For Class I Units this is equal to a percentage, that is negotiated between the Manager and the Unitholder, of the proportionate share of the average gross assets of the Trust plus applicable taxes. The average gross assets of the Trust are calculated using a simple moving average of the month end value of all assets, excluding non-derecognized loan transfer, of the Trust. For each class of units of the Trust, the Manager also receives an additional fee (the “Incentive Fee”) equal to 10% of net earnings and capital gains but prior to the deduction for the Incentive Fee, payable annually.

13. Related party transactions (continued):

(e) During the period, the Trust incurred Incentive and Management Fees of $770,281 (2014 - $266,668) and $1,503,167 (2014 - $1,235,867), respectively, payable to the Manager. As at March 31, 2015, $8,862,059 (2014 - $6,588,611) remained outstanding, and is included in accounts payable and accrued liabilities.

(f) The Trust has invested in a mortgage portfolio with a balance at March 31, 2015 of $383,667,817 (2014 - $328,077,550), virtually all of which are made on a participation basis with related parties.

(g) As at March 31, 2015, the Trust has co-invested in certain associates and joint ventures investments with the owners of the Manager and their close family members and other Trez managed funds which are related parties by virtue of common management, as follows:

- As at March 31, 2015, the owners of the Manager and their close family members own 39.0% (2014 – 39.0%) of the units of Trez WTH Equity LP and other Trez managed funds own 17.0% (2014 – 17.0%) of the units of Trez WTH Equity LP.
- As at March 31, 2015, the owners of the Manager and their close family members own 42.0% (2014 – 42.0%) of the units of T- NWBP Investments LP.
- As at March 31, 2015, the owners of the Manager and their close family members own 7.8% (2014 - 7.8%) of the units of TC Logan Park Investments LP and other Trez managed funds own nil% (2014 - nil) of the units of TC Logan Park Investments LP
- As at March 31, 2015, the owners of the Manager and their close family members own 13.5% (2014 - 13.5%) of the units of T Church and Stone Oak Investments LP and other Trez managed funds own 10.0% (2014- 10.0%) of the units of T Church and Stone Oak Investments LP.
- As at March 31, 2015, Trez managed fund owns 9% of the units of Trez Centro LP (2014 – 9%).

14. Income taxes:

The Trust is a mutual fund trust under the *Income Tax Act (Canada)*.

The Trust will allocate to its Unitholders net earnings and net realized capital gains that would otherwise attract tax in the Trust. Accordingly, no provision for income taxes will be reflected in the Trust's interim condensed consolidated financial statements.

15. Fair value measurements:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The carrying value of all of the Trust’s financial instruments approximates their fair value.

15. Fair value measurements (continued):

The carrying values of financial assets and financial liabilities not measured at fair values, such as cash, other receivables, accounts payable and accrued liabilities, loans payable, distributions payable on redeemable units, loans payable and net assets attributable to holders of redeemable units approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. The carrying values of the investments in mortgages, investments in associates and other investments approximate their fair values because the Manager doesn't expect any significant changes in interest rates, foreign exchange risk or credit risk.

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

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

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Carrying value			
March 31, 2015	Loans and receivable	FVTPL	Other financial liabilities	Fair value
Assets not measured at fair value				
Investments in mortgages, including mortgage syndications (note 5(d))	$ 383,314,078	$ -	$ -	$ 383,314,078
Accrued interest receivable	577,550	-	-	577,550
Prepaid expenses and deposits	4,160,738	-	-	4,160,738
Other receivables	4,451	-	-	4,451
Promissory notes receivable	14,437,912	-	-	14,437,912
Due from related parties	345,585	-	-	345,585
Cash and cash equivalents	-			-
Assets measured at fair value				
Embedded derivatives, included in profit participation mortgages (note 5(d))	-	353,739	-	353,739
Other investments	-	3,937,057	-	3,937,057
Foreclosed properties held for sale	-	11,597,162	-	11,597,162

15. Fair value measurements (continued):

March 31, 2015	Carrying value Loans and receivable	FVTPL	Other financial liabilities	Fair value
Financial liabilities not measured at fair value				
Accounts payable and accrued liabilities	-	-	9,405,499	9,405,499
Distributions payable on redeemable units	-	-	5,507,384	5,507,384
Loans payable	-	-	3,443,996	3,443,996
Syndicated loan liability	-	-	13,679,875	13,679,875
Mortgage payable	-	-	3,783,003	3,783,003
Mortgages payable to related parties	-	-	5,321,978	5,321,978
Bank indebtedness	-	-	13,595,108	-
Fair value on derivative contracts	-	1,376,222	-	1,376,222
Net assets attributable to holders of redeemable units	-	-	382,690,575	382,690,575

December 31, 2014	Carrying value Loans and receivable	FVTPL	Other financial liabilities	Fair value
Assets not measured at fair value				
Investments in mortgages, including mortgage syndications (note 5(d))	$ 327,760,218	$ -	$ -	$ 327,760,218
Accrued interest receivable	454,919	-	-	454,919
Prepaid expenses and deposits	2,145,479	-	-	2,145,479
Other receivables	264,109	-	-	264,109
Promissory notes receivable	7,795,136	-	-	7,795,136
Due from related parties	1,821,853	-	-	1,821,853
Cash and cash equivalents	51,807,314	-	-	51,807,314
Assets measured at fair value				
Embedded derivatives, included in profit participation mortgages (note 5(d))	-	317,332	-	317,332
Other investments	-	201,389	-	201,389
Foreclosed properties held for sale	-	12,635,576	-	12,635,576

15. Fair value measurements (continued):

December 31, 2014	Carrying value Loans and receivable	FVTPL	Other financial liabilities	Fair value
Financial liabilities not measured at fair value				
Accounts payable and accrued liabilities	-	-	7,357,712	7,357,712
Distributions payable on redeemable units	-	-	9,569,668	9,569,668
Loans payable	-	-	3,383,877	3,383,877
Syndicated loan liability	-	-	13,464,425	13,464,425
Mortgage payable	-	-	3,818,308	3,818,308
Mortgages payable to related parties	-	-	5,203,023	5,203,023
Net assets attributable to holders of redeemable units	-	-	388,792,737	388,792,737

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

(*i*) Investments in mortgages and mortgage syndication liabilities:

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

(*ii*) Embedded derivatives:

Included in the investments in mortgages are certain profit participation mortgages. The valuation techniques and inputs used to fair value the embedded derivatives are described in note 5. The fair value of embedded derivatives is based on the use of level 3 inputs.

(*iii*) Other financial assets and liabilities:

The fair values of cash, accrued interest receivable, other receivables, prepaid expenses and deposits, promissory notes receivable, accounts payable and accrued liabilities, loans payable, and distributions payable to holders of redeemable units approximate their carrying value due to their short-term maturities.

15. Fair value measurements (continued):

(*iv*) Foreclosed properties held for sale:

The Manager makes its determination of the fair value of foreclosed properties held for sale using the following:

- Direct Capitalization Method. This valuation method is based on stabilized net operating income ("NOI") divided by an overall capitalization rate. Stabilized NOI is based on the location, type and quality of the property and supported current market rents for similar properties, adjusted for estimated vacancy rates and expected operating costs. Capitalization rate is based on location, size and quality of the property taking into account market data at the valuation date. As such, the fair value determined using this method is based on the use of Level 3 inputs.

  The estimated fair value would increase (decrease) if stabilized NOI was higher (lower) or overall capitalization rates were lower (higher).

- Comparable Land Sales. Where the foreclosed property held for sale is land, the Manager determines the fair value of the land based on comparable land sales for properties within the same area. As such, the fair value determined using this approach is based on the use of Level 3 inputs.

There were no transfers between Level 1, Level 2 and Level 3 during the period/year ended March 31, 2015 and December 31, 2014.

16. Financial risk management:

(a) Fair value:

The Trust has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations.

16. Financial risk management (continued):

(a) Fair value (continued):

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the investments in mortgages, promissory notes receivable, and other receivables. For risk management reporting purposes the Trust considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out by the Manager's Credit Committee.

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place. The Trust's credit risk is monitored on a quarterly basis by the Trust's Board of Governors.

The Mortgage Broker's Credit Committee reviews its policies regarding its lending limits on an on-going basis. As at March 31, 2015 18.48% (2014 - 22.4%) of the Trust's portfolio was advanced to a single borrowing group. Minimal credit risk also arises from cash, and deposits which is mitigated by holding cash and deposits in Canada with a major financial institution.

The Trust's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at March 31, 2015 and December 31, 2014 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust's liquidity requirements relate to its obligations under its loans payable, accounts payable and accrued liabilities, syndicated loan liability, distributions payable to holders of redeemable units, redeemable units, loans payable and its obligations to make future advances under its existing mortgage portfolio. Liquidity risk is managed by ensuring that the sum of: (*i*) availability under the Trust's bank borrowing line; (*ii*) the sourcing of other borrowing facilities; and (*iii*) projected repayments under the existing mortgage portfolio, exceeds projected needs (including funding of further advances under existing and new mortgage investments). As at March 31, 2015, 32.09% of the Trust's mortgage portfolio, being $121,958,370, is due on or before December 31, 2015 (2014 – 43.2% or $140,511,783 due before December 31, 2015). This excludes default mortgages and mortgages that are past due as at March 31, 2015.

16. Financial risk management (continued):

(a) Fair value (continued):

(*ii*) Liquidity risk (continued):

Loans payable do not have associated maturity dates but are repayable on demand upon 30 days' notice.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of year end.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's income or the fair value of its holdings of financial instruments and investments in associates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of mortgages on real property and development projects within Canada and the United States that preserves capital and generates returns in order to permit the Trust to pay quarterly distribution to its unitholders.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(*iv*) Interest rate risk:

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Trust's interest rate risk is primarily attributable to its resources to fund the mortgages. As described in note 12, units are retractable by unitholders upon 30 days' notice. A significant rise in interest rates may cause Unitholders to retract their Units and could cause a shortfall in funds available to meet such retractions. The Trust manages interest rate risk by generally investing in short term variable rate mortgages with floor rates which are greater than the rate charged by its lenders. The Trust also charges a 1% penalty on retractions made prior to units' first year anniversary.

As at March 31, 2015, a 0.25% increase in interest rates with all other variables held constant would increase the Trust's income by approximately $204,000 (March 31, 2014 - $184,000), arising mainly as a result of higher interest income generated on variable rate mortgage investments offset in part by higher interest rates on the Trust's borrowing facilities. A 0.25% decrease in interest rates with all other variables held constant would increase income by approximately $5,000 (March 31, 2014 - $9,000) as a result of lower interest costs on the borrowing facilities.

16. Financial risk management (continued):

(a) Fair value (continued):

(*v*) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust's functional currency is Canadian dollars.

The Trust has put in place steps to mitigate impacts from fluctuations in foreign exchange as the Trust has entered into forward exchange contracts to manage most of its foreign exchange exposure. As at March 31, 2015, the Trust was participating in forward exchange contracts to sell U.S. dollars totaling $64,406,576 (2014 - $27,187,755) (Canadian dollar equivalent). These derivative contracts are measured at fair value with changes in foreign exchange gain/loss reported in the statement of comprehensive income/(loss).

The table below indicates the foreign currency to which the Trust had exposure at March 31, 2015 and December 31, 2014. It also illustrates the potential impact on the net assets attributable to holders of redeemable units if Canadian dollar had strengthened or weakened by 5% in relation to the other currency, with all other variables held constant.

Increase (decrease) in CAD:

2015

Currency	Exposure	Impact on net assets attributable to redeemable units
United States dollars	5,678,655	313,699 (313,699)
% of net assets attributable to redeemable units	1.48%	0.08% (0.08%)

2014

Currency	Exposure	Impact on net assets attributable to redeemable units
United States dollars	3,328,782	114,816 (114,816)
% of net assets attributable to redeemable units	0.86%	0.03% (0.03%)

(*vi*) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in mortgages and development projects through its investments in associates. These risks arise from changes in the real estate market and could be local, national, and global in nature. Deteriorating real estate values increase the Trust's risk. The Trust manages these risks by actively maintaining strong borrower relationship and active monitoring of all loans. Further, the Trust has diversified its portfolio of investment mortgages geographically to manage this risk.

17. Capital management:

The Trust considers net assets available to holders of redeemable units to be capital, which at March 31, 2015 was $382,690,575 (December 31, 2014 - $388,392,737).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient cash resources to invest in mortgages in order to provide a return to its unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional units.

The Trust, through its Manager, manages its capital structure and makes adjustments as appropriate based on the funds available to the Trust as well as utilization of its line of credit in order to support the continued investment in mortgages and other investments. The Manager's investment strategy continues to be to preserve investor capital, while providing a consistent stream of interest income.

18. Asset purchase agreement:

(a) On June 1, 2014, the trust entered into an Asset Purchase Agreement, effective June 1, 2014, for the purchase of all the assets and assumption of the liabilities of K Trust for an aggregate consideration of $4,761,248 representing the estimated fair value of the net assets being purchased. The consideration given was comprised of 476,125 Series A units at $10 per unit to be issued by the trust.

