

Offering Memorandum

April 20, 2023

Continuous Offering

CMLS Mortgage Fund (the "Fund")

Minimum Subscription: \$25,000 subject to compliance with applicable securities laws

IMPORTANT DISCLOSURE

The offering is being made with reliance on certain exemptions from the prospectus filing requirements available under the securities laws of each of the provinces and territories of Canada. As a result, the securities offered herein will not be listed on any stock exchange and will be subject to the applicable resale and transfer restrictions under these laws. These securities will not be offered for sale in the United States of America. These securities are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under that Act or any other legislation.

This Offering Memorandum constitutes a private offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus, advertisement or public offering of the securities referred to herein.

If you purchase Units you will have certain rights. See "PURCHASERS' RIGHTS" in this Offering Memorandum.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the securities offered hereby. Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment. The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum and no other information or representation is authorized or may be relied upon as having been authorized by the Trustee and the Fund. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada. Any subscription for the securities offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of said person.

See "DEFINITIONS" for the meaning ascribed to certain capitalized terms used in this Offering Memorandum.

Date April 20, 2023

The Issuer

Name: CMLS Mortgage Fund (defined above as the "Fund")

The Fund is a trust established under the laws of the Province of British Columbia.

Head office: c/o CMLS Asset Management Ltd.
2110-1066 West Hastings Street
Vancouver, British Columbia
V6E 3X2

Phone #: (778) 588-7320

E-mail address: assetmanagement@cmls.ca

Fax #: (604) 687-8011

Currently listed or quoted: No. These securities do not trade on any exchange or market.

Reporting issuer: No

SEDAR filer: No

The Trustee

Name: Computershare Trust Company of Canada

The Manager

Name: CMLS Asset Management Ltd.

The Offering

Securities offered: An unlimited number of Units consisting of Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units, and Class S Units, being offered hereby on a continuous basis. Class A Units and Class B Units are available to all subscribers. Class E Units are available to subscribers purchasing Class E Units through certain Representatives (as defined below). Class F Units are only available to subscribers who have fee-based accounts with Representatives. Class I Units are available to certain private and institutional subscribers. Class J Units are available to subscribers purchasing Class J Units through certain Representatives (as defined below). Class S Units are available only to certain Manager approved subscribers. Class J Units and Class S Units have lower fees than Class E Units and Class F Units. Class E Units and Class F Units have lower fees than Class A and Class B Units. See "Securities Offered" and "Compensation Paid to Sellers" in this Offering Memorandum. Each Unit represents an equal, undivided beneficial interest in the Fund. Each Unit has the attributes and characteristics described in this Offering Memorandum. See "CMLS MORTGAGE FUND – Trust Agreement" in this Offering Memorandum.

Price per security: Net Asset Value per Unit as determined on a monthly basis. See "CMLS MORTGAGE FUND – Trust Agreement - Price of Units" in this Offering Memorandum.

Minimum/Maximum offering: There is no minimum or maximum. You may be the only purchaser.

Funds available under the offering may not be sufficient to accomplish the proposed objectives. However, Units have been sold in prior offerings. See "CAPITAL STRUCTURE – Prior Sales" in this Offering Memorandum.

Minimum subscription amount: The minimum subscription amount that may be subscribed for by any one subscriber is \$25,000. The Manager may waive or vary this at its discretion.

Payment terms: For Class A Units, Class B Units, Class F Units, Class J Units and Class S Units, the subscription price is payable by electronic funds transfer. For Class E Units and Class I Units, the subscription price is payable by certified cheque, bank draft or other electronic funds transfer satisfactory to the Trustee. No financing of the subscription price will be provided by the Fund, the Trustee or the Manager. See "CMLS MORTGAGE FUND – Trust Agreement – Subscription Procedure" in this Offering Memorandum.

Proposed closing dates: Units will be offered on a continuous basis with closings on the last business day of every month.

Income tax consequences: There are important tax consequences to these securities. See "INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY" in this Offering Memorandum.

Selling agent: None. See "COMPENSATION PAID TO SELLERS AND FINDERS" in this Offering Memorandum.

Resale restrictions

You will be restricted from selling your Units for an indefinite period, and Units are subject to transfer restrictions. See "RESALE AND TRANSFER RESTRICTIONS" in this Offering Memorandum. You may elect to redeem any or all of your Units, subject to certain limitations described herein. See "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units" in this Offering Memorandum.

Purchasers' rights

You have two business days to cancel your agreement to subscribe for Units. 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' RIGHTS" in this Offering Memorandum.

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

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS.....	1
DEFINITIONS	1
Available Funds	5
Use of Available Funds	5
Reallocation	6
CMLS MORTGAGE FUND	6
Structure.....	6
Manager.....	6
Originator	7
Trustee.....	8
Organizational Chart.....	8
Investment Objectives, Strategies and Restrictions.....	8
Investment Objectives and Strategies	8
Mortgage Investments	9
Investments in Real Property	9
Liquid Investments.....	9
Investment Restrictions.....	9
Loan Facility	10
Development of Business.....	11
Past Performance.....	11
Portfolio Analysis	12
Major Events.....	26
Long Term Objectives.....	26
Short Term Objectives	26
Insufficient Funds	27
Trust Agreement.....	27
Units.....	27
Voting.....	28
Price of Units	28
Subscription Procedure	28
Distribution Policy	28
Distribution Reinvestment.....	28
Redemption of Units	29
Redemption Price and Payment.....	30
Title to Trust Property.....	30
Unitholder Meetings	30
Trustee, Registrar and Transfer Agent.....	30
Powers and Duties of the Trustee	30
Resignation and Removal of Trustee	31
Powers and Duties of the Manager	31
Management Fees.....	32
Resignation and Removal of Manager	32
Fiscal Year End and Auditors	32
Administration Agreement	32
Custodial Agreements.....	32
INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS.....	33
Compensation and Securities Held.....	33
Management Experience.....	34
Penalties, Sanctions and Bankruptcy.....	36

Loans.....	36
CAPITAL STRUCTURE	36
Share Capital.....	36
Long Term Debt	36
Prior Sales and Redemptions.....	37
SECURITIES OFFERED	39
Terms of Securities.....	39
Subscription Procedure	40
Acceptance of Subscriptions.....	41
Qualified Subscribers	42
No Unit Certificates.....	42
Additional Subscriptions	42
INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY	43
Caution.....	43
Summary of Canadian Income Tax Consequences	43
Status of the Fund	44
Taxation of the Fund	44
Taxation of Unitholders	45
Taxation of Registered Plans	46
Exchange of Tax Information.....	46
Eligibility for Investment	46
COMPENSATION PAID TO SELLERS AND FINDERS	47
Trailer Fees.....	47
Referral Fees.....	47
Short-Term Trading Fees.....	47
RISK FACTORS.....	47
Investment Risk.....	48
Issuer Risk	49
Industry Risk	52
MANAGER CONFLICTS OF INTEREST	54
What is a Conflict of Interest?	54
How does the Manager address Conflict of Interest?	54
Material Conflict of Interest	54
REPORTS TO UNITHOLDERS.....	56
Authorization of Collection, Use and Disclosure of Personal Information.....	56
RESALE AND TRANSFER RESTRICTIONS.....	56
PURCHASERS' RIGHTS.....	57
Two Day Cancellation Right for All Subscribers.....	57
FINANCIAL STATEMENTS.....	F-1
CERTIFICATE.....	C-1

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements with respect to the Fund. A statement is forward-looking when it uses what we know and expect today to make a statement about the future. In particular, the information included under “CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions”, “– Long Term Objectives” and “– Short Term Objectives” may constitute “forward-looking information” for the purpose of securities legislation, as it contains statements of the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by us about the success of the Fund’s investment objectives and strategies in certain economic and market conditions, relying on the experience of the Manager’s directors, officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made, and the success of the Fund’s investment objectives and strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of our intended policies as well as the Fund’s actual course of conduct. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual results or events to differ materially from those anticipated in such forward-looking statements. Investors are urged to consider various factors when considering these statements, including but not limited to the risks discussed under “RISK FACTORS”.

DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set out below:

“Administration Agreement” means the agreement entered into between the Trustee and the Administrator pursuant to which the Administrator provides Administration Services to the Fund.

“Administration Services” means the fund valuation, record keeping, register management, and Unit transaction services provided to the Fund by the Administrator under the Administration Agreement.

“Administrator” means SGGG Fund Services Inc. in its capacity as an administrator appointed by the Trustee on the direction of the Manager pursuant to the Administration Agreement and includes any additional or substitute administrators at any time appointed by the Trustee as administrator of the Fund.

“Available Cash” at any date means, as determined by the Manager and notified to the Trustee in writing, an amount equal to the sum of:

- (a) all cash of the Fund on hand or on deposit in any financial institution and all amounts held by the Fund as Liquid Investments; plus
- (b) funds available under any loan facilities established for the Fund; plus
- (c) all proceeds received from the sale of Mortgages in the ordinary course of business, if any;

less the sum of:

- (d) an amount equal to the amount of all Unfunded Commitments of the Fund as at such date; plus
- (e) an amount determined sufficient by the Manager, in good faith, to provide the Fund with sufficient liquidity to negotiate potential investment opportunities known at such date to the Manager; plus
- (f) all costs and expenses of the Fund accrued or due and payable as at such date; plus
- (g) an amount equal to a reasonable reserve or allowance as determined by the Manager as at such date for any costs, expenses or contingencies of the Fund that may become payable after such date.

“Bridge Loan” means a short term Single-Family Residential Mortgage provided to an individual to facilitate closing the purchase of a new home prior to the closing of the sale of an existing home.

“Cash Distribution Option” means the option of a Unitholder to receive cash distributions of his or her Proportionate Share of net income, as more particularly described in the Trust Agreement.

"Class A Units" means the Class A Units offered under this Offering Memorandum, which will be made available to all subscribers.

"Class B Units" means the Class B Units offered under this Offering Memorandum, which will be made available to all subscribers.

"Class E Units" means the Class E Units offered under this Offering Memorandum, which will be made available to subscribers purchasing Class E Units through certain Representatives.

"Class F Units" means the Class F Units offered under this Offering Memorandum, which will be made available only to subscribers who have fee-based accounts with Representatives.

"Class I Units" means the Class I Units offered under this Offering Memorandum, which will be made available only to certain private or institutional subscribers through the Manager's actions as an exempt market dealer.

"Class J Units" means the Class J Units offered under this Offering Memorandum, which will be made available only to subscribers purchasing Class J Units through certain Representatives.

"Class S Units" means the Class S Units offered under this Offering Memorandum, which will be made available only to certain Manager approved subscribers.

"Commercial Mortgage" means a Mortgage secured by property which is commercial in nature. For greater clarity, this includes residential property with greater than four units.

"Commitment" means an accepted, binding commitment approved and issued in writing by the Manager on behalf of the Fund:

- (a) to a borrower stipulating the terms and conditions upon which the Fund is prepared to lend funds to the borrower, but does not include any letters of intent, draft memoranda of terms or other written material issued by the Manager to negotiate the terms of such loan; or
- (b) to a third party in respect to an investment by the Fund in a Mortgage.

"Custodial Agreements" means the custodial agreements entered into between the Trustee, on behalf of the Fund, and Computershare Trust Company of Canada pursuant to which Computershare Trust Company of Canada provides Custodial Services to the Fund.

"Custodial Services" means such custodial, depository and similar services as may be provided to the Fund by a custodian under the Custodial Agreements or the Services Agreement.

"Distribution Reinvestment" means the automatic reinvestment on behalf of Unitholders of their Proportionate Shares of distributions of net income in additional Units.

"Extraordinary Resolution" means:

- (a) a resolution proposed as such and passed as such by a majority of not less than 75% of the votes cast by Unitholders who vote in person or by proxy at a meeting of Unitholders called in accordance with the terms of the Trust Agreement; or
- (b) a resolution consented to in writing by Unitholders holding not less than 75% of the Units entitled to vote on such resolution, and any such resolution consented to in writing shall have the same force and effect as if it were passed at a duly called and held Unitholders meeting.

"Fund" means CMLS Mortgage Fund, a trust established under the laws of the Province of British Columbia.

"Liquid Investment" at any date means an investment in or on the security of Canadian dollar obligations:

- (a) that is issued or guaranteed by the government of Canada or a province thereof; or
- (b) that is in term deposit receipts or certificates of deposit issued, or drafts accepted by, a Canadian chartered bank which is referred to in Schedule A or B to the *Bank Act* (Canada); or
- (c) that is issued as bonds and/or debentures by publicly traded Canadian corporations and/or publicly traded Canadian real estate investment trusts.

“Loan Agreement” means the amended and restated loan agreement dated February 4, 2022, between the Manager, in its capacity as manager for and on behalf of the Trustee, in its capacity as trustee of the Fund, and a Canadian Schedule I bank, pursuant to which the Fund may borrow funds pursuant to the terms of the Loan Facility.

“Loan Facility” means the arrangement under the Loan Agreement, pursuant to which the Fund may borrow up to a maximum of \$45,000,000 subject to certain terms and conditions.

“Manager” means CMLS Asset Management Ltd., a company incorporated under the laws of the Province of British Columbia, in its capacity as manager of the Fund.

“Management Fees” means the management fees to be paid by the Fund to the Manager in respect of Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units and Class S Units issued and outstanding, in accordance with the Trust Agreement.

“Mortgage” means any mortgage containing a fixed charge over Real Property and includes:

- (a) a trust agreement, debenture or similar security instrument containing such a fixed charge and securing bonds, debentures or other evidence of indebtedness; and
- (b) a partial interest in a Mortgage, including an interest in the entitlement to receive only the interest payable thereunder or the entitlement to receive only the repayment of the principal amount of the Mortgage, provided that in either case such interest in the Mortgage is evidenced to the satisfaction of counsel for the Fund.

“Net Asset Value” means at any particular time, in respect of the Fund, the value of the Trust Property at such time determined in accordance with the Trust Agreement.

“Net Asset Value per Unit” or “NAVPU” means at any particular time, the market value of the Units obtained by dividing the Net Asset Value at that particular time, by the number of issued Units of all classes of Units at that particular time.

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*.

“Offering Memorandum” means this offering memorandum dated April 20, 2023.

“Ordinary Resolution” means:

- (a) a resolution proposed as such and passed as such by a majority of the votes cast by Unitholders who vote in person or by proxy at a meeting of Unitholders called in accordance with the terms of the Trust Agreement; or
- (b) a resolution consented to in writing by Unitholders holding a majority of the Units entitled to vote on such resolution, and any such resolution shall have the same force and effect as if it were passed at a duly called and held Unitholders meeting.

“Originator” means CMLS Financial Ltd., an affiliate of the Manager and the entity through which the majority of Mortgages will be sourced for the Fund.

“Parent” means CMLS Financial Solutions Inc., the parent company of the Manager and the Originator.

"Proportionate Share" means, when used to describe a Unitholder's interest in any amount, the portion of that amount calculated by multiplying it by a fraction obtained by dividing the number of Units of each class of Units registered in the name of such Unitholder by the total number of Units of all classes of Units of the Fund then outstanding.

"Purchasers'" means purchasers of Units under this Offering Memorandum.

"Real Property" means a fee simple or leasehold interest in real property.

"Representative" means the duly authorized registered dealer, broker or investment advisor acting as the agent for a subscriber or Unitholder.

"Services Agreement" means the services agreement entered into between the Manager and CMLS Financial Ltd. pursuant to which CMLS Financial Ltd. provides Custodial Services and other services to the Fund.

"Single-Family Residential Mortgage" means a Mortgage secured by a residential property containing one to four living units.

"Subscription Agreement" means a subscription agreement for Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units or Class S Units in the forms set out in the applicable schedules hereto or in such other form as the Manager shall prescribe from time to time.

"Tax Act" means the *Income Tax Act* (Canada), RSC 1985, c.1 (5th Supp.) and the regulations promulgated thereunder, as amended from time to time.

"Trust Agreement" means the amended and restated trust agreement dated March 15, 2023 between the Trustee and the Manager, as such agreement may be amended, modified, supplemented or restated from time to time.

"Trust Property" at any time means any and all property, real or personal, tangible or intangible, moveable or immovable, which is hereafter transferred, conveyed or paid to the Trustee or held by it from time to time in its capacity as Trustee hereunder and the proceeds of any subscription for Units together with all renewals thereof, substitutions therefor, accretions thereto, and all income and proceeds thereof and therefrom and all investments held by the Fund, income thereon and proceeds therefrom.

"Trustee" means Computershare Trust Company of Canada, in its capacity as the trustee of the Fund, and includes any additional or substitute trustee or trustees at any time and from time to time appointed and acting as a trustee or trustees of the Fund.

"Unanimous Resolution" means:

- (a) a resolution proposed as such and passed as such by all of the votes cast by the Unitholders who vote in person or in proxy at a meeting of Unitholders called in accordance with the terms of the Trust Agreement; or
- (b) a resolution consented to in writing by all Unitholders entitled to vote on such resolution, and any such resolution shall have the same force and effect as if it were passed at a duly called and held Unitholders meeting.

"Unfunded Commitment" means a Commitment under which the Trustee has not yet advanced funds.

"Unitholder" means a person whose name appears on the register of Unitholders established and maintained pursuant to the Trust Agreement, as a holder of a Unit or Units.

"Units" means all of the trust units representing units of beneficial interest in the Fund offered under this Offering Memorandum consisting of Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units and Class S Units, and "Unit" means any of them.

"Valuation Date" means the last business day of each month.

USE OF AVAILABLE FUNDS

Available Funds

Units will be offered on a continuous basis. There is no minimum or maximum offering. The following table describes the available funds from two hypothetical fund-raising scenarios:

		Assuming offering of \$0 ⁽¹⁾	Assuming offering of \$50,000,000 ⁽¹⁾
A	Amount to be raised by this offering	NIL	\$50,000,000
B	Selling commissions and fees	NIL ⁽²⁾	NIL ⁽²⁾
C	Estimated offering costs (e.g., legal, accounting, audit)	\$50,000	\$50,000
D	Available Funds: $D = A - (B+C)$	- \$50,000	\$49,950,000
E	Additional sources of funding required	\$0 ⁽³⁾	\$0 ⁽³⁾
F	Working capital deficiency	\$0 ⁽⁴⁾	\$0 ⁽⁴⁾
G	Total: $G = (D+E) - F$	- \$50,000	\$49,950,000

⁽¹⁾ There is no minimum or maximum offering. The amounts shown under “Assuming offering of \$50,000,000” are for illustrative purposes only based on an assumed offering of Units that raises \$50,000,000. For reference, the Fund raised a total of \$41,449,462 in 2021, and as at the date of this Offering Memorandum, the Fund has raised a total of \$101,067,291 since the date of its formation, and the current aggregate Net Asset Value of the Fund is \$100,294,062.

⁽²⁾ No selling agent is paid a commission or a fee by the Fund or the Trustee. Sales commissions, trailer fees and referral fees are paid by the Manager out of the Manager’s Management Fees. Sales commissions charged by a Representative will vary depending on the fee arrangement negotiated by each investor with their Representative, if any. See “COMPENSATION PAID TO SELLERS AND FINDERS” in this Offering Memorandum.

⁽³⁾ Although the Fund intends to fund its investments primarily through capital raised from the issuance of Units, from time to time the Fund may borrow funds pursuant to the terms of the Loan Facility to enhance returns, smooth the timing differences between investment funding and cash availability in the Fund, or to provide liquidity in the event of redemptions. See “CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions – Loan Facility” for a description of the Loan Facility obtained by the Fund.

⁽⁴⁾ As of the date of the Offering Memorandum, the Fund does not have a working capital deficiency.

Use of Available Funds

The Fund will use the total available funds raised pursuant to this Offering Memorandum to invest primarily in a portfolio of Commercial Mortgages and Single-Family Residential Mortgages.

The Manager expects the portfolio held by the Fund to be comprised of Commercial Mortgages, Single-Family Residential Mortgages and Liquid Investments. The Manager is targeting a 0-20% allocation to Liquid Investments. The target weighted average term is approximately one to three years.

The Fund will use the total available funds for the placement of Mortgages and purchase of Liquid Investments in accordance with its investment objectives and strategies set out herein. It is the intention of the Manager that the proceeds of all closings will be invested as quickly as is reasonably possible subject to the Manager’s prudent and rigorous underwriting and review of all transactions.

Description of intended use of available funds in order of priority	Assuming offering of \$0 ⁽¹⁾	Assuming offering of \$50,000,000 ⁽¹⁾
Investments in Mortgages	\$0	\$45,000,000 ⁽²⁾
Investment in Liquid Investments	\$0	\$4,950,000 ⁽²⁾
Total: Equal to G in the table above	\$0	\$49,950,000 ⁽²⁾

- (1) There is no minimum or maximum offering. The amounts shown under “Assuming offering of \$50,000,000” are for illustrative purposes only based on an assumed offering of Units that raises \$50,000,000. For reference, the Fund raised a total of \$40,797,406 in 2022, and as at the date of this Offering Memorandum, the Fund has raised a total of \$140,668,409 since the date of its formation, and the current aggregate Net Asset Value of the Fund is \$123,910,206.
- (2) In the normal course, the Fund would expect to pay the Fund’s normal operating expenses from its revenues and not directly from the funds raised as part of this offering. However, there is no assurance that this will always be possible, and it may from time to time be necessary to use a portion of the funds raised as part of this offering to cover the Fund’s operating expenses, including the Management Fees payable to the Manager as consideration for its services as manager. During the year ended December 31, 2022, the total operating expenses of the Fund were \$2,051,338 of which \$928,528 represented the Management Fees. See “CMLS MORTGAGE FUND – Structure” for a description of the relationship between the Fund and the Manager and “CMLS MORTGAGE FUND – Trust Agreement – Management Fees” for further information regarding the Management Fee.

The proportion of the Fund’s assets invested in Mortgages will vary over time, and any funds not invested in Mortgages may be invested in Liquid Investments.

Asset Class	Targeted Minimum Percentage	Targeted Maximum Percentage
Mortgages	80%	100%
Liquid Investments	0%	20%

Reallocation

The Fund intends to invest the total available funds as stated above. The Manager will reallocate funds only for sound business reasons.

CMLS MORTGAGE FUND

Structure

The Fund is a trust established under the laws of the Province of British Columbia pursuant to a trust agreement made as of May 2, 2008, between the initial trustee of the Fund, Penmor Capital Partners Ltd., and the Manager, as subsequently amended and restated on May 1, 2018. The head office of the Fund is located at 2110-1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2.

On April 26, 2017, Penmor Capital Partners Ltd. resigned in its capacity as the initial trustee of the Fund, and Computershare Trust Company of Canada, a trust company incorporated under the federal laws of Canada, was appointed as successor trustee of the Fund. The head office of the Trustee is located at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

Manager

The Manager was incorporated under the laws of the Province of British Columbia on April 30, 2008, under the name “Penmor Capital Partners Ltd.”. The Manager was subsequently renamed as “CMLS Asset Management Ltd.” on February 29, 2016. The head office of the Manager is 2110-1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The Manager operates a branch office at 18 York Street, Suite 1500, Toronto, Ontario M5J 2T8. The Manager is a wholly-owned subsidiary of the Parent. The Manager is also the promoter of the Fund.

The Manager is registered as a restricted portfolio manager under the securities legislation of British Columbia, Alberta, Manitoba, Nova Scotia, Ontario, New Brunswick and Québec, as an exempt market dealer under the securities legislation of British Columbia, Alberta, Manitoba, Nova Scotia, Ontario, New Brunswick, Saskatchewan and Québec, and as an investment fund manager under the securities legislation of British Columbia, Ontario, New Brunswick and Québec.

As manager, the Manager is responsible for managing the affairs of the Fund in accordance with the terms and conditions of the Trust Agreement, and in that role is required to exercise its duties and responsibilities diligently and in good faith and with the degree of care, diligence and skill that a reasonably prudent professional mortgage investment manager would exercise in comparable circumstances.

To achieve its objectives, the Fund will benefit from the Manager's experience in analyzing and selecting Mortgages, as well as from the expertise of the Originator in originating, underwriting and servicing mortgage investments. The Manager will evaluate and select all investments on behalf of the Fund in accordance with specific investment and operating policies established by the Manager from time to time as are consistent with the provisions of the Trust Agreement. The Originator will engage in the origination, underwriting and servicing of most Mortgage investments of the Fund. All Mortgage investments will be subject to the final approval of the Manager prior to inclusion in the Fund.

The Manager will be responsible for execution of the Fund's investment strategy, including the identification and selection of investment opportunities, related due diligence, negotiation, documentation, approval and ongoing management and administration of assets in the portfolio. All investment opportunities will be subject to specific investment policies, and the operation of the Fund will also be subject to specific operating policies. Investment opportunities will be screened, and those selected by the Manager will be chosen based on their expected return at the time investments are made, relative to the risk characteristics and credit quality of each transaction.

The Manager has engaged the Administrator to provide Administration Services to the Fund and has engaged CMLS Financial Ltd. and Computershare Trust Company of Canada to provide Custodial Services to the Fund, in each case, at the expense of the Fund. See "CMLS MORTGAGE FUND – Administration Agreement" and "- Custodial Agreements".

Originator

The Originator will engage in the origination, underwriting and servicing of most Mortgage investments of the Fund. The Originator is an affiliate of the Manager and a wholly-owned subsidiary of the Parent.

