



February 1, 2019

OFFERING MEMORANDUM

*The securities described in this Offering Memorandum (“Offering Memorandum”) are offered for sale only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is it to be construed as, a public offering or advertisement of these securities. No securities regulatory authority or regulator has reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment – see the **Risk Factors** section of this Offering Memorandum. The securities offered hereunder will be subject to resale restrictions imposed under the securities laws of the Province of Ontario. Each subscriber has two (2) business days to cancel its agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, each subscriber has the right to sue either for damages or to cancel its subscription. See the **Securities Law Consideration and other Regulatory Matters – Purchase and Resale Restrictions** section of this Offering Memorandum. Each subscriber will be restricted from selling its securities for four (4) months and a day after the date Ready Capital Mortgage Investment Trust becomes a reporting issuer in any province or territory in Canada. See the **Securities Law Consideration and other Regulatory Matters – Purchasers’ Rights**.*

Unit Offering

Ready Capital Mortgage Investment Trust (“Trust”)

The Trust is offering, on a private placement basis, Units of the Trust (“Unit Offering”) at a price of \$100 per Unit (“Unit Subscription Price”). There is no minimum or maximum offering. There is a minimum subscription of 250 Units (\$25,000). The Trust may in its discretion waive these minimum amounts for a particular investor. Each Unit represents an undivided beneficial interest in the assets of the Trust, which will principally be comprised of indirect interests in mortgage loans. Subscriptions will be subject to acceptance or rejection in whole or in part, and subject to the satisfaction of the conditions set forth under **Subscription Procedure** section of this Offering Memorandum. The right is reserved to close the subscription books of the Trust at any time without notice, and thus, there is no single fixed closing date for the Unit Offering. **The Unit Offering has no minimum, and as such, you may be the only purchaser. The Units do not trade on any exchange or market.** There are important tax consequences to the Units which are described further in **Certain Canadian Federal Income Tax Considerations** section of this Offering Memorandum.

Subscribers may subscribe for Units by (i) delivering an executed subscription agreement, in the form approved by the Trust from time to time, and (ii) payment to the Trust of the Unit Subscription Price for the Units by way of a certified cheque, bank draft, wire transfer or irrevocable direction to a financial institution to deliver to the Trust full payment for the Units.

The Trust has engaged Belco Private Capital Inc. (“Belco”) as an exempt market dealer to coordinate the sale of the Units. The information and analyses contained in this Offering Memorandum, and the terms and

conditions contained in the Limited Partnership Agreement and the Subscription Agreement, have been prepared by the Trustees on behalf of the Trust. The information and analyses in this Offering Memorandum, the terms of the Unit Offering, the structure of the Trust or Partnership and the background of the General Partner have not been determined or developed by Belco and have been reviewed by Belco only as necessary for Belco to comply with its “know-your-product” obligations under National Instrument 31 - 103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and cannot be, and are not, otherwise assured by Belco. The Trust may pay a commission to Belco in connection with the Unit Offering of up to one percent (1%) of the value of the securities purchased in the Unit Offering.

Belco has been retained by the Trust Manager in respect of the Unit Offering pursuant to an agreement made between Belco, the Trust and the Trust Manager (the “Distribution Agreement”). Belco is considered a “connected issuer” and/or “related issuer” of the Trust, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*. The dealing representatives of Belco who are acting on behalf of Belco in connection with the Unit Offering, are employees of an affiliate of the Trust Manager. The dealing representatives only offer the Moneybroker group companies’ products in their roles as dealing representatives for Belco.

The Trust was settled as an unincorporated open-ended investment trust under the laws of the Province of Ontario pursuant to a Declaration of Trust dated January 24, 2019. The Trust is the sole limited partner in Ready Capital Mortgage Limited Partnership (the “**Partnership**”). The net proceeds of the Unit Offering will be used by the Trust to subscribe for Partnership Units in Ready Capital Mortgage Limited Partnership (hereinafter, the “**Partnership**”), thus providing the Partnership with capital to acquire and hold whole, partial, direct or indirect interests in Mortgage Investments, primarily direct and indirect investments in mortgage loans throughout Canada.