Consideration received:		
Equity investments	$	989,701
Investments in mortgages		3,215,677
		4,205,378
Cash assumed		555,870
Net assets acquired	$	4,761,248

WOLRIGE MAHON
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trez Capital Yield Trust:

We have audited the accompanying consolidated financial statements of Trez Capital Yield Trust, and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable units and statement of changes in cash flows for the period from inception on March 20, 2013 to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trez Capital Yield Trust, and its subsidiaries, as at December 31, 2013, and their financial performance and cash flows for the period from inception on March 20, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

"Wolrige Mahon LLP"

CHARTERED ACCOUNTANTS

March 30, 2015
Vancouver, B.C.

Wolrige Mahon LLP Ninth Floor 400 Burrard Street Vancouver British Columbia V6C 3B7
T: 604.684.6212 | F: 604.688.3497 | www.wm.ca | email@wm.ca

Consolidated Financial Statements
(Expressed in Canadian dollars)

TREZ CAPITAL YIELD TRUST

Year ended December 31, 2014 and
period from inception on March 20, 2013 to December 31, 2013

KPMG

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Trez Capital Yield Trust

We have audited the accompanying consolidated financial statements of Trez Capital Yield Trust, which comprise the consolidated statement of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the year then ended and the period from inception on March 20, 2013 to December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trez Capital Yield Trust as at December 31, 2014, and its financial performance and its cash flows for the year then ended and the period from inception on March 20, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

Other Matter

The comparative information, which comprise the consolidated statements of financial position as at December 31, 2013 and the consolidated statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units, and cash flows for the period from inception on March 20, 2013 to December 31, 2013, and the summary of significant accounting policies and other explanatory information, including note 20, which explains how the transition from Canadian generally accepted accounting principles to International Financial Reporting Standards affected the entity's reported financial position, financial performance and cash flows, were audited by another auditor who expressed an unmodified opinion on April 7, 2015.

Chartered Accountants

April 7, 2015
Vancouver, Canada

TREZ CAPITAL YIELD TRUST

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

December 31, 2014 and 2013

	Notes	2014	2013 (note 20)
Assets			
Cash		$ 51,807,314	$ 24,954,247
Accrued interest receivable		454,919	215,393
Other receivables		264,109	12,428
Due from related parties	14	7,286,577	1,985,270
Prepaid expenses and deposits		2,145,479	2,683,647
Promissory notes receivable	8	2,330,412	2,708,602
Investments in associates and joint ventures	4	25,986,425	11,322,409
Other investments	5	201,389	397,439
Investments in mortgages	6	328,077,550	267,469,744
Foreclosed properties held for sale	7	12,635,576	2,510,296
		$ 431,189,750	$ 314,259,475
Liabilities and Net Assets Attributable To Holders of Redeemable units			
Accounts payable and accrued liabilities	14	$ 7,357,712	$ 2,407,080
Distributions payable on redeemable units	12	9,569,668	7,277,807
Loans payable	10	3,383,877	7,987,084
Syndicated loan liability	6(a)	13,464,425	4,031,921
Mortgage payable	11	3,818,308	-
Mortgages payable to related parties	14	5,203,023	-
		42,797,013	21,703,892
Net assets attributable to holders of redeemable units	13	388,392,737	292,555,583
		$ 431,189,750	$ 314,259,475
ARTICLE I Net assets attributable to holders of redeemable units:			
Class A units		$ 56,674,314	$ 35,646,826
Class F units		223,232,320	192,995,540
Class I units		108,486,103	63,913,217

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of the Manager:
Trez Capital Fund Management Limited Partnership

"Alexander (Sandy) Manson" Director "Ken Lai" Director

TREZ CAPITAL YIELD TRUST

Consolidated Statements of Comprehensive Income (loss)
(Expressed in Canadian dollars)

	Notes	Year ended December 31, 2014	Period from inception on March 20, 2013 to December 31, 2013
			(note 20)
Revenue:			
Interest income		$ 29,731,525	$ 17,174,265
Interest expense on mortgage syndication		(188,550)	(138,451)
Other income		12,635	5,193
Income from investments in associates and joint ventures	4	6,638,450	40,487
Other investment income	5	30,074	25,705
		36,224,134	17,107,199
Expenses:			
Commissions		1,741,400	1,250,838
Foreign exchange gain		(322,050)	(166,373)
Management and incentive fees	14	8,393,200	2,954,331
Professional fees		230,575	239,694
Governance fees		120,251	88,380
Provision for mortgage investment losses, net of recoveries	6	930,824	-
Fair value adjustment on foreclosed properties held for sale	7	280,000	-
Bank charges	9	130,622	133,518
General administrative expenses		166,343	130,519
		11,671,165	4,630,907
Income from operations		24,552,969	12,476,292
Financing costs:			
Interest expense	10	456,708	572,750
Distributions to holders of redeemable units	12	24,496,261	11,903,542
		24,952,969	12,476,292
Increase (decrease) in net assets attributable to holders of redeemable units, from operations		$ (400,000)	$ -

See accompanying notes to the consolidated financial statements.

TREZ CAPITAL YIELD TRUST

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

	Year ended December 31, 2014	Period from inception on March 20, 2013 to December 31, 2013
		(note 20)
Balance, beginning of period	$ 292,555,583	$ -
Increase (decrease) in net assets attributable to holders of redeemable units, from operations	(400,000)	-
Contributions and redemptions by holders of redeemable units:		
Issuance of units	113,701,213	105,982,766
Issuance of units as consideration for assets purchased (note 13)	4,761,248	196,929,184
Reinvestment of distributions on redeemable units	12,173,456	5,168,475
Redemptions	(34,398,763)	(15,524,842)
Net contributions	96,237,154	292,555,583
Balance, end of period	$ 388,392,737	$ 292,555,583

See accompanying notes to the consolidated financial statements.

TREZ CAPITAL YIELD TRUST

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2014	Period from inception on March 20, 2013 to December 31, 2013
		(note 20)
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units , from operations	$ (400,000)	$ -
Items not involving cash:		
Income from investments in associates	(6,638,450)	(40,487)
Other investment income	(30,074)	(25,705)
Provision for mortgage investment loss, net of recoveries	930,824	-
Fair value adjustment on foreclosed properties	280,000	-
Interest income	(29,731,525)	(17,174,265)
Interest expense	645,258	711,201
Distribution expense incurred	24,496,261	11,903,542
Interest received	22,775,565	9,133,105
Changes in non-cash items:		
Other receivables	(251,681)	(12,428)
Prepaid expenses and deposits	538,168	(875,937)
Due from related parties	(5,301,307)	(1,062,008)
Accounts payable and accrued liabilities	5,070,529	(1,406,279)
	12,383,568	1,150,739
Cash flows from investing activities:		
Advances of promissory notes receivable	378,187	177,925
Funding of investments in mortgages	(428,819,658)	(101,386,780)
Repayments on investments in mortgages	384,992,128	56,032,848
Investment in associates	(6,479,907)	(9,944,137)
Other investments	226,124	57,442
Capital improvements to foreclosed properties held for sale	(441,034)	(144,875)
Proceeds from foreclosed properties held for sale	522,056	1,319,173
	(49,622,104)	(53,888,404)
Cash flows from financing activities:		
Interest paid	(576,696)	(438,767)
Distributions paid	(10,030,944)	(4,120,993)
Advances of loans payable	(4,603,207)	4,332,680
Proceeds on issuance of units	113,701,213	105,982,766
Payments on redemption of units	(34,398,763)	(15,524,842)
	64,091,603	90,230,844
Net increase in cash	26,853,067	37,493,179
Cash, beginning of period	24,954,247	(12,538,932)
Cash, end of period	$ 51,807,314	$ 24,954,247

See accompanying notes to the consolidated financial statements.

1. General:

Trez Capital Yield Trust (the "Trust") is an unincorporated trust which was established under the laws of British Columbia pursuant to a Trust Agreement dated March 20, 2013 and commenced operations April 1, 2013.

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

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 within Canada and the United States and from equity profit sharing arrangements through limited partnerships. Pursuant to the Trust Agreement, the legal ownership of the Trust's property is vested in the Trustee and the Trust Unitholders' beneficial interest in the Trust is represented by units. The affairs and administration of the Trust are managed by the Manager.

The principal place of business of the Trust is located at 1550-1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements of the Trust have been prepared in compliance with International Financial Reporting Standards ("IFRS"). This is the first time that the Trust has prepared its financial statements in accordance with IFRS, and IFRS 1, *First - Time Adoption of International Financial Reporting Standards*, has been applied. The Trust previously prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Details of transition from Canadian GAAP to IFRS are provided in note 20.

The consolidated financial statements were authorized for issue by the Manager on April 7, 2015.

(b) Functional and presentation currency:

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

(c) Use of estimates and judgments:

The preparation of consolidated 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.

2. Basis of preparation (continued):

(c) Use of estimates and judgments (continued):

In making estimates, the Manager relies on external information and observable inputs where possible supplemented by internal analysis as required. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the consolidated financial statements are as follows:

(*i*) Investments in mortgages:

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

(*ii*) Measurement of fair values:

The Trust's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Trust uses observable market data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the Manager will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. The information about the assumptions made in measuring fair value is included in note 16.

3. Significant accounting policies:

(a) Basis of presentation:

(*i*) Subsidiaries:

The consolidated financial statements comprise the financial statements of the Trust and subsidiaries controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The consolidated financial statements reflect the financial position, results of operations and cash flows of the Trust and its subsidiaries. Intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

The Trust owns and consolidates the following material subsidiaries:

	Province of incorporation	Percentage of ownership
T-Waterloo Investment LP	British Columbia	87%
Trez Onewest Trust	British Columbia	91%
TC Scarborough LP	British Columbia	100%
TC Parkside West Investments LP	British Columbia	100%
TC Laurel Park Investment LP	British Columbia	100%
TC H 2014 Partners Investments LP	British Columbia	100%

(*ii*) Joint ventures:

The Trust and certain of its subsidiaries have interests in a number of development joint ventures, which are accounted for using the equity method.

The Trust holds investments in other trusts and limited partnerships for the purpose of investing in real estate development projects. In certain cases the Trust's investments are held through intermediary holding entities.

Where the Trust has assessed that it has joint control over the investees, the investments are initially recognized at cost and are adjusted thereafter for the post-acquisition change in the Trust's share in the investee's net assets. The Trust's share of investee's profit or loss is included in the Trust's statement of comprehensive income.

3. Significant accounting policies (continued):

(a) Basis of presentation (continued):

(*ii*) Joint ventures (continued):

Significant accounting policies of the underlying operating partnerships involved real estate development projects are as follows:

- Properties under development: Properties under development are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less cost to complete the development and selling costs. Costs include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs. The cost of sale of a property or unit is allocated on the basis of the estimated total cost of the project prorated by the selling price of the property or unit over the anticipated sales proceeds from the entire project.
- Sales revenue: Revenue from the sale of properties under development is recognized at the time that the risks and rewards of ownership have been transferred, possession or title passes to the purchaser, and all material conditions of the sales contract have been met, and at which time all proceeds are received or collectability is reasonably assured.

(b) Cash:

Cash consists of cash held at financial institutions.

(c) Investments in associates:

Investments over which the Trust holds significant influence are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee without actual control or joint control of those policies. Under the equity method, the investment is initially recognized at cost and is adjusted thereafter for the post-acquisition change in the Trust's share in the investee's net assets. The Trust's share of investee's profit or loss is included in the Trust's statement of comprehensive income.

The Trust holds investments in associates primarily for the purpose of investing in real estate development projects.

Significant accounting policies of the underlying operating partnerships involved real estate development projects are as follows:

- Properties under development: Properties under development are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less cost to complete the development and selling costs. Costs include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs. The cost of sale of a property or unit is allocated on the basis of the estimated total cost of the project prorated by the selling price of the property or unit over the anticipated sales proceeds from the entire project.

3. Significant accounting policies (continued):

(c) Investments in associates (continued):

- Sales revenue: Revenue from the sale of properties under development is recognized at the time that the risks and rewards of ownership have been transferred, possession or title passes to the purchaser, and all material conditions of the sales contract have been met, and at which time all proceeds are received or collectability is reasonably assured.
- Other revenues: The operating partnerships may earn other revenue such as performance fees based on the specific contractural terms of each partnership. These revenues are recorded as earned in accordance with the terms of the respective partnership agreement.

(d) Foreclosed properties held for sale:

When the Trust obtains legal title of the underlying security of an impaired mortgage investment, the carrying value of the mortgage investment, which is comprised of principal, costs incurred, accrued interest and the related provision for mortgage investment loss, if any, is reclassified from mortgage investments to foreclosed properties held for sale ("FPHFS"). At each reporting date, FPHFS are measured at fair value, with changes in fair value recorded in profit or loss in the period they arise. The Trust uses management's best estimate to determine fair value of the properties, which may involve frequent inspections, engaging realtors to assess market conditions based on previous property transactions or, obtaining property appraisals from independent valuation specialists.