The Originator is registered as a "mortgage broker" in the Province of British Columbia under the *Mortgage Brokers Act* (British Columbia), licensed to deal in mortgages in the Province of Alberta pursuant to the *Real Estate Act* (Alberta), licensed to operate as a financing corporation in the Province of Saskatchewan pursuant to the *Trust and Loan Corporations Act, 1997* (Saskatchewan), registered as a mortgage broker in the Province of Manitoba under the *Mortgage Brokers Act* (Manitoba), registered as a mortgage broker and mortgage administrator in the Province of Ontario under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), licensed to operate as a mortgage broker in the Province of Québec under the *Real Estate Brokerage Act, 2010* (Québec), registered as a mortgage broker and administrator in the Province of Nova Scotia under the *Mortgage Regulation Act* (Nova Scotia), registered as a trust company/loan corporation in the Province of Prince Edward Island pursuant to the *Extra-provincial Corporations Registration Act* (Prince Edward Island), licensed as a mortgage brokerage and administrator in the Province of New Brunswick pursuant to the *Mortgage Brokers Act* (New Brunswick), licensed as a mortgage brokerage in the Province of Newfoundland and Labrador pursuant to the *Mortgage Brokers Act* (Newfoundland and Labrador).

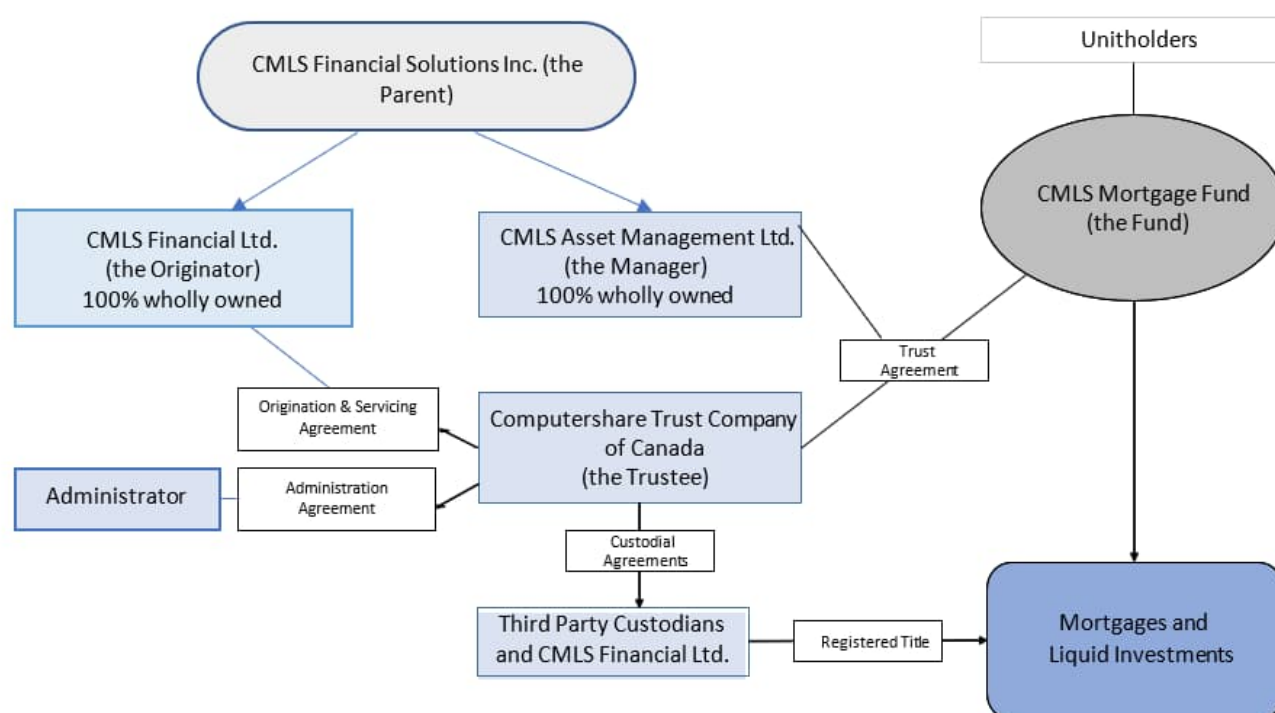
The Originator has been originating, underwriting and servicing mortgages since 1974. In 2022, the Originator originated approximately \$10 billion in mortgages and as at December 31, 2022, had approximately \$35 billion of assets under administration.

Trustee

The Trustee serves as the trustee of the Fund. Under the Trust Agreement, the duties of the Trustee include the holding of legal or beneficial title to the Trust Property, the making of investments in Mortgages and Liquid Investments as directed by the Manager, and the entering into agreements as required for the operation of the Fund. See “CMLS MORTGAGE FUND – Trust Agreement” for further information regarding the role of the Trustee.

Organizational Chart

The chart below sets out the relationship between the Fund, the Manager, the Originator and the Trustee.



Investment Objectives, Strategies and Restrictions

Investment Objectives and Strategies

The investment objectives of the Fund are to generate income from investments in Mortgages and Liquid Investments.

The Fund intends to provide its Unitholders with income while preserving invested capital primarily through investments in a diverse pool of Mortgages secured against Real Property located in Canada. In addition, the Fund will also invest a portion of its assets in Liquid Investments.

From the income generated by the Fund's investments, the Manager will calculate and allocate the Fund's distributable net income and distribute such net income to Unitholders periodically on the dates it determines from time to time. As at the date of this Offering Memorandum the Manager intends to make distributions of net income on a monthly basis. In addition, the Fund will also distribute to Unitholders all of the net income earned by the Fund as calculated on December 31 of each year so that the Fund will not be liable for tax under Part I of the Tax Act in any taxation year.

Unless Unitholders elect the Cash Distribution Option, their Proportionate Share of any distributions of net income will be reinvested in additional Units of the same class at the NAVPU prevailing at the time. Also see below under “CMLS MORTGAGE FUND – Trust Agreement – Distribution Policy” in this Offering Memorandum.

Mortgage Investments

Mortgages are a common form of financing within the real estate industry in Canada. To assist in defining its investment strategy the Manager has categorized Mortgages into Single-Family Residential Mortgages and Commercial Mortgages. Single-Family Residential Mortgages are Mortgages secured by residential property containing one to four living units and typically represent credit extended to individuals as opposed to business entities. A Bridge Loan is a short term Single-Family Residential Mortgage provided to individuals by the Fund to facilitate closing the purchase of a new home prior to the closing of the sale of the individual's existing home. Commercial Mortgages are Mortgages secured by properties which are either income-producing or capable of producing income in the future (e.g. land on which the borrower plans to build a retail complex).

All Mortgages will be originated in Canada and the Trustee may acquire interests in Mortgages by way of participation agreements or otherwise. Documentation used with respect to Mortgages will provide that, in the event of a failure by the borrower to pay an amount owing under a Mortgage, the Fund or applicable lender will be entitled to enforce the Mortgage in accordance with applicable law. In the event of a failure by a borrower to make a monthly payment of interest and/or principal, the Fund or applicable lender will communicate with the borrower and failing rectification, the Fund or applicable lender will take steps to protect the Fund's interests by taking enforcement action appropriate under the circumstances provided by the terms of the Mortgage. Each of the Fund's Mortgages will be registered on title against the underlying Real Property securing the Mortgage. Except in respect of certain Bridge Loans, certain existing Mortgages held in the name of and registered in the name of CMLS Financial Ltd. and in circumstances where the Fund holds an interest in a Mortgage indirectly, title to each Mortgage will be held by and registered in the name of the Trustee.

The Fund's Mortgages generally have initial term lengths of 1 to 3 years. At its maturity, the Manager will evaluate the performance of each Mortgage through its term in considering whether or not to offer a renewal of such Mortgage, including an estimate of the value of the related Real Property through its own means and the use of automated third party valuation tools.

Investments in Real Property

The Fund will not make any direct investments in Real Property, but may hold title to Real Property acquired as a result of any foreclosure proceedings associated with the enforcement of any Mortgages held by the Fund, where such foreclosure is deemed necessary to protect the Fund's investment following a default by the borrower under such Mortgage. In these circumstances, the Fund will act prudently with respect to the disposition of any such Real Property, with a view to maximizing its recovery under such Mortgage investment.

Liquid Investments

The Fund will also hold Liquid Investments from time to time as market conditions and cash flows dictate.

Investment Restrictions

The Fund is subject a number of investment restrictions set out in the Trust Agreement. In addition to various investment restrictions relating to certain tax matters, the Trust Property may not be used to:

- (a) invest, directly or indirectly, in securities or property except to the extent consistent with the other investment guidelines of the Fund;
- (b) purchase Real Property, except Real Property acquired as part of the realization or enforcement of a Mortgage;
- (c) purchase securities for the purpose of exercising control or management of the issuer of such securities;

- (d) purchase gold or gold certificates;
- (e) purchase or sell commodities or commodity futures contracts or commodity futures options;
- (f) invest in securities of any mutual fund;
- (g) purchase securities on margin;
- (h) purchase any security which may by its terms require the Fund to make a contribution in addition to the payment of the purchase price;
- (i) engage in the business of underwriting securities or marketing to the public securities of any other issuer;
- (j) lend portfolio securities;
- (k) guarantee the securities or obligations of any other person or corporation;
- (l) purchase securities other than through normal market facilities unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis; or
- (m) make any other investment not recommended by the Manager and expressly permitted by the Trust Agreement, provided that none of such investment restrictions shall be interpreted so as to restrict or limit the Trustee from taking enforcement proceedings under any of the Mortgages.

In addition, the Fund may not make loans to or invest in the securities of the Trustee, the Manager or the Administrator or their respective affiliates, nor make loans to the directors, officers or employees of any of such parties.

Loan Facility

The Manager, in its capacity as manager of the Fund and on behalf of the Trustee, has entered into the Loan Agreement, pursuant to which the Fund may borrow up to a maximum of \$50,000,000 subject to certain terms and conditions (defined above as the "Loan Facility"). The Loan Facility may be increased by way of an exercise of the accordion, with the total of all such increases to the Loan Facility not exceeding an additional \$20,000,000. As of the date of this Offering Memorandum, the Fund has not exercised the accordion to increase the Loan Facility. The Loan Facility bears interest at the lender's prime rate of interest plus 0.85% per annum for prime rate based loans or the applicable Canadian Dollar Offered Rate ("CDOR") for the applicable CDOR interest period plus 2.35% per annum. As at the date of this Offering Memorandum, the maturity date for the Loan Facility under the Loan Agreement is February 1, 2024.

Under the terms of the Loan Agreement, the Fund agreed to certain restrictions related to the redemption, purchase or cancellation of Units and other equity interests in the Fund. These restrictions are described under "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units".

The Fund intends to use the Loan Facility for several purposes, as follows:

- (a) *To smooth the timing difference between the closing of potential new Mortgage investments and cash availability in the Fund.* The Fund's investment portfolio will be built over time and with various maturities and repayment schedules; however, there may be times when a new Mortgage opportunity is available when the Fund does not have sufficient Available Cash to invest in it at the time. Consequently, the Loan Facility would enable the Fund, at the discretion of the Manager, to draw upon the Loan Facility to invest in the new Mortgage opportunity with a view to repaying the advance as internally generated cash flow permits or as new Units are issued;
- (b) *To provide liquidity in the event of Unitholder redemptions.* The Fund's assets will be invested primarily in Mortgages. There is a limited secondary market for Mortgages so there is relatively little immediate liquidity for the Fund to meet unexpected redemption requests. The Loan Facility may be used to fund redemptions and would be repaid as cash flow within the Fund permits; and
- (c) *To enhance returns.* The Manager may determine that the added potential returns available through the application of leverage more than compensate the Fund for the increased risk of loss of equity, and may borrow within the

Fund's stated constraints in order to take advantage of favourable market conditions. The Manager may choose to lower the risk profile of Fund assets and offset the lower associated returns by adding leverage.

As at March 31, 2023, \$0 was drawn down under the Loan Facility.

Development of Business

Past Performance

The Fund first offered Units to subscribers on May 1, 2008, with 30,750 Class I Units subscribed for an initial capitalization of \$307,500. As of December 31, 2022, the Net Asset Value of the Fund was \$120,057,989 and a total of 284,343 Class A Units, 106,742 Class E Units, 5,628,175 Class F Units, and 6,025,530 Class I Units. As at March 31, 2023, the Net Asset Value of the Fund was \$123,910,206 and a total of 309,854 Class A Units, 2,500 Class B Units, 104,353 Class E Units, 6,229,031 Class F Units, and 5,765,400 Class I Units were outstanding.

The table below contains information regarding the past performance of each class of Units of the Fund for each calendar year since the Fund was formed in May 2008. No performance information is included below for Class B Units because as of the date of this Offering Memorandum, no Units of this class have been issued. It is important that you understand that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year	Net Return ⁽¹⁾				
	Class A Units ⁽²⁾	Class B Units ⁽²⁾	Class E Units ⁽²⁾	Class F Units ⁽²⁾	Class I Units
2023 ⁽³⁾	6.77%	6.55%	7.03%	7.03%	7.03%
2022	5.52%	-	5.79%	5.79%	5.79%
2021	5.12%	-	5.39%	5.12%	5.38%
2020	4.85%	-	5.11%	5.10%	5.11%
2019	-	-	7.03%	5.18%	6.35%
2018	-	-	-	-	5.57%
2017	-	-	-	-	6.05%
2016	-	-	-	-	5.87%
2015	-	-	-	-	5.60%
2014	-	-	-	-	6.31%
2013	-	-	-	-	6.42%
2012	-	-	-	-	7.34%
2011	-	-	-	-	6.53%
2010	-	-	-	-	6.18%
2009	-	-	-	-	8.24%
2008	-	-	-	-	5.74% ⁽⁴⁾

⁽¹⁾ "Net Return" is our estimate of the increase in the Net Asset Value of the Units during the period. It includes distributions reinvested in additional units. The Net Return for each class of Units will differ depending on the applicable fee structure. See CMLS MORTGAGE FUND – Trust Agreement – Management Fees.

⁽²⁾ As noted above, no performance information is included for Class B Units because as of the date of this Offering Memorandum, no Units of this class have been issued.

⁽³⁾ Information for 2023 reflects the period from January 1 to March 31, 2023.

⁽⁴⁾ The Net Return for this period represents the return for the period May 1, 2008 (the date on which the Fund first offered Units to subscribers) to December 31, 2008.

Portfolio Analysis

Loans

The following table provides a summary of the loans in the Fund's mortgage portfolio as at the dates indicated.

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
As at Dec 31, 2021										
1	C000106016	ON	Single-family	First	308,805	6.49%	68.62%	68.62%	0.36%	07/28/2022
2	C000123924	ON	Single-family	First	248,509	8.25%	74.41%	74.41%	0.29%	05/30/2022
3	C000123839	ON	Single-family	First	188,076	6.75%	21.50%	21.50%	0.22%	12/02/2022
4	C000137489	ON	Single-family	First	282,722	5.49%	48.33%	48.33%	0.33%	07/22/2022
5	C000138082	ON	Single-family	First	364,861	5.99%	52.88%	52.88%	0.43%	08/27/2022
6	C000135923	ON	Single-family	First	198,666	7.49%	60.34%	60.34%	0.23%	09/30/2022
7	C000159474	ON	Single-family	First	242,029	6.99%	64.54%	64.54%	0.28%	12/18/2022
8	C000142527	BC	Single-family	First	453,765	5.99%	59.01%	59.01%	0.53%	01/25/2022
9	C000163054	ON	Single-family	First	821,858	5.99%	74.71%	74.71%	0.97%	02/23/2022
10	C000164443	ON	Single-family	First	715,043	4.50%	62.18%	62.18%	0.84%	03/03/2023
11	C000164319	ON	Single-family	First	345,605	4.25%	64.27%	64.27%	0.41%	03/14/2022
12	C000165368	ON	Single-family	First	404,058	7.24%	64.14%	64.14%	0.48%	03/31/2022
13	C000166747	ON	Single-family	First	601,545	6.79%	64.69%	64.69%	0.71%	03/22/2022
14	C000165564	ON	Single-family	First	509,057	4.00%	44.73%	44.73%	0.60%	04/15/2022
15	C000168410	BC	Single-family	First	897,657	6.49%	56.28%	56.28%	1.06%	04/09/2022
16	C000164067	BC	Single-family	First	319,030	5.99%	59.63%	59.63%	0.38%	04/12/2023
17	C000165756	ON	Single-family	First	293,503	4.25%	58.70%	58.70%	0.35%	04/15/2022
18	C000167104	ON	Single-family	First	556,897	4.89%	55.69%	55.69%	0.66%	04/30/2022
19	C000167977	ON	Single-family	First	431,884	6.49%	61.69%	61.69%	0.51%	04/29/2022
20	C000167165	ON	Single-family	First	540,960	5.25%	64.79%	64.79%	0.64%	05/14/2022
21	C000168382	ON	Single-family	First	439,392	6.99%	61.88%	61.88%	0.52%	05/21/2022
22	C000164307	ON	Single-family	First	897,634	5.49%	32.64%	32.64%	1.06%	06/14/2022
23	C000175504	ON	Single-family	First	248,554	5.49%	46.46%	46.46%	0.29%	07/15/2022
24	2003	BC	Single-family	First	378,273	7.49%	65.00%	65.00%	0.45%	05/12/2022
25	2006	ON	Single-family	First	473,704	5.99%	65.20%	65.20%	0.56%	05/01/2022
26	2008	ON	Single-family	First	326,049	6.49%	60.44%	60.44%	0.38%	08/01/2022
27	2010	ON	Single-family	First	587,267	5.99%	65.00%	65.00%	0.69%	07/01/2022
28	2011	AB	Single-family	First	352,767	7.49%	69.99%	69.99%	0.42%	07/01/2022
29	2012	BC	Single-family	First	417,137	5.99%	58.90%	58.90%	0.49%	07/01/2022
30	2013	ON	Single-family	First	637,000	5.99%	65.00%	65.00%	0.75%	07/01/2022
31	2015	ON	Single-family	First	582,971	4.50%	65.00%	65.00%	0.69%	06/18/2022
32	2017	BC	Single-family	First	1,148,000	4.95%	53.15%	53.15%	1.35%	06/09/2022
33	2021	ON	Single-family	First	413,945	5.99%	47.16%	47.16%	0.49%	06/17/2022
34	2026	ON	Single-family	First	678,303	4.99%	48.57%	48.57%	0.80%	07/09/2022
35	2031	ON	Single-family	First	72,787	5.49%	17.39%	17.39%	0.09%	06/30/2022
36	2033	ON	Single-family	First	699,911	5.99%	65.00%	65.00%	0.82%	06/04/2022

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
37	2034	ON	Single-family	First	389,283	5.99%	65.00%	65.00%	0.46%	07/29/2022
38	2036	ON	Single-family	First	300,000	5.99%	48.31%	48.31%	0.35%	06/01/2022
39	2037	ON	Single-family	First	330,000	6.25%	27.50%	27.50%	0.39%	07/08/2022
40	2038	ON	Single-family	First	562,154	5.99%	49.13%	49.13%	0.66%	07/09/2022
41	2042	ON	Single-family	First	303,847	5.49%	46.85%	46.85%	0.36%	07/07/2022
42	2043	ON	Single-family	First	400,000	5.99%	43.01%	43.01%	0.47%	07/30/2022
43	2045	ON	Single-family	First	356,234	5.49%	29.75%	29.75%	0.42%	07/16/2022
44	2046	ON	Single-family	First	910,000	5.99%	65.00%	65.00%	1.07%	06/10/2022
45	2047	ON	Single-family	First	383,500	5.99%	65.00%	65.00%	0.45%	06/11/2022
46	2051	ON	Single-family	First	717,500	6.99%	70.00%	70.00%	0.84%	07/05/2022
47	2053	ON	Single-family	First	615,000	5.99%	64.74%	64.74%	0.72%	07/12/2022
48	2061	ON	Single-family	First	525,000	5.99%	45.45%	45.45%	0.62%	06/29/2022
49	2063	ON	Single-family	First	617,500	5.99%	61.81%	61.81%	0.73%	07/05/2022
50	2064	ON	Single-family	First	286,776	5.99%	50.28%	50.28%	0.34%	08/17/2022
51	2074	ON	Single-family	First	637,000	5.99%	65.00%	65.00%	0.75%	07/14/2022
52	2075	ON	Single-family	First	315,250	5.99%	65.00%	65.00%	0.37%	07/19/2022
53	2076	ON	Single-family	First	300,266	5.99%	65.00%	65.00%	0.35%	07/30/2022
54	2078	ON	Single-family	First	357,500	5.99%	65.00%	65.00%	0.42%	07/16/2022
55	2079	ON	Single-family	First	377,752	5.89%	59.11%	59.11%	0.44%	08/10/2022
56	2081	ON	Single-family	First	393,250	5.99%	64.91%	64.91%	0.46%	07/22/2022
57	2082	ON	Single-family	First	253,975	5.99%	29.81%	29.81%	0.30%	08/17/2022
58	2083	BC	Single-family	First	840,000	6.99%	70.00%	70.00%	0.99%	03/20/2022
59	2091	ON	Single-family	First	422,049	6.99%	65.00%	65.00%	0.50%	08/23/2022
60	2093	ON	Single-family	First	601,250	5.99%	65.00%	65.00%	0.71%	08/17/2022
61	2094	ON	Single-family	First	247,000	5.99%	65.00%	65.00%	0.29%	07/30/2022
62	2095	ON	Single-family	First	263,153	5.99%	65.00%	65.00%	0.31%	07/27/2022
63	2096	BC	Single-family	First	214,200	5.49%	26.44%	26.44%	0.25%	08/25/2022
64	2106	ON	Single-family	First	733,872	6.24%	53.02%	53.02%	0.86%	09/10/2022
65	2107	ON	Single-family	First	1,148,000	7.25%	60.42%	60.42%	1.35%	09/15/2022
66	2108	ON	Single-family	First	305,143	5.99%	43.10%	43.10%	0.36%	08/27/2022
67	2109	ON	Single-family	First	832,568	6.74%	57.05%	57.05%	0.98%	08/31/2022
68	2111	ON	Single-family	First	583,960	6.75%	55.71%	55.71%	0.69%	09/03/2022
69	2112	ON	Single-family	First	348,500	6.54%	25.35%	25.35%	0.41%	09/01/2022
70	2113	ON	Single-family	First	835,551	6.24%	69.70%	69.70%	0.98%	09/01/2022
71	2118	ON	Single-family	First	780,000	6.29%	65.00%	65.00%	0.92%	09/17/2022
72	2119	ON	Single-family	First	422,500	6.24%	65.00%	65.00%	0.50%	10/25/2022
73	2126	AB	Single-family	First	422,176	6.99%	65.00%	65.00%	0.50%	10/14/2022
74	2132	ON	Single-family	First	264,605	7.50%	56.21%	56.21%	0.31%	10/25/2022
75	2160	ON	Single-family	First	488,055	6.99%	70.00%	70.00%	0.57%	10/14/2022
76	2161	ON	Single-family	First	440,000	6.49%	53.33%	53.33%	0.52%	11/03/2022
77	2164	ON	Single-family	First	294,592	5.74%	37.00%	37.00%	0.35%	11/23/2022
78	2165	ON	Single-family	First	1,417,882	7.49%	80.00%	80.00%	1.67%	10/27/2022