The objectives of the Partnership are to provide the limited partners (and ultimately the Unitholders) with stable and secure cash distributions from the Partnership’s direct and indirect investments in mortgage loans to borrowers that are underserved by other financial service providers and to obtain superior yields and maximize distributions through the efficient management of the Partnership’s investments. The Trust is a non-bank provider of mortgage loans and will make monthly cash distributions to Unitholders from monies received from the Partnership and in the ordinary course distribute all of the Distributable Cash of the Trust calculated as described under **Distribution Policy**.

The principal place of business of the Trust is located at 4400 Highway 7 East, Markham, Ontario L3R 1M2. The contact information of the Trust is as follows: telephone number: 905-305-8488, fax number: 905-305-8982 and e-mail: readycapital@belcopc.com. The Trust is not a reporting issuer in any province or territory of Canada. The Trust is a SEDAR filer.

Rite Alliance Management Inc. (“**Rite Alliance**”) is the Trust Manager of the Trust, pursuant to a Trust Management Agreement dated as of the 24th day of January 2019, between the Trust and the Trust Manager. Falcon Ridge Mgmt Ltd. (“**Falcon Ridge**”) is the Mortgage Administrator of the Partnership, pursuant to a Mortgage Administration Agreement dated as of the 25th date of January 2019, between the Partnership and the Mortgage Administrator. Moneybroker Canada Inc. (“**Moneybroker**”) is the Mortgage Originator of the Partnership, pursuant to a Mortgage Origination Agreement dated as of the 25th day of January 2019, between the Partnership and the Mortgage Originator.

Rite Alliance is entitled to appoint the trustees of the Trust (the “**Trustees**”) and currently at least one of the Trustees and the officer and director of the General Partner is a director, officer and employee of the Trust Manager.

DISCLAIMERS

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

This Offering Memorandum is confidential. By their receipt hereof, prospective subscribers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

Forward-Looking Statements

This Offering Memorandum contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. **The forward-looking statements that are contained herein involve known and unknown risks, uncertainties and other factors which may cause the Trust’s actual results, performance or developments to be materially different from any future results, performance or developments expressed or implied by the forward-looking statements.**

While the Trust and the Trust Manager anticipate that subsequent events and developments may cause its views to change, the Trust and the Trust Manager specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Trust’s or the Trust Manager’s views as of any date subsequent to the date of this Offering Memorandum. Although the Trust and Trust Manager have attempted to identify important factors that could cause actual results, performance or developments to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or developments not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance or developments could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Trust. Additional factors are noted under **Risk Factors** in this Offering Memorandum.

Summary of the Unit Offering

This is a summary only and is qualified by the information provided elsewhere in this Offering Memorandum. Capitalized terms provided herein and not otherwise defined have respective meanings ascribed hereto in the **Definitions** section or elsewhere in this Offering Memorandum. Unless otherwise, indicated, all references to dollar amounts or “\$” in this Offering Memorandum are to Canadian dollars.

Security:	Units of the Trust
Price:	\$100 per Unit
Subscription:	Subscriptions will be received subject to acceptance or rejection in whole or in part. The right is reserved to close the subscription books at any time without notice, and thus, there is no single fixed closing date for the Unit Offering. Each subscriber has two (2) business days to cancel its agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, subscribers have the right to sue either for damages or to cancel their subscription. Each subscriber will be restricted from selling their securities for four (4) months and one (1) day after the date the Trust becomes a reporting issuer in any province or territory in Canada. See <u>Purchasers’ Rights</u> in the <u>Securities Law Consideration and other Regulatory Matters</u> section of this Offering Memorandum.
Minimum Subscription:	There is a minimum subscription of 250 Units (\$25,000). Residents of certain provinces may be restricted in the amount they can invest when relying on this Offering Memorandum. See the <u>Subscription Procedure</u> section and <u>Securities Law Considerations and other Regulatory Matters</u> section in this Offering Memorandum. Additional investments must be in the amount of not less than \$25,000. The Trust may in its discretion waive these minimum amounts for a particular investor.
Payment Terms:	Subscribers may subscribe for Units by (i) delivering an executed subscription agreement, in the form approved by the Trustees from time to time, and (ii) payment to the Trust of the Unit Subscription Price for the Units by way of a certified cheque, bank draft, wire transfer or irrevocable direction to a financial institution to deliver to the Trust full payment for the Units.
Trust:	<p>The Trust was settled as an unincorporated open-ended investment trust under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Trust aims to provide its Unitholders with stable and secure returns while preserving its investable capital. The Trust commenced operations on January 24, 2019. The term of the Trust is indefinite, subject to certain conditions. The Trust is not a reporting issuer in any province or territory of Canada.</p> <p>The Trust is not a trust company and does not carry on business as a trust company, and therefore is not registered under applicable legislation in any jurisdiction. Furthermore, the Units are not “deposits” within the meaning of the <i>Canada Deposit Insurance Corporation Act</i> (Canada) and are not insured.</p>
Trustees:	The Trustees of the Trust are Christine Xu (Chairman), Martin Reid and Ronald Cuadra. All of the Trustees are residents of the Province of Ontario.