(e) Other investments:

The Trust initially records other investments, where no significant influence exists, at fair value with any subsequent changes in fair value reflected in the statement of comprehensive income.

(f) Promissory notes receivable:

Promissory notes are recorded at amortized cost using the effective interest rate method less any impairment.

(g) Redeemable units:

All Units of the Trust are redeemable at the unitholder's option and are thus 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.

(h) Revenue recognition:

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

Interest on impaired financial assets is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. Significant accounting policies (continued):

(i) Deferred loan interest:

Certain loan agreements contain a deferred interest clause that states that a portion of the interest is not payable until the loan matures. The deferred interest is accrued ratably in the accounts over the term of the loan as the interest is earned.

(j) Foreign currency translation:

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the average rate of exchange prevailing for the period.

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange as at the date of the consolidated financial statements.

Assets denominated in foreign currencies under forward currency arrangements are shown at the contractual rates of exchange reflected in the arrangements. Related gains or losses on these arrangements are recognized in the statement of comprehensive income at their maturities.

(k) Distributions on redeemable units:

Distributions to unitholders on each class of redeemable units are made on a quarterly basis and represent 100% of the Trust's net taxable earnings. Distributions are treated as an expense within the statement of comprehensive income, corresponding with the units' classification as liabilities.

(l) 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.

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

3. Significant accounting policies (continued):

(l) Financial instruments (continued):

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

The Trust has classified its financial instruments as follows:

Asset / Liability	Classification	Subsequent measurement
Cash	Loans and receivables	Amortized cost
Accrued interest receivable	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Prepaid expenses and deposits	Loans and receivables	Amortized cost
Promissory notes receivable	Loans and receivables	Amortized cost
Investments in mortgages	Loans and receivables	Amortized cost
Embedded derivatives included in investments in mortgages	FVTPL	Fair value
Other investments	FVTPL	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Syndicated loan liability	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Mortgage payable	Other financial liabilities	Amortized cost
Mortgages payable to related parties	Other financial liabilities	Amortized cost
Distributions payable on redeemable units	Other financial liabilities	Amortized cost
Net assets attributable to holders of redeemable units	Other financial liabilities	Redemption amount

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

(*ii*) De-recognition:

(A) Financial assets:

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

3. Significant accounting policies (continued):

(l) Financial instruments (continued):

(*ii*) De-recognition (continued):

(A) Financial assets (continued):

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

(B) Financial liabilities:

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

(*iii*) Impairment:

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

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

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

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

3. Significant accounting policies (continued):

(l) Financial instruments (continued):

(*iii*) Impairment (continued):

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

(m) Future accounting changes:

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 consolidated 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, 2017, with earlier adoption permitted.

(n) Segmented information:

The Trust's operations consist of the investment in mortgages secured by real property in Canada or the United States, which constitutes a single operating segment.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

4. Investments in associates and joint ventures:

The summary below lists the Trust's investments in associates and joint ventures, their names, types and percentage of ownership:

		2014		2013
Investment in associates:				
Trez WTH Equity LP, a US limited partnership to acquire, hold, manage or dispose of real property in the US, 27.83% (2013 - 16.05%)	$	818,310	$	376,609
T Church and Stone Oak Investments LP, a Canadian limited partnership invested in two development projects in Texas, 23.53% (2013 - 13.70%)		1,326,332		736,260
T-NWBP Investments LP, a Canadian limited partnership invested in a development project, 44.61% (2013 - 44.61%)		6,994,093		571,422
TC Logan Park Investments LP, a Canadian limited partnership invested in a development project in Texas, 40.63% (2013 - 29.69%)		2,692,303		1,957,277
TC Beacon Hill LP, a Canadian limited partnership invested in a development project in Texas, 22.50%		30,765		-
		11,861,803		3,641,568
Investment in joint ventures:				
Scarborough Forest Ridge Development LP, a US LP invested in a development project in Texas for single-family residential lots, 50% (2013 - 50%)		1,692,877		1,189,237
Parkside Land West LP, a US LP invested in a development project in Texas comprising 623 single-family residential lots, 50% (2013 - 50%)		6,092,647		6,491,604
HT Spring Stuebner Land LP, a US LP invested in a development project in Texas comprising 310 single – family residential lots 50%		3,911,294		-
HT Midtown LP, a US LP invested in a development project in Texas comprising 280 single-family lots 50%		2,427,713		-
Trez Centro LP, a Canadian LP invested in a development project in British Columbia 50%		91		-
		14,124,622		7,680,841
	$	25,986,425	$	11,322,409

4. Investments in associates and joint ventures (continued):

With the exception of Trez Centro LP, the investment in associates and joint ventures above have been entered into with established property developers in Western Canada and Texas to enable the Trust to benefit from local real estate expertise while pursuing returns from its investments. The underlying assets of the joint ventures are being developed with the joint venture counterparty acting as lead developer. The lead developer assumes the development risk associated with the projects in that cost overruns are to be borne by them.

In the case of the joint ventures, the Trust, through an affiliated entity, is represented on the respective joint ventures' major decision committee which entitles the Trust's affiliate and the joint venture counterparty to 50% each of the voting rights with respect to the major decisions impacting the outcome of the relevant developments.

The following identifies certain obligations and or commitments in accordance with the terms of the agreements for the respective associates and joint ventures:

- Trez WTH Equity LP: During the year ended December 31, 2013, the Trust acquired a 16.05% interest in this investment as part of the Bison Canadian Dollar II Sub Trust asset purchase agreement (note 19). Each limited partner shall make additional capital contributions to the capital of the partnership to meet additional funding requirements, as determined and called by the general partner from time to time in accordance with the terms of the limited partnership agreement. Any additional capital contributions are subject to the unanimous approval of the limited partners, and shall be funded on a pro-rata basis.

  During the year ended December 31, 2014, the Trust acquired an additional 11.78% interest in this investment as part of the K Trust asset purchase agreement (note 19), bringing its total investment in this associate to 27.83%.

- T Church and Stone Oak Investments LP: In accordance with the provisions of the limited partnership agreement, the Trust made an initial contribution of US$700,000, representing a 13.70% interest. Each limited partner shall make additional capital contributions to the capital of the partnership to meet additional funding requirements, as determined and called by the general partner from time to time in accordance with the terms of the limited partnership agreement. Any additional capital contributions shall be funded on a pro-rata basis.

  During the year ended December 31, 2014, the Trust acquired an additional 9.80% interest in this investment as part of the K Trust asset purchase agreement (note 19), bringing its total investment in this associate to 23.53%.

- T- NWBP Investments LP: During the year ended December 31, 2013, the Trust acquired a 44.61% interest in this investment as part of the Bison Canadian Dollar II Sub Trust asset purchase agreement (note 19). In accordance with the provisions of the limited partnership agreement, the general partner, at its sole discretion, shall offer additional partnership units for sale to limited partners on a pro-rata basis. Any additional units which remain unsubscribed for may be offered to any limited partner or third party as the general partner determines.

4. Investments in associates and joint ventures (continued):

- TC Logan Park Investments LP: In accordance with the provisions of the limited partnership agreement, the Trust made an initial contribution of US$1,900,000, representing a 29.69% interest in the limited partnership. During the year ended December 31, 2014, the Trust purchased an additional 10.94% interest in the limited partnership from a Trez managed fund, which is a related party by virtue of common management, for US$700,000, bringing its total investment to 40.63% as at December 31, 2014. In accordance with the provisions of the limited partnership agreement, each limited partner shall make additional capital contributions to the capital of the partnership to meet additional funding requirements, as determined and called by the general partner from time to time in accordance with the terms of the limited partnership agreement. Any additional capital shall be funded on a pro-rata basis.

- TC Beacon Hill LP. During the year ended December 31, 2014, the Trust acquired a 22.50% interest in this investment as part of the K Trust asset purchase agreement (note19). In accordance with the provisions of limited partnership agreement, each limited partner shall make additional capital contributions to the capital of the partnership to meet additional funding requirements, as determined and called by the general partner from time to time in accordance with the terms of the limited partnership agreement. Any additional capital contributions are subject to the unanimous approval of the limited partners, and shall be funded on a pro-rata basis.

- Scarborough Forest Ridge Development LP: The Trust is required to contribute a pre-agreed capital contribution of US$1,150,000. In addition, the general partner may request for, and the partners of the joint venture will be obligated to pay, additional capital contributions to be made on a pro-rata basis in accordance with the initial funding ratios should the joint venture require funds in excess of amounts available from revenues and reserves in order to pay the partnership expenses set forth in a development budget and/or to pay other permitted costs as they become due (as such terms are defined). Additional contributions in excess of the foregoing are subject to the approval of each partner.

- Parkside Land West LP: The Trust is required to contribute a pre-agreed capital contribution of US$6,190,000 as well as the additional capital contributions as approved and called by the general partner that cover the Trust's committed capital contributions for each particular phase of development and for which the Trust has not yet made such contributions to the required amounts. The Trust is not obligated to make additional capital contributions for cost overruns. However, the Trust is obligated to make additional capital contributions, should they be requested by the general partner, to fund operating shortfalls, other permitted costs and other contribution obligations (as such terms are defined). These additional contributions will be made on a pro-rata basis to the Trust's holding in the joint venture. Should the Trust fail to make such obligated contributions, the other joint venturer will be entitled to pay that defaulting amount and will thereby increase its pro-rata entitlement to the residual returns on the investment, while the Trust will be subject to a corresponding reduction in its pro-rata entitlement to the residual returns on the investment.

4. Investments in associates and joint ventures (continued):

- HT Spring Stuebner Land LP: The Trust is required to contribute a pre-agreed capital contribution of US$3,423,550 as well as the additional capital contributions as approved and called by the general partner that cover the Trust's committed capital contributions for each particular phase of development and for which the Trust has not yet made such contributions to the required amounts. The Trust is not obligated to make additional capital contributions for cost overruns. However, the Trust is obligated to make additional capital contributions, should they be requested by the general partner, to fund operating shortfalls, other permitted costs and other contribution obligations (as such capitalized terms are defined). These additional contributions will be made on a pro-rata basis to the Trust's holding in the joint venture. Should the Trust fail to make such obligated contributions, the other joint venturer will be entitled to pay that defaulting amount and will thereby increase its pro-rata entitlement to the residual returns on the investment, while the Trust will be subject to a corresponding reduction in its pro-rata entitlement to the residual returns on the investment.

- HT Midtown LP: The Trust is required to contribute a pre-agreed capital contribution of US$2,154,000 as well as the additional capital contributions as approved and called by the general partner that cover the Trust's committed capital contributions for each particular phase of development and for which the Trust has not yet made such contributions to the required amounts. The Trust is not obligated to make additional capital contributions for cost overruns. However, the Trust is obligated to make additional capital contributions, should they be requested by the general partner, to fund operating shortfalls, other permitted costs and other contribution obligations (as such capitalized terms are defined). These additional contributions will be made on a pro-rata basis to the Trust's holding in the joint venture. Should the Trust fail to make such obligated contributions, the other joint venturer will be entitled to pay that defaulting amount and will thereby increase its pro-rata entitlement to the residual returns on the investment, while the Trust will be subject to a corresponding reduction in its pro-rata entitlement to the residual returns on the investment.

- Trez Centro LP: In accordance with the provisions of the limited partnership agreement, the Trust together with a Trez managed fund are required to advance a pre-agreed loan amount of $14,000,000 secured by first mortgage on the property, bearing interest at 7% per annum. In addition, the general partner may request for, and the limited partners of the joint venture will be obligated to pay, additional capital contributions to be made on a pro-rata basis in accordance with initial funding ratios should the joint venture require funds in excess of amounts available from revenues and reserves in order to pay cost overruns to any operational budget that has been approved by the general partner. Additional capital contributions are subject to approval by resolution of the limited partners.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

4. Investments in associates and joint ventures (continued):

Investments in associates – significant influence:

The summary below shows 100% of the investees' total assets, total liabilities, revenue, expenses and net income (loss) on aggregate basis for investments in associates.

	2014	2013
Total assets	$ 32,832,841	$ 16,825,154
Total liabilities	1,082,210	1,185,360
Revenue	14,990,130	(102,407)
Expenses	452,007	188,059
Net income (loss)	14,538,123	(290,466)

During the year ended December 31, 2014, the Trust recorded income from its equity accounted investments in associates of $6,379,508 (2013 - $40,487). As at December 31, 2014, the Trust's total investment in associates in which the Trust has significant influence is $11,861,803 (2013 - $3,641,568).

Investments in joint ventures:

The summary below shows 100% of the investees' total assets, total liabilities, revenue, expenses and net income (loss) on aggregate basis for its joint ventures.