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
79	2169	ON	Single-family	First	398,444	6.99%	46.06%	46.06%	0.47%	12/09/2022
80	2170	ON	Single-family	First	424,718	6.24%	65.89%	65.89%	0.50%	11/10/2022
81	2171	ON	Single-family	First	180,000	7.29%	36.14%	36.14%	0.21%	12/15/2022
82	2174	ON	Single-family	First	575,000	7.24%	68.86%	68.86%	0.68%	05/16/2022
83	2175	ON	Single-family	First	635,000	6.29%	68.65%	68.65%	0.75%	11/18/2022
84	2176	ON	Single-family	First	760,500	5.99%	62.85%	62.85%	0.90%	11/25/2022
85	2179	ON	Single-family	First	828,750	8.29%	65.00%	65.00%	0.98%	12/01/2022
86	2182	ON	Single-family	First	704,000	7.99%	80.00%	80.00%	0.83%	11/30/2022
87	2185	ON	Single-family	First	559,000	5.99%	65.00%	65.00%	0.66%	11/24/2022
88	2187	ON	Single-family	First	227,500	7.29%	65.00%	65.00%	0.27%	12/07/2022
89	2188	ON	Single-family	First	544,500	7.04%	75.00%	75.00%	0.64%	12/17/2022
90	2192	ON	Single-family	First	243,750	7.79%	65.00%	65.00%	0.29%	12/20/2022
91	2194	ON	Single-family	First	560,000	6.79%	67.88%	67.88%	0.66%	12/13/2022
92	2195	ON	Single-family	First	323,000	6.89%	69.46%	69.46%	0.38%	12/16/2022
93	2196	ON	Single-family	First	530,000	5.99%	63.86%	63.86%	0.62%	12/22/2022
94	2199	ON	Single-family	First	444,500	7.79%	70.00%	70.00%	0.52%	12/10/2022
95	2202	ON	Single-family	First	910,000	6.05%	60.67%	60.67%	1.07%	12/13/2022
96	2208	ON	Single-family	First	381,000	7.79%	60.48%	60.48%	0.45%	12/17/2022
97	2209	ON	Single-family	First	689,000	6.54%	65.00%	65.00%	0.81%	12/22/2022
98	2217	BC	Single-family	First	700,000	7.29%	80.00%	80.00%	0.82%	12/30/2022
99	B000180396	ON	Single-family	First	529,609	6.45%	63.41%	63.41%	0.62%	01/05/2022
100	B000181743	BC	Single-family	First	1,028,500	6.45%	57.84%	57.84%	1.21%	01/12/2022
101	B000182533	ON	Single-family	First	459,735	6.45%	62.12%	62.12%	0.54%	01/12/2022
102	13189	ON	Multi-family	First	750,000	5.00%	71.43%	66.84%	0.88%	12/01/2023
103	13412	ON	Multi-family	Third	1,000,000	6.25%	51.93%	37.70%	1.18%	01/05/2024
104	13422	ON	Multi-family	Second	1,020,000	7.95%	16.78%	18.21%	1.20%	03/01/2022
105	13463	ON	Multi-family	Second	1,000,000	8.00%	76.66%	83.44%	1.18%	12/01/2022
106	13597	ON	Single-family	First	1,280,000	9.00%	59.93%	59.93%	1.51%	01/01/2022
107	13702	ON	Multi-family	Second	1,850,000	8.50%	67.60%	64.20%	2.18%	12/05/2022
108	13709	QC	Multi-family	Second	500,000	8.50%	76.81%	67.03%	0.59%	04/01/2022
109	13736	BC	Multi-family	Second	1,380,000	5.75%	75.78%	63.54%	1.62%	12/01/2022
110	13737	ON	Single-family	Second	2,000,000	5.75%	88.55%	77.40%	2.35%	03/01/2022
111	13738	ON	Multi-family	Second	2,000,000	5.75%	83.05%	79.84%	2.35%	03/01/2022
112	13750	ON	Multi-family	Second	3,600,000	6.45%	71.50%	64.91%	4.24%	01/01/2023
113	13766	ON	Multi-family	Second	500,000	9.50%	76.66%	83.44%	0.59%	12/01/2022
114	13788	ON	Mixed Use	First	2,000,000	6.00%	39.47%	35.25%	2.35%	03/01/2023
115	13801	ON	Multi-family	First	2,000,000	5.95%	70.18%	39.84%	2.35%	04/01/2022
116	13836	ON	Multi-family	First	1,500,000	6.00%	70.60%	69.15%	1.77%	10/01/2022
117	13837	ON	Multi-family	First	750,000	5.95%	76.60%	84.03%	0.88%	05/01/2023
118	13838	ON	Multi-family	Second	1,050,000	5.95%	89.77%	82.37%	1.24%	08/01/2023
119	13855	AB	Multi-family	First	931,500	7.00%	82.79%	82.80%	1.10%	11/01/2022
120	13862	BC	Multi-family	Second	2,000,000	6.25%	70.86%	53.73%	2.35%	12/01/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
121	13937	AB	Multi-family	First	779,500	7.50%	78.73%	84.96%	0.92%	09/01/2022
122	14001	ON	Multi-family	Second	3,635,000	5.95%	87.18%	82.90%	4.28%	01/01/2024
123	59127	QC	Multi-family	Junior First	1,490,000	7.80%	79.44%	78.09%	1.75%	08/01/2023
124	9921	SK	Retail	Junior First	982,084	8.43%	76.90%	66.95%	1.16%	04/01/2024
Total/ Average					\$84,949,658		62.66%	62.66%	100.00%	
As at Dec 31, 2022										
1	13189	ON	Multi-family	First	750,000	8.50%	66.84%	66.84%	0.59%	12/01/2023
2	13412	ON	Multi-family	First	994,925	6.25%	50.68%	36.78%	0.78%	01/05/2024
3	13709	QC	Multi-family	Second	500,000	8.00%	79.15%	76.72%	0.39%	05/01/2023
4	13737	ON	Multi-family	Second	1,997,419	5.75%	73.90%	76.17%	1.57%	09/01/2023
5	13738	ON	Multi-family	Second	1,997,419	5.75%	79.07%	78.45%	1.57%	09/01/2023
6	13750	ON	Multi-family	Second	3,600,000	6.45%	65.19%	63.70%	2.83%	01/01/2023
7	13788	ON	Mixed Use	Second	2,000,000	6.00%	36.32%	34.57%	1.57%	03/01/2023
8	13801	ON	Multi-family	First	2,000,000	5.95%	68.79%	39.84%	1.57%	04/01/2023
9	13836	ON	Multi-family	Second	1,500,000	9.84%	69.66%	68.23%	1.18%	01/01/2023
10	13837	ON	Multi-family	Second	750,000	5.95%	84.11%	82.75%	0.59%	05/01/2023
11	13838	ON	Multi-family	Second	1,043,518	5.95%	88.42%	81.14%	0.82%	08/01/2023
12	13862	BC	Multi-family	Second	1,996,837	6.25%	69.66%	52.82%	1.57%	12/01/2023
13	13982	AB	Multi-family	First	1,622,250	5.50%	74.96%	72.10%	1.27%	02/01/2023
14	14001	ON	Multi-family	Second	3,580,836	5.95%	83.62%	81.84%	2.81%	01/01/2024
15	14077	ON	Multi-family	Second	2,127,500	7.95%	85.08%	85.00%	1.67%	04/01/2023
16	14082	NS	Multi-family	Second	600,000	8.00%	67.82%	59.20%	0.47%	05/01/2024
17	14131	QC	Office	Second	460,000	8.00%	79.26%	77.67%	0.36%	12/01/2025
18	14154	ON	Mixed Use	Second	1,600,000	12.75%	76.36%	57.39%	1.26%	09/01/2023
19	14157	QC	Multi-family	Second	970,000	10.25%	70.31%	69.31%	0.76%	12/01/2025
20	14177	ON	Multi-family	Second	1,200,000	11.25%	83.66%	83.64%	0.94%	09/01/2024
21	14200	BC	Industrial	First	2,500,000	8.95%	37.55%	35.11%	1.96%	09/01/2025
22	14216	ON	Multi-family	Second	400,000	8.50%	71.20%	66.45%	0.31%	06/01/2024
23	14218	ON	Multi-family	Second	900,000	8.50%	75.95%	68.81%	0.71%	06/01/2024
24	14220	ON	Retail	First	900,000	8.50%	59.60%	55.38%	0.71%	01/01/2024
25	14245	BC	Multi-family	Second	4,000,000	7.95%	27.32%	24.10%	3.14%	01/01/2024
26	59131	BC	Mixed Use	First	2,500,000	12.39%	74.63%	66.67%	1.96%	06/01/2024
27	9921	SK	Retail	Second	973,100	8.36%	68.57%	65.48%	0.76%	04/01/2024
28	C000106016	ON	Single-family	FIRST	302,970	6.99%	70.00%	70.00%	0.24%	07/28/2023
29	C000123839	ON	Single-family	FIRST	179,878	9.24%	22.86%	22.86%	0.14%	12/01/2023
30	C000137489	ON	Single-family	FIRST	276,144	5.99%	48.72%	48.72%	0.22%	07/22/2023
31	C000159474	ON	Single-family	FIRST	240,187	9.50%	65.00%	65.00%	0.19%	06/18/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
32	C000163054	ON	Single-family	FIRST	818,336	6.49%	75.00%	75.00%	0.64%	02/23/2023
33	C000164443	ON	Single-family	FIRST	708,172	4.50%	62.61%	62.61%	0.56%	03/03/2023
34	C000166747	ON	Single-family	FIRST	598,587	7.29%	64.94%	64.94%	0.47%	03/22/2023
35	C000164067	BC	Single-family	FIRST	317,501	5.99%	59.81%	59.81%	0.25%	04/12/2023
36	C000167104	ON	Single-family	FIRST	553,125	6.49%	56.00%	56.00%	0.43%	04/30/2023
37	C000175504	ON	Single-family	FIRST	241,823	5.99%	46.73%	46.73%	0.19%	07/14/2023
38	C000186180	ON	Single-family	FIRST	296,897	5.99%	30.67%	30.67%	0.23%	02/15/2023
39	2003	BC	Single-family	First	370,996	8.49%	64.39%	64.39%	0.29%	05/12/2023
40	2006	ON	Single-family	First	473,704	6.99%	65.26%	65.26%	0.37%	05/01/2023
41	2011	AB	Single-family	First	202,767	8.24%	40.23%	40.23%	0.16%	07/01/2023
42	2012	BC	Single-family	First	414,506	6.74%	58.54%	58.54%	0.33%	07/01/2023
43	2015	ON	Single-family	First	579,351	5.59%	64.54%	64.54%	0.46%	06/18/2023
44	2026	ON	Single-family	First	665,429	6.99%	48.28%	48.28%	0.52%	07/09/2023
45	2031	ON	Single-family	First	68,264	6.24%	12.15%	12.15%	0.05%	06/30/2023
46	2036	ON	Single-family	First	300,000	6.74%	48.31%	48.31%	0.24%	06/01/2023
47	2038	ON	Single-family	First	547,762	6.99%	48.53%	48.53%	0.43%	07/09/2023
48	2043	ON	Single-family	First	392,693	6.74%	43.01%	43.01%	0.31%	07/30/2023
49	2053	ON	Single-family	First	605,866	6.99%	64.74%	64.74%	0.48%	07/12/2023
50	2076	ON	Single-family	First	293,560	6.99%	64.71%	64.71%	0.23%	07/30/2023
51	2078	ON	Single-family	First	357,500	10.99%	65.00%	65.00%	0.28%	02/16/2023
52	2079	ON	Single-family	First	370,054	6.99%	58.84%	58.84%	0.29%	08/10/2023
53	2091	ON	Single-family	First	413,597	7.99%	64.79%	64.79%	0.33%	08/23/2023
54	2093	ON	Single-family	First	589,808	6.99%	65.00%	65.00%	0.46%	09/17/2023
55	2094	ON	Single-family	First	247,000	10.99%	65.00%	65.00%	0.19%	02/28/2023
56	2096	BC	Single-family	First	210,489	6.99%	26.44%	26.44%	0.17%	08/25/2023
57	2106	ON	Single-family	First	709,093	7.24%	52.11%	52.11%	0.56%	09/10/2023
58	2107	ON	Single-family	First	1,148,000	12.25%	60.42%	60.42%	0.90%	03/15/2023
59	2109	ON	Single-family	First	805,182	7.74%	56.14%	56.14%	0.63%	08/31/2023
60	2126	AB	Single-family	First	411,891	8.24%	64.69%	64.69%	0.32%	10/14/2023
61	2132	ON	Single-family	First	256,832	8.75%	55.92%	55.92%	0.20%	10/25/2023
62	2167	ON	Single-family	First	223,381	5.99%	30.82%	30.82%	0.18%	02/16/2023
63	2169	ON	Single-family	First	385,637	8.99%	45.59%	45.59%	0.30%	12/09/2023
64	2170	ON	Single-family	First	412,258	9.24%	65.35%	65.35%	0.32%	11/10/2023
65	2171	ON	Single-family	First	180,000	12.29%	36.14%	36.14%	0.14%	06/15/2023
66	2176	ON	Single-family	First	760,500	5.99%	62.85%	62.85%	0.60%	12/25/2022
67	2179	ON	Single-family	First	824,656	8.29%	65.00%	65.00%	0.65%	01/01/2023
68	2187	ON	Single-family	First	220,375	8.74%	64.38%	64.38%	0.17%	12/07/2023
69	2188	ON	Single-family	First	529,909	9.49%	74.65%	74.65%	0.42%	12/17/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
70	2192	ON	Single-family	First	243,750	7.79%	65.00%	65.00%	0.19%	12/20/2022
71	2196	ON	Single-family	First	515,642	8.74%	63.57%	63.57%	0.41%	12/22/2023
72	2202	ON	Single-family	First	910,000	11.05%	60.67%	60.67%	0.72%	06/13/2023
73	2204	BC	Single-family	First	432,886	5.79%	52.27%	52.27%	0.34%	01/26/2023
74	2213	ON	Single-family	First	794,500	6.54%	70.00%	70.00%	0.62%	01/10/2023
75	2217	BC	Single-family	First	677,348	9.74%	79.23%	79.23%	0.53%	12/30/2023
76	2218	ON	Single-family	First	503,866	6.44%	70.00%	70.00%	0.40%	01/19/2023
77	2222	ON	Single-family	First	465,500	7.04%	70.00%	70.00%	0.37%	01/17/2023
78	2224	ON	Single-family	First	296,241	6.54%	66.30%	66.30%	0.23%	01/19/2023
79	2225	ON	Single-family	First	296,241	6.54%	66.30%	66.30%	0.23%	01/19/2023
80	2226	ON	Single-family	First	312,796	6.54%	70.00%	70.00%	0.25%	01/20/2023
81	2232	AB	Single-family	First	317,933	5.99%	62.14%	62.14%	0.25%	03/04/2023
82	2234	ON	Single-family	First	669,919	5.79%	54.88%	54.88%	0.53%	02/25/2023
83	2235	ON	Single-family	First	193,771	6.99%	48.87%	48.87%	0.15%	01/27/2023
84	2242	BC	Single-family	First	923,308	5.99%	60.00%	60.00%	0.73%	02/10/2023
85	2245	ON	Single-family	First	347,754	6.49%	58.33%	58.33%	0.27%	02/01/2023
86	2249	ON	Single-family	First	781,733	6.74%	65.00%	65.00%	0.61%	02/04/2023
87	2255	ON	Single-family	First	690,000	6.99%	64.19%	64.19%	0.54%	03/01/2023
88	2259	ON	Single-family	First	622,173	5.74%	65.03%	65.03%	0.49%	04/01/2023
89	2261	ON	Single-family	First	406,418	6.24%	48.24%	48.24%	0.32%	03/01/2023
90	2262	ON	Single-family	First	271,968	6.24%	36.88%	36.88%	0.21%	03/01/2023
91	2270	ON	Single-family	First	660,000	7.49%	49.44%	49.44%	0.52%	03/01/2023
92	2271	ON	Single-family	First	255,000	6.99%	40.48%	40.48%	0.20%	04/01/2023
93	2275	ON	Single-family	Second	285,000	7.99%	38.07%	38.07%	0.22%	03/01/2023
94	2287	ON	Single-family	First	1,042,795	7.49%	72.41%	72.41%	0.82%	03/15/2023
95	2289	ON	Single-family	First	238,001	6.49%	48.00%	48.00%	0.19%	03/15/2023
96	2297	ON	Single-family	First	207,985	5.74%	17.50%	17.50%	0.16%	03/15/2023
97	2298	ON	Single-family	First	1,150,000	7.24%	73.39%	73.39%	0.90%	03/15/2023
98	2303	ON	Single-family	First	455,899	5.49%	53.18%	53.18%	0.36%	04/01/2023
99	2305	ON	Single-family	Second	596,697	7.99%	64.87%	64.87%	0.47%	04/01/2023
100	2306	ON	Single-family	First	446,833	6.74%	58.44%	58.44%	0.35%	04/15/2023
101	2307	ON	Single-family	First	975,625	6.74%	75.00%	75.00%	0.77%	03/15/2023
102	2308	ON	Single-family	First	842,423	5.49%	57.63%	57.63%	0.66%	04/01/2023
103	2316	ON	Single-family	First	307,599	6.24%	57.41%	57.41%	0.24%	04/01/2023
104	2318	ON	Single-family	First	516,161	6.24%	69.75%	69.75%	0.41%	04/01/2023
105	2325	ON	Single-family	First	317,013	5.24%	44.44%	44.44%	0.25%	04/01/2023
106	2328	ON	Single-family	First	770,000	6.99%	70.00%	70.00%	0.61%	04/01/2023
107	2331	ON	Single-family	First	893,965	6.99%	67.92%	67.92%	0.70%	05/15/2023

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108	2334	ON	Single-family	First	903,500	5.49%	65.00%	65.00%	0.71%	04/15/2023
109	2338	ON	Single-family	First	519,060	5.49%	49.43%	49.43%	0.41%	05/01/2023
110	2340	ON	Single-family	First	266,720	5.99%	45.83%	45.83%	0.21%	05/01/2023
111	2343	ON	Single-family	First	350,000	7.74%	32.26%	32.26%	0.28%	05/15/2023
112	2345	ON	Single-family	First	198,298	5.74%	29.63%	29.63%	0.16%	05/01/2023
113	2356	ON	Single-family	First	531,152	5.99%	70.00%	70.00%	0.42%	04/01/2023
114	2361	ON	Single-family	First	472,221	6.99%	57.58%	57.58%	0.37%	05/01/2023
115	2365	ON	Single-family	First	594,651	5.49%	54.55%	54.55%	0.47%	04/01/2023
116	2373	ON	Single-family	Second	398,174	8.24%	43.10%	43.10%	0.31%	05/15/2023
117	2381	ON	Single-family	First	243,264	5.99%	70.00%	70.00%	0.19%	05/01/2023
118	2382	ON	Single-family	First	490,180	6.24%	65.00%	65.00%	0.39%	04/15/2023
119	2384	ON	Single-family	Second	100,000	9.49%	54.55%	54.55%	0.08%	05/01/2023
120	2387	ON	Single-family	Second	50,000	9.49%	60.00%	60.00%	0.04%	05/01/2023
121	2396	ON	Single-family	First	448,500	5.70%	65.00%	65.00%	0.35%	04/15/2023
122	2408	ON	Single-family	First	612,642	5.99%	65.00%	65.00%	0.48%	05/01/2023
123	2421	ON	Single-family	First	416,000	6.24%	81.64%	81.64%	0.33%	05/15/2023
124	2431	ON	Single-family	Second	250,000	9.24%	47.44%	47.44%	0.20%	06/01/2023
125	2435	ON	Single-family	First	457,500	5.74%	64.89%	64.89%	0.36%	05/15/2023
126	2442	ON	Single-family	First	714,940	6.49%	84.75%	84.75%	0.56%	06/01/2023
127	2443	ON	Single-family	First	626,975	7.99%	53.62%	53.62%	0.49%	05/15/2023
128	2444	ON	Single-family	First	970,358	7.24%	75.00%	75.00%	0.76%	06/15/2023
129	2457	BC	Single-family	First	399,000	6.74%	74.21%	74.21%	0.31%	05/15/2023
130	2462	ON	Single-family	First	950,453	7.24%	63.67%	63.67%	0.75%	06/15/2023
131	2468	ON	Single-family	First	900,000	7.49%	58.06%	58.06%	0.71%	06/01/2023
132	2470	ON	Single-family	First	735,516	5.99%	54.81%	54.81%	0.58%	06/01/2023
133	2474	ON	Single-family	First	774,809	5.49%	65.00%	65.00%	0.61%	06/01/2023
134	2475	ON	Single-family	First	596,978	5.99%	44.61%	44.61%	0.47%	07/01/2023
135	2476	ON	Single-family	First	533,001	5.99%	65.00%	65.00%	0.42%	06/01/2023
136	2478	ON	Single-family	First	563,115	7.49%	75.00%	75.00%	0.44%	06/01/2023
137	2480	ON	Single-family	First	412,500	7.99%	75.00%	75.00%	0.32%	06/01/2023
138	2482	ON	Single-family	First	776,071	5.99%	65.00%	65.00%	0.61%	07/01/2023
139	2487	BC	Single-family	First	368,482	6.49%	51.18%	51.18%	0.29%	06/01/2023
140	2488	ON	Single-family	First	486,955	7.24%	70.00%	70.00%	0.38%	07/01/2023
141	2494	ON	Single-family	First	993,010	6.99%	63.73%	63.73%	0.78%	06/01/2023
142	2500	ON	Single-family	First	692,295	5.99%	70.00%	70.00%	0.54%	07/01/2023
143	2507	ON	Single-family	First	1,050,275	6.49%	58.54%	58.54%	0.83%	07/15/2023
144	2510	BC	Single-family	First	990,000	6.74%	68.28%	68.28%	0.78%	06/15/2023
145	2531	ON	Single-family	First	456,417	6.99%	50.64%	50.64%	0.36%	07/01/2023

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146	2534	ON	Single-family	First	396,592	8.99%	70.00%	70.00%	0.31%	09/15/2023
147	2543	ON	Single-family	First	750,230	6.99%	65.00%	65.00%	0.59%	06/15/2023
148	2546	ON	Single-family	First	424,888	6.99%	57.20%	57.20%	0.33%	07/15/2023
149	2562	BC	Single-family	First	709,518	7.99%	43.15%	43.15%	0.56%	08/01/2023
150	2565	ON	Single-family	First	200,869	8.24%	65.00%	65.00%	0.16%	07/15/2023
151	2569	ON	Single-family	First	537,624	8.24%	65.00%	65.00%	0.42%	08/01/2023
152	2570	BC	Single-family	First	838,997	6.99%	54.87%	54.87%	0.66%	08/15/2023
153	2576	BC	Single-family	First	794,912	7.49%	47.06%	47.06%	0.62%	09/01/2023
154	2579	ON	Single-family	First	455,389	7.74%	65.00%	65.00%	0.36%	09/01/2023
155	2584	ON	Single-family	First	378,952	7.74%	64.99%	64.99%	0.30%	09/15/2023
156	2585	ON	Single-family	First	458,256	7.74%	51.69%	51.69%	0.36%	08/15/2023
157	2589	ON	Single-family	First	407,480	7.49%	65.00%	65.00%	0.32%	09/15/2023
158	2592	ON	Single-family	First	1,025,000	7.99%	49.28%	49.28%	0.81%	10/15/2023
159	2594	ON	Single-family	First	778,076	8.24%	63.15%	63.15%	0.61%	08/15/2023
160	2598	ON	Single-family	First	387,608	7.99%	65.00%	65.00%	0.30%	09/01/2023
161	2604	ON	Single-family	First	363,494	7.99%	42.94%	42.94%	0.29%	09/01/2023
162	2605	ON	Single-family	First	372,206	7.74%	65.00%	65.00%	0.29%	09/01/2023
163	2609	BC	Single-family	First	529,773	6.99%	57.05%	57.05%	0.42%	09/15/2023
164	2610	BC	Single-family	First	595,864	6.99%	51.06%	51.06%	0.47%	09/15/2023
165	2611	BC	Single-family	First	347,587	6.99%	31.82%	31.82%	0.27%	09/15/2023
166	2612	BC	Single-family	First	535,065	7.24%	61.55%	61.55%	0.42%	09/01/2023
167	2613	BC	Single-family	First	525,740	7.49%	60.47%	60.47%	0.41%	09/01/2023
168	2615	ON	Single-family	First	744,411	7.74%	65.00%	65.00%	0.58%	09/01/2023
169	2616	ON	Single-family	First	489,554	7.74%	65.00%	65.00%	0.38%	09/15/2023
170	2621	BC	Single-family	First	823,247	7.49%	65.00%	65.00%	0.65%	09/15/2023
171	2624	ON	Single-family	First	1,468,770	8.74%	61.28%	61.28%	1.15%	08/15/2023
172	2625	ON	Single-family	First	558,584	7.49%	54.63%	54.63%	0.44%	10/01/2023
173	2626	ON	Single-family	First	417,476	8.74%	64.92%	64.92%	0.33%	09/15/2023
174	2629	BC	Single-family	First	513,598	7.24%	65.00%	65.00%	0.40%	10/01/2023
175	2630	BC	Single-family	First	440,046	7.99%	65.00%	65.00%	0.35%	09/15/2023
176	2634	ON	Single-family	First	359,193	8.49%	38.92%	38.92%	0.28%	10/01/2023
177	2635	ON	Single-family	Second	175,815	12.99%	87.21%	87.21%	0.14%	03/15/2023
178	2641	ON	Single-family	First	450,737	8.49%	65.00%	65.00%	0.35%	10/01/2023
179	2648	ON	Single-family	First	399,590	8.74%	43.24%	43.24%	0.31%	10/01/2023
180	2659	ON	Single-family	First	564,848	8.99%	59.46%	59.46%	0.44%	11/01/2023
181	2663	ON	Single-family	First	309,821	8.74%	39.74%	39.74%	0.24%	11/15/2023
182	2665	ON	Single-family	First	349,318	8.74%	60.26%	60.26%	0.27%	11/01/2023
183	2668	ON	Single-family	First	734,576	8.74%	58.80%	58.80%	0.58%	11/15/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
184	2675	ON	Single-family	First	300,950	8.99%	65.00%	65.00%	0.24%	12/01/2023
185	2677	ON	Single-family	First	338,938	8.74%	39.31%	39.31%	0.27%	12/15/2023
186	2698	ON	Single-family	First	280,000	9.25%	43.14%	43.14%	0.22%	12/01/2023
187	2700	ON	Single-family	First	250,000	9.25%	43.78%	43.78%	0.20%	12/01/2023
188	2721	ON	Single-family	First	612,236	9.00%	64.86%	64.86%	0.48%	01/01/2024
189	2724	ON	Single-family	First	960,000	8.50%	56.47%	56.47%	0.75%	01/15/2024
Total/ Average					127,252,065		62.23%	60.46%	100.00%	
As at Mar 31, 2023										
1	13189	ON	Multi-family	First	750,000	9.25%	66.84%	66.84%	0.67%	12/01/2023
2	13412	ON	Multi-family	First	996,064	6.25%	50.35%	36.55%	0.89%	01/05/2024
3	13709	QC	Multi-family	Second	500,000	8.00%	78.80%	76.37%	0.45%	05/01/2023
4	13737	ON	Multi-family	Second	2,000,000	5.75%	73.60%	75.85%	1.78%	09/01/2023
5	13738	ON	Multi-family	Second	2,000,000	5.75%	78.71%	78.10%	1.78%	09/01/2023
6	13788	ON	Mixed Use	Second	2,000,000	6.00%	18.13%	17.26%	1.78%	04/01/2023
7	13801	ON	Multi-family	First	2,000,000	5.95%	68.79%	39.84%	1.78%	04/01/2023
8	13836	ON	Multi-family	Second	1,500,000	10.20%	69.42%	67.99%	1.34%	04/01/2023
9	13837	ON	Multi-family	Second	750,000	5.95%	83.78%	82.42%	0.67%	05/01/2023
10	13838	ON	Multi-family	Second	1,050,000	5.95%	88.08%	80.83%	0.94%	08/01/2023
11	13862	BC	Multi-family	Second	1,997,609	6.25%	69.35%	52.58%	1.78%	12/01/2023
12	13982	AB	Multi-family	First	1,622,250	9.20%	74.96%	72.10%	1.45%	04/01/2023
13	14001	ON	Multi-family	Second	3,592,955	5.95%	83.35%	81.57%	3.21%	01/01/2024
14	14077	ON	Multi-family	Second	2,127,500	7.95%	85.08%	85.00%	1.90%	04/01/2023
15	14082	NS	Multi-family	Second	600,000	8.00%	67.64%	59.04%	0.54%	05/01/2024
16	14131	QC	Office	Second	460,000	8.00%	78.69%	77.11%	0.41%	12/01/2025
17	14154	ON	Mixed Use	Second	1,600,000	13.50%	75.82%	56.98%	1.43%	09/01/2023
18	14157	QC	Multi-family	Second	970,000	11.00%	70.06%	69.06%	0.87%	12/01/2025
19	14177	ON	Multi-family	Second	1,200,000	12.00%	83.66%	83.64%	1.07%	09/01/2024
20	14200	BC	Industrial	First	2,500,000	9.70%	37.55%	35.11%	2.23%	09/01/2025
21	14216	ON	Multi-family	Second	400,000	8.50%	71.20%	66.45%	0.36%	06/01/2024
22	14218	ON	Multi-family	Second	900,000	8.50%	75.95%	68.81%	0.80%	06/01/2024
23	14220	ON	Retail	First	900,000	8.50%	59.60%	55.38%	0.80%	01/01/2024
24	14245	BC	Multi-family	Second	4,000,000	7.95%	76.10%	67.12%	3.57%	01/01/2024
25	59131	BC	Mixed Use	First	2,500,000	12.75%	74.63%	66.67%	2.23%	06/01/2024
26	9921	SK	Retail	Second	970,643	8.35%	68.18%	65.10%	0.87%	04/01/2024
27	C000106016	ON	Single-family	FIRST	307,472	6.99%	70.00%	70.00%	0.27%	07/28/2023
28	C000123839	ON	Single-family	FIRST	180,774	9.24%	22.86%	22.86%	0.16%	12/01/2023
29	C000137489	ON	Single-family	FIRST	280,100	5.99%	48.72%	48.72%	0.25%	07/22/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
30	C000166747	ON	Single-family	FIRST	597,840	9.50%	64.94%	64.94%	0.53%	09/22/2023
31	C000164067	BC	Single-family	FIRST	317,105	5.99%	59.81%	59.81%	0.28%	04/12/2023
32	C000167104	ON	Single-family	FIRST	552,283	6.49%	56.00%	56.00%	0.49%	04/30/2023
33	C000175504	ON	Single-family	FIRST	244,719	5.99%	46.73%	46.73%	0.22%	07/14/2023
34	2003	BC	Single-family	First	373,260	8.49%	64.39%	64.39%	0.33%	05/12/2023
35	2006	ON	Single-family	First	473,704	6.99%	65.26%	65.26%	0.42%	05/01/2023
36	2011	AB	Single-family	First	202,767	8.24%	40.23%	40.23%	0.18%	07/01/2023
37	2012	BC	Single-family	First	414,145	6.74%	58.54%	58.54%	0.37%	07/01/2023
38	2015	ON	Single-family	First	578,562	5.59%	64.54%	64.54%	0.52%	06/18/2023
39	2026	ON	Single-family	First	674,297	6.99%	48.28%	48.28%	0.60%	07/09/2023
40	2031	ON	Single-family	First	67,451	6.24%	12.15%	12.15%	0.06%	06/30/2023
41	2036	ON	Single-family	First	300,000	6.74%	48.31%	48.31%	0.27%	06/01/2023
42	2038	ON	Single-family	First	553,995	6.99%	48.53%	48.53%	0.49%	07/09/2023
43	2043	ON	Single-family	First	400,000	6.74%	43.01%	43.01%	0.36%	07/30/2023
44	2053	ON	Single-family	First	615,000	6.99%	64.74%	64.74%	0.55%	07/12/2023
45	2078	ON	Single-family	First	355,009	10.99%	65.00%	65.00%	0.32%	02/16/2023
46	2079	ON	Single-family	First	375,810	6.99%	58.84%	58.84%	0.34%	08/10/2023
47	2093	ON	Single-family	First	601,250	6.99%	65.00%	65.00%	0.54%	09/17/2023
48	2094	ON	Single-family	First	247,000	10.99%	65.00%	65.00%	0.22%	02/28/2023
49	2096	BC	Single-family	First	214,200	6.99%	26.44%	26.44%	0.19%	08/25/2023
50	2109	ON	Single-family	First	816,527	7.74%	56.14%	56.14%	0.73%	08/31/2023
51	2126	AB	Single-family	First	414,066	8.24%	64.69%	64.69%	0.37%	10/14/2023
52	2132	ON	Single-family	First	257,899	8.75%	55.92%	55.92%	0.23%	10/25/2023
53	2167	ON	Single-family	First	217,908	9.25%	30.55%	30.55%	0.19%	02/16/2024
54	2170	ON	Single-family	First	414,312	9.24%	65.35%	65.35%	0.37%	11/10/2023
55	2171	ON	Single-family	First	180,000	12.29%	36.14%	36.14%	0.16%	06/15/2023
56	2187	ON	Single-family	First	221,256	8.74%	64.38%	64.38%	0.20%	12/07/2023
57	2196	ON	Single-family	First	518,318	8.74%	63.57%	63.57%	0.46%	12/22/2023
58	2202	ON	Single-family	First	910,000	11.05%	60.67%	60.67%	0.81%	06/13/2023
59	2204	BC	Single-family	First	423,485	8.75%	51.47%	51.47%	0.38%	01/26/2024
60	2217	BC	Single-family	First	680,042	9.74%	79.23%	79.23%	0.61%	12/30/2023
61	2218	ON	Single-family	First	503,319	11.44%	69.45%	69.45%	0.45%	07/19/2023
62	2222	ON	Single-family	First	456,098	8.99%	70.00%	70.00%	0.41%	01/17/2024
63	2226	ON	Single-family	First	312,470	11.54%	69.46%	69.46%	0.28%	07/20/2023
64	2232	AB	Single-family	First	317,461	5.99%	62.14%	62.14%	0.28%	03/04/2023
65	2235	ON	Single-family	First	193,541	9.99%	48.54%	48.54%	0.17%	01/27/2024
66	2242	BC	Single-family	First	921,930	5.99%	60.00%	60.00%	0.82%	02/10/2023
67	2249	ON	Single-family	First	780,042	6.74%	65.00%	65.00%	0.70%	02/04/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
68	2255	ON	Single-family	First	690,000	6.99%	64.19%	64.19%	0.62%	03/01/2023
69	2261	ON	Single-family	First	397,292	9.00%	47.67%	47.67%	0.35%	03/01/2024
70	2271	ON	Single-family	First	255,000	6.99%	40.48%	40.48%	0.23%	04/01/2023
71	2275	ON	Single-family	Second	279,632	14.25%	38.07%	38.07%	0.25%	03/01/2024
72	2287	ON	Single-family	First	1,040,302	7.49%	72.41%	72.41%	0.93%	03/15/2023
73	2289	ON	Single-family	First	232,226	9.00%	47.46%	47.46%	0.21%	03/15/2024
74	2298	ON	Single-family	First	1,150,000	7.24%	73.39%	73.39%	1.03%	03/15/2023
75	2303	ON	Single-family	First	454,322	5.49%	53.18%	53.18%	0.41%	04/01/2023
76	2306	ON	Single-family	First	445,608	6.74%	58.44%	58.44%	0.40%	04/15/2023
77	2307	ON	Single-family	First	969,906	6.74%	75.00%	75.00%	0.87%	03/15/2023
78	2308	ON	Single-family	First	839,509	5.49%	57.63%	57.63%	0.75%	04/01/2023
79	2316	ON	Single-family	First	306,673	6.24%	57.41%	57.41%	0.27%	04/01/2023
80	2318	ON	Single-family	First	516,161	6.24%	69.75%	69.75%	0.46%	04/01/2023
81	2325	ON	Single-family	First	315,865	5.24%	44.44%	44.44%	0.28%	04/01/2023
82	2328	ON	Single-family	First	770,000	6.99%	70.00%	70.00%	0.69%	04/01/2023
83	2334	ON	Single-family	First	903,500	5.49%	65.00%	65.00%	0.81%	04/15/2023
84	2338	ON	Single-family	First	519,060	5.49%	49.43%	49.43%	0.46%	05/01/2023
85	2340	ON	Single-family	First	266,720	5.99%	45.83%	45.83%	0.24%	05/01/2023
86	2343	ON	Single-family	First	350,000	7.74%	32.26%	32.26%	0.31%	05/15/2023
87	2345	ON	Single-family	First	197,643	5.74%	29.63%	29.63%	0.18%	05/01/2023
88	2356	ON	Single-family	First	529,476	5.99%	70.00%	70.00%	0.47%	04/01/2023
89	2361	ON	Single-family	First	470,995	6.99%	57.58%	57.58%	0.42%	05/01/2023
90	2365	ON	Single-family	First	592,594	5.49%	54.55%	54.55%	0.53%	04/01/2023
91	2373	ON	Single-family	Second	397,364	8.24%	43.10%	43.10%	0.35%	05/15/2023
92	2381	ON	Single-family	First	242,501	5.99%	70.00%	70.00%	0.22%	05/01/2023
93	2382	ON	Single-family	First	488,704	6.24%	65.00%	65.00%	0.44%	04/15/2023
94	2387	ON	Single-family	Second	50,000	9.49%	60.00%	60.00%	0.04%	05/01/2023
95	2396	ON	Single-family	First	448,500	5.70%	65.00%	65.00%	0.40%	04/15/2023
96	2408	ON	Single-family	First	616,265	5.99%	65.00%	65.00%	0.55%	05/01/2023
97	2421	ON	Single-family	First	416,000	6.24%	81.64%	81.64%	0.37%	05/15/2023
98	2431	ON	Single-family	Second	250,000	9.24%	47.44%	47.44%	0.22%	06/01/2023
99	2435	ON	Single-family	First	457,500	5.74%	64.89%	64.89%	0.41%	05/15/2023
100	2442	ON	Single-family	First	712,911	6.49%	84.75%	84.75%	0.64%	06/01/2023
101	2443	ON	Single-family	First	625,635	7.99%	53.62%	53.62%	0.56%	05/15/2023
102	2444	ON	Single-family	First	967,973	7.24%	75.00%	75.00%	0.86%	06/15/2023
103	2462	ON	Single-family	First	948,117	7.24%	63.67%	63.67%	0.85%	06/15/2023
104	2468	ON	Single-family	First	900,000	7.49%	58.06%	58.06%	0.80%	06/01/2023
105	2470	ON	Single-family	First	733,223	5.99%	54.81%	54.81%	0.65%	06/01/2023

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106	2474	ON	Single-family	First	772,159	5.49%	65.00%	65.00%	0.69%	06/01/2023
107	2475	ON	Single-family	First	595,128	5.99%	44.61%	44.61%	0.53%	07/01/2023
108	2476	ON	Single-family	First	531,339	5.99%	65.00%	65.00%	0.47%	06/01/2023
109	2478	ON	Single-family	First	566,378	7.49%	75.00%	75.00%	0.51%	06/01/2023
110	2480	ON	Single-family	First	412,500	7.99%	75.00%	75.00%	0.37%	06/01/2023
111	2482	ON	Single-family	First	773,666	5.99%	65.00%	65.00%	0.69%	07/01/2023
112	2487	BC	Single-family	First	368,482	6.49%	51.18%	51.18%	0.33%	06/01/2023
113	2488	ON	Single-family	First	488,719	7.24%	70.00%	70.00%	0.44%	07/01/2023
114	2494	ON	Single-family	First	990,449	6.99%	63.73%	63.73%	0.88%	06/01/2023
115	2500	ON	Single-family	First	690,150	5.99%	70.00%	70.00%	0.62%	07/01/2023
116	2510	BC	Single-family	First	990,000	6.74%	68.28%	68.28%	0.88%	06/15/2023
117	2531	ON	Single-family	First	455,248	6.99%	50.64%	50.64%	0.41%	07/01/2023
118	2534	ON	Single-family	First	397,665	8.99%	70.00%	70.00%	0.35%	09/15/2023
119	2543	ON	Single-family	First	748,295	6.99%	65.00%	65.00%	0.67%	06/15/2023
120	2546	ON	Single-family	First	426,123	6.99%	57.20%	57.20%	0.38%	07/15/2023
121	2562	BC	Single-family	First	712,000	7.99%	43.15%	43.15%	0.64%	08/01/2023
122	2565	ON	Single-family	First	201,500	8.24%	65.00%	65.00%	0.18%	07/15/2023
123	2569	ON	Single-family	First	539,500	8.24%	65.00%	65.00%	0.48%	08/01/2023
124	2570	BC	Single-family	First	840,056	6.99%	54.87%	54.87%	0.75%	08/15/2023
125	2576	BC	Single-family	First	796,374	7.49%	47.06%	47.06%	0.71%	09/01/2023
126	2579	ON	Single-family	First	456,274	7.74%	65.00%	65.00%	0.41%	09/01/2023
127	2584	ON	Single-family	First	378,546	7.74%	64.99%	64.99%	0.34%	09/15/2023
128	2585	ON	Single-family	First	460,000	7.74%	51.69%	51.69%	0.41%	08/15/2023
129	2589	ON	Single-family	First	406,997	7.49%	65.00%	65.00%	0.36%	09/15/2023
130	2592	ON	Single-family	First	1,025,000	7.99%	49.28%	49.28%	0.91%	10/15/2023
131	2594	ON	Single-family	First	779,465	8.24%	63.15%	63.15%	0.70%	08/15/2023
132	2598	ON	Single-family	First	388,400	7.99%	65.00%	65.00%	0.35%	09/01/2023
133	2604	ON	Single-family	First	365,000	7.99%	42.94%	42.94%	0.33%	09/01/2023
134	2605	ON	Single-family	First	373,750	7.74%	65.00%	65.00%	0.33%	09/01/2023
135	2609	BC	Single-family	First	530,783	6.99%	57.05%	57.05%	0.47%	09/15/2023
136	2610	BC	Single-family	First	597,000	6.99%	51.06%	51.06%	0.53%	09/15/2023
137	2612	BC	Single-family	First	535,991	7.24%	61.55%	61.55%	0.48%	09/01/2023
138	2613	BC	Single-family	First	526,707	7.49%	60.47%	60.47%	0.47%	09/01/2023
139	2615	ON	Single-family	First	747,500	7.74%	65.00%	65.00%	0.67%	09/01/2023
140	2616	ON	Single-family	First	490,100	7.74%	65.00%	65.00%	0.44%	09/15/2023
141	2621	BC	Single-family	First	825,004	7.49%	65.00%	65.00%	0.74%	09/15/2023
142	2625	ON	Single-family	First	557,518	7.49%	54.63%	54.63%	0.50%	10/01/2023
143	2626	ON	Single-family	First	418,570	8.74%	64.92%	64.92%	0.37%	09/15/2023

#	Loan #	Location	Property type	Priority ranking	Balance (\$)	Interest rate	Loan-to-value ratio ⁽¹⁾	Loan-to-appraised value	Portfolio weighting	Maturity date
144	2630	BC	Single-family	First	442,000	7.99%	65.00%	65.00%	0.39%	09/15/2023
145	2634	ON	Single-family	First	358,644	8.49%	38.92%	38.92%	0.32%	10/01/2023
146	2635	ON	Single-family	Second	175,815	12.99%	87.21%	87.21%	0.16%	03/15/2023
147	2641	ON	Single-family	First	450,049	8.49%	65.00%	65.00%	0.40%	10/01/2023
148	2648	ON	Single-family	First	399,721	8.74%	43.24%	43.24%	0.36%	10/01/2023
149	2659	ON	Single-family	First	564,848	8.99%	59.46%	59.46%	0.50%	11/01/2023
150	2663	ON	Single-family	First	89,163	8.74%	39.74%	39.74%	0.08%	11/15/2023
151	2665	ON	Single-family	First	348,705	8.74%	60.26%	60.26%	0.31%	11/01/2023
152	2668	ON	Single-family	First	733,286	8.74%	58.80%	58.80%	0.65%	11/15/2023
153	2675	ON	Single-family	First	301,103	8.99%	65.00%	65.00%	0.27%	12/01/2023
154	2695	ON	Single-family	First	455,000	9.00%	62.33%	62.33%	0.41%	02/01/2024
155	2698	ON	Single-family	First	280,000	9.25%	43.14%	43.14%	0.25%	12/01/2023
156	2700	ON	Single-family	First	249,609	9.25%	43.78%	43.78%	0.22%	12/01/2023
157	2713	ON	Single-family	First	289,800	9.00%	44.93%	44.93%	0.26%	04/01/2024
158	2721	ON	Single-family	First	611,565	9.00%	64.86%	64.86%	0.55%	01/01/2024
159	2723	ON	Single-family	First	468,000	9.00%	65.00%	65.00%	0.42%	01/15/2024
160	2724	ON	Single-family	First	958,833	8.50%	56.47%	56.47%	0.86%	01/15/2024
161	2738	ON	Single-family	First	284,841	8.90%	64.77%	64.77%	0.25%	02/15/2024
162	2749	ON	Single-family	First	243,750	10.99%	62.50%	62.50%	0.22%	04/01/2024
163	2757	BC	Single-family	First	497,000	9.49%	70.00%	70.00%	0.44%	03/15/2024
164	2761	ON	Single-family	First	686,000	8.99%	70.00%	70.00%	0.61%	04/01/2024
165	2774	ON	Single-family	First	286,000	8.75%	65.00%	65.00%	0.26%	04/01/2024
166	2775	BC	Single-family	First	472,500	9.50%	70.00%	70.00%	0.42%	04/01/2024
167	2776	ON	Single-family	First	1,023,750	8.75%	65.00%	65.00%	0.91%	04/15/2024
168	2778	ON	Single-family	First	318,500	8.74%	65.00%	65.00%	0.28%	04/15/2024
169	2780	ON	Single-family	First	455,693	8.75%	69.04%	69.04%	0.41%	04/15/2024
170	2782	ON	Single-family	First	375,000	8.25%	51.37%	51.37%	0.33%	04/15/2024
Total/ Average					112,077,128		63.96%	61.81%	100.00%	

⁽¹⁾ Loan-to-value ratio for Mortgage investments is calculated using the outstanding loan balance divided by the appraised current market value of the underlying collateral. The fair market value of the underlying collateral is updated on an annual basis.

Financial Metrics

The following table provides a summary of certain financial metrics relating to the loans in the Fund's mortgage portfolio as at the dates indicated.

Portfolio Metric	Dec. 31, 2021	Dec. 31, 2022	March 31, 2023
Weighted Loan-to-Value Ratio	62.66%	60.46%	61.81%
Weighted Term to Maturity (years)	0.78	0.61	0.48
Weighted Interest Rate	6.45%	7.46%	7.79%

Property Type

The following table provides a summary of the loans in the Fund's mortgage portfolio categorized by property type as at the dates indicated.

	As at December 31								As at March 31			
	2021				2022				2023			
Description	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate
Single-family	103	\$ 54,231,574	64%	6.36%	162	\$83,788,260	65%	7.32%	144	72,190,106	64%	7.59%
Multi-family	19	\$ 27,736,000	33%	6.61%	20	\$32,530,705	26%	7.10%	19	28,956,378	26%	7.48%
Mixed use	1	\$ 2,000,000	2%	6.00%	3	\$6,100,000	5%	10.39%	3	6,100,000	5%	10.73%
Retail	1	\$ 982,084	1%	8.43%	2	\$1,873,100	1%	8.43%	2	1,870,643	2%	8.42%
Industrial	-	-	-	-	1	\$2,500,000	2%	8.95%	1	2,500,000	2%	9.70%
Office	-	-	-	-	1	\$460,000	1%	8.00%	1	460,000	1%	8.00%
TOTAL	124	\$ 84,949,658	100%	6.45%	189	\$127,252,065	100%	7.46%	170	112,077,127	100%	7.79%

Priority ranking

The following table provides a summary of the loans in the Fund's mortgage portfolio categorized by priority of the related Mortgage as at the dates indicated.

Description	# of loans	Outstanding balance	% of portfolio	Weighted avg. interest rate
	As at December 31			
	2021			
First	109	\$ 60,942,574	71.74%	6.34%
Second	12	\$ 20,535,000	24.17%	6.59%
Third	1	\$ 1,000,000	1.18%	6.25%
Junior first	2	\$ 2,472,084	2.91%	8.05%
Total portfolio	124	\$ 84,949,658	100%	6.45%
	As at December 31			
	2022			
First	162	\$93,199,750	73%	7.42%
Second	27	\$34,052,315	27%	7.58%
Total portfolio	189	\$127,252,065	100%	7.46%

Description	# of loans	Outstanding balance	% of portfolio	Weighted avg. interest rate
	As at March 31			
	2023			
First	146	\$82,305,610	73%	7.77%
Second	24	\$29,771,517	27%	7.87%
Total portfolio	170	\$112,077,127	100%	7.79%

Region

The following table provides a summary of the Fund's mortgage portfolio categorized by province of the related property as at the dates indicated.

	As at December 31								As at March 31			
	2021				2022				2023			
Description	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate	# of loans	O/s balance	% of portfolio	Weighted avg. interest rate
ON	105	\$ 69,715,069	82%	6.39%	155	\$98,438,424	76%	7.32%	137	\$83,544,267	74%	7.58%
BC	12	\$ 9,776,562	12%	6.21%	25	\$22,755,700	18%	8.01%	24	\$22,475,672	21%	8.31%
AB	4	\$ 2,485,943	3%	7.22%	4	\$2,554,841	2%	6.22%	4	\$2,556,544	2%	9.51%
QC	2	\$ 1,990,000	2%	7.98%	3	\$1,930,000	2%	9.13%	3	\$1,930,000	2%	8.57%
SK	1	\$ 982,084	1%	8.43%	1	\$973,100	1%	8.36%	1	\$970,643	1%	8.35%
NS	-	-	-	-	1	\$600,000	1%	8.00%	1	\$600,000	1%	8.00%
TOTAL	124	\$ 84,949,658	100%	6.45%	189	\$127,252,065	100%	7.46%	170	\$112,077,126	100%	7.79%

Major Events

As of the date of this Offering Memorandum, there are no major events that have occurred or conditions that have influenced, whether favourably or unfavourably, the development of the Fund's business over the past two recently completed financial years.

Long Term Objectives

The long term objectives of the Fund are to generate income from investments in Mortgages and Liquid Investments. In particular, the Fund intends to provide its Unitholders with income while preserving invested capital primarily through investments in a diverse pool of Mortgages secured against Real Property located in Canada. In addition, the Fund will also invest a portion of its assets in Liquid Investments.

Short Term Objectives

The short term objectives of the Fund for the next 12 months are to preserve capital and provide investors with an attractive recurring distribution by investing primarily in Mortgages.

The Fund intends to do the following to meet these short term objectives:

What we must do and how we will do it	Target completion date (or, if not known, number of months to complete)	Our cost to complete
Continuing to raise funds through the sale of Units	Ongoing	\$165,777 ⁽¹⁾
Sourcing and placement of Mortgages and purchase of Liquid Investments in accordance with its investment objectives and strategies	Ongoing as funds are raised and Mortgages are retired and replaced from time to time	See note ⁽²⁾

⁽¹⁾ Estimated costs for legal, audit and other professional services and other matters associated with the issuance of Units.

⁽²⁾ It is not possible to accurately estimate the costs of sourcing and investing in Mortgages and other permitted investments. The costs of administering investments are borne by the Manager. As part of its duties, the Manager is responsible for sourcing and investing in Mortgages, and for administering the Fund's portfolio of investments. As consideration for these services, the Manager receives the Management Fee. Additionally, any originating fees, commitment fees and renewal fees from borrowers on Mortgages of the Fund are split between the Fund and the Originator. For a description of the relationship between the Fund and the Manager and "CMLS MORTGAGE FUND – Trust Agreement – Management Fees" for further information regarding the Management Fee and other fees received by the Manager.

Insufficient Funds

The Fund does not anticipate that the funds available as a result of the offering will be insufficient to accomplish its objectives. However, there is no assurance that this will be the case.

Trust Agreement

The following is a summary of certain provisions of the Trust Agreement. Copies of the Trust Agreement are available to Unitholders upon request at the head office of the Manager.

Units

The beneficial interest in the Fund is divided into different classes of Units, each of which will have a separate Management Fee and may have such trailer fees, short-term trading fees, referral fees and sales commissions as the Manager may determine in its discretion. The classes of Units available under this Offering Memorandum are described below.

Class A Units are available to all subscribers and have trailer fees payable to the Representatives of the subscribers.

Class B Units are available to all subscribers and have trailer fees payable to the Representatives of the subscribers.

Class E Units are available to subscribers purchasing Class E Units through certain authorized Representatives.

Class F Units have lower Management Fees than Class A Units and Class B Units and are only available to subscribers who have fee-based accounts with Representatives. The Manager will not pay trailer fees to Representatives who sell Class F Units, which means the Manager can charge a lower Management Fee. Representatives will be responsible for determining whether subscribers are eligible to buy and continue to hold Class F Units. If the fee arrangement between a Unitholder and his or her Representative changes from a trailer fee-based account to a fee-based account or vice versa, the Representative may advise the Manager accordingly and can arrange to redeem such Units.

Class I Units are available only to certain private or institutional subscribers. Management Fees payable by the Fund with respect to the Class I Units will be specified by the Manager at the time of subscription based on the amount of the investment in Class I Units by the investor.

Class J Units are available to subscribers purchasing Class J Units through certain authorized Representatives.

Class S Units are available to certain Manager approved subscribers.

Each Unit and fractions thereof will be issued only as fully paid and non-assessable. There is no limit to the number of Units that may be issued. No Unit or fraction thereof shall have any preference or priority over any other Unit. The Trustee may, upon direction of the Manager, create additional classes of Units with different Management Fees, trailer fees, short-term trading fees, referral fees, and sales commissions or re-designate existing classes of Units. The creation of additional classes of Units or re-designation of existing classes of Units will not require approval of the Unitholders. The Trustee shall give written notice to the Unitholders and to the Manager of any amendment to the Trust Agreement to establish additional classes of Units within 10 business days after the making thereof.