	2014	2013
Total assets	$ 90,446,646	$ 35,117,410
Total liabilities	64,637,480	20,627,988
Revenue	2,731,045	1,638,817
Expenses	2,165,260	1,579,998
Net income	565,785	58,819

During the year ended December 31, 2014, the Trust recorded its share of income from joint ventures of $258,942 (2013 - nil). As at December 31, 2014, the Trust's total investment in joint ventures is $14,124,622 (2013 - $7,680,841).

5. Other investments:

The summary below lists the Trust's investment accounted for at fair value and its percentages of ownership:

	2014	2013
Trez NP Investors LP, a Canadian limited partnership invested in a mortgage investment in Canada, 4.00% (2013 - 4.00%)	$ 201,389	$ 397,439

During the year ended December 31, 2014, the Trust received distributions in amount of $30,074 (2013 - $25,705) from other investments which were recognized in the statement of comprehensive income.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

6. Investments in mortgages:

The Trust holds mortgages in the following types of properties:

	2014			2013		
Property type	Number		Amount	Number		Amount
Industrial	20	$	93,109,869	13	$	44,696,288
Office	14		27,816,803	19		58,185,551
Residential construction	49		135,971,706	46		82,248,786
Retail	7		35,968,842	13		76,036,050
Other	3		18,778,360	-		-
	93		311,645,580	91		261,166,675
Less mortgage provision			-			(69,173)
			311,645,580			261,097,502
Mortgages syndicated			13,464,425			4,031,921
Total			325,110,005			265,129,423
Accrued interest			2,967,545			2,340,321
	93	$	328,077,550	91	$	267,469,744

	2014			2013		
Location	Number		Amount	Number		Amount
Alberta	42	$	171,097,923	37	$	127,059,576
British Columbia	12		45,203,714	14		36,256,296
Saskatchewan	1		550,000	2		1,890,000
Quebec	3		4,994,142	3		2,987,011
Ontario	18		74,568,549	21		82,304,600
Nova Scotia	1		3,415,781	1		1,793,787
Texas	16		25,279,896	13		12,838,153
	93	$	325,110,005	91	$	265,129,423

The following table presents the reconciliation of mortgages as at December 31, 2014 and 2013:

	Note		2014		2013
Investments in mortgages, beginning of period		$	265,129,423	$	-
Purchase of mortgages, in exchange for units	19		3,215,677		208,718,636
Funding of investments in mortgages			429,575,497		100,313,609
Interest capitalized to investments in mortgages			5,900,665		7,024,934
Principal payments on investments in mortgages			(384,992,128)		(56,032,848)
Increase in syndicated loans			9,432,504		4,031,921
Increase (decrease) in embedded derivatives			(755,839)		1,073,171
Mortgage reclassified as foreclosed properties, net of allowance			(1,464,970)		-
Provision for mortgage investment loss			(930,824)		-
		$	325,110,005	$	265,129,423

6. Investments in mortgages (continued):

All mortgages, except for the mortgage under the CMBS program as discussed below are conventional uninsured mortgages which contain a prepayment option, whereby the borrower may repay the principal and accrued interest, at any time prior to maturity without penalty or yield maintenance.

At December 31, 2014, the Trust is invested in one loan at an effective interest rate of 4.16%, which matures in September 2024. The loan is intended to be held for short term, as the Trust will hold the investment until it can be funded under the CMBS program led by Trez Commercial Finance Limited Partnership ("TCF"), a related party. The loan is expected to be purchased by TCF during the first four months of 2015.

(a) Mortgage syndication liabilities:

The Trust has entered into certain mortgage participation agreements with third party lenders, whereby, the third party lenders take the senior position and the Trust retains the subordinated position, all of which is secured by first mortgage positions. The Trust retains an option, not the obligation, to repurchase the senior position at a price equal to the outstanding principal amount of the senior lenders' share together with accrued interest. As a result, the senior lenders' position is recorded as a mortgage syndication liability. The interest earned on the transferred participation interests and the related interest expense is recognized in the statement of comprehensive income (loss).

For those investments which have not met the de-recognition criteria, the participation transactions have resulted in the Trust recognizing the participating mortgages and corresponding mortgage syndication liabilities on its statements of financial position. The carrying value of the transferred assets and corresponding liabilities is $13,464,425 (2013 - $4,031,921).

(b) Mortgages in default:

As at December 31, 2014, the Trust had six mortgages with the carrying value of $25,604,473 and gross value of $25,604,673 that were in default and/or past their contractual due dates (2013 - fourteen, net $32,458,212, gross $32,527,388). Mortgages that are in default are not provided against if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest.

The following mortgages were in default at December 31, 2014:

(*i*) A loan with a carrying value of $7,941,480 was acquired as part of an asset purchase agreement in 2013 at its fair value and no further adjustment for impairment was required in 2014.

(*ii*) A mortgage with a carrying amount of $6,420,916 matured in 2014 and was not repaid hence a demand for repayment had been issued. Subsequent to the year end, a receiver was appointed and the property will be listed for sale.

(*iii*) The Trust had two loans with a carrying amount of $4,712,072 with a single borrowing group. While one loan was current with respect to interest, the other loan was in arrears. These loans, along with loans of other borrowers, were subject to cross default and collateralizations provisions, and as such all are considered in default. Demand for payment has been issued on all loans.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

6. Investments in mortgages (continued):

(b) Mortgages in default (continued):

(*iv*) Two mortgages with a carrying value of $6,530,005 with a single borrower were in default as a result of a shareholder dispute. This resulted in the appointment of a court appointed manager for the borrowers properties.

Management has estimated that the proceeds recoverable from the underlying securities on all loans is sufficient to support the carrying values of the mortgages. All mortgages are secured by the real property to which they relate.

During 2014, five of the 2013 loans that were past their contractual due dates were renewed, five were repaid in full, one defaulted loan was restructured with a new borrowing group, and three remain in default of their terms.

(c) Allowance for mortgage investment loss:

The changes in the allowance for mortgage investment loss during the year ended December 31, 2014 and the period ended December 31, 2013 were as follows:

		2014		2013
Balance, beginning of period	$	69,176	$	-
Acquired, from purchase of investments in mortgages (note 19)		-		69,176
Provision for mortgage investments loss, net of recoveries		930,824		-
Allowance for mortgage investment loss reclassified to FPHFS (note 7)		(1,000,000)		-
Balance, end of period	$	-	$	69,176

(d) Profit participation mortgages:

Included in the investments in mortgages are certain profit participation mortgages which, in addition to the interest at a stipulated rate, provides the Trust with an entitlement to future profits from the projects as set in the terms of the mortgage agreement.

As at December 31, 2014 and 2013, the Trust had the following profit participation loans.

	Number		2014	Number		2013
Profit participation mortgages	5	$	$15,242,625	3	$	15,276,561

Included in the balance of the profit participation mortgages are embedded derivatives representing the Trust's rights to participate in the profit of the underlying properties. The embedded derivatives are measured at fair value with changes in fair value reported in the statement of comprehensive income (loss). The fair value of the embedded derivatives at December 31, 2014 is $317,332 (2013 - $1,073,171).

Management has estimated the fair value of the embedded derivative based on a probability weighted average of management's best estimate of the eventual profits to be realized and discounted using a risk-free interest rate.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

7. Foreclosed properties held for sale ("FPHFS"):

As at December 31, 2014, there are three FPHFS (2013 - two) which are recorded at their fair value of $12,635,576 (2013 - $2,510,296). The changes in the FPHFS during the year end December 31, 2014 were as follows:

	2014	2013
Balance, beginning of period	$ 2,510,296	$ -
Acquired as part of asset transfer	-	3,684,594
Capital improvements	441,034	144,875
Proceeds on sale of foreclosed properties	(522,055)	(1,319,173)
Additions to FPHFS	10,486,301	-
Fair market value adjustment	(280,000)	-
Balance, end of period	$ 12,635,576	$ 2,510,296

During the year ended December 31, 2014, the Trust, through a related entity, foreclosed on the underlying security related to a mortgage in default. The property was purchased by a Limited Partnership in which the Trust has an 87% ownership interest in, with the other 13% owned by a related party. As the Trust has a controlling interest in this Limited Partnership, the Trust consolidates this Limited Partnership and thus, reflects the fair value of the FPHFS on its statement of financial position.

Prior to this transaction occurring, the Trust had a second mortgage outstanding on this property of $2,464,970. As the estimated fair value of the underlying property was determined to be less than the outstanding loan balances on the property, the Trust recognized a loan loss provision of $1,000,000. The net recoverable amount of the mortgage of $1,464,970 was reclassified from investments in mortgages to FPHFS, at the time of the foreclosure.

8. Promissory notes receivable:

	2014	2013
Unsecured, demand promissory note due from a private entity bearing interest at 10% per annum	$ -	$ 500,000
Secured, demand promissory note due from a private entity bearing interest at 8% per annum	2,208,602	2,208,602
Unsecured, USD demand promissory note due from a related entity bearing interest at 10% per annum	121,810	-
	$ 2,330,412	$ 2,708,602

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

9. Bank indebtedness:

The Trust has a revolving demand loan with a Canadian bank providing for borrowings up to $30,000,000 (2013 - $20,000,000) by way of direct advances. The amount available under the loan is further limited by a margin requirement. Interest is calculated at the bank's prime rate plus 1.5% per annum and a standby fee is calculated on the undrawn portion of the loan at 0.33% per annum.

The credit facility has financial tests and other covenants with which the Trust must comply. The Trust shall not, without the prior written consent of the bank: (a) permit its ratio of bank debt to tangible net worth at any time to exceed 0.25 to 1.00; or (b) permit its tangible net worth at any time to be less than $100,000,000; (c) permit its ratio of debt to EBITDA on a rolling 12 month basis to at any time exceed 3.00 to 1.00; or (d) permit its interest coverage ratio to be less than 3.00 to 1.00. These covenants place restrictions on, among other things, the ability of the Trust to incur additional indebtedness, and to sell or otherwise dispose of assets. During the year, the Trust was in compliance with all such covenants.

The credit facility is collateralized by a general security agreement representing a fixed and floating charge on all current and future mortgages receivables and all other accounts and assets of the Trust and an assignment of the Trust's beneficial interest in all mortgages held.

10. Loans payable (unsecured):

	2014	2013
U.S. dollar demand loan from a private investor, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice (2014 - US$564,500; 2013 - US$2,160,500)	$ 654,877	$ 2,297,908
Demand loan from a private investor, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice	2,729,000	2,669,000
Demand loan from a company related to the Manager, bearing interest at 5.00% per annum, repayable on demand upon 30 days' notice	-	240,000
Demand loan from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 15 days' notice	-	1,066,044
Demand loan from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 15 days' notice	-	400,000
Various demand loans from a private investor, bearing interest at prime plus 1.50% per annum, repayable on demand upon 30 days' notice	-	1,314,132
Total loans payable	$ 3,383,877	$ 7,987,084

During the period, the Trust incurred interest charges of $456,708 (2013 - $572,750) relating to loans payable, including $251,709 (2013 - $54,951) from companies related to the Manager through common management.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

11. Mortgage payable

	2014	2013
Mortgage payable	$ 3,818,308	$ -

Mortgage payable relates to a first mortgage due to a third party secured by a first charge on a foreclosed property held for sale by the Trust (note 7). The interest rate charged on the mortgage is the greater of prime plus 2% or 5% per annum with maturity date on October 1, 2015.

12. Distributions payable to holders of redeemable units:

The Trust makes distributions totaling 100% of the net taxable earnings to Unitholders of each class on an annual basis. Distributions in excess of net earnings are recorded as advances to Unitholders which are repaid by way of reducing the subsequent year's distributions or from subsequent retractions.

Distributions allocable to each class of units differs as a result of the deduction of the amounts payable quarterly in respect of 1.0% per annum trailer fee, as defined in the Declaration of Trust, for the Class A Units and the lower administration fee payable in respect of the Class I Units.

For the year ended December 31, 2014, the Trust had declared distributions totaling $24,496,261 (2013 - $11,903,542) of which $12,173,455 (2013 - $5,168,475) were reinvested.

As at December 31, interest payable on redeemable units is as follows:

	2014	2013
Cash paid out subsequent to the year	$ 4,372,494	$ 3,233,782
Reinvested as trust units	5,197,174	4,044,025
	$ 9,569,668	$ 7,277,807

13. Redeemable units, representing net assets attributable to holders of redeemable units:

As at December 31, 2014 and 2013, there were an unlimited number of Class A Units, Class F Units and Class I Units authorized.

The holder of Class A Units, Class F Units and Class I Units (collectively, the “Units”) are entitled to one vote per unit. The Units are redeemable on demand of the Unitholder upon 30 days’ notice in increments of not less than $5,000. If notice is received by the Manager, the redemption will occur within thirty days subsequent to the receipt of the redemption notice. Redemptions may be subject to a 1.0% discount if units are redeemed prior to their one year anniversaries.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

13. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

All classes of units have the same objectives, strategies and restrictions, but differ with respect to one or more of their features, such as fees and distributions. Under Canadian GAAP, the Trust previously accounted for its Units as equity. Under IFRS, IAS 32, *Financial Instruments: Presentation*, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem the Units or shares for cash or another financial asset be classified as financial liability. The Trust Units do not meet the exception criteria in IAS 32 for classification as equity due to the redemption terms of the Units and the dissimilarity of features between classes. As a result, the Units have been reclassified as financial liabilities on transition to IFRS.