Voting

Each Unitholder will be entitled to one vote for each whole Unit held. No holder of a fraction of a Unit, except to the extent that such fractional Unit may represent in aggregate one or more whole Units held by a Unitholder, shall be entitled to notice of, or to attend or to vote at, meetings of Unitholders.

Price of Units

The subscription price per Unit purchased pursuant to a subscription will be the NAVPU determined on the Valuation Date of the calendar month in which the subscription is accepted, unless the subscription is received after 1:00 pm Pacific Standard Time on the Valuation Date, in which case the subscription price per Unit will be based on the NAVPU on the Valuation Date of the subsequent month.

Subscription Procedure

See "SECURITIES OFFERED – Subscription Procedure" in this Offering Memorandum.

Distribution Policy

The Fund intends to distribute all of its net income and net realized capital gains to Unitholders and to deduct such distributions for income tax purposes so that the Fund will generally not be liable for income tax in any year. In accordance with the Trust Agreement, distributions will occur at least annually on December 31 in each fiscal year of the Fund. As described above under "CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions – Investment Objectives and Strategies", as at the date of this Offering Memorandum the Manager intends to make distributions of net income on a monthly basis.

Each Unit's Proportionate Share of the amount of net income and net capital gains will be determined by dividing the amount of such net income or net capital gains, as the case may be, by the number of issued and outstanding Units of all classes on the applicable Valuation Date. The Proportionate Share of each Unitholder will be based upon the number of Units owned by each such Unitholder of record on the Valuation Date.

Distribution Reinvestment

Subject to compliance with applicable securities laws, each Unitholder, except Unitholders who have selected the Cash Distribution Option, shall receive their Proportionate Share of net income by issuance of additional Units of the same class to which the distribution applies, at the NAVPU as of the applicable Valuation Date. The Trustee shall distribute to the Unitholders who have selected the Cash Distribution Option their respective Proportionate Shares of the net income of the Fund for a calendar month by the fifteenth day of the following month.

Redemption of Units

Subject to the restrictions described below, Unitholders are entitled to redeem all or a portion of their Units on the last business day of any month (a “redemption date”) by providing the Manager with advance written notice in the form approved by the Manager from time to time. For this purpose, a “business day” is a day (other than Saturday, Sunday or any federal statutory holiday) upon which banks in British Columbia are open for normal banking business. The notice must be received by the Manager not less than 15 days before the proposed redemption date for Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units and Class S Units, and not less than 60 days before the proposed redemption date for Units of any class where the redemption amount exceeds \$1 million. The Manager may waive the advance written notice requirement or may accept a redemption of Units at other times, provided that it concludes that such action will not adversely affect the interests of the remaining Unitholders of the Fund. A redemption notice is irrevocable, except with the consent of the Manager in its absolute discretion.

The Manager may, at its discretion, decide to satisfy any redemption request in full or in part through the transfer *in specie* of such securities or other property of the Fund, which together with payments in cash (if any), in aggregate have a value (determined on the applicable redemption date) of not less than the redemption amount payable to the Unitholder (i.e., the aggregate Net Asset Value of the Units redeemed). The Manager does not anticipate exercising this discretion other than in exceptional circumstances, such as when one or more redemptions by one or more Unitholders will have a materially prejudicial effect on the remaining Unitholders or otherwise materially and adversely affect the Fund.

The Manager also has the right, exercisable at any time at its discretion, to require a Unitholder to redeem or cause to be redeemed all or any part of the Units held by such Unitholder. The Manager will provide the affected Unitholder with written notice of its decision to require the Unitholder to redeem its Units at least 10 days prior to the date on when the redemption will occur. The redemption price per Unit will be the applicable classes Net Asset Value per Unit determined as at the close of business on the next redemption date following the expiry of the 10 day notice period.

The Manager may suspend, or continue the suspension or partial suspension of, the right of Unitholders to require the Fund to redeem Units (including Units of any particular class) for any period during which the Manager determines that the disposal of the assets of the Fund necessary to satisfy redemptions is not reasonably practicable or it is not reasonably practicable for the Trustee to determine the NAVPU at a particular Valuation Date, provided the Fund qualifies as a “unit trust” under paragraph 108(2)(b) of the Tax Act throughout the period. Any suspension will take effect at the time declared by the Manager and 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 then exists. During the suspension period, no redemptions of units will be permitted. If a Unitholder has requested a redemption for which a redemption price has not yet been calculated and a suspension occurs, the Unitholder may either withdraw the redemption request within three business days of receiving notice of the suspension or receive payment based on the NAVPU next calculated after the termination of the suspension. Unitholders who have submitted a redemption request during the period in which redemptions have been suspended will have their Units redeemed on a *pro-rata* basis based on the size of their redemption request during such period and on the NAVPU next calculated after the termination of the suspension.

In addition, under the terms of the Loan Facility described above under “CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions – Loan Facility”, the Fund agreed not to redeem, purchase or cancel (for money or other consideration) any of its Units or other equity interests in the Fund, except in accordance with the terms and conditions of the Trust Agreement and to the extent required to fund redemptions, purchases or cancellations of Units pursuant to and in accordance with the terms of the offering memorandum of the Fund from time to time, provided that (a) without the prior written consent of the lender, such redemptions, purchases or cancellations (net of issuances) of Units or other equity interests in the Fund may not exceed (i) 2% per calendar month of the aggregate value attributable to all Units outstanding at the beginning of that calendar month or (ii) 20% per trailing 12 calendar month period of the aggregate value attributable to all Units outstanding at the beginning of that 12 calendar month period, and (b) no such redemption, purchase or cancellation may be made at a time a default has occurred and is continuing in relation to the Loan Facility.

Redemption Price and Payment

The proceeds payable on redemption will be the Net Asset Value of the Units redeemed, determined as of the applicable redemption date, less any applicable short-term trading fees as described under “COMPENSATION PAID TO SELLERS AND FINDERS – Short-Term Trading Fees” in this Offering Memorandum. Subject to the restrictions described above, the Trustee will, within 15 business days after the applicable redemption date and upon direction by the Manager, arrange for the payment of the value of the Units being redeemed by electronic transfer, mailing or delivering a cheque in the relevant amount in Canadian funds to the Unitholder or his or her Representative.

Title to Trust Property

Title to all Trust Property of the Fund is vested in the Trustee, or the custodian of the Fund on behalf of the Trustee, to be held pursuant to the terms of the Trust Agreement. Unitholders have no individual ownership interest in the Trust Property.

Unitholder Meetings

The Trustee may at the request of the Manager, and the Trustee shall at the written request of the Unitholders holding not less than 10% of the outstanding Units, call a meeting of Unitholders, to be held in Vancouver, British Columbia or at such other place as the Trustee may determine or approve. The Trustee shall give at least 21 days' notice of every meeting of Unitholders, specifying the place, day and hour of the meeting and the general nature of the reasons for the meeting and matters to be discussed. Except for the purposes of passing an Extraordinary Resolution or Unanimous Resolution, the quorum for a meeting of Unitholders shall consist of persons who are, or who represent by proxy, Unitholders who, in the aggregate, hold at least 10% of the issued Units entitled to be voted thereat. The quorum for passing an Extraordinary Resolution or Unanimous Resolution shall consist of persons who are, or who represent by proxy, Unitholders who, in the aggregate, hold at least 75% of the issued Units entitled to be voted thereat. If a class of Units is affected by any matter requiring the approval of Unitholders in a manner which is different from another class of Units, the Unitholders of such class of Units shall be entitled to vote separately as a class in respect of such matter.

Trustee, Registrar and Transfer Agent

As noted above, the Trustee serves as the trustee of the Fund. Under the Trust Agreement, the duties of the Trustee include the holding of legal or beneficial title to the Trust Property, the making of investments in Mortgages and Liquid Investments as directed by the Manager, and the entering into agreements as required for the operation of the Fund.

The Trustee is responsible for the maintenance of the register of Unitholders and has retained the Administrator to provide record keeping, register management, Unit transaction and similar services to the Fund. The purchase and redemption of Class A Units, Class B Units, Class F Units, Class J Units and Class S Units will be processed by electronic means by Representatives through Fundserv Inc. The purchase and redemption of Class E Units and Class I Units will be processed directly through the Manager.

Powers and Duties of the Trustee

Subject to the specific limitations contained in the Trust Agreement, the Trustee has full, absolute, and exclusive power, control, supervision and authority over the Trust Property and over affairs of the Fund to the same extent as if the Trustee was the sole owner thereof in its own right. The Trustee shall, upon the written instruction of the Manager, sell in the ordinary course of business any or all Mortgages and Liquid Investments, including interest only or principal only portions of Mortgages, or a proportionate interest in any Mortgage, in accordance with the directions of the Manager and the investment policies, practices, objectives and investment restrictions contained in the Trust Agreement.

The Trustee is required to exercise its powers and carry out its duties and responsibilities under the Trust Agreement honestly, in good faith and in the best interest of the Fund and the Unitholders, and in connection therewith exercise the degree of care, diligence, and skill that a reasonably prudent professional trustee holding the property of others would exercise in comparable circumstances. Pursuant to the Trust Agreement, the Trustee and its affiliates, directors,

officers, employees and agents shall be indemnified and saved harmless out of the Trust Property from and against any and all claims, demands, losses, costs, expenses and liabilities arising, and without limitation, whether arising in law or equity (including environmental liability) in connection with or incidental to the management, operation, activities or existence of the Fund, and all charges, costs, expenses and liabilities described above, except for any such charges, costs, expenses or liabilities caused by a breach of the standard of care on part the Trustee or its affiliates, directors, officers, employees and agents.

The Trustee may amend the Trust Agreement without prior notice to the Unitholders if it considers that such amendment is advisable for the purpose of (i) curing any ambiguity or typographical error or to correct or supplement any provision contained in the Trust Agreement which may be defective or inconsistent with any other provision thereof, (ii) creating one or more new classes of Units, (iii) re-designating any existing class of Units, (iv) increasing, reducing, waiving or otherwise varying the Management Fees, short-term trading fees, trailer fees, referral fees and sales commissions payable to the Manager or a Representative, (v) complying with applicable laws, or (vi) maintaining, acquiring or losing any particular status of the Fund under applicable laws, regulations or other requirements. The Trustee will provide written notice to the Unitholders of any such amendment within 10 business days after the making thereof. Any other amendment may be made by an Extraordinary Resolution of the Unitholders, except for amendments to the requirement that investments (other than Liquid Investments) of the Fund be in Mortgages in Canada, which amendments may only be made by Unanimous Resolution.

Resignation and Removal of Trustee

The Trustee may resign at any time by giving not less than 90 days' notice to Unitholders and the Manager, and in such event the Manager shall appoint a successor trustee. In addition, the Trustee may be removed by an Ordinary Resolution of the Unitholders provided that the Trustee receives not less than 90 days' notice, in which event the Manager shall appoint a successor trustee.

Powers and Duties of the Manager

The rights and obligations of the Manager are governed by the Trust Agreement. Pursuant to the Trust Agreement, the Manager has exclusive authority to manage the operations, business and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. Pursuant to the Trust Agreement, the Manager has the power to negotiate, settle the terms of, enter into and execute on behalf of the Fund any agreements and certificates, including, without limitation, the Administration Agreement, the Custodial Agreements, the Loan Agreement and any other agreements relating to custodian and valuation services. The Manager may employ or engage professionals and other consultants and agents in order to perform or assist in the performance of its duties under the Trust Agreement.

The Trust Agreement grants the Manager exclusive power to, among other things, manage and direct the investment of the assets of the Fund and the powers necessary to perform its duties with respect to (i) investments of the Fund in Mortgages and Liquid Investments, (ii) the administration of Mortgages held by the Fund, and (iii) the administration of the Fund. The Trustee has no responsibility for investment management of the securities or other property of the Fund or for any investment decisions.

The Manager is required to exercise its powers and perform its duties and responsibilities diligently and in good faith and with a degree of care, diligence and skill that a reasonably prudent professional mortgage investment manager would exercise in comparable circumstances. Pursuant to the Trust Agreement, the Manager and its directors, officers, employees and agents shall be indemnified and saved harmless out of the Trust Property from and against any and all claims, demands, losses, costs, expenses and liabilities arising, and without limitation, whether arising in law or equity (including environmental liability) in connection with or incidental to the management, operation, activities or existence of the Fund, and all charges, costs, expenses and liabilities described above, except for any such charges, costs, expenses or liabilities caused by a breach of the standard of care on part the Manager or its directors, officers, employees and agents.

Management Fees

The Fund pays the Manager a Management Fee for its services as manager. The Management Fees paid for various classes of Units are outlined below. The fees are calculated as a percentage of the Net Asset Value of the Fund as at each Valuation Date and paid monthly in arrears on or before the fifteenth day of the month which immediately follows the Valuation Date on which the Management Fees were so calculated. In certain cases and situations, the Manager may, in its sole discretion, increase, reduce, waive or otherwise vary its right to receive all or any portion of the Management Fees at any time.

Class A Units	1.25% per annum
Class B Units	1.45% per annum
Class E Units	1.00% per annum
Class F Units	1.00% per annum
Class I Units	Annual percentage to be stipulated by the Manager based on the amount invested
Class J Units	0.90% per annum
Class S Units	Class S-1 Units: 0.75% per annum; Class S-2 Units: 0.50% per annum

Any originating fees, commitment fees and renewal fees from borrowers on Mortgages of the Fund are split between the Fund and the Originator.

Resignation and Removal of Manager

The Manager may resign and be discharged from all duties and liabilities under the Trust Agreement at any time by giving not less than 90 days' notice in writing to Unitholders and the Trustee, and in such event the Trustee shall appoint a successor Manager. In addition, the Trustee may be removed by an Extraordinary Resolution of the Unitholders provided that the Manager receives not less than 90 days' notice, in which event the Trustee shall appoint a successor Manager.

Fiscal Year End and Auditors

The fiscal year end of the Fund is December 31. The auditor of the Fund is KPMG LLP, Chartered Professional Accountants.

Administration Agreement

The Manager has entered into an Administration Agreement with SGGG Fund Services Inc. dated May 1, 2017, pursuant to which the Administrator will provide Administration Services to the Fund. The fees of the Administrator are paid by the Fund. The fees paid under the Administration Agreement are dependent on the volume and number of transactions and time and resources allocated to tasks. In 2022, \$91,115 was paid to the Administrator under the Administration Agreement.

Custodial Agreements

The Trustee on behalf of the Fund has entered into Custodial Agreements with Computershare Trust Company of Canada, pursuant to which Computershare Trust Company of Canada provides Custodial Services to the Fund in relation to the Mortgages held by the Fund. The fees of Computershare Trust Company of Canada, as custodian, will

be paid by the Fund. In 2022, \$15,648 was paid to Computershare Trust Company of Canada under the Custodial Agreements.

The Manager has entered into a Services Agreement with CMLS Financial Ltd. dated January 1, 2017, pursuant to which CMLS Financial Ltd. will provide mortgage brokering, mortgage servicing, accounting, unit register, Custodial Services and fund administration services to the Fund. The fees paid under the Services Agreement are based on CMLS Financial Ltd. standard fee schedule with reference to the time and resources allocated to tasks. In 2022, \$277,427 was paid to CMLS Financial Ltd. under the Services Agreement.

INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation and Securities Held

The following table sets out information as at the date of this Offering Memorandum about the Manager, each director and officer of the Manager, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Fund.

Name and municipality of principal residence	Positions held and date of obtaining position	Compensation paid by the Fund in year ended Dec. 31, 2022 / Compensation anticipated to be paid in the current financial year	Number, Type and Percentage of Units held as at Dec. 31, 2021 ⁽¹⁾	Number, Type and Percentage of Units held after the offering
CMLS Asset Management Ltd. ⁽²⁾ Vancouver	Manager and promoter of the Fund since May 2, 2008	\$859,828 ^{(3)/(4)}	Nil / Nil	Unknown ⁽⁵⁾
Anthony Gage Victoria	Director of the Manager since March 30, 2016	\$Nil / \$Nil	199,910 Class I Units / 1.64%	Unknown ⁽⁵⁾
Michael Borden Vancouver	Director of the Manager since July 1, 2020	\$Nil / \$Nil	62,309 Class I Units / 0.51%	Unknown ⁽⁵⁾
Chris Brossard Vancouver	Director and Officer of the Manager since May 2, 2008	\$Nil / \$Nil	50,993 Class I Units / 0.42%	Unknown ⁽⁵⁾
David Franklin Vancouver	Director and Officer of the Manager since May 2, 2008	\$Nil / \$Nil	31,687 Class I Units / 0.26%	Unknown ⁽⁵⁾
Jonathan Lee ⁽⁶⁾ Vancouver	Officer of the Manager since September 18, 2017	\$Nil / \$Nil	18,633 Class I Units / 0.15%	Unknown ⁽⁵⁾
Samuel Brown Vancouver	Director of the Manager since August 22, 2022	\$Nil / \$Nil	18,773 Class I Units / 0.15%	Unknown ⁽⁵⁾

- (1) The persons identified may acquire additional securities of the Fund under this Offering Memorandum; however, the number and type of securities, if any, which may be acquired is not known.
- (2) CMLS Asset Management Ltd. is wholly-owned by the Parent.
- (3) This compensation is comprised of the Management Fee. See the section called "CMLS MORTGAGE FUND – Trust Agreement – Management Fees".
- (4) The compensation paid to the Manager for the year ended December 31, 2022 will vary based on the net assets of the Fund during that period and will be comprised of the Management Fees. See the section called "CMLS MORTGAGE FUND – Trust Agreement – Management Fees".
- (5) The Manager, each director and officer of the Manager, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Fund, may acquire additional Units of the Fund; however, the number and class of Units, if any, which may be acquired is not known.
- (6) This individual is employed and paid by the Manager.
- (7) To protect the privacy of investors, we have omitted the name of the beneficial owner(s).

Management Experience

The Manager is the entity through which the Parent conducts its investment management activities. The directors and executive officers of the Parent have a broad background of investment and real estate experience which will be brought to bear on the activities undertaken by the Manager on behalf of the Fund. The following table discloses the offices held in the Parent and the Manager for certain individuals influential to the direction of the Manager and, by extension, management of the Fund, and describes each such individuals' related experience.

Name	Office Held in Parent	Office Held in Manager	Related Experience
Anthony Gage	Director	Director	Mr. Gage is past chair of the Board of Phillips, Hager & North Investment Management Ltd. (PH&N). His career at PH&N spanned more than 20 years including five years as President and Chief Executive Officer. Mr. Gage also served on the Board of Public Service Plan from 2006 – 2015, where he chaired the Investment Committee from 2009 – 2015. As chair of the Investment Committee, he was responsible for overseeing the investment management function.
Michael Borden	Director	Director	Mr. Borden retired from Phillips, Hager & North Investment Management (PH&N) in 2020 after 26 years and a career in the investment management business spanning 40 years. At PH&N, Mr. Borden was responsible for the mortgage investment strategies which saw the assets under management in that asset class grow from less than \$200 million in 2002 to over \$6 billion in 2020. Mr. Borden sits on the Board of the BC Cancer Foundation as well as the Investment Committee and sits as an Advisor to the CMHC Pension Fund Investment Committee. Mr. Borden holds a Chartered Financial Analyst designation and Bachelor of Commerce from Queen's University.
Chris Brossard	Chief Executive Officer	Director and Officer	Mr. Brossard has been involved in real estate finance and investment management for over 25 years. Prior to joining the Parent in 2003, Mr. Brossard held several senior executive positions and has been a principal in private equity, real estate and real estate finance firms. Mr. Brossard holds a Canadian Chartered Professional Accountant

Name	Office Held in Parent	Office Held in Manager	Related Experience
			designation and a Bachelor of Business Administration from Simon Fraser University.
David Franklin	President	Director and Officer	Mr. Franklin has over 35 years of experience in the real estate finance industry. Prior to joining the Parent in 1995, Mr. Franklin held senior managerial positions with some of Canada's leading private and public sector real estate finance operations, including Canada Mortgage and Housing Corporation. He is a graduate of the University of British Columbia's Urban Land Economics program and a member of the Real Estate Institute of British Columbia.
Samuel Brown	Executive Vice President & Chief Operating Officer	Director	<p>Mr. Brown has more than 15 years of experience in the finance industry. Mr. Brown oversees commercial loan origination and product development in Canada for the Parent.</p> <p>Prior to joining the Parent in 2011, Mr. Brown spent 3 years as a financial officer with a specialist investments firm in London, United Kingdom. He also worked with a leading audit, tax and advisory services company in their real estate assurance practice in both Vancouver and London. Mr. Brown is a Chartered Accountant and holds a Bachelor of Commerce from the University of British Columbia.</p>
Adam Dean	N/A	Vice President & Portfolio Manager	<p>Mr. Dean is responsible for establishing and implementing the Fund's investment objectives and investment strategy, setting limitations and restrictions on investments, monitoring performance, and making adjustments to the portfolio in the best interests of the Unitholders, in connection with approval by Directors of the Manager where required.</p> <p>Mr. Dean has more than 10 years' experience in the mortgage industry, with a focus on institutional investment mandates, portfolio management and securitization. Prior to joining CMLS in 2011, Mr. Dean obtained his Bachelor of Commerce from the University of British Columbia with a specialization in Finance. He also holds the Chartered Financial Analyst designation.</p>
Jonathan Lee	N/A	Chief Compliance Officer	<p>Mr. Lee is responsible for managing all compliance aspects of the Parent and is involved in the day to day operations of the Manager, including regulatory compliance. Mr. Lee has more than 15 years of experience in the financial services industry.</p> <p>Prior to joining the Manager in 2017, Mr. Lee spent six years at the British Columbia Securities Commission overseeing portfolio managers, investments fund managers and exempt market dealers. Mr. Lee is a Chartered Professional Accountant and holds the Chartered Financial Analyst designation.</p>

Penalties, Sanctions and Bankruptcy

With respect to any director, executive officer or control person of the Fund, the Manager, or any issuer of which any such person was a director, executive officer or control person at the time (collectively referred to herein as the “Persons”):

- (a) there have been no penalties or sanctions that have been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against any of the Persons; and
- (b) there have been no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, or appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last 10 years with regard to any of the Persons.

Loans

As at the date of this Offering Memorandum, the Fund does not have any loans due to or from the Trustee, the Manager, any promoter, any holder of 10% or more of any class of Units, or any director, executive officer or control person of such persons.

CAPITAL STRUCTURE

Share Capital

The following table summarizes the authorized and issued Units of the Fund as at the date of this Offering Memorandum.

Description of security	Number authorized to be issued	Price per security ⁽¹⁾	Number outstanding as at March 31, 2023	Number outstanding after minimum offering ⁽²⁾	Number outstanding after maximum offering ⁽²⁾
Class A Units	Unlimited	\$9.89	309,854	Unknown	Unknown
Class B Units	Unlimited	\$10.00	2,500	Unknown	Unknown
Class E Units	Unlimited	\$9.98	104,353	Unknown	Unknown
Class F Units	Unlimited	\$9.98	6,229,031	Unknown	Unknown
Class I Units	Unlimited	\$9.98	5,765,400	Unknown	Unknown

⁽¹⁾ The price per security for any class of Units purchased pursuant to a subscription will be based on the NAVPU determined as of the Valuation Date of the calendar month in which a subscription is received and accepted.

⁽²⁾ There is no minimum or maximum offering.

Long Term Debt

As at the date of this Offering Memorandum, the Fund has no long term debt. However, the Fund is authorized under the Trust Agreement to borrow money to smooth the timing differences between the closing of investments in new Mortgages and available cash flow and to provide liquidity in the event of Unitholder redemptions, and to leverage the returns of the Fund. See “CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions – Loan Facility” in this Offering Memorandum.

Prior Sales and Redemptions

The following table summarizes all issuances and redemptions of Units by the Fund during the past two years ended December 31, 2022, and the subsequent period ending March 31, 2023, exclusive of Units issued on Distribution Reinvestment.

Date of issuance ⁽¹⁾	Type of security issued	Number of securities issued	Price per security	Dollar value of securities issued	Number of securities redeemed	Dollar value of securities redeemed	Net funds received
Jan 2021	Class E Units	5,003	\$9.99	\$50,000	-	-	\$50,000
	Class F Units	155,823	\$9.99	\$1,557,400	5,096	\$50,444	\$1,506,956
	Class I Units	50,027	\$9.99	\$500,000	-	-	\$500,000
Feb 2021	Class A Units	1,806	\$9.97	\$18,000	-	-	\$18,000
	Class E Units	2,501	\$10.00	\$25,000	-	-	\$25,000
	Class F Units	63,749	\$10.00	\$637,200	-	-	\$637,200
	Class I Units	85,039	\$10.00	\$850,000	90,041	\$900,000	-\$50,000
Mar 2021	Class F Units	217,387	\$10.00	\$2,173,000	-	-	\$2,173,000
	Class I Units	264,225	\$10.00	\$2,641,166	10,004	\$100,000	\$2,541,166
Apr 2021	Class A Units	6,021	\$9.96	\$60,000	-	-	\$60,000
	Class F Units	71,800	\$10.00	\$717,750	15,826	\$158,206	\$559,544
	Class I Units	2,311	\$10.00	\$23,100	4,728	\$47,260	-\$24,160
May 2021	Class A Units	8,732	\$9.96	\$87,000	-	-	\$87,000
	Class F Units	55,379	\$10.00	\$553,670	-	-	\$553,670
	Class I Units	60,013	\$10.00	\$600,000	20,000	\$199,958	\$400,042
Jun 2021	Class A Units	12,850	\$9.96	\$128,000	-	-	\$128,000
	Class F Units	154,641	\$10.00	\$1,546,100	30,501	\$301,951	\$1,244,149
	Class I Units	850,325	\$10.00	\$8,501,551	113,023	\$1,130,000	\$7,371,551
July 2021	Class A Units	19,579	\$9.96	\$195,000	-	-	\$195,000
	Class F Units	45,107	\$10.00	\$451,000	-	-	\$451,000
	Class I Units	107,516	\$10.00	\$1,075,000	-	-	\$1,075,000

Aug 2021	Class F Units	191,481	\$10.00	\$1,914,580	-	-	\$1,914,580
	Class I Units	57,557	\$10.00	\$575,500	-	-	\$575,500
Sept 2021	Class A Units	23,604	\$9.96	\$235,000	-	-	\$235,000
	Class F Units	103,632	\$10.00	\$1,036,250	-	-	\$1,036,250
	Class I Units	33,622	\$10.00	\$336,200	-	-	\$336,200
Oct 2021	Class A Units	1,005	\$9.95	\$10,000	-	-	\$10,000
	Class F Units	121,007	\$10.00	\$1,210,000	2,581	\$25,554	\$1,184,446
	Class I Units	190,968	\$10.00	\$1,909,570	17,753	\$177,515	\$1,732,055
Nov 2021	Class E Units	-	-	-	10,551	\$105,506	-\$105,506
	Class F Units	263,713	\$10.00	\$2,637,000	40,002	\$400,000	\$2,237,000
	Class I Units	341,480	\$10.00	\$3,414,800	7,035	\$70,346	\$3,344,454
Dec 2021	Class E Units	9,000	\$10.00	\$90,000	-	-	\$90,000
	Class F Units	402,579	\$10.00	\$4,025,625	509	\$5,036	\$4,020,589
	Class I Units	163,507	\$10.00	\$1,635,000	-	-	\$1,635,000
Jan 2022	Class A Units	5,026	\$9.95	\$50,000	1,887	\$18,587	\$31,413
	Class F Units	329,347	\$10.00	\$3,293,500	-	-	\$3,293,500
	Class I Units	54,999	\$10.00	\$550,000	17,999	\$180,000	\$370,000
Feb 2022	Class A Units	3,519	\$9.95	\$35,000	-	-	\$35,000
	Class F Units	285,831	\$10.00	\$2,858,400	-	-	\$2,858,400
	Class I Units	144,996	\$10.00	\$1,450,000	-	-	\$1,450,000
Mar 2022	Class F Units	273,816	\$10.00	\$2,738,240	-	-	\$2,738,240
	Class I Units	170,445	\$10.00	\$1,704,500	56,787	\$567,885	\$1,136,615
Apr 2022	Class A Units	10,562	\$9.94	\$105,000	-	-	\$105,000
	Class F Units	164,979	\$10.00	\$1,649,860	3,342	\$33,418	\$1,616,442
	Class I Units	82,957	\$10.00	\$829,604	8,000	\$80,000	\$749,604
May 2022	Class A Units	4,025	\$9.94	\$40,000	-	-	\$40,000
	Class F Units	269,440	\$10.00	\$2,694,513	3,342	\$33,418	\$2,661,095
	Class I Units	192,913	\$10.00	\$1,929,210	-	-	\$1,929,210
Jun 2022	Class E Units	-	-	-	27,225	\$272,203	-\$272,203
	Class F Units	680,239	\$10.00	\$6,801,306	21,435	\$213,761	\$6,587,545
	Class I Units	33,005	\$10.00	\$330,000	12,602	\$125,740	\$204,260
Jul 2022	Class A Units	2,868	\$9.91	\$28,411	-	-	\$28,411
	Class F Units	142,427	\$9.97	\$1,420,250	18,715	\$185,180	\$1,235,070
	Class I Units	23,566	\$9.97	\$235,000	117,753	\$1,164,221	-\$929,221
Aug 2022	Class E Units	-	-	-	8,679	\$86,408	-\$86,408
	Class F Units	148,862	\$9.96	\$1,482,000	24,125	\$239,585	\$1,242,415
	Class I Units	24,190	\$9.96	\$240,828	106,464	\$1,049,983	-\$809,155

Sep 2022	Class A Units	31,129	\$9.89	\$308,000	-	-	\$308,000
	Class F Units	194,973	\$9.97	\$1,943,000	22,448	\$223,705	\$1,719,295
	Class I Units	170,589	\$9.97	\$1,700,000	7,226	\$72,009	\$1,627,991
Oct 2022	Class F Units	231,990	\$9.96	\$2,310,500	19,020	\$188,035	\$2,122,465
	Class I Units	29,429	\$9.96	\$293,096	44,179	\$439,939	-\$146,843
Nov 2022	Class A Units	91,953	\$9.89	\$909,000	11,372	\$112,413	\$796,587
	Class F Units	93,614	\$9.96	\$932,539	14,754	\$146,920	\$785,618
	Class I Units	-	-	-	180,063	\$1,793,713	-\$1,793,713
Dec 2022	Class A Units	7,332	\$9.89	\$72,500	-	-	\$72,500
	Class E Units	-	-	-	29,070	\$289,719	-\$289,719
	Class F Units	186,951	\$9.97	\$1,863,150	142,265	\$1,404,110	\$459,040
	Class I Units	-	-	-	281,152	\$2,801,992	-\$2,801,992
Jan 2023	Class E Units	-	-	-	3,300	\$32,898	-\$32,898
	Class F Units	208,655	\$9.97	\$2,080,207	73,084	\$722,596	\$1,357,611
	Class I Units	-	-	-	50,137	\$499,848	-\$499,848
Feb 2023	Class A Units	5,053	\$9.89	\$50,000	707	\$7,000	\$43,000
	Class F Units	232,682	\$9.99	\$2,323,650	1,101	\$10,983	\$2,312,668
	Class I Units	-	-	-	25,000	\$249,449	-\$249,449
Mar 2023	Class A Units	17,384	\$9.89	\$172,000	-	-	\$172,000
	Class B Units	2,500	\$10.00	\$25,000	-	-	\$25,000
	Class F Units	222,776	\$9.97	\$2,221,255	37,010	\$366,854	\$1,854,401
	Class I Units	16,784	\$9.98	\$167,500	265,144	\$2,644,689	-\$2,477,189
	Class J Units	-	-	-	-	-	-
	Class S Units	-	-	-	-	-	-

(1) Units are offered on a continuous basis with closings on the last business day of every month.

Redemptions are funded from monies received from the payouts of existing mortgages, monies received from mortgage payments, funds received from the issuance of Units to subscribers and/or the utilization of the Loan Facility.

As detailed in the table above, in the two years ended December 31, 2022, and the subsequent period ending March 31, 2023, a total of 252,449 Class A Units (\$2,502,911), 2,500 Class B Units (\$25,000), 16,504 Class E Units (\$165,000), 5,512,879 Class F Units (\$55,071,945), and 3,150,462 Class I Units (\$31,491,625) were issued by the Fund, exclusive of Units issued on Distribution Reinvestment.

During the two years ended December 31, 2022, and the subsequent period ending March 31, 2023, the Fund honoured all redemption request received. As at the date of this Offering Memorandum, no redemption requests were outstanding.

SECURITIES OFFERED

Terms of Securities

The beneficial interest in the Fund is divided into different classes of Units, each of which will have a separate Management Fee and may have such trailer fees, short-term trading fees and sales commissions as the Trustee may determine upon direction of the Manager in its sole discretion. The Fund has four different classes of Units that are offered under this Offering Memorandum: Class A Units, Class B Units, Class E Units, Class F Units, Class I Units,

Class J Units and Class S Units. The voting rights attached to each whole Unit are described under "CMLS MORTGAGE FUND – Trust Agreement – Voting".

Class A Units are available to all subscribers and have trailer fees payable to the Representatives of the subscribers.

Class B Units are available to all subscribers and have trailer fees payable to the Representatives of the subscribers.

Class E Units are available to subscribers purchasing Class E Units through certain authorized Representatives.

Class F Units have lower Management Fees than Class A Units and Class B Units and are only available to subscribers who have fee-based accounts with Representatives. The Manager will not pay trailer fees to Representatives who sell Class F Units, which means the Manager can charge a lower Management Fee. Representatives will be responsible for determining whether subscribers are eligible to buy and continue to hold Class F Units. If the fee arrangement between a Unitholder and his or her Representative changes from a trailer fee-based account to a fee-based account or vice versa, the Representative may advise the Manager accordingly and can arrange to redeem such Units.

Class I Units are available only to certain private or institutional subscribers. Management Fees payable by the Fund with respect to the Class I Units will be specified by the Manager at the time of subscription based on the amount of the investment in Class I Units by the investor.

Class J Units are available to subscribers purchasing Class E Units through certain authorized Representatives.

Class S Units are available to certain Manager approved subscribers. The Fund pays the Manager a Management Fee in relation to each class of Units as described under "CMLS MORTGAGE FUND – Trust Agreement – Management Fees".

Each Unit and fractions thereof will be issued only as fully paid and non-assessable. There is no limit to the number of Units that may be issued, subject to any determination to the contrary made by the Manager. No Unit or fraction thereof shall have any preference or priority over any other Unit.

An unlimited number of each class of Units described above are being offered hereby on a continuous basis to subscribers in each of the provinces and territories of Canada, pursuant to exemptions from the prospectus requirements contained in the securities legislation of those provinces and territories. The subscription price per Unit will be based upon the NAVPU as at the applicable Valuation Date. Unitholders may request the redemption of Units in accordance with the redemption procedure described under the "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units". The Manager reserves the right, in its sole discretion, to accept or reject subscriptions for Units in the Fund.

Subscription Procedure

The minimum initial investment in the Fund is \$25,000 and the minimum additional investment (other than for Units purchased through Distribution Reinvestment) is \$5,000.

Subscribers may purchase Units of the Fund through the Manager or through qualified Representatives. Qualified Representatives will process orders by electronic means through Fundserv Inc. Class I orders must be sent to the Manager at its principal office or such other address as specified by the Manager by courier, e-mail or telecommunication facilities. The Manager will schedule closings on a monthly basis.

The subscription price is payable upon subscription pursuant to the terms of the Subscription Agreement by certified cheque, bank draft or electronic funds transfer satisfactory to the Manager (except for Class A, Class B, Class F, Class J and Class S Units where the subscription price is payable only by electronic funds transfer). No financing of the subscription price will be provided by the Fund or the Trustee.

Each prospective and qualified investor who desires to subscribe for Units must:

- (a) complete and sign the Subscription Agreement specifying the investment amount and class of Units being subscribed for; provided that the Fund reserves the right to use different forms of Subscription Agreements for different subscribers;
- (b) if the investor is purchasing Units in reliance on the “offering memorandum” prospectus exemption under NI 45-106, a completed and executed Form 45-106F4 - Risk Acknowledgement in the form attached to the Subscription Agreement or as otherwise provided by the Manager (a copy of which is to be retained by investors for their records);
- (c) if the investor is an “accredited investor” as defined in NI 45-106 or the *Securities Act* (Ontario), complete and sign the Accredited Investor Certificate and, if the investor is an individual, a completed and executed Form 45-106F9 – For Individual Accredited Investors provided by the Manager (a copy of which is to be retained by investors for their records);
- (d) if the investor is resident in British Columbia or Newfoundland and Labrador and is an individual that does not qualify as an “accredited investor” as defined in NI 45-106 *or* is a non-individual that does not qualify as an “accredited investor” and is purchasing Units with an acquisition cost to the investor of less than \$150,000, complete and sign two copies of the Form 45-106F4 – Risk Acknowledgement;
- (e) if the investor is an individual, complete and sign the Form RC518 Declaration of Tax Residence for Individuals or, if the investor is not an individual, complete and sign the Form RC519 Declaration of Tax Residence for Entities;
- (f) for Class I Unit subscribers, complete and sign the Manager’s New Client Application Form and Suitability Assessment forms;
- (g) deliver payment of the subscription price for the Units subscribed for, either directly or through his, her or its Representative, to the Trustee by certified cheque, bank draft or electronic funds transfer satisfactory to the Manager (except for Class A, Class B, Class F, Class J and Class S Units where the subscription price is payable only by electronic funds transfer). Payments delivered to the Manager in advance of closing will be held in safekeeping for deposit pending closing; and
- (h) deliver to the Manager those documents outlined in (a) to (f) above (as applicable) and any other forms, declarations and documents as may be required by the Manager or the investor’s Representative to complete the subscription.

Subscriptions will be received subject to prior sale and acceptance of the investor’s subscription, in whole or in part (subject to compliance with applicable securities laws), by the Manager on behalf of the Fund.

The subscription price per Unit will be an amount equal to the NAVPU on the Valuation Date of the calendar month in which the subscription is received and accepted, unless the subscription is received after 1:00 pm Pacific Standard Time on the Valuation Date, in which case the subscription price per Unit will be based on the NAVPU on the Valuation Date of the subsequent month.

The aforementioned cash amounts, Subscription Agreements and other documents will be held in trust and released upon closing. Closings will occur on a continuous basis.

Acceptance of Subscriptions

Subscriptions received are subject to rejection or allotment in whole or in part by the Manager on behalf of the Fund within three business days following the applicable Valuation Date. Upon such acceptance or rejection, the Manager will forthwith forward a notice to the subscriber or his or her Representative indicating the number of Units and

fractions thereof, if any, purchased by such subscriber, such notice to be delivered not later than 15 business days after the applicable Valuation Date. 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 notify the investor or his or her Representative and will return to the investor or his or her Representative the subscription funds comprising such subscription, without interest.

Units of the Fund will be issued to an investor pursuant to the relevant Subscription Agreement if a Subscription Agreement and other documentation requested therein is received by the Fund and accepted by the Manager and if payment of the subscription price is made by certified cheque, bank draft or other electronic transfer satisfactory to the Trustee. An investor who subscribes for Units by executing and delivering a Subscription Agreement and other documentation requested therein will become a Unitholder after the Manager accepts such subscription and the Fund has received the subscription amount.

Qualified Subscribers

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

The offering is being conducted:

- (a) in the Provinces of British Columbia and Newfoundland and Labrador pursuant to the exemption from the prospectus requirements afforded by section 2.9 (offering memorandum) of NI 45-106; and
- (b) in each of the provinces and territories of Canada pursuant to the exemptions from the prospectus requirements afforded by section 2.3 (accredited investor) or section 2.10 (minimum amount - \$150,000 for non-individual subscribers only) of NI 45-106.

The exemption pursuant to section 2.9 of NI 45-106 is available only for distributions to subscribers in the Provinces of British Columbia and Newfoundland and Labrador purchasing as principal, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in the prescribed form.

The exemption pursuant to section 2.3 of NI 45-106 is available for distributions to subscribers in each of the provinces and territories of Canada purchasing as principals who are "accredited investors" as defined in NI 45-106 and who sign an accredited investor risk acknowledgement in the prescribed form.

The foregoing exemptions relieve the Fund from the provisions of the applicable securities laws which otherwise would require the Fund to file and obtain a receipt for a prospectus. Accordingly, prospective subscribers 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.

No Unit Certificates

Units issued by the Trustee will be represented by a book entry in a book-based system maintained by the Administrator on behalf of the Trustee. Certificates evidencing ownership of the Units will not be issued to Unitholders.

Additional Subscriptions

The Manager reserves the right to change the minimum required amount for additional investments in the Fund at any time and from time to time, and to require a Unitholder to resubmit any forms required under "SECURITIES OFFERED – Subscription Procedure" as part of the process of accepting additional subscriptions.

INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY

Caution

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

Summary of Canadian Income Tax Consequences

Management has drafted the following and is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units of the Fund by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust that is not a Registered Plan), who is the original purchaser and the beneficial holder of the Units and who, for the purposes of the Tax Act, is resident in Canada, or is deemed to be resident in Canada, deals at arm's length, and is not affiliated, with any of the Fund, the Trustee or the Manager and holds Units of the Fund as capital property. Generally, Units of the Fund will be considered to be capital property to a holder provided that the holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain persons whose Units of the Fund might not otherwise qualify as capital property may, in certain circumstances, be entitled to have such Units and all other Canadian securities (as defined in the Tax Act) owned or subsequently acquired by them treated as capital property, by making the election permitted by subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors with respect to making such election.

This summary is not applicable to a holder of Units: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iii) that reports its "Canadian tax results" within the meaning of section 261 of the Tax Act in a currency other than Canadian currency, or (iv) that has entered into, or will enter into a "derivative forward agreement" (as defined in the Tax Act) in respect of the Units. Such holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act, the regulations thereunder (the "Regulations") and an understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency ("CRA") published in writing by it prior to the date hereof and all specific proposals to amend the Tax Act or the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (collectively the "Tax Proposals"). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign income tax legislation or considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation. This summary assumes that the Tax Proposals will be enacted currently as proposed; however, there is no certainty that the Tax Proposals will be enacted in the form proposed or at all.

This summary assumes that the Units will not be listed or traded on a stock exchange or other public market and that the Fund will comply with its investment restrictions at all times.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending upon the Unitholder's particular circumstances, including the province(s) or territory(ies) in which the Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective Unitholder. It does not address the considerations applicable to an investor that borrows to acquire Units. Prospective Unitholders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Fund

The Fund is a “unit trust” that currently qualifies as a “mutual fund trust” within the meaning of the Tax Act. In order to qualify as a “mutual fund trust” under the Tax Act, the Fund must comply with certain minimum requirements respecting the ownership and dispersal of its Units. There is no assurance that the Fund will continue to qualify as a “mutual fund trust” under the Tax Act in the future.

This summary assumes that at no time will “financial institutions” (as defined in section 142.2 of the Tax Act) hold more than 50% of the outstanding Units at any time that the Fund is not a mutual fund trust such that the Fund will not be a “financial institution” at any time.

Taxation of the Fund

The Fund will be subject to tax under Part I of the Tax Act in each taxation year on its income for the year computed in Canadian dollars in accordance with the Tax Act, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Fund generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year. Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains as described under “CMLS MORTGAGE FUND – Trust Agreement – Distribution Policy”, it will generally not be liable in such year for income tax under Part I of the Tax Act. Despite making such distributions to Unitholders, in certain circumstances the Fund could be liable to pay alternative minimum tax if the Fund is not a mutual fund trust throughout the year. In addition, in a taxation year in which the Fund is not a mutual fund trust throughout the year, the Fund may be required to distribute to Unitholders more of its net realized capital gains than if it so qualified.

The Fund will be required to include in its income for a taxation year all dividends received or considered to be received in the year on shares of corporations.

The Fund will be required to include in its income for a taxation year any interest on debt obligations that accrues to it (or is deemed to accrue), before the end of the year or that became receivable or was received by it before the end of the year (except to the extent such interest was otherwise included in computing income for the year or for a preceding year).

The “suspended loss” rules in the Tax Act may prevent the Fund from recognizing capital losses on the disposition of capital property.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred by it to earn income, including the Management Fees and interest payable by it on money borrowed to purchase securities.

The Fund may generally deduct any costs and expenses of the offering of Units paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days.

Losses incurred by the Fund cannot be allocated to Unitholders but may, subject to certain limitations and to the extent not utilized in the year incurred, be deducted by the Fund in subsequent years.

As a registered investment under the Tax Act for trusts governed by registered retirement savings plans and registered retirement income funds, the Fund would generally be liable to tax under Part X.2 of the Tax Act if it held investments that are not qualified investments for such plans and funds at a time when it is not a mutual fund trust. The Fund will restrict its investments such that it does not expect to be liable for tax under Part X.2 of the Tax Act. As well, if at any time during a year throughout which the Fund is not a mutual fund trust the Fund has a “designated beneficiary” under the Tax Act, the Fund will be liable to a 40% tax under Part XII.2 of the Tax Act on its “designated income” under the Tax Act for that year. Designated beneficiaries include non-residents and certain trusts and partnerships which have

non-resident beneficiaries or members; and designated income includes gains from dispositions of “taxable Canadian property” and income from businesses carried on in Canada. If the Fund is subject to tax under Part XII.2 of the Tax Act it is able to make a designation such that Unitholders who are not designated beneficiaries may receive a tax credit for a portion of such tax paid by the Fund.

Taxation of Unitholders

A Unitholder of the Fund will generally be required to include in computing income for a particular taxation year of the Unitholder such portion of the Fund's net income, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in that particular year. The non-taxable portion of the Fund's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Unitholder for such taxation year, paid or payable to the Unitholder for that year will not be included in the Unitholder's income for the year. Any other amount in excess of the portion of the Fund's net income for a taxation year paid or payable to the Unitholder for the year, such as a return of capital of the Fund, will generally not be included in the Unitholder's income. Such an amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base of the Unit will then be increased by the amount of such capital gain.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund, (ii) dividends received by the Fund from taxable Canadian corporations, and (iii) the income of the Fund from foreign sources, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. A Unitholder will generally be entitled to foreign tax credits in respect of foreign taxes under and subject to detailed foreign tax credit rules under the Tax Act.

Holders of Class A Units, Class B Units, Class E Units, Class F Units, Class I Units, Class J Units and Class S Units may bear different Management Fees in respect of their investment in the Fund. As a result, the tax characterization of distributions may vary between them.

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or been realized but not made payable at the time Units are acquired. Accordingly, a Unitholder who acquires Units may be taxed on the Unitholder's share of such income and gains, even though the purchase price paid by the Unitholder for the Units may have reflected such undistributed amounts.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all identical Units of the Fund owned by the Unitholder as capital property immediately before that time. The cost to a Unitholder of Units received on a distribution by the Fund will be equal to the amount of the distribution.

One-half of any capital gain (“taxable capital gain”) realized by a Unitholder or designated by the Fund in respect of a Unitholder will be included in the Unitholder's income and one-half of any capital loss (an “allowable capital loss”) realized must generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such year, to the extent and under the circumstances provided for in the Tax Act. If a Unitholder disposes of Units of the Fund and the Unitholder, the Unitholder's spouse or another person affiliated with the Unitholder (including a corporation controlled by the Unitholder) has acquired Units of the Fund within 30 days before or after the Unitholder disposes of the Unitholder's Units (such newly acquired Units being considered “substituted property”), the Unitholder's capital loss may be deemed to be a “superficial loss”. If so, the Unitholder will not be able to recognize the loss and it would be added to the adjusted cost base to the owner of the Units which are “substituted property”.

In general terms, amounts designated as net realized taxable capital gains of the Fund paid or payable to a Unitholder and taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund to a Registered Plan, and capital gains realized by a Registered Plan on a disposition of Units, are generally not taxable under Part I of the Tax Act while retained in the Registered Plan, provided that the Units are qualified investments for the Registered Plan. See "INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY – Summary of Canadian Income Tax Consequences – Eligibility for Investment" in this Offering Memorandum.

Exchange of Tax Information

There are due diligence and reporting obligations in the Tax Act which were enacted to implement the *Canada-United States Enhanced Tax Information Exchange Agreement*. The Fund will be required to provide information to the CRA in respect of its Unitholders. Unitholders may be requested to provide information to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder's investments to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Canada has signed the *OECD Multilateral Competent Authority Agreement and Common Reporting Standard* ("CRS") which provides for the implementation of the automatic exchange of tax information. Under the CRS, Unitholders will be required to provide certain information including their tax identification numbers for the purpose of such information exchange unless their investment is held within a Registered Plan. The CRA is expected to provide that information to countries that are party to the CRS.

Eligibility for Investment

The Fund is a mutual fund trust (as defined in the Tax Act), and a registered investment under the Tax Act for trusts governed by registered retirement savings plans and registered retirement income funds. As such, Units of the Fund are qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively "Registered Plans"). Units of the Fund will continue to be qualified investments for Registered Plans as long as the Fund is a mutual fund trust or a registered investment under the Tax Act.

Annuitants of registered retirement savings plans and registered retirement income funds, holders of tax-free savings accounts and registered disability savings plans, and subscribers of registered education savings plans are subject to penalty taxes if their registered retirement savings plan, registered retirement income fund, tax-free savings account, registered disability savings plan or registered education savings plan acquires or holds a prohibited investment. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the annuitant/holder/subscriber, or in which the annuitant/holder/subscriber has a "significant interest" which, in general terms, means the ownership of 10% or more of the fair market value of the trust's outstanding Units by the annuitant/holder/subscriber either alone or together with persons and partnerships with whom the annuitant/holder/subscriber does not deal at arm's length. Prospective investors are advised to consult with their own tax advisers in this regard.

COMPENSATION PAID TO SELLERS AND FINDERS

When subscribers purchase Units in the Fund, Representatives may charge a commission or sales charge in addition to those charges noted below. These charges are negotiated between the Representative and their clients and are not paid by the Fund or the Manager.

The Fund may also use qualified Representatives to sell Units of the Fund and may enter into non-exclusive agency agreements with such Representatives in connection with such sales.

Trailer Fees

The Manager will pay trailer fees on Class A Units and Class B Units to Representatives. Trailer fees will be calculated as a percentage of the NAVPU of the applicable Units held by such Representative's clients or by the Representative on behalf of its clients. The annual trailer fee is payable quarterly in arrears in the amounts outlined in the following table:

Class A Units	0.25% per annum
Class B Units	0.45% per annum

Trailer fees are paid by the Manager but are included in the Management Fees for Class A Units and Class B Units and therefore affect the return for subscribers of those classes of Units. No trailer fees are payable by the Fund with respect to Class E Units, Class F Units, Class I Units, Class J Units or Class S Units.

Referral Fees

A referral arrangement is any arrangement in which the Manager agrees to pay a referral or finder's fee to a third-party person who assists the Manager in the capital raising efforts for the Fund as permitted under securities laws. Referral fees will generally be based on the Net Asset Value of all Units purchased by a Unitholder introduced to the Manager by the third-party person. The referral fee payable in such circumstances will be paid entirely out of the Management Fees collected by the Manager, and is not recoverable by or reimbursable to the Manager through the Fund or through Unitholders, either directly or indirectly.