Reconciliation of Units:

	2014		2013	
Class A units	Number	Amount	Number	Amount
Issued and outstanding, beginning of period	3,564,682	$ 35,646,826	-	$ -
Decrease in net assets attributable to redeemable units, from operations		(58,368)	-	-
Issued, as consideration for asset purchase (note 19)	476,125	4,761,248	1,960,508	19,605,084
Issued for cash	2,005,944	20,059,441	1,628,253	16,282,533
Issued for reinvested distributions	147,899	1,478,988	41,063	410,626
Redeemed for cash	(521,382)	(5,213,821)	(65,142)	(651,417)
Issued and outstanding, end of period	5,673,268	$ 56,674,314	3,564,682	$ 35,646,826

	2014		2013	
Class F units	Number	Amount	Number	Amount
Issued and outstanding, beginning of period	19,299,554	$ 192,995,540	-	$ -
Issued upon inception of the Trust	-	-	1	10
Decrease in net assets attributable to redeemable units, from operations	-	(229,904)	--	-
Issued, as consideration for asset purchase (note 19)	-	-	16,288,783	162,887,826
Issued for cash	5,187,568	51,875,682	4,070,130	40,701,303
Issued for reinvested distributions	777,594	7,775,944	427,983	4,279,826
Redeemed for cash	(2,918,494)	(29,184,942)	(1,487,343)	(14,873,425)
Issued and outstanding, end of period	22,346,222	$ 223,232,320	19,299,554	$ 192,995,540

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

13. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

Reconciliation of Units (continued):

	2014			2013		
Class I units	Number		Amount	Number		Amount
Issued and outstanding, beginning of period	6,391,322	$	63,913,217	-	$	-
Decrease in net assets attributable to redeemable units, from operations	-		(111,728)	-		-
Issued, as consideration for asset purchase (note 19)	-		-	1,443,627		14,436,274
Issued for cash	4,176,609		41,766,090	4,899,892		48,998,920
Issued for reinvested distributions	291,852		2,918,524	47,803		478,023
Redeemed for cash	-		-	-		-
Issued and outstanding, end of period	10,859,783	$	108,486,103	6,391,322	$	63,913,217

	2014			2013		
Total	Number		Amount	Number		Amount
Issued and outstanding, beginning of period	29,255,558	$	292,555,583	-	$	-
Issued upon inception of the Trust	-		-	1		10
Decrease in net assets attributable to redeemable units, from operations	-		(400,000)	-		-
Issued, as consideration for asset purchase (note 19)	476,125		4,761,248	19,692,918		196,929,184
Issued for cash	11,370,121		113,701,213	10,598,275		105,982,756
Issued for reinvested distributions	1,217,345		12,173,456	516,849		5,168,475
Redeemed for cash	(3,439,876)		(34,398,763)	(1,552,485)		(15,524,842)
Issued and outstanding, end of period	38,879,273	$	388,392,737	29,255,558	$	292,555,583

14. Related party transactions:

The Trust invests in mortgages alone or on a participation basis with parties related to the Manager. Titles to mortgages are held by Computershare Trust Company of Canada, on behalf of the beneficial owners of the mortgages. In addition, certain duties are performed by the Mortgage Broker. The Mortgage Broker is related to the Manager and the Trust through common control. In cases where mortgages are held on a participation basis:

- The Trust's rights are as outlined in the Declaration of Trust and a Mortgage Participation and Servicing Agreement with the Mortgage Broker.
- Pursuant to this agreement, the Mortgage Broker administers and services the mortgages on behalf of the Trustee and other investees. The Mortgage Broker acts as the Trust's loan originator, underwriter, servicer and syndicator.

14. Related party transactions (continued):

- The Mortgage Broker performs certain duties including registering the mortgages, arranging for title searches, and holding all title papers and other security documentation related to the mortgages.
- The Mortgage Broker delivers cash payments for interest and principal to the Trustee.

The Trust is managed by the Manager pursuant to the Declaration of Trust, a summary of which is set out in the most current Confidential Offering Memorandum. Certain of the Manager's duties may be performed by a company or companies related to the Manager through common control.

The Manager is responsible for the employment expenses of its personnel, rent and other office expenses. The Manager is not responsible for any taxes payable by the Trust or to which the Trust may be subject. The Trust is liable to the Manager for all expenses incurred in the management of the Trust except as previously noted.

(a) Due from related party and other receivables includes $1,806,811 (2013 - $1,213,058) cash held by the Mortgage Broker for principal and interest payments on mortgages not distributed to the Trust at December 31, 2014 and $15,042 (2013 - $37,021) for certain reimbursable expenses, and an amount receivable from a Trez managed limited partnership of $ nil (2013 - $220,648). Also included is a receivable in amount of $5,464,724 (2013 - $514,532) for funds advanced on a foreclosed property held by parties related by common management and control. These advances were converted into an 8.0% note receivable beginning 2015.

(b) Accounts payable and accrued liabilities includes $207,183 (2013 - $117,166) which represents unfunded capital call and initial subscription in investments in associates. Mortgages payable to related parties include $5,203,023 (2013 - nil) to a listed entity and a related party by common management and control as a result of consolidating an investment controlled by the Trust.

(c) The Trust generally invests in an interest in a mortgage at the time the mortgage is funded. However, at any time during the term of the mortgage, it may acquire an interest from or sell its interest in a mortgage to parties related to the Manager, Trustee and Mortgage Broker. Purchases from and sales to related parties are transacted at unpaid principal plus accrued interest due at the date of the transaction which, in the opinion of the Manager, represent the estimated fair values of the related mortgages. During the period, the Trust purchased investments in mortgages of $5,841,773 (2013 - $1,654,065) from and sold investments in mortgages of $128,372,836 (2013 - $1,099,797) to entities under common management.

(d) Pursuant to the terms and conditions of the Trust Agreement, the Manager in entitled to receive from the Trust in respect of each class of units an annual fee (the “Management Fee”) payable quarterly. For Class A Units and Class F Units this is equal to 1.5% of the proportionate share of the average gross assets of the Trust plus applicable taxes. For Class I Units this is equal to a percentage, that is negotiated between the Manager and the Unitholder, of the proportionate share of the average gross assets of the Trust plus applicable taxes. The average gross assets of the Trust are calculated using a simple moving average of the month end value of all assets, excluding non-derecognized loan transfer, of the Trust. For each class of units of the Trust, the Manager also receives an additional fee (the “Incentive Fee”) equal to 10% of net earnings and capital gains but prior to the deduction for the Incentive Fee, payable annually.

14. Related party transactions (continued):

(e) During the period, the Trust incurred Incentive and Management Fees of $2,932,116 (2013 - nil) and $5,461,084 (2013 - $2,954,331), respectively, payable to the Manager. As at December 31, 2014, $6,588,611 (2013 - $1,713,054) remained outstanding, and is included in accounts payable and accrued liabilities.

(f) The Trust has invested in a mortgage portfolio with a balance at December 31, 2014 of $328,077,550 (2013 - $267,469,744), virtually all of which are made on a participation basis with related parties.

(g) As at December 31, 2014, the Trust has co-invested in certain associates and joint ventures investments with the owners of the Manager and their close family members and other Trez managed funds which are related parties by virtue of common management, as follows:

- As at December 31, 2014, the owners of the Manager and their close family members own 39% (2013 - 39%) of the units of Trez WTH Equity LP and other Trez managed funds own 17% (2013 - 17%) of the units of Trez WTH Equity LP.
- As at December 31, 2014, the owners of the Manager and their close family members own 42% (2013 - 42%) of the units of T- NWBP Investments LP.
- As at December 31, 2014, the owners of the Manager and their close family members own 7.8% (2013 - 7.8%) of the units of TC Logan Park Investments LP and other Trez managed funds own nil% (2013 - 10.94%) of the units of TC Logan Park Investments LP
- As at December 31, 2014, the owners of the Manager and their close family members own 13.5% (2013 - 13.5%) of the units of T Church and Stone Oak Investments LP and other Trez managed funds own 10% (2013- 10%) of the units of T Church and Stone Oak Investments LP.
- As at December 31, 2014, Trez managed funds own 9% of the units of Trez Centro LP.

15. Income taxes:

The Trust is a mutual fund trust under the *Income Tax Act (Canada)*.

The Trust will allocate to its Unitholders net earnings and net realized capital gains that would otherwise attract tax in the Trust. Accordingly, no provision for income taxes will be reflected in the Trust's consolidated financial statements.

16. Fair value measurements:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The carrying value of all of the Trust's financial instruments approximates their fair value.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

16. Fair value measurements (continued):

The carrying values of financial assets and financial liabilities not measured at fair values, such as cash, other receivables, accounts payable and accrued liabilities, loans payable, distributions payable on redeemable units, loans payable and net assets attributable to holders of redeemable units approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. The carrying values of the investments in mortgages, investments in associates and other investments approximate their fair values because the Manager doesn't expect any significant changes in interest rates, foreign exchange risk or credit risk.

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

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

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Carrying value			
December 31, 2014	Loans and receivable	FVTPL	Other financial liabilities	Fair value
Assets not measured at fair value				
Investments in mortgages, including mortgage syndications (note 6(d))	$ 327,760,218	$ -	$ -	$ 327,760,218
Accrued interest receivable	454,919	-	-	454,919
Prepaid expenses and deposits	2,145,479	-	-	2,145,479
Other receivables	264,109	-	-	264,109
Promissory notes receivable	2,330,412	-	-	2,330,412
Due from related parties	7,286,577	-	-	7,286,577
Cash and cash equivalents	51,807,314	-	-	51,807,314
Assets measured at fair value				
Embedded derivatives, included in profit participation mortgages (note 6(d))	-	317,332	-	317,332
Other investments	-	201,389	-	201,389
Foreclosed properties held for sale	-	12,635,576	-	12,635,576

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

16. Fair value measurements (continued):

December 31, 2014	Carrying value: Loans and receivable	Carrying value: FVTPL	Carrying value: Other financial liabilities	Fair value
Financial liabilities not measured at fair value				
Accounts payable and accrued liabilities	-	-	7,357,712	7,357,712
Distributions payable on redeemable units	-	-	9,569,668	9,569,668
Loans payable	-	-	3,383,877	3,383,877
Syndicated loan liability	-	-	13,464,425	13,464,425
Mortgage payable	-	-	3,818,308	3,818,308
Mortgages payable to related parties	-	-	5,203,023	5,203,023
Net assets attributable to holders of redeemable units	-	-	388,792,737	388,792,737

December 31, 2013	Carrying value: Loans and receivable	Carrying value: FVTPL	Carrying value: Other financial liabilities	Fair value
Assets not measured at fair value				
Investments in mortgages, including mortgage syndications (note 6(d))	$ 266,396,573	$ -	$ -	$ 266,396,573
Accrued interest receivable	215,393	-	-	215,393
Prepaid expenses and deposits	2,683,647	-	-	2,683,647
Other receivables	12,428	-	-	12,428
Promissory notes receivable	2,708,602	-	-	2,708,602
Due from related parties	1,985,270	-	-	1,985,270
Cash and cash equivalents	24,954,247	-	-	24,954,247
Assets measured at fair value				
Embedded derivatives, included in profit participation mortgages (note 6d)		1,073,171		1,073,171
Other investments	-	397,439	-	397,439
Foreclosed properties held for sale	-	2,510,296	-	2,510,296

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

16. Fair value measurements (continued):

	Carrying value			
December 31, 2013	Loans and receivable	FVTPL	Other financial liabilities	Fair value
Financial liabilities not measured at fair value				
Accounts payable and accrued liabilities	-	-	2,407,080	2,407,080
Distributions payable on redeemable units	-	-	7,277,807	7,277,807
Loans payable	-	-	7,987,084	7,987,084
Syndicated loan liability	-	-	4,031,921	4,031,921
Net assets attributable to holders of redeemable units	-	-	292,555,583	292,555,583

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

(*i*) Investments in mortgages and mortgage syndication liabilities:

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

(*ii*) Embedded derivatives:

Included in the investments in mortgages are certain profit participation mortgages. The valuation techniques and inputs used to fair value the embedded derivatives are described in note 6. The fair value of embedded derivatives is based on the use of level 3 inputs.

(*iii*) Other financial assets and liabilities:

The fair values of cash, accrued interest receivable, other receivables, prepaid expenses and deposits, promissory notes receivable, accounts payable and accrued liabilities, loans payable, and distributions payable to holders of redeemable units approximate their carrying value due to their short-term maturities.