Short-Term Trading Fees

In order to discourage short-term trading and protect the interests of Unitholders of the Fund, Units will be subject to short-term trading fees. If any Unitholder subscribes for Units and redeems such Units within one year after the date of such subscription, the Fund will deduct from the redemption amount otherwise payable to such Unitholder, and retain as Trust Property for the benefit of the Unitholders of the Fund, an amount equal to the product of (i) the subscription price paid by such Unitholder for such class of Units, multiplied by (ii) 1.0%. Short-term trading fees are not applicable to Class E Units, however, Class E Units will be subject to a deferred sales charge of up to 1% if redeemed within the first 12 months.

RISK FACTORS

Investing in the Fund entails certain risks and is only suitable for subscribers who understand and are capable of bearing the risks of an investment in the Fund. An investment in the Fund is not intended as a complete investment program. All investments in securities, Mortgages and other financial instruments risk the loss of invested capital. Likewise, there is a risk that an investment in the Fund will be lost entirely or in part. There is no assurance that the Fund will achieve its overall investment objective. Prospective subscribers should carefully consider the following risk factors, which do not purport to be a complete list of the potential risks involved in an investment in the Fund. The NAVPU may vary with the market value and returns of the investment portfolio of the Fund.

Investment Risk

Nature of Investments

Investments held within the Fund will be Mortgages in Canada, which are affected by the health of the Canadian real estate markets. Risks arise from the inherent illiquidity of Mortgages, declines in value and illiquidity of the Real Property provided as security, fluctuations in interest rates, concentrations in certain property types or geographic areas, and changes in economic conditions or legislative or regulatory changes affecting real estate ownership.

No Guaranteed Return

There is no guarantee that an investment in Units will earn any positive return in the short or long term. Moreover, the interest rates being charged for fund investments reflect the general level of interest rates and as interest rates fluctuate, the Manager expects that the aggregate yield on fund investments will also change.

Liquidity

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment (e.g., Mortgages), certain features (such as guarantees), or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in higher volatility, a loss or reduced return for the Fund.

Performance and Marketability of Underlying Investments

The NAVPU may vary in accordance with the value of the Mortgages and other investments held in the Fund's portfolio as determined from time to time. There is no formal market through which Mortgages can be sold and, accordingly, there is no assurance that the Mortgages invested in by the Fund could be sold for the values used to calculate the NAVPU.

Credit

Credit risk is the possibility that a borrower or issuer is unable or unwilling to repay its loan, obligation or interest payment, either on time or at all. The Fund can lose money if the borrower or the issuer of a bond or other fixed income security cannot pay interest or repay principal when it is due.

The debt securities issued by companies, governments and special purpose entities (such as entities that issue commercial mortgage-backed securities) that act as a counterparty or borrow money are often rated by specialized rating agencies. Debt securities issued by well-established companies or by governments tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can influence a debt security's market value. There is no guarantee that third party credit ratings represent an accurate assessment of the risk of owning a particular issuer's securities. If a rating agency has given a higher rating to an issuer's securities than those securities inherently deserve, the value of the securities may decrease substantially as the market becomes aware of the issuer's true risk. Other factors can also influence a debt security's market value or the ability of an issuer to pay interest or repay principal when due, such as a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets or collateral, if any. Lower rated and unrated debt instruments generally offer a higher return than higher grade debt instruments but have the potential for substantial loss. A credit spread is the difference between interest rates payable on an issuer's fixed income security and a government-issued fixed income security that are similar in term. If the market determines that a higher return is necessary to compensate for the higher risk of a lower rated fixed income security, the credit spread will increase. If a credit spread increases after the purchase of a fixed income security, the value of that security will decrease.

Competition

Real estate is subject to the usual competitive forces of supply, demand and availability of substitutes. These competitive forces may impact the overall financial performance of a property including resale value and, with respect to commercial property, occupancy levels and potential rental rates. As a result, increased competition could adversely affect income from, and the value of, a property and by extension the related Mortgage.

Interest Rates

The Fund's value may be influenced by changes in the general level of interest rates. The Fund's income will consist primarily of interest payments on the Mortgages. If there is a decline in interest rates, the Fund may find it difficult to lend money 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 Fund's ability to maintain distributions at a consistent level. As well, if interest rates increase, the value of the Fund may be negatively affected.

Subordinate and Non-conventional Financing

Subordinate financing (such as a second ranking Mortgage investment), which will be carried on by the Fund, is generally considered 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 Fund 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 their 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.

Risk of Using Borrowed Money to Finance an Investment

If you are considering using borrowed money to finance any part of the purchase of your investment, please be aware that using borrowed money to finance the purchase of an investment involves greater risk than a purchase using cash resources only. If you borrow money to make an investment, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the investment purchase declines.

Issuer Risk

Marketability of Units

There is currently no market through which the Units may be sold nor is one expected to develop. Subject to the restrictions described above, Unitholders are entitled to redeem all or a portion of their Units in the circumstances described but there are circumstances in which the Fund may suspend redemptions. Accordingly, Units of the Fund may not be appropriate for subscribers seeking liquidity and should only be considered by investors who do not require liquidity. Also, Units are only transferable in limited circumstances with the approval of the Manager. For a description of the circumstances in which the Fund may suspend redemptions, see "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units".

Large Unitholder

The securities of the Fund may be held in significant percentages by an investor, including another fund. Notwithstanding the Fund's ability to suspend redemptions, in order to meet purchase and redemption requests by the investor, the Fund may have to alter its holdings significantly and purchase or sell investments at unfavourable prices and incur capital gains or losses and transaction costs. This can reduce the returns of the Fund.

Reliance on the Manager

The Fund will be dependent on the knowledge and expertise of the Manager. In assessing the risks and rewards of an investment in Units, potential investors should appreciate that they are relying on the good faith and judgment of the Manager in administering and managing the Fund. Although approval of the Unitholders is required for certain matters, Unitholders have no right to take part in the management of, or the stated purpose of the Fund and the Fund will be bound by the decisions of the Manager as provided in the Trust Agreement. It would be inappropriate for investors who are unwilling to rely on the Trustees to this extent to subscribe for Units. There is no certainty that the persons who are currently officers and directors of the Manager will continue to be officers and directors of the Manager.

Key Personnel

The operations of the Fund and the Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Fund to implement its business plan. The Manager's management team consists of several key personnel. In order to manage the Manager successfully in the future it may be necessary to further strengthen its management team. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Manager's business, financial condition, and results of operations.

Limited Role of the Trustee and Relationship to the Manager

The Trustee does not supervise or monitor the Manager in any respect. The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Trust Agreement. All other powers, authorities and responsibilities with respect to the management and operation of the Fund are delegated to the Manager. The Trustee acts on the basis of instructions from the Manager, without independent investigation. The Trustee may not in all instances hold all of the Trust Property.

Conflicts of Interest

The Manager has sole discretion in determining which Mortgages and investments it will make available to the Fund for investment and may, at the same time and on an on-going basis, be sourcing investment opportunities for its own account or the account of others. The Manager, in exercising its discretion, will use its best judgment and act in such manner as it sees fit, having regard to the relative sizes, investment objectives, portfolio composition and financial capabilities of all of the entities involved, including the Fund. See "MANAGER CONFLICTS OF INTEREST" in this Offering Memorandum.

Loan Facility

The Fund may from time to time be utilizing a Loan Facility, as outlined in "CMLS MORTGAGE FUND – Investment Objectives, Strategies and Restrictions – Loan Facility" in this Offering Memorandum, to enhance returns, smooth the timing differences between investment funding and cash availability in the Fund or to provide liquidity in the event of redemptions. During which times the Loan Facility is available, the lender has a security interest over the assets of the Fund which ranks ahead of the interest of Unitholders. If for any reason the Loan Facility is in default, the assets of the Fund will be used firstly to repay all such facility prior to the distribution of any assets to any of the Unitholders. While it is the intention of the Fund to maintain the Loan Facility, there can be no guarantee that credit will be available to the Fund. The Canadian financial marketplace has a limited number of financial institutions that provide credit to entities

such as the Fund.

Portfolio Concentration

A fund with few borrowers or issuers is subject to the potential risk that any such borrower or issuer may have a disproportionately greater effect on the performance of such fund than if such concentration did not exist. Such a fund may be subject to losses that are more severe than other funds having the same or a similar asset under management and composed of smaller average individual investment balances and a great number of individual investments.

Competition for Investments

The Fund primarily invests in Mortgages in Canada which meet the investment criteria of the Fund. There is no guarantee that the Fund will be fully invested in such investments or that it will be able to assemble a portfolio of investments adequate to meet its financial projections of return. The Fund will be competing for Mortgage loans with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek Mortgage loan investments similar to those desired by the Fund. Many of these investors will have greater financial resources than those of the Fund, or operate without the investment or operating restrictions of the Fund or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in Mortgage investments may increase competition, thereby increasing purchase prices and reducing the yield on investments, or reducing the number of investment opportunities for the Fund.

Litigation Risk

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

Operating History

The Fund has been in continuous operation since May 2, 2008. Although the Manager has significant experience and success in making Mortgage investments, the past performance of those investments is not necessarily indicative of the future results of the Fund's performance.

Tax Risk

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

If the Trust ceases to qualify as a "mutual fund trust" and a "registered investment" under the Tax Act, Units will cease to be qualified investments for Registered Plans. This could result in Registered Plans which continue to hold Units becoming liable for a penalty tax. If the Trust ceases to qualify as a "mutual fund trust" and at such time is a "registered investment" for purposes of the Tax Act, the Trust may be subject to a penalty under the Tax Act. See "INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY".

Cyber Security Risks

Dependence on information technology systems may render the business at risk for potential cyber security breaches. Possible impacts of a cyber security incident may include and is not limited to compromising of confidential customer or employee information, unauthorized access to proprietary or sensitive information, destruction or

corruption of data, lost revenue due to disruption of activities, incurring of remediation costs, litigation, fines and liability related to privacy and information security law non-compliance, reputational harm, diminished competitive advantage and negative impact on future opportunities. Such inherent cyber security risks may be reduced but not completely eliminated through the use of multi-layered defences that includes and is not limited to training individuals, implementing security processes and technology.

Industry Risk

Market

Market risk is the risk of being invested in the fixed income markets. The market value of the Fund's investments may rise and fall based on specific issuer developments and broader fixed income market conditions. Market value may also vary with changes in the general economic and financial conditions as well as the real estate sector.

Property Characteristics

The location and age of a property, its construction quality and access to transportation generally impacts its attractiveness to potential owners and, with respect to commercial property, specifically its potential to generate sustainable income during its economic life. Unless carefully selected, the characteristics of an area in which a property is located can change over time, thereby adversely affecting the value of the property and by extension the related Mortgage.

Leases

With respect to commercial property underlying Commercial Mortgages or mixed Single-Family Residential/Commercial Mortgages, borrowers often rely upon periodic lease or rental payments from tenants to pay for a property's maintenance and other operating expenses, to fund capital improvements and to service debt. There is no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the terms of their leases. Accordingly, repayment of a loan may be affected by the expiration or termination of leases and the ability of the borrowers to renew those leases with the existing occupants or to re-lease the space on economically favourable terms. No assurance can be given that leases that expire can or will be renewed, that the space covered by leases that expire or are terminated can or will be leased in a timely manner at comparable rents or on comparable terms, or that the borrowers will be able to fund any required tenant improvements. If a significant portion of a property is leased to a single tenant, the consequences of the failure of the borrower to re-lease such portion of such mortgaged property in the event that such tenant vacates the space leased to it, or a failure of such tenant to perform its obligations under the related lease will be more pronounced than if such property were leased to a greater number of tenants.

Quality of Property Management

The financial performance of a commercial property is also dependent on the performance, capability and viability of its property manager. Property managers observe and assess market conditions and make recommendations to owners/borrowers regarding capital improvements, ongoing maintenance and changes to rental rate structures. There can be no assurance regarding the performance of any existing or future property manager of a property or that any such property manager will at all times continue to fulfill its management responsibilities under the related management agreement.

Non-performing Loans

One or more borrowers could fail to make payments according to the terms of their loan, and the Fund could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Fund'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 Fund's rights as mortgagee. Legal fees and expenses and other costs incurred by the Fund 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 Fund. 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 Fund may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Mortgage Loans Not Insured

Generally speaking, Mortgages are not insured or guaranteed, in whole or in part, by any government or governmental entity, underwriter or any other person, except in circumstances where recourse to the borrower and its financial strength is negotiated as part of a particular underwriting. In these cases the ability of any borrower (or guarantor) to satisfy its recourse obligations will be limited by the extent of their respective available assets. No representation is made as to the adequacy of the assets of any borrower or guarantor available to satisfy their respective recourse obligations with respect to any Mortgages.

Refinancing Issues

The availability of credit for borrowers to refinance or repay a Mortgage will be significantly dependent on economic conditions in the markets where related properties are located, the creditworthiness of the borrower, as well as the willingness and ability of lenders to make such loans. The availability of funds in the credit markets fluctuates and there can be no assurance that Mortgages from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. It is possible that the mortgagor, the mortgagee or both, will not elect to renew such Mortgage. In addition, if the Mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such Mortgages will be subject to negotiations between the mortgagors, the mortgagee at the time of renewal.

Change in Legislation or Regulations

There is no assurance that the laws, regulations, policies or current administrative practices of any government body, or regulatory agency in British Columbia, or any other jurisdiction will not be changed, applied or interpreted in a manner which will fundamentally alter the ability of the Fund to operate as outlined herein.

Unforeseen Geopolitical and Other Events

The value of investments held by the Fund may be negatively impacted by unforeseen geopolitical and other events such as natural and environmental disasters, pandemics, epidemics, terrorism, war, military confrontations, regulatory events, and governmental or quasi-governmental actions. The occurrence of unanticipated geopolitical and other events may result in market volatility and disruption and have short term or long term effects on the Canadian and global economies and financial markets and other effects that cannot necessarily be presently foreseen, which, in turn, may have an effect on the performance of the Fund. For example, the recent international outbreak of COVID-19 (coronavirus disease) has caused volatility and decline in global financial markets, as well as significant disruptions to Canadian and global business activity, which have caused losses for businesses and investors. In addition to the potential impact on the value of investments held by the Fund, unforeseen geopolitical and other events and unanticipated market volatility and disruptions may disrupt the operations and processes of the service providers for the Fund and, in some cases, could constitute a force majeure event under contracts with service providers or contracts entered into with counterparties for certain transactions. Further, unforeseen geopolitical and other events and unanticipated market volatility and disruptions may also lead to an increase in the redemption of units of the Fund (including redemptions by large investors – see “*Large Unitholder*”), may cause the Fund to suspend or limit redemptions of Units (see “*Marketability of Units*”) and may lead to illiquidity in the investments held by the Fund (see “*Liquidity*”).

MANAGER CONFLICTS OF INTEREST

Canadian securities laws require the Manager to take reasonable steps to identify and respond to existing and reasonably foreseeable material conflicts of interest in a client's best interest and tell clients about them, including how the conflicts might impact clients and how the Manager addresses them in a client's best interest.

This section describes the material conflicts of interest that arise or may arise between the Manager and the Fund, between the Manager's registered representatives and the Fund, or between the Fund and other funds managed by the Manager or other clients of the Manager. This section describes the material conflicts of interest that arise or may arise in the Manager's capacity as investment fund manager and portfolio manager of the Fund. For material conflicts of interest associated with the Manager's activities as exempt market dealer, please see the Manager's Client Relationship Disclosure Document under the heading "Disclosure of Conflicts".

What is a Conflict of Interest?

A conflict of interest may arise where (a) the interests the Manager or those of its representatives and those of a client may be inconsistent or different, (b) the Manager or its representatives may be influenced to put the Manager or the representative's interests ahead of those of a client, or (c) monetary or non-monetary benefits available to the Manager, or potential negative consequences for the Manager, may affect the trust a client has in the Manager.

How does the Manager address Conflict of Interest?

The Manager and its representatives always seek to resolve all material conflicts of interest in a client's best interest. Where it is determined that the Manager cannot address a material conflict of interest in a client's best interest, the Manager and its representatives will avoid that conflict.

The Manager has adopted policies and procedures to assist it in identifying and controlling any conflicts of interest that the Manager and its representatives may face.

Material Conflict of Interest

A description of the material conflicts of interest that the Manager has identified in relation its role as investment fund manager and portfolio manager of the Fund, the potential impact and risk that each conflict of interest could pose, and how each conflict of interest has been or will be addressed, is set out below.

Valuation of Assets

Because the Manager earns fees based on assets under management, there is a potential conflict in valuing the assets held in the Fund's portfolios because a higher value results in a higher fee paid to the Manager. Overstating the value of the assets can also create improved performance.

The Manager addresses this conflict through compliance with its fair valuation policy.

Intellifi Corporation (formerly CMLS Mortgage Analytics Group, a division of CMLS Financial Ltd.) ("Intellifi"), an affiliate of CMLS Financial Ltd., performs the risk rating and valuation of all commercial mortgages in the investment portfolio of the Fund. Intellifi is one of the only independent, dedicated providers of mortgage services and software for the commercial real estate finance industry in Canada and provides independent support for Mortgage purchases, fair value accounting, ongoing fund valuation and reporting needs. The Manager, the Fund and Intellifi have developed appropriate safeguards and procedures to eliminate threats to the independence or to reduce them to an acceptable level. Intellifi has no present or prospective interest in either the debt instruments or any underlying assets that are the subject to assets of the Fund. Intellifi's compensation is not contingent upon the reporting of a predetermined market value or directional change in market value. The valuation uses a 'yield based' valuation wherein the debt instruments are valued as of the Valuation Date at the discounted present value of future actual or estimated cash flows associated with each debt instrument. The discount rate utilized is either the sum of the yield on the risk-free Government of

Canada debt plus a spread premium or a discount rate determined through their judgmental assessment process. Additionally, as part of the independent audit of the Fund, the Auditors assess the risk of valuation of the Fund's assets.

Error Correction

The Manager makes reasonable efforts to keep trade errors to a minimum and ensure fairness to clients, including the Fund, with respect to protection from trade errors. A trade error is an inadvertent error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct or an error in judgment. When an error occurs, a client will keep any resulting gain or the Manager will reimburse the client for any material loss. Clients may not be reimbursed for errors when the impact is not material, which has currently defined to be less than \$100. Where more than one transaction is involved in an error, the gain will be determined net of any associated loss. Although errors or issues are an inevitable by-product of the operational process, the Manager strives to establish controls and processes that are designed to reduce the possibility of their occurrence.

Related Service Providers

Certain service providers to the Fund, including CMLS Financial Ltd., may be affiliates of the Manager. Due to the relationship between the Manager and its affiliates (common ownership), the Manager may be incentivized to engage related service providers as opposed to third party service providers for the Fund. All business conducted by the Manager with affiliates is on market terms and conditions. The Manager conducts due diligence and ongoing monitoring of related service providers in the same way as it does unrelated service providers.

Gifts and Entertainment

The receipt of gifts and/or entertainment from business partners may result in a perceived conflict as it gives rise to the perception that our representatives will favour such business partners when making investment decisions. To manage this perceived conflict of interest, the Manager has adopted a gifts and entertainment policy, which prohibits its representatives from accepting gifts or entertainment beyond what the Manager considers consistent with reasonable business practice and applicable laws. The Manager sets maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

Outside Activities

At times, individuals acting on behalf of the Manager may participate in activities outside of their employment with the Manager, such as serving on a board of directors, participating in community events or pursuing personal outside business interests, whether paid or unpaid. A potential conflict can arise from such an individual engaging in such activities as a result of compensation received, the time commitment required or the position held by the representative in respect of these outside activities. The potential impact and risk to you are that these outside activities may call into question the representative's ability to carry out their responsibilities to you or properly service you, there may be confusion which entity(ies) the representative is acting for when providing you with services and/or if the outside activity places the representative in a position of power or influence over you.

The Manager addresses this conflict by requiring individuals acting on behalf of the Manager to disclose any proposed outside activities to the Manager prior to engaging in such activities, and such activities must be approved by the Manager before an individual can engage in such activities. The Manager will not allow an individual acting on behalf of the Manager to proceed with the outside activity if it is determined that the outside activity will give rise to material conflicts of interest that cannot be addressed in our clients' best interest.

Referral Arrangements

The Manager may enter into referral arrangements from time to time whereby it pays or provides a fee or other benefit for the referral of a client to the Manager or to the Fund, or whereby it receives a fee or other benefit for the referral of a client to another entity. Referral arrangements may be entered into both with other registrants and with non registrants.

In all cases, the referral arrangement will be set out in a written agreement which will be entered into in advance of any referrals being made. Details of how the referral fee is calculated and paid and to whom it is paid and other required information regarding each referral arrangement will be provided to affected clients as required.

The Manager also has policies and procedures that are designed to ensure that fees and other benefits received or paid or provided, as applicable, in connection with referral arrangements are appropriate and do not provide inappropriate incentives, and that any referral by the Manager is in the client's best interest. The Manager undertakes periodic reviews of referral arrangements. Clients do not pay any additional charges and fees in connection with referrals, and are not obligated to purchase any product or service in connection with a referral.

As at the date of this Offering Memorandum, the Manager does not currently have any referral arrangements in place.

REPORTS TO UNITHOLDERS

The Manager shall provide to each Unitholder, or cause the Administrator to provide to each Unitholder, a quarterly statement reflecting the Unitholder's Proportionate Share of Net Asset Value and the NAVPU as at the applicable Valuation Date. In addition, on or before March 31 in each year, the Manager shall provide the Unitholders with all information regarding the Fund for the prior year which they require for income tax purposes, the audited financial statements and the annual report of the Fund.

The Fund does not currently intend on becoming a reporting issuer and therefore obligations of the Fund to publicly disclose documents are limited.

Authorization of Collection, Use and Disclosure of Personal Information

By subscribing for Units in the Fund, each investor acknowledges that its name, residential address and telephone number and other specified information, including the number of Units it has purchased, the aggregate purchase price paid by the investor therefore and the prospectus exemption relied upon in making the investor's purchase, may be disclosed to Canadian securities regulatory authorities and other authorities governing the operations of the Fund, the Trustee and the Manager, and may therefore become available to the public in accordance with the requirements of applicable Canadian laws. By subscribing for Units in the Fund, each investor shall authorize such indirect collection of personal information. The Manager's Privacy Policy governing the collection, use and disclosure of Unitholder's personal information is disclosed on the Manager's relationship disclosure documents.

RESALE AND TRANSFER RESTRICTIONS

The Units are being offered on a private placement basis in reliance upon prospectus exemptions under applicable securities legislation in each of the provinces and territories of Canada. Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus requirements under securities legislation. However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your Units in accordance with their terms under the Trust Agreement. See "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units".

Unless permitted under applicable securities legislation, you cannot trade the Units before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. For trades in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless (i) the Fund has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (ii) you have held the Units for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. Again, we note that securities legislation in Canada will permit you to redeem your Units in accordance with their terms under the Trust Agreement. See "CMLS MORTGAGE FUND – Trust Agreement – Redemption of Units".

Investors are advised to seek legal advice with respect to such resales of Units. Resales of Units are also restricted under the terms of the Trust Agreement. Accordingly, each prospective investor must be prepared to bear the economic risk of the investment for an indefinite period.

PURCHASERS' RIGHTS

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

Rights of Action for Damages or Rescission

Securities legislation in Alberta (depending on the exemption relied upon), Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon and Northwest Territories provides investors resident in those jurisdictions with certain rights of action if this Offering Memorandum, any amendment hereto or any document incorporated herein by reference, or in some cases, any advertising or sales literature used in connection with the Offering Memorandum, contains a misrepresentation. A summary of these rights is set out below. Such summaries are subject to the express provisions of applicable securities legislation, and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions contained therein. Such provisions may contain certain limitations and statutory defences on which the Fund may rely. These rights are in addition to, and without derogation from, any other right an investor may have at law. Although securities legislation in British Columbia, Alberta (depending on the exemption relied upon) and Québec do not provide or require the Fund to provide to investors resident in these jurisdictions any rights of action if the Offering Memorandum, any amendment hereto or any document incorporated herein by reference, contains a misrepresentation, the Fund hereby grants to such investors the contractual rights of action in each of British Columbia, Alberta and Québec that are described below.

For these purposes, "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 any statement in the Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "material fact" means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the units.

Two Day Cancellation Right for All Subscribers

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.

Statutory Rights of Action

British Columbia

If an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser resident in British Columbia who purchases securities in reliance on the offering memorandum exemption set out in NI 45-106 and contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action against the issuer, every director of the issuer and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;

- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum 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 the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum 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 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) no person is liable for a misrepresentation in forward-looking information if the person proves that
 - (i) the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and
 - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation; and
- (g) in no case will the amount recoverable exceed the price at which the securities were sold to the purchaser.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if a person or company purchases securities offered by an offering memorandum, such as this Offering Memorandum, together with any amendment to it, in reliance on the prospectus exemption in section 2.10 (the minimum amount investment) of NI 45-106, and it contains a misrepresentation, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action against the issuer, every director of the issuer (if applicable) at the date of the memorandum and every person who signed the offering memorandum for damages or, alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days from the day on which the purchase was completed; or
 - (ii) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date on which the purchase was completed;

- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of it being sent, the person or company gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer that it was sent without the person's or company's knowledge or consent, (ii) after the sending of the offering memorandum and before the purchase of the securities, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a fair 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 the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum 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 expert if, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation;
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser; and
- (g) an issuer is not liable if it does not receive any proceeds from the distribution and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation (i) was based on information that was previously generally disclosed by the issuer, (ii) was a misrepresentation at the time of that disclosure, and (iii) was not subsequently publicly corrected or superseded by the issuer before the completion of the distribution.

Under Section 205.1, a person or company is not liable in an action under section 204 for a misrepresentation in forward-looking information if the person or company proves:

- (a) the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "Saskatchewan Act") provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) 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;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not 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 securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting 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 sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Under section 139.1, no person or company is liable in an action under section 138 for a misrepresentation in forward-looking information if the person or company proves:

- (a) with respect to the document containing the forward-looking information, proximate to that information there is contained, reasonable cautionary language identifying the forward-looking information as such, identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan Act or its regulations.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba

Section 141.1 of the *Securities Act* (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation and has a right of action against the applicable issuer, every director of the issuer at the date of the memorandum and every person or company who signed the memorandum for damages, or alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (excluding the issuer) will be liable if the person or company proves that (i) the memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (excluding the issuer) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- (e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Under section 141.1.2, a person or company is not liable in an action under section 141.1 for a misrepresentation in forward-looking information if the person or company proves that:

- (a) the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, delivered to a purchaser of securities resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the issuer for damages or, while still the owner of securities of the issuer purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves:
 - (i) that the offering memorandum contains, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
 - (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
 - (iii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and
- (e) in no case will the amount recoverable in any action exceed the price at which the securities were offered.

The foregoing rights do not apply if the purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick

Section 150(1) of the *Securities Act* (New Brunswick) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in New Brunswick and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action against the issuer, every person who was a director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of the purchase;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (e) no person will be liable for a misrepresentation in forward-looking information if the person proves that:
 - (i) the memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) no person is liable (excluding the issuer) if the person proves:
 - (i) that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent,
 - (ii) that, on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal, or
 - (iii) that, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the offering memorandum 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;

- (g) no person is liable (excluding the issuer) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection with an offering memorandum, contains a misrepresentation, any investor in Nova Scotia who purchases securities offered thereunder shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and shall have, subject as hereinafter provided, a right of action either for damages against the seller, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum, or alternatively for rescission, exercisable against the seller provided that:

- (a) no person or company will be held liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the seller will not be liable for all or any portion of such damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (c) no person or company will be liable if the person or company proves that (i) the offering memorandum or amendment thereto was sent or delivered to the purchaser 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 the offering memorandum or amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum or amendment thereto 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 the relevant part of the offering memorandum or amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of 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; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

Under section 139A, no person or company is liable under section 138 for a misrepresentation in forward-looking information if the person or company proves:

- (a) the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and

projections set out in the forward-looking information.

No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Prince Edward Island

Section 112(1) of the *Securities Act* (Prince Edward Island) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under the memorandum, whether or not the purchaser relied upon the misrepresentation, will have a right of action against the applicable issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the memorandum and every person who signed the memorandum for damages or, alternatively, for rescission, exercisable against the issuer or the selling securityholder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for any action other than rescission, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (B) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the memorandum was delivered to the purchaser 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 sent without the person's or company's knowledge or consent, (ii) after the delivery of the memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum 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 the relevant part of the memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the memorandum not 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 unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or, (ii) believed that there had been a misrepresentation;
- (e) no person is liable for a misrepresentation in forward-looking information if:
 - (i) the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or

projection set out in the forward-looking information; and

- (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information;
- (f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (g) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to it or any record incorporated by reference in, or considered to be incorporated into an offering memorandum contains a misrepresentation and it was a misrepresentation at the time of purchase, a purchaser in the Province of Newfoundland and Labrador has, in addition to any other right that the purchaser may have under law and without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, the Manager and every person or company who signed the offering memorandum (if applicable), for damages or, alternatively, while still the owner of the purchased Preferred Shares, for rescission against the issuer (in which case the purchaser will cease to have a right of action for damages), provided that:

- (a) no action will be commenced to enforce the foregoing rights:
 - (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (ii) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action; or (ii) three years after the date of the transaction that gave rise to the cause of the action;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;
- (c) no person or company (other than the issuer) will be liable if:
 - (i) the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (ii) the person or company proves that the person or company, on becoming aware of any misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice of the withdrawal to the issuer and the reason for it;
 - (iii) with respect to any part of the offering memorandum 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 statement of an expert, the person or company proves that they did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and

- (iv) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation;
- (d) in an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation; and

in no case will the amount recoverable exceed the price at which the Preferred Shares were offered to the investor under the offering memorandum.

Yukon

Section 112 of the *Securities Act* (Yukon) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to this it, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;
- (c) no person or company (other than the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (other than the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
- (e) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves that:
 - (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in

the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and
- (g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that, if an offering memorandum, such as this Offering Memorandum, together with any amendment to it, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;
- (c) no person or company (other than the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (other than the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
- (e) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves that:
 - (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material

factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and
- (g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to this Offering Memorandum, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the issuer, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;
- (c) no person or company (other than the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (other than the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
- (e) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves that:
 - (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material

factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and
- (g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Contractual Rights of Action

Rights for Investors in Québec

Notwithstanding that the securities legislation in Québec does not provide or require the Fund to provide to purchasers resident in this province with any rights of action in circumstances where this Offering Memorandum or any amendment to this Offering Memorandum contains a misrepresentation, the Fund grants to such purchasers the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the offering memorandum exemption set out in NI 45-106, as described above under "PURCHASERS' RIGHTS - Statutory Rights of Action".

Rights for Other Investors in Alberta

Investors resident in Alberta who purchase units in reliance on a prospectus exemption other than the "minimum amount investment" prospectus exemption will be entitled to the same rights of action for damages or rescission as those afforded to residents of Alberta who purchase units in reliance on the "minimum amount investment" exemption set out in NI 45-106, as described above under "PURCHASERS' RIGHTS - Statutory Rights of Action".

Rights for Other Investors in British Columbia

Investors resident in British Columbia who purchase units in reliance on a prospectus exemption other than the "offering memorandum," prospectus exemption will be entitled to the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the "offering memorandum" exemption set out in NI 45-106, as described above under "PURCHASERS' RIGHTS - Statutory Rights of Action".

Forward-looking information

Defendants will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

- (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Limitation Periods

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Québec, no action may be commenced to enforce such a right of action:

1. for rescission or revision of price, more than three years after the date of the purchase; or
2. for damages, the later of: (i) three years after you first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge is imputable to your negligence, or (ii) five years from the filing of the Offering Memorandum with the *Autorité des marchés financiers*, if applicable

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

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FINANCIAL STATEMENTS

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Financial statements of CMLS Mortgage Fund

December 31, 2022



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Tel 604-691-3000
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of CMLS Mortgage Fund

Opinion

We have audited the financial statements of CMLS Mortgage Fund (the "Fund"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of income and comprehensive income for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

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

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



Other Matter – Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 4, 2022.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
April 18, 2023

Statement of financial position	1
Statement of income and comprehensive income	2
Statement of changes in net assets attributable to holders of redeemable units	3
Statement of cash flows	4
Notes to the financial statements	5-13

CMLS Mortgage Fund
Statement of financial position
As at December 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Cash		-	3,436,036
Mortgage investments	4	127,252,065	84,949,658
Mortgage interest receivable		679,258	343,011
Prepays		2,480	2,975
Other receivable	7	1,755,693	17,403
		129,689,496	88,749,083
Liabilities			
Bank indebtedness	6	8,625,695	-
Accounts payable and accrued liabilities	7	303,116	220,182
Subscriptions received in advance		-	550,000
Distributions payable		702,695	414,198
		9,631,506	1,184,380
Net assets attributable to holders of redeemable units	5	120,057,990	87,564,703
		129,689,496	88,749,083
Redeemable units outstanding		12,044,690	8,757,031
Net assets attributable to holders of redeemable units per unit		9.97	10.00

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

On behalf of the Fund Manager,
CMLS Asset Management Ltd.

E-SIGNED by Christopher Brossard
on 2023-04-18 15:31:19 PDT _____, Director

E-SIGNED by Sam Brown
on 2023-04-18 15:40:10 PDT _____, Director

CMLS Mortgage Fund
Statement of income and comprehensive income
Year ended December 31, 2022

	Notes	2022	2021
		\$	\$
Investment income			
Interest		8,064,024	4,228,048
Lender fees		733,112	407,738
Other		37,899	3,790
Change in unrealized gain (loss) of mortgage investments	4	(350,650)	31,047
		8,484,385	4,670,623
Expenses			
Management fee, net of rebates	7	928,528	505,698
Mortgage service fees	7	277,427	194,691
Other		165,777	69,294
Interest expense		679,606	265,455
		2,051,338	1,035,138
Increase in net assets attributable to holders of redeemable units, before distributions		6,433,047	3,635,485

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

CMLS Mortgage Fund**Statement of changes in net assets attributable to holders of redeemable units**

Year ended December 31, 2022

	Notes	2022 \$	2021 \$
Net assets attributable to holders, of redeemable units, beginning of year		87,564,703	47,218,925
Increase in net assets attributable to holders of redeemable units, before distributions		6,433,047	3,635,485
Transaction with holders of redeemable units:			
Proceeds from issuance of redeemable units		40,797,406	41,449,462
Distributions to holders of redeemable units		(6,783,697)	(3,604,438)
Distributions reinvested in redeemable units		3,679,242	2,423,350
Rebates reinvested in redeemable units		128,403	117,486
Redemption of redeemable units		(11,761,114)	(3,675,567)
Net assets attributable to holders of redeemable units, end of year	5	120,057,990	87,564,703

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

CMLS Mortgage Fund
Statement of cash flows
Year ended December 31, 2022

	Notes	2022 \$	2021 \$
Operating activities			
Increase in net assets attributable to holders of redeemable units, before distributions		6,433,047	3,635,485
Adjustments for items not affecting cash			
Amortization of discount on mortgage investments		-	(26,408)
Unrealized (gain) loss on mortgage investments		350,650	(31,047)
Changes in non-cash working capital			
Mortgage interest receivable		(336,247)	(144,956)
Other receivable		(1,738,290)	48,003
Prepays		495	(2,975)
Accounts payable and accrued liabilities		(467,066)	141,932
Mortgages issued		(128,355,790)	(132,709,023)
Principal repayments received		85,702,733	90,220,358
		(38,410,468)	(38,868,631)
Financing activities			
Units issued	5	40,797,406	41,449,462
Units redeemed	5	(11,761,114)	(3,675,567)
Distributions paid		(2,687,555)	(922,093)
		26,348,737	36,851,802
Cash (outflow) inflow		(12,061,731)	(2,016,829)
Cash balance, beginning of year		3,436,036	5,452,865
Cash (bank indebtedness), end of year		(8,625,695)	3,436,036
Financing activities not involving cash			
Distributions reinvested in redeemable units		3,679,242	2,423,350
Amounts payable to Fund manager settled by issuing units in lieu of rebates		128,403	117,486

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

1. Nature of operations

CMLS Mortgage Fund (the "Fund") was established on May 2, 2008 to provide its unitholders with stable income while preserving invested capital through the prudent sourcing and management of a diverse pool of mortgages secured by real estate located in Canada.

The Fund is a trust established under the laws of, and domiciled in, British Columbia, Canada. The registered address is 2110-1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

The trustee of the Fund is Computershare Trust Company of Canada. CMLS Asset Management Ltd., a corporation incorporated on April 30, 2008, is the investment manager of the Fund (the "Fund manager").

2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards on a historical cost basis, except for mortgage investments which are measured at fair value. These financial statements are presented in Canadian dollars, which has been determined to be the Fund's functional currency, and have been approved by the Fund manager on April 18, 2023.

3. Significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set forth below:

(a) Accounting estimates and judgements

The preparation of these financial statements require the Fund manager to make certain estimates, judgements and assumptions about the carrying amounts of assets and liabilities at the date of the financial statements that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience, current and future economic conditions and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Fund manager uses its judgement in selecting an appropriate valuation technique for the mortgage investments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

The estimation of fair value is based on industry acceptable market inputs and valuation techniques that use available information of recent market transactions, values of comparable financial instruments and discounted cash flow analyses. The estimation of fair value may include assumptions that are not supported by observable market data such as the length of time the mortgage has been in arrears, the overall financial strength of the borrowers and the residual value of the security pledged.

3. Significant accounting policies (continued)

(b) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized in the statement of financial position when the Fund becomes party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition.

Transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities, other than those classified as subsequently measured at fair value through profit or loss ("FVTPL"), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, and subsequently amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or issue of financial liabilities classified as FVTPL are recognized immediately in the statement of income and comprehensive income.

Classification and subsequent measurement

The Fund classifies financial assets, at initial recognition, according to the Fund manager's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are measured at amortized cost or at fair value through profit or loss ("FVTPL").

Mortgage investments are classified as FVTPL on the basis that they are managed, and performance is evaluated, on a fair value basis. The Trust Agreement requires that investments are measured at fair value for the purposes of determining Net Asset Value, which is the basis for the subscription and redemption price of units as well as for the calculation of management fees payable to the Fund manager. Classification of the mortgage investments as FVTPL also eliminates a measurement inconsistency with the Fund's net assets attributable to holders of redeemable units.

Financial assets are measured at amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- (a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in investment income in the period that the asset is derecognized or impaired.

Financial liabilities are measured at amortized cost using the effective interest rate method with gains and losses recognized in investment income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL. These financial liabilities are subsequently measured at fair value with changes in fair value recorded in investment income in the period in which they arise to the extent they are not part of a designated hedging relationship.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

Classification and subsequent measurement (continued)

The Fund has classified its financial instruments as follows:

Financial instrument	Classification
Financial assets	
Cash	Amortized cost
Mortgage investments	FVTPL
Mortgage interest receivable	Amortized cost
Other receivable	Amortized cost
Financial liabilities	
Bank Indebtedness	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscriptions received in advance	Amortized cost
Distributions payable	Amortized cost

Impairment of financial assets

The Fund uses an expected credit loss ("ECL") impairment model. The impairment model applies to financial assets measured at amortized cost, which does not include mortgage investments.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards from ownership of that asset to a third-party.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

Net assets attributable to holders of redeemable units

All units of the Fund are redeemable at the Unitholder's option. Accordingly, the units are classified as financial liabilities and presented as 'net assets attributable to holders of redeemable units' in the statement of financial position. They are presented at the redemption amount.

Cash

Cash consists of cash on deposit with financial institutions. For the purpose of the Fund's statement of cash flows, bank indebtedness is considered a component of cash, on the basis that amounts due under the credit facility are repayable on demand and form an integral part of the Fund's cash management.

3. Significant accounting policies (continued)

(c) *Revenue recognition*

Interest is recorded as earned on an accrual basis. Lender fees are recognized when the related mortgage investment is initially recognized. Any discount on mortgages purchased below their face value is amortized to income over the mortgage term using the effective interest method.

Realized gains or losses on the disposition of mortgage investments and unrealized gains/losses of mortgage investments are reflected in the statement of income and comprehensive income.

(d) *Income taxes*

Effective 2021, the Fund is commonly referred to as a "mutual fund trust" as described in paragraph 204.4(2)(c) of the Income Tax Act that meets the investment restrictions of paragraph 108(2)(b) of the Income Tax Act. As such, the Fund is also a "qualified investment" for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans. The Fund distributes all of its annual taxable income to its unitholders, including the taxable portion of its net realized capital gains. As a result, the Fund is not subject to income taxes and no provision for income taxes has been recorded in these financial statements.

4. Mortgage investments

The following is a summary of the Fund's mortgage investments as at December 31:

	Number of mortgages	Principal Cost \$	2022 Fair value \$	Number of mortgages	Principal Cost \$	2021 Fair value \$
First mortgages	162	93,483,126	93,199,750	111	63,416,354	63,414,658
Second mortgages	27	34,121,286	34,052,315	12	20,535,000	20,535,000
Third mortgages	—	—	—	1	1,000,000	1,000,000
	189	127,604,412	127,252,065	124	84,951,354	84,949,658

The mortgages are secured by real property and bear interest at a weighted average rate of 7.46% as at December 31, 2022 (6.45 % in 2021).

Principal repayments based on contractual maturity dates are as follows:

	Principal repayments \$
2023	106,014,699
2024	17,659,713
2025	3,930,000
	127,604,412

The principal value of mortgage investments that include terms that allow the borrower to repay the principal prior to maturity without penalty is \$108,761,312 (\$67,433,339 in 2021).

4. Mortgage investments (continued)

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund's mortgage investments are measured at fair value using unobservable inputs. As a result, all mortgage investments have been classified in Level 3 of the valuation hierarchy as at December 31, 2022 and 2021.

Fair value of the portfolio is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties under no compulsion to act. As there is no quoted price in an active market for these mortgages, the Fund manager makes its determination of the fair value based on the assessment of the current lending market for mortgage investments of same or similar terms. When collection of the principal amount of a mortgage is no longer reasonably assured, the fair value of the investment is adjusted to the fair value of the underlying security.

The Fund regularly reviews significant unobservable inputs and valuation adjustments and will use market observable data when available. The valuation was completed using a 'yield based' valuation wherein the debt instruments were valued as of the valuation date at the discounted present value of future actual or estimated cash flows associated with each debt instrument. The discount rate utilized was either the sum of the yield on the risk-free Government of Canada ("GoC") debt plus a spread premium or a discount rate determined through a judgmental assessment process. The methodology for determining the appropriate spread premium for each debt instrument was either by risk rating or judgmental assessment. A judgmental approach was used when a rule-based scoring system would produce an invalid result and is typically employed for the valuation of second mortgages, construction loans, mezzanine financing and other subordinated notes.

During the year, the Fund did not have any transfers between levels in the fair value hierarchy.

The following table reconciles the fair value of the mortgage investments classified in Level 3 from the beginning balance to the ending balance:

	2022	2021
	\$	\$
Fair value, beginning of year	84,949,658	42,403,538
Funding	128,355,790	132,709,023
Repayment	(85,702,733)	(90,220,358)
Amortization of discount on mortgage investments	—	26,408
Unrealized (loss) gain on mortgage investments	(350,650)	31,047
Fair value, end of year	127,252,065	84,949,658

5. Units issued and outstanding

As at December 31, 2022, the beneficial interests in the Fund are represented by Class A, E, F, and I Units. Each unit class, adjusted for management fees, which may vary, represents a proportionate undivided interest in the Fund with each Unitholder entitled to its proportionate share of any distributions by the Fund. No unit has preference or priority over any other unit.

	2022					
	Series					
	A	E	F	I	# Total	\$ Amount
Number of units outstanding, beginning of year	132,584	167,698	2,760,858	5,695,891	8,757,031	87,564,703
Unrealized gain/(loss) on mortgage investments	-	-	-	-	-	(350,650)
Issuance of redeemable units	156,415	-	3,002,469	927,088	4,085,972	40,797,406
Redemption of redeemable units	(13,258)	(64,975)	(269,446)	(832,224)	(1,179,903)	(11,761,114)
Distributions reinvested in redeemable units	8,502	4,019	134,294	221,911	368,726	3,679,242
Rebates reinvested in redeemable units	-	-	-	12,864	12,864	128,403
Number of units outstanding, end of year	284,243	106,742	5,628,175	6,025,530	12,044,690	120,057,990

	2021					
	Series					
	A	E	F	I	# Total	\$ Amount
Units outstanding, beginning of year	54,994	154,701	947,763	3,567,083	4,724,541	47,218,925
Unrealized loss on mortgage investments	-	-	-	-	-	31,047
Issuance of redeemable units	73,596	19,505	1,846,298	2,206,588	4,145,987	41,449,462
Redemption of redeemable units	-	(10,552)	(94,515)	(262,584)	(367,651)	(3,675,567)
Distributions reinvested in redeemable units	3,994	4,044	61,312	173,052	242,402	2,423,350
Rebates reinvested in redeemable units	-	-	-	11,752	11,752	117,486
Units outstanding, end of year	132,584	167,698	2,760,858	5,695,891	8,757,031	87,564,703

The units are redeemable at the holder's option, in accordance with the provisions of the trust agreement, at the prevailing net asset value per unit plus any allocated but undistributed income and unrealized capital gains.

The Fund may issue an unlimited number of units, or fractions thereof.

It is the policy of the Fund to distribute all of its taxable income to unitholders.

Net assets attributable to holders of redeemable units per unit is calculated as total assets less total liabilities allocable to outstanding units, excluding units submitted for redemption of \$nil, as at December 31, 2022 (\$nil in 2021), divided by the number of units outstanding as at December 31.

6. Bank indebtedness

In 2022, the Fund had an operating credit facility to a maximum of \$25,000,000, with an accordion feature for an additional \$10,000,000. The facility bears interest at prime plus 0.85% per annum or a CDOR loan option, which bears an interest rate of the CDOR rate for that period plus 2.35% per annum. The Fund under the terms of the facility, must satisfy certain restrictive covenants such as minimum net worth, total liabilities to net assets attributable to unitholders of redeemable units, and interest coverage ratio. In June 2022, the agreement was amended to increase the credit facility from \$25,000,000 to \$45,000,000, with all else remaining the same. All amounts under the credit facility are repayable on or before February 3, 2024.

Subsequent to year-end, the fund amended the agreement on February 3, 2023 to increase the credit facility from \$45,000,000 to \$50,000,000, with all else remaining the same.

7. Related party transactions

The Fund manager is responsible for the day-to-day management and administration of the Fund and its investment portfolio. Management fees are calculated with reference to the Fund's opening net asset balance each month and payable on a monthly basis.

The management fees payable to the Fund manager for each class of units are different and may have trailer fees, short-term fees, referral fees and sales commissions as the Fund manager may determine in its discretion. The effective management fees are an annual percentage to be stipulated by the Fund manager for all Class Units based on the amount invested.

For the year ended December 31, 2022, the Fund incurred \$928,528 (\$505,698 in 2021) in management fees, net of rebates of \$183,929 (\$156,612 in 2021), of which 83,756 (\$111,804 in 2021) was payable to the Fund manager at December 31, 2022.

The Fund related operating expenses are paid by the Fund and capped at the administrative fee of 0.40% per annum. Any amount over the threshold is subject to a reimbursement from the Fund Manager. The total reimbursement for the year was \$102,651, of which \$11,080 was receivable by the Fund as of December 31, 2022.

The Fund incurred mortgage service fees in the amount of \$277,427 (\$194,691 in 2021) from a company affiliated with the Fund manager.

The above transactions were in the normal course of operations and are measured at the exchange amounts of the consideration received or receivable, which was established and agreed to by the related parties.

8. Financial instruments and financial risk

(a) Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The fund is also subject to variable interest rate risk on its bank indebtedness.

The Fund manages risk by investing primarily in high-yield short-term mortgages, the principal of which may be repaid prior to maturity without penalty. The fair value of such mortgages does not tend to increase in response to decreases in the prevailing market interest rates, assuming a parallel shift in the yield curve and all other variables held constant. The fair value of such mortgages may decrease, however, if market interest rates increase. As at December 31, 2022, a 0.5% increase in interest rates with all other variables held constant would decrease the fair value of the Fund's fixed rate mortgages by approximately \$193,340 (decrease by \$284,021 in 2021) and would increase the fund's interest income on variable rate mortgages by approximately \$58,238 (\$7,450 in 2021).

As at December 31, 2022, the floating rate mortgages in the portfolio valued at \$11,647,500 (\$1,490,000 in 2021). The remainder were fixed rate mortgages at interest rates that approximate market levels.

The Fund monitors financial markets and can adjust the pricing of renewals and new mortgages when it deems appropriate.

8. Financial instruments and financial risk (continued)

(a) Interest rate risk (continued)

Sensitivity analysis

The table below summarizes the financial impact to net income that an immediate and sustained 50 basis point increase and decrease in short-term interest rates would have based on the Company's financial position as at December 31:

	50 basis point decrease		50 basis point increase	
	2022	2021	2022	2021
	\$	\$	\$	\$
Impact on net income	176,231	276,571	(176,231)	(276,571)

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Fund only transacts with reputable, credit-worthy counterparties and therefore the risk of default is considered minimal. The Fund does not have significant credit risk related to cash as amounts are held with a major Canadian bank.

The Fund has engaged in mortgage investing activities. In accordance with the Fund's investment policy, the Fund manager monitors the Fund's credit position. In order to mitigate the risks associated with mortgage investing, the Fund generally invests in mortgages with a target loan to value of no greater than 80%.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will be unable to meet its financial obligations on a current basis. The following table details the Fund's expected maturity of its financial liabilities, other than net assets attributable to holders of redeemable units, as at December 31, 2022:

	Within 1 year	> 1 year	Total
	\$	\$	\$
Bank indebtedness	8,625,695	—	8,625,695
Accounts payable and accrued liabilities	303,116	—	303,116
Distributions payable	702,695	—	702,695
	1,005,811	—	1,005,811

The Fund's objective is to have sufficient liquidity to meet its liabilities when due. The Fund monitors its cash balances and cash flows generated from operations to meet its requirements. The Fund's exposure to liquidity risk arises primarily from the redemption of units at the option of the holder. Redemption of units is subject to available cash and a minimum notice period.

9. Capital risk management

The capital structure of the Fund consists of net assets attributable to holders of redeemable units.

The Fund manages its capital structure and may adjust it to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Fund considers the net assets attributable to holders of redeemable units, which is a liability, to be capital. In order to maintain or adjust its capital structure, the Fund may issue new units, redeem units or draw on its line of credit. There have been no significant changes in the current year to the Fund manager's objectives, policies or processes for managing capital. The capital structure has not changed from prior year and totals \$120,057,990 (\$87,564,703 in 2021). The Fund is not exposed to externally imposed capital requirements.

CERTIFICATE

Dated: April 20, 2023

This Offering Memorandum does not contain a misrepresentation.

BY THE ISSUER

CMLS MORTGAGE FUND

(Signed) "Christopher Brossard"

Christopher Brossard, in the capacity of Chief
Executive Officer

(Signed) "Elaine Freeman"

Elaine Freeman, in the capacity of Chief Financial
Officer

BY THE PROMOTER

CMLS ASSET MANAGEMENT LTD.

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "Christopher Brossard"

Christopher Brossard, Director

(Signed) "Dave Franklin"

Dave Franklin, Director

(Signed) "Tony Gage"

Tony Gage, Director

(Signed) "Michael Borden"

Michael Borden, Director

(Signed) "Sam Brown"

Sam Brown, Director