16. Fair value measurements (continued):

(*iv*) Foreclosed properties held for sale:

The Manager makes its determination of the fair value of foreclosed properties held for sale using the following:

- Direct Capitalization Method. This valuation method is based on stabilized net operating income ("NOI") divided by an overall capitalization rate. Stabilized NOI is based on the location, type and quality of the property and supported current market rents for similar properties, adjusted for estimated vacancy rates and expected operating costs. Capitalization rate is based on location, size and quality of the property taking into account market data at the valuation date. As such, the fair value determined using this method is based on the use of Level 3 inputs.

  The estimated fair value would increase (decrease) if stabilized NOI was higher (lower) or overall capitalization rates were lower (higher).

- Comparable Land Sales. Where the foreclosed property held for sale is land, the Manager determines the fair value of the land based on comparable land sales for properties within the same area. As such, the fair value determined using this approach is based on the use of Level 3 inputs.

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2014 and 2013.

17. Financial risk management:

(a) Fair value:

The Trust has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations.

17. Financial risk management (continued):

(a) Fair value (continued):

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the investments in mortgages, promissory notes receivable, and other receivables. For risk management reporting purposes the Trust considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out by the Manager's Credit Committee.

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place. The Trust's credit risk is monitored on a quarterly basis by the Trust's Board of Governors.

The Mortgage Broker's Credit Committee reviews its policies regarding its lending limits on an on-going basis. As at December 31, 2014 22.4% (2013 - 15.5%) of the Trust's portfolio was advanced to a single borrowing group. Minimal credit risk also arises from cash, and deposits which is mitigated by holding cash and deposits in Canada with a major financial institution.

The Trust's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2014 and December 31, 2013 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust's liquidity requirements relate to its obligations under its loans payable, accounts payable and accrued liabilities, syndicated loan liability, distributions payable to holders of redeemable units, redeemable units, loans payable and its obligations to make future advances under its existing mortgage portfolio. Liquidity risk is managed by ensuring that the sum of: (*i*) availability under the Trust's bank borrowing line; (*ii*) the sourcing of other borrowing facilities; and (*iii*) projected repayments under the existing mortgage portfolio, exceeds projected needs (including funding of further advances under existing and new mortgage investments). As at December 31, 2014, 43.2% of the Trust's mortgage portfolio, being $140,511,783, is due on or before December 31, 2015 (2013 - 75.4% or $199,952,492 due before December 31, 2014). This excludes mortgages that are past due as at December 31, 2014.

17. Financial risk management (continued):

(a) Fair value (continued):

(*ii*) Liquidity risk (continued):

Loans payable do not have associated maturity dates but are repayable on demand upon 30 days' notice.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of year end.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's income or the fair value of its holdings of financial instruments and investments in associates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of mortgages on real property and development projects within Canada and the United States that preserves capital and generates returns in order to permit the Trust to pay quarterly distribution to its unitholders.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(*iv*) Interest rate risk:

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Trust's interest rate risk is primarily attributable to its resources to fund the mortgages. As described in note 13, units are retractable by unitholders upon 30 days' notice. A significant rise in interest rates may cause Unitholders to retract their Units and could cause a shortfall in funds available to meet such retractions. The Trust manages interest rate risk by generally investing in short term variable rate mortgages with floor rates which are greater than the rate charged by its lenders. The Trust also charges a 1% penalty on retractions made prior to units' first year anniversary.

A 0.25% increase in interest rates with all other variables held constant would increase the Trust's income by approximately $806,000 (2013 - $415,000), arising mainly as a result of higher interest income generated on variable rate mortgage investments offset in part by higher interest rates on the Trust's borrowing facilities. A 0.25% decrease in interest rates with all other variables held constant would increase income by approximately $26,000 (2013 - $28,000) as a result of lower interest costs on the borrowing facilities.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

17. Financial risk management (continued):

(a) Fair value (continued):

(*v*) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust's functional currency is Canadian dollars.

The Trust has put in place steps to mitigate impacts from fluctuations in foreign exchange as the Trust has entered into forward exchange contracts to manage most of its foreign exchange exposure. As at December 31, 2014, the Trust was participating in forward exchange contracts to sell U.S. dollars totaling $27,187,755 (2013 - $17,724,313) (Canadian dollar equivalent).

The table below indicates the foreign currency to which the Trust had exposure at December 31, 2014 and 2013. It also illustrates the potential impact on the net assets attributable to holders of redeemable units if Canadian dollar had strengthened or weakened by 5% in relation to the other currency, with all other variables held constant.

Increase (decrease) in CAD:

2014

Currency	Exposure	Impact on net assets attributable to redeemable units
United States dollars	3,328,782	114,816 (114,816)
% of net assets attributable to redeemable units	0.86%	0.03% (0.03%)

2013

Currency	Exposure	Impact on net assets attributable to redeemable units
United States dollars	2,791,573	85,424 (85,424)
% of net assets attributable to redeemable units	0.95%	0.03% (0.03%)

(*vi*) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in mortgages and development projects through its investments in associates. These risks arise from changes in the real estate market and could be local, national, and global in nature. Deteriorating real estate values increase the Trust’s risk. The Trust manages these risks by actively maintaining strong borrower relationship and active monitoring of all loans. Further, the Trust has diversified its portfolio of investment mortgages geographically to manage this risk.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

18. Capital management:

The Trust considers net assets available to holders of redeemable units to be capital, which at December 31, 2014 was $388,392,737 (2013 - $292,555,583).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient cash resources to invest in mortgages in order to provide a return to its unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional units.

The Trust, through its Manager, manages its capital structure and makes adjustments as appropriate based on the funds available to the Trust as well as utilization of its line of credit in order to support the continued investment in mortgages and other investments. The Manager's investment strategy continues to be to preserve investor capital, while providing a consistent stream of interest income.

19. Asset purchase agreement:

(a) On June 1, 2014, the trust entered into an Asset Purchase Agreement, effective June 1, 2014, for the purchase of all the assets and assumption of the liabilities of K Trust for an aggregate consideration of $4,761,248 representing the estimated fair value of the net assets being purchased. The consideration given was comprised of 476,125 Series A units at $10 per unit to be issued by the trust.

Consideration received:		
Equity investments	$	989,701
Investments in mortgages		3,215,677
		4,205,378
Cash assumed		555,870
Net assets acquired	$	4,761,248

(b) On April 1, 2013, the trust entered into an Asset Purchase Agreement, effective April 1, 2013, for the purchase of all the assets and assumption of the liabilities of Bison Canadian Dollar II Sub Trust (the "Vendor") for an aggregate consideration of $196,929,184 representing the estimated fair value of the net assets being purchased. The consideration given was comprised of 1,960,508 Series A units, 16,288,783 Series F units and 1,443,627 Series I units at $10 per unit to be issued by the Trust.

Consideration received:		
Accrued interest receivable	$	2,055,694
Deposits		1,807,710
Due from related parties		408,729
Promissory notes receivable		2,886,527
Equity investments		1,766,961
Investments in mortgages		212,540,008
Accounts payable and accrued liabilities		(3,679,376)
Distributions payable to unitholders		(4,663,733)
Loans payable		(3,654,404)
		209,468,116
Bank indebtedness assumed		(12,538,932)
Net assets acquired	$	196,929,184

20. Explanation of Transition to IFRS:

As disclosed in note 2, these are the Trust's first consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2014, the comparative information presented in these consolidated financial statements for the period from inception on March 20, 2013 to December 31, 2013 and in the preparation of the opening IFRS statement of financial position as at December 31, 2013.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

20. Explanation of transition to IFRS (continued):

An explanation of the IFRS 1 transition and the required reconciliations between IFRS and Canadian GAAP are described below. Reconciliation of statement of financial position as at December 31, 2013:

	Canadian GAAP (note 21)	(note 20(a)(*ii*))	(note 20(a)(*iii*))	(note 20(a)(*iv*)	note 20(a)(*v*)	IFRS	RS Presentation
Assets							
Cash	$ 24,954,247	$ -	$ -	$ -	$ -	$ 24,954,247	Cash
Accrued interest receivable	593,148	-	-	(377,755)	-	215,393	Accrued interest receivable
Other receivables	12,428	-	-	-	-	12,428	Other receivables
Due from related parties	1,985,270	-	-	-	-	1,985,270	Due from related parties
Prepaid expenses and deposits	2,683,647	-	-	-	-	2,683,647	Prepaid expenses and deposits
Promissory notes receivable	2,708,602	-	-	-	-	2,708,602	Promissory notes receivable
Equity investments	11,719,848	-	-	-	(397,439)	11,322,409	Investments in associates
Other investments	-	-	-		397,439	397,439	Other investments
Investments in mortgages	265,570,364	4,031,921	-	(2,132,541)	-	267,469,744	Investments in mortgages
	-	-	-	2,510,296	-	2,510,296	Foreclosed properties held for sale
Total assets	**310,227,554**	4,031,921	-	-	-	314,259,475	**Total assets**
Liabilities and Equity							**Liabilities and Net Assets Attributable to Holders of Redeemable units**
Accounts payable and accrued liabilities	2,407,080	-	-	-	-	2,407,080	Accounts payable and accrued liabilities
Loans payable	7,987,084	-	-	-	-	7,987,084	Loans payable
Distributions payable to unitholders	7,277,807	-	-	-	-	7,277,807	Distributions payable to holders of redeemable units
Syndicated loan liability	-	4,031,921	-	-	-	4,031,921	Syndicated loan liability
	17,671,971	4,031,921		-	-	21,703,892	**Total Liabilities (excluding net Asset attributable to holders of redeemable units**
Net assets representing unitholders' equity	292,555,583	-	(292,555,583)	-	-	-	
		-	292,555,583	-	-	292,555,583	Net assets attributable to holders of redeemable units
	$ 310,227,554	**$ 4,031,921**	**$ -**	**$ -**	**$ -**	**$ 314,259,475**	

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

20. Explanation of transition to IFRS (continued):

Reconciliation of statement of comprehensive income (loss) for the period from inception on March 20, 2013 to December 31, 2013:

	Canadian GAAP (note 21)	(note 20(b)(*i*))	(note 20(b)(*ii*))	note 20(b)(*iii*)	IFRS	RS Presentation
Income:						
Interest income	$ 17,035,814	$ 138,451	$ -	$ -	$ 17,174,265	Interest income
	-	(138,451)	-	-	(138,451)	Interest expense on mortgage
Other income	5,193	-	-	-	5,193	Other income
Equity investment income	66,192	-	-	(25,705)	40,487	Income from investments in Associated
	-	-	-	25,705	25,705	Other investment income
	17,107,199	-	-	-	17,107,199	
Expenses:						
Commissions	1,250,838	-	-	-	1,250,838	Commissions
Foreign exchange gains	(166,373)	-	-	-	(166,373)	Foreign exchange gains
Management fees	2,954,331	-	-	-	2,954,331	Management fees
Professional fees	239,694	-	-	-	239,694	Professional fees
Governance fees	88,380	-	-	-	88,380	Governance fees
Bank charges	133,518	-	-	-	133,518	Bank charges
General administrative expenses	130,519	-	-	-	130,519	General administrative expenses
	4,630,907		-	-	4,630,907	
Operating income	12,476,292	-	-	-	12,476,292	Operating income
Financing costs:						
Interest expense	572,750	-	-	-	572,750	Interest expense
	-	-	11,903,542	-	11,903,542	Distributions to holders of redeemable units
	572,750	-	11,903,542	-	12,476,292	
Net earnings	$ 11,903,542	$ -	$ (11,903,542)	$ -	$ -	Increase in net assets attributable to holders of redeemable units, from operations

20. Explanation of transition to IFRS (continued):

Notes to reconciliation:

IFRS 1 sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retroactively with all adjustments to assets and liabilities taken to retained earnings unless certain optional exemptions are elected and mandatory exceptions are applied.

In preparing its IFRS financial statements, the Trust has applied the mandatory exception from full retrospective application of IFRS for "estimates". This mandatory exception requires that estimates made at the transition date, and in the comparative reporting periods, be consistent with estimates made under Canadian GAAP, unless either the estimates are adjusted to reflect a revised accounting policy or there is objective evidence that the estimates made under Canadian GAAP were in error. In addition, the Trust has also applied the mandatory exception to the retrospective application of IFRS for derecognition of financial assets. This mandatory exception requires that previously derecognized non-derivative financial assets or non-derivative financial liabilities in accordance with Canadian GAAP as a result of a transaction that occurred before the date of transition to IFRS shall not be recognized in accordance with IFRS. The Trust, however, has not elected any optional exemptions from the general requirement for the retrospective application of IFRS.

(a) Reconciliation of statement of financial position as at December 31, 2013:

(*i*) Investments in mortgages:

Under IFRS, the Trust has elected to classify its mortgage investments as loans and receivable investments. These investments are recognized initially at fair value plus any directly attributable transaction costs and other costs that are an integral part of the yield on the mortgage. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses. Under IFRS, the directly attributable transaction costs are recognized using the effective interest method.

Under Canadian GAAP, the Trust's mortgage investments were recorded at fair value. Any unrealized changes in the fair value of the mortgage investments were recorded in the statement of comprehensive income (loss) as an unrealized fair value adjustment. A realized change in the fair value of a mortgage as a result of a disposition or repayment was recorded as a realized fair value adjustment.

The transition to IFRS did not result in any measurement differences for investments in mortgages as fair value previously recorded under Canadian GAAP was equal to amortized cost recorded under IFRS.

20. Explanation of transition to IFRS (continued):

(a) Reconciliation of statement of financial position as at December 31, 2013 (continued):

(*ii*) Mortgage syndications:

Under Canadian GAAP, the Trust had de-recognized a portion of mortgage investments which were syndicated to investors as these syndications met the de-recognition criteria described in Accounting Guideline – 12, *Transfer of Receivables*. However, under IFRS, certain of these non-recourse mortgage investments have not met de-recognition criteria described in IAS 39, *Financial Instruments: Recognition and Measurement*. Therefore, the Trust has recorded the non-recourse syndicated portion of mortgage investments as investments in mortgages, with an offsetting recognition of the transferred position as syndicated loan liability.

As at December 31, 2013, the Trust has recorded syndicated mortgage investments of $4,031,921. The Trust has recognized the same amounts as syndicated loan liabilities.

(*iii*) Reclassification of Net Assets attributable to unitholders

Under Canadian GAAP, net assets attributable to holders of redeemable units were recognized as equity. Under IFRS they have been recognized as a liability as all the units are redeemable on demand at the Unitholder's option.

(*iv*) For IFRS, assets held in trust for the benefit of the Trust, representing properties foreclosed from investments in mortgages, have been presented as foreclosed properties held for sale, including the previously accrued interest on those investments.

(*v*) For IFRS, the Trust has split equity investments based on its participations in investments and shown separately its investments in associates and other investments. Under Canadian GAAP, all the Trusts equity investments were recorded at fair value. Under IFRS, the Trust records its investments in associates and joint ventures using the equity method, and its other investments using fair value. This did not result in any measurement differences.

The Trust has also merged accrued interest receivable with related investments in mortgages.

(b) Reconciliation of total comprehensive income from Canadian GAAP to IFRS:

(*i*) The change from Canadian GAAP to IFRS increased both interest income and interest expense on non-recourse mortgage syndications in the year ended December 31, 2013 by $138,451. The net effect on net comprehensive income was nil.

(*ii*) Due to reclassification of net assets available to holders of redeemable units from equity under Canadian GAAP to liability under IFRS, the Trust has recognized distributions to holders of redeemable units in the statement of comprehensive income. The change increased expenses by $11,903,542 causing net income to decrease from $11,903,542 to nil.

20. Explanation of transition to IFRS (continued):

(b) Reconciliation of total comprehensive income from Canadian GAAP to IFRS (continued):

(iii) Under IFRS, the trust has split income classified as equity investment income under Canadian GAAP into (a) income from investments in associates and (b) other investment income. The net effect on net comprehensive income was nil.

(c) Reconciliation of statement of net assets attributable to holders of redeemable units from Canadian GAAP to IFRS:

Under Canadian GAAP, the Trust classified net assets available to holders of redeemable units as equity and changes in net assets were shown at the bottom of the statement of earnings and changes in net assets. Under IFRS, the units, representing net assets available to holders of redeemable units, are classified as a liability and the changes in net assets available to holders of redeemable units are shown separately on the statement of changes in net assets available to holders of redeemable units. The net effect to net assets was nil.

(d) Reconciliation of statement of cash flows from Canadian GAAP to IFRS:

As a result of the change from Canadian GAAP to IFRS, the Statement of Cash Flows has been adjusted to show interest paid and received, and distributions paid. This introduced non cash adjustments for interest income, interest expense and distributions expensed as well as cash adjustments for interest received and paid and distributions paid.

21. Changes in comparative information:

In addition to changes required as a result of the conversion to IFRS, certain 2013 figures have been changed to reflect current classifications.

- Interest receivable has been included as (i) part of the carrying balance of the investments in mortgages and (ii) the portion relating to the prior classification as investments in mortgages and subsequently reclassified as foreclosed properties held for sale has also been included in the foreclosed properties held for sale;
- Investments in mortgages have been partly reclassified as (i) foreclosed properties held for sale and (ii) due from related parties;
- Equity investments have been allocated between (i) investments in associates and joint ventures and (ii) other investments;
- Other receivables has been predominantly reclassified to due from related parties; and
- Bank charges and interest expense were reclassified into their constituent elements.

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.

British Columbia, Alberta, Saskatchewan and Manitoba:

This Amended and Restated Offering Memorandum does not contain a misrepresentation.

DATED this 26th day of August, 2015.

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

"Morley Greene"	"Alexander (Sandy) Manson"
(Signed) Morley Greene	(Signed) Alexander (Sandy) Manson
Chief Executive Officer and Director	Chief Financial Officer and 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"	"Ken Lai"
(Signed) Robert Perkins	(Signed) Ken Lai
Director	Director

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

"Robert Perkins"	"Ken Lai"
(Signed) Robert Perkins	(Signed) Ken Lai
Director	Director

SCHEDULE "A"

SUBSCRIPTION FORM

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT

TO: **TREZ CAPITAL YIELD TRUST** (the "Trust")
1550-1185 West Georgia Street
Vancouver, British Columbia
V6E 4E6

The undersigned (the "**Subscriber**" or "**Investor**") hereby subscribes for units of the Trust, a trust created under the laws of the Province of British Columbia, at $10 per Unit, upon and subject to the terms and conditions set forth in the "Terms and Conditions of Subscription for Units of Trez Capital Yield Trust" attached hereto, and agrees to deliver, with this subscription, the Subscription Price and the other documents referred to herein. The Subscriber must complete the "Risk Acknowledgement – Form 45-106F4" (if acquiring under the "offering memorandum" prospectus exemption), the "Accredited Investor Certification" (if acquiring as an "accredited investor") and "Risk Acknowledgement – Form 45-106F9" (if acquiring as an individual "accredited investor") hereto.

The undersigned understands and acknowledges that the Subscription Price will (subject to the requirement in National Instrument 45-106 *Prospectus Exemptions* to hold the Subscription Price until midnight on the second business day after the Subscription Agreement is signed by the Subscriber), upon receipt from the Subscriber be immediately available to the Trust.

____
No. and Series of Units Subscribed for

____
(Signature of Subscriber or Authorized Signatory)

Witness:______________________________
(Signature of Subscriber must be witnessed if the Subscriber is an individual)

Name and Address of Subscriber:

____
(Name)

____
(Street Address)

____
(City and Province or Country)

____
(Postal Code)

____
Social Insurance Number or Business Identification Number, if the investor is a company

____
Telephone Number (required for all subscribers)

____
Email Address

Name on Register (if other than in the name of the Subscriber):

____
(Name)

____
Contact Name (if subscriber is a Corporation, Partnership or Trust)

____
(Street Address)

____
(City and Province or Country)

____
(Postal Code)

Delivery Instructions: The name and address (including contact name and telephone number) of the person to whom the certificate representing the Units is to be delivered, if other than the Subscriber:

____
(Name)

____
(Street Address)

____
(City and Province or Country)

____
(Postal Code)

Distribution Instructions: Please indicate whether distributions are to be issued as to:

a) ☐ Units to receive 100% cash;

b) ☐ Units to receive 100% Units at $10 per Unit.

Please provide your banking information so that we may directly deposit your distribution cheque (only applicable for non-registered investments and those not placed through FundSERV):

Bank: __________ Branch: ________

Bank #: ________ Transit #: ______ Account #: _____

The undersigned must deliver to the Trust the following:

1. a duly completed and executed copy of this Subscription Agreement;

2. a certified cheque or bankers draft, payable to Trez Capital Yield Trust in the amount of the Subscription Price (not applicable to FundSERV trades);

3. two duly completed and executed copies of the "Risk Acknowledgment, Form 45-106F4" (not applicable to Ontario residents);

4. if an accredited investor, a duly completed and executed copy of the "Accredited Investor Certification";

5. if an individual accredited investor, a duly completed and executed copy of the "Risk Acknowledgement - Form 45-106F9"; and

6. a voided cheque if you wish us to directly deposit your distribution cheque (not applicable to FundSERV trades).

Connected Issuer:

Trez Capital Fund Management Limited Partnership (the "**Manager**"), when acting as an exempt market dealer in selling securities of the Trust, is also the Manager of the Trust, and consequently, the Trust may be considered a "connected issuer" of the Manager, within the meaning of applicable securities legislation.

Offering Memorandum Exemption:

☐ I acknowledge that I have received and read a copy of the offering memorandum of this investment. (Note: not applicable if your jurisdiction of residence is Ontario).

ACCEPTANCE: The Trust hereby accepts this subscription and represents, warrants and covenants to the undersigned that the representations and warranties made by the Trust are true and correct in all material respects as of this date and that the undersigned will have the benefit of and be entitled to rely on such representations and warranties.

ACCEPTED and AGREED to this ____ day of ______________________, 201__.

TREZ CAPITAL YIELD TRUST,
On behalf of its Manager, by
Trez Capital Fund Management Limited Partnership

Per:_________________________________

TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS OF TREZ CAPITAL YIELD TRUST

Dated August 26, 2015

1. **Offering.** An unlimited number of Units will be issued on the terms set forth in this subscription.

2. **Funds in Trust.** In accordance with the requirements of National Instrument 45-106 *Prospectus Exemptions*, the Manager will hold the subscription monies advanced by each Investor in trust for the Investor until midnight on the second business day after the Subscription Agreement is signed by the Investor.

3. **Representations, Warranties and Covenants of the Trust.** The Trust represents and warrants to the Investor that:

   a) Creation. The Trust is a trust created under the laws of the Province of British Columbia, with full power and authority to conduct its business as it is currently being conducted and to own its assets and has secured any other authorizations, approvals, permits and orders required by law for the conduct by the Trust of its business as it is currently being conducted.

   b) Authorization. The Trust has duly authorized the issuance and sale of the Units upon the terms of this offer. The Units, once issued against the duly completed and executed Subscription Agreements and forms and certifications thereto and applicable Subscription Price in respect thereof, will represent validly authorized and duly issued units of the Trust.

4. **Representations, Warranties and Covenants of the Investor.** The Investor hereby represents and warrants to and covenants and agrees with the Manager that:

   a) Legal Capacity. If the Investor is a corporation, the Investor is a duly incorporated and subsisting corporation with full power and authority to execute and deliver and perform its obligations under this Subscription Agreement, the execution and delivery of each of this Subscription Agreement and the performance by the Investor of its obligations hereunder have been duly authorized by all corporate action required by the Investor, and this Subscription Agreement has been duly executed and delivered by the Investor and is a legal, valid and binding obligation of, enforceable against, the Investor. If the Investor is an individual, he or she has attained the age of majority and has the legal capacity and competence to execute this Subscription Agreement, and to take all actions required pursuant hereto.

   b) No Prospectus. No prospectus has been filed by the Trust with any of the securities regulatory authorities of the Provinces of Canada in connection with the issuance of the Units, the issuance of the Units is exempt from the prospectus requirements of the Securities Act (British Columbia) and the rules promulgated thereunder, together with the prospectus requirements of any other applicable securities legislation (collectively, the "**Securities Laws**") and, as a consequence:

      i) the Investor is restricted from using most of the civil remedies available under the Securities Laws;

      ii) the Investor may not receive information that would otherwise be required to be provided to him under the Securities Laws; and

      iii) the Trust is relieved from certain obligations that would otherwise apply under the Securities Laws.

   c) Offering Memorandum. The Investor has received from the Manager an offering memorandum with respect to the Investor's purchase of the Units.

d) Purchasing as Principal. The Investor is:

i) purchasing the Units, and will acquire the Units, when issued, as principal, for investment and not with a view to resale or distribution; or

ii) not purchasing the Units as principal and the Investor:

(A) confirms that it is duly authorized to enter into this Subscription Agreement and to execute all documentation in connection with the purchase of the Units on behalf of each beneficial purchaser;

(B) acknowledges that the Trust may be required to disclose to certain regulatory authorities the identity of each beneficial purchaser of Units for whom the Investor may be acting; or

(C) confirms that it is a portfolio manager that carries on business in a Canadian province or territory and that it is registered or exempt from registration under the securities laws of that province or territory and that it is purchasing the Subscribed Units for accounts that are fully managed by it.

e) Investor Has Benefit of Private Placement Exemption. The Investor either:

i) is NOT an individual and is purchasing as principal a sufficient number of Units so that the aggregate acquisition cost of the Investor or beneficial Investor will not be less than $150,000, or

ii) if a resident of any province or territory of Canada other than Ontario, may rely on the receipt of an Offering Memorandum, in either case, to be exempt from the prospectus and registration requirements under the applicable statute in which the Investor or beneficial Investor is resident. The Investor, if a resident of Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec, Saskatchewan or Yukon, and if investing more than $10,000, is an "eligible investor", in that the investor is a person whose:

(A) net assets, alone or with a spouse, in the case of an individual, exceed $400,000;

(B) net income before taxes exceeded $75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year; or

(C) net income before taxes, alone or with a spouse, in the case of an individual, exceeded $125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year.

f) Investor is an Accredited Investor. If subparagraph (e) does not apply, the Investor is purchasing the Units as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Units, and it is one of the following:

i) an individual who, either alone or together with a spouse, beneficially owns, directly or indirectly, financial assets (cash and securities) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1 million;

ii) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $5 million;

iii) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

iv) an individual who, either alone or with a spouse, has net assets of at least $5 million;

v) a corporation, trust or partnership in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

vi) a corporation, trust, or partnership that has net assets of at least $5 million as shown on its most recently prepared financial statements;

provided that:

vii) the Investor has executed and delivered to the Manager an "Accredited Investor Certification" indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definition; and

viii) if the Investor falls into category (i), (ii), (iii) or (iv) immediately above, such Investor has also executed and delivered to the Manager a "Risk Acknowledgement – Form 45-106F9".

g) Resale Restrictions. The Investor has been independently advised as to and is aware of the applicable restrictions on the resale of Units imposed by securities laws in the jurisdiction in which the Investor resides and is aware of the risks and other characteristics of the Units and of the fact that the Investor may not be able to resell the Units except in accordance with applicable securities laws. The Trust is not under any obligation to qualify the resale of the Units under a prospectus or assist the Investor in complying with any exemption from the prospectus requirement or resale restrictions set out under applicable securities laws.

h) Irrevocable Offer. Subject to Section 2 hereof, the Investor's offer to subscribe for the Units as herein set out is unconditional, irrevocable and non-transferable and has not been induced by any warranties or representations with regard to the present or future value of Units, that any person will resell or repurchase the Units, or that any person will refund the purchase price for the Units.

i) No Review. The Investor understands that no federal, provincial, state or other agency within the Investor's jurisdiction of residence or otherwise has reviewed or passed upon any of the Units or made any finding or determination concerning the fairness or advisability of this investment.

j) Consents and Approvals. No consent or approval of any person is required in connection with the execution and delivery of this Subscription Agreement by the Investor.

k) Investment Risk. The Units are not being purchased by the Investor as a result of any material information concerning the Trust that has not been publicly disclosed and the Investor's decision to tender this offer to acquire the Units has not been made as a result of any verbal or written representation as to fact or otherwise made by or on behalf of the Trust or any other person. The Investor understands that the purchase of the Units involves a high degree of risk and should only be considered by persons who can bear the loss of their entire investment.

l) Status of Investor. The Investor has such knowledge, skill and experience in business, financial and investment matters so that the Investor is capable of evaluating the merits and risks of an investment in the Units. To the extent necessary, the Investor has retained, at his, her or its own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of this subscription and owning the Units.

m) Not a U.S. Person. The Investor is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 (the "**1933 Act**")), which definition includes an individual resident in the United States and an estate or trust of which any executor, administrator or trustee is a U.S. person, and is not purchasing the Units for the account or benefit of a U.S. person, and it was not offered the Units in the United States, and did not execute or deliver this agreement or deliver payment for the Units in the United States.

n) No Intention to sell to U.S. Persons. The Investor has no intention to distribute either directly or indirectly any of the Units in the United States or to U.S. persons.

o) No Proceeds of Crime. The funds representing the Subscription Price which will be advanced by the Investor to the Trust hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**") and the Investor acknowledges that the Trust may in the future be required by law to disclose the Investor's name and other information relating to this Subscription Agreement and the subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Investor's knowledge (i) none of the subscription funds to be provided by the Investor (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Trust if the Investor discovers that any of such representations ceases to be true, and to provide the Trust with appropriate information in connection therewith.

5. **Personal Information**. If resident in Ontario, the Investor acknowledges that the Investor:

a) has been notified by the Manager:

i) that delivery is required to be made to the Ontario Securities Commission of certain personal information including, without limitation, the Investor's name and address, the number of Units purchased, and the prospectus and registration exemption relied upon by the Trust;

ii) that the personal information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation and is being collected by the Ontario Securities Commission for the purposes of the administration and enforcement of the securities legislation of Ontario; and

iii) of the title, business address and business telephone number of the public official in Ontario who can answer questions about the Ontario Securities Commission's indirect collection of the information, as follows:

Ontario Securities Commission
Box 5520 Queen Street West, Suite 1903
Toronto, Ontario, M5H 3S8

Tel: 416 593 3682
Fax: 416 593 8252

Public official contact regarding indirect collection of information:

Administrative assistant to the director of corporate finance
Tel: 416 593 8086

b) authorizes the indirect collection of the information by the Ontario Securities Commission.

6. **Further Assurances**. The Investor covenants and agrees to execute and deliver such further documents and to provide such further assurances as may be required by the Manager to give effect to this subscription, including, without limiting the generality of the foregoing, all documents, assurances,

undertakings and other information as may be required from time to time under applicable securities laws, and all regulatory or governmental bodies or stock exchanges having jurisdiction over the Trust's affairs.

7. **Reliance Upon Representations, Warranties and Covenants.** The Investor acknowledges that the foregoing representations and warranties are made by it with the intent that they may be relied upon by the Manager and its counsel in determining the eligibility of the Investor to purchase the Units under the relevant securities laws. The Investor further agrees that by accepting the Units subscribed for pursuant hereto, at the Closing and at any subsequent closing, it shall be representing and warranting that the foregoing representations and warranties are true as at the Closing and at any subsequent closing with the same force and effect as if they had been made by it as at the Closing and at any subsequent closing, and will survive the completion of the sale of such Units. The Manager and its counsel shall be entitled to rely on the representations and warranties of the Investor contained hereto and the Investor shall indemnify and hold harmless the Trust for any losses, claims, costs, expenses, damages or liabilities they may suffer or incur which are caused by or arise from, directly or indirectly, their reliance thereon.

8. **Survival of Representations, Warranties and Covenants.** All the representations, warranties and covenants set out in this Agreement will be true as at the date of this Subscription Agreement and on the Closing, as if the representations, warranties and covenants were made at that time and will survive the Closing.

9. **Amendment**. Neither this Subscription Agreement nor any provisions hereof will be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom any waiver, change, discharge or termination is sought.

10. **Contractual Rights of Action**. By its acceptance and acknowledgment of this Subscription Agreement, the Trust expressly awards the Investor the contractual rights of action described in the Offering Memorandum under the heading "Purchasers' Contractual and Statutory Rights of Action", which are incorporated herein by reference.

11. **Assignability**. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof will be assignable by either the Trust or the Investor without the prior written consent of the other party.

12. **Applicable Law**. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable thereto.

13. **Interpretation**. The section and other headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement. Words imparting the neuter gender include the masculine or feminine gender and words in the singular include the plural and vice versa.

14. **Notices**. All notices and other communications provided for herein will be in writing and will be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid or by facsimile or other electronic means indicating the date of receipt and the signatures of the parties:

    a) If to the Manager, at the following address:

    Trez Capital Fund Management Limited Partnership
    1550-1185 West Georgia Street
    Vancouver, British Columbia
    V6E 4E6

    Email: Investor-Relations@trezcapital.com
    Attention: Investor Services

    b) If to the Investor, at the address and facsimile number set out on the cover page of this Agreement.

15. **Binding Effect**. The provisions of this Agreement will be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

16. **Notification of Changes**. The parties hereby covenant and agree to notify the other party upon the occurrence of any event prior to the Closing which would cause any party's representations, warranties or covenants contained in this Agreement to be false or incorrect.

17. **Entire Agreement**. This Subscription Agreement constitutes the entire agreement between the Investor and the Manager on behalf of the Trust with respect to the Units, and there are no other agreements, warranties, representations, conditions or covenants, written or oral, express or implied, in respect of, or which affect, the transaction herein contemplated.

18. **Costs**. The Investor acknowledges and agrees that except as may otherwise be provided for in this Subscription Agreement, all costs and expenses incurred by the Investor (including any fees and disbursements of any special counsel retained by the Investor) relating to the sale of the Units to the Investor will be borne by the Investor.

19. **Counterparts and Facsimile**. This Subscription Agreement may be executed in counterparts or by facsimile or both, each counterpart or facsimile of which will be deemed to be an original, but all of which, taken together, and delivered will constitute one and the same Agreement. This Agreement will not be effective as to any party hereto until such time as this Agreement or a counterpart thereof has been executed and delivered, by facsimile or otherwise, by each party hereto.

20. **Language**. The parties hereby confirm their express wish that the present Agreement and all documents and agreements directly and indirectly related thereto, including notices, be drawn up in English. *Les parties reconnaissent leur volonté expresse que la présente convention ainsi que tous les documents et conventions qui s'y rattachent directement ou indirectement, y compris les avis, soient rédigés en langue anglaise.*

[END OF TERMS AND CONDITIONS FOR SUBSCRIPTION OF UNITS
OF TREZ CAPITAL YIELD TRUST]

APPENDIX A

FORM 45-106F4
Risk Acknowledgement

WARNING

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities commission has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing $______________ in total; this includes any amount I am obliged to pay in future.________________________________ will pay $______________ *[amount of fee or commission]* of this to ____ *[name of person or company selling the securities]* as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date _____________________________	_______________________________________ Signature of Purchaser
Sign 2 copies of this document. Keep one copy for your records.	_________________________________ Print name of Purchaser

You have 2 business days to cancel your purchase

To do so, send a notice to Trez Capital Fund Management Limited Partnership stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax to (604) 638-2775 or e-mail to investor-relations@trezcapital.com or in person to Trez Capital Fund Management Limited Partnership at its business address, 1550-1186 West Georgia Street, Vancouver, British Columbia, V6E 4E6, Attention: Investment Relations Manager. Keep a copy of the notice for your records.

____
Name

____
Address

____

Fax: ________________________

E-mail:______________________

You are buying "Exempt Market Securities"

Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell e*xempt market securities. Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

Securities are not listed

The securities you are buying are not listed on any stock exchange and they may never be listed. You may never be able to sell these securities.

Issuer is a Non-Reporting Issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You will not receive ongoing information about this issuer.

For more information on the *exempt market*, call your local securities regulatory authority. If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800 373-6393), or visit its website at www.bcsc.bc.ca. If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at www.albertasecurities.com. If you live in Saskatchewan, contact the Saskatchewan Financial Services Commission at (306) 787-5645, or visit its website at www.sfsc.gov.sk.ca. If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca. If you live in Ontario, contact the Ontario Securities Commission at (416) 593-8314 (outside the local area, call toll-free 1-877-785-1555), or visit its website at www.osc.gov.on.ca. If you live in Quebec, contact the Autorité Des Marchés Financiers, in Quebec City at (418) 525-0337 and in Montreal at (514) 395-0337 (outside the local area, call toll-free 1-877-525-0337), or visit its website at www.lautorite.qc.ca.

APPENDIX B

FORM 45-106F9
RISK ACKNOWLEDGEMENT FOR INDIVIDUAL ACCREDITED INVESTORS

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

1. About your investment

Type of securities: [Instruction: Include a short description, e.g., common shares.]

Issuer:

Purchased from: [Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement

This investment is risky. Initial that you understand that:

Your initials

Risk of loss -- You could lose your entire investment of $__________ . [Instruction: Insert the total dollar amount of the investment.]

Liquidity risk -- You may not be able to sell your investment quickly -- or at all.

Lack of information -- You may receive little or no information about your investment.

Lack of advice -- You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca.

3. Accredited investor status

You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

Your initials

Your net income before taxes was more than $200,000 in each of the 2 most recent calendar years, and you expect it to be more than $200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

Your net income before taxes combined with your spouse's was more than $300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than $300,000 in the current calendar year.

Either alone or with your spouse, you own more than $1 million in cash and securities, after subtracting any debt related to the cash and securities.
Either alone or with your spouse, you have net assets worth more than $5 million. (Your net assets are your total assets (including real estate) minus your total debt.)

4. Your name and signature

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:

Date:

SECTION 5 TO BE COMPLETED BY THE SALESPERSON

5. Salesperson information

[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]

First and last name of salesperson (please print):

Telephone:

Email:

Name of firm (if registered):

SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

6. For more information about this investment

For investment in a non-investment fund

[Insert name of issuer/selling security holder]
[Insert address of issuer/selling security holder]
[Insert contact person name, if applicable]
[Insert telephone number]
[Insert email address]
[Insert website address, if applicable]

For investment in an investment fund

[Insert name of investment fund]
[Insert name of investment fund manager]
[Insert address of investment fund manager]
[Insert telephone number of investment fund manager]
[Insert email address of investment fund manager]
[If investment is purchased from a selling security holder, also insert name, address, telephone number and email address of selling security holder here]

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.