Partnership:	The Partnership is a limited partnership formed under the laws of the Province of Ontario as of January 25, 2019. The Trust is the sole limited partner of the Partnership.
General Partner:	Ready Capital Mortgage Holdings Ltd. is the general partner of the Partnership (“ General Partner ”) and an Ontario corporation. 2675985 Ontario Inc. is the sole shareholder of the General Partner.
Objective:	The objective of the Partnership is to provide its Limited Partner and, ultimately, Unitholders with stable and secure returns from the Partnership’s Mortgage Investments in a portfolio of private mortgages secured by real property in Canada. The Partnership targets mortgage loan investment opportunities in market segments under-served by large financial service providers. The Trust intends to contribute the net proceeds of the Unit Offering to the Partnership in exchange for Partnership Units to allow the Partnership to acquire, and hold, whole, partial, direct and/or indirect interests in mortgage loans.
Trust Manager:	The Trust Manager is Rite Alliance and it is retained by the Trust to manage the day to day operations of the Trust. The Trust Manager is a non-arm’s length party to the Trust and Trustees.
Mortgage Administrator:	The Mortgage Administrator is currently Falcon Ridge Mgmt Ltd. The Mortgage Administrator is licensed under the <i>Mortgage Brokerages, Lenders, and Administrators Act</i> , 2006 (Ontario), operating under Mortgage Administrator Licence No. 13048.
Mortgage Manager:	The Mortgage Manager is Rite Alliance. The Mortgage Manager is retained by the Partnership to service the Mortgage Investment for the Partnership.
Mortgage Originator:	The Mortgage Originator is Moneybroker Canada Inc. The Mortgage Originator is licensed under the <i>Mortgage Brokerages, Lenders, and Administrators Act</i> , 2006 (Ontario), operating under Mortgage Brokerage Licence No. 13024. The Mortgage Originator is a non-arm’s length party to the Trust and Trustees. The Mortgage Originator is affiliated with Rite Alliance Management Inc., licensed under the <i>Mortgage Brokerages, Lenders, and Administrators Act</i> , 2006 (Ontario), operating under Mortgage Administrator Licence No. 13024.
Capital Raising Fees:	The Trust has retained Belco and may from time to time retain and engage registered agents, securities dealers and brokers and other eligible persons to sell the Units. Any commissions, finder's fees or referral fees or other compensation payable (including expense reimbursements) by the Trust in connection with the distribution and sale of the Units will be payable by the Trust.
Distributions:	The Trust intends to distribute, on a monthly basis, 100% of the Trustees’ estimate of the amount of Distributable Cash as set out in the <u>Distribution Policy</u> in the <u>Description of Trust Units</u> section of this Offering Memorandum. Initially, the Trust expects to have a distribution yield of approximately 8.0% per annum, net of fees, paid monthly. The Trust reserves the right to change the expected distribution yield without notice to Unitholders.

Income Tax:

The income tax summary contained herein addresses the principal Canadian Federal income tax considerations of an investment in Units ("**Tax Commentary**"). See **Certain Canadian Federal Income Tax Considerations** section in this Offering Memorandum. Subscribers are cautioned that the Tax Commentary is a general summary only and does not constitute tax advice to any subscriber. The Tax Commentary identifies certain tax risks and contains assumptions, limitations, qualifications and caveats. Prospective subscribers should review these risks, assumptions, limitations and caveats with their professional tax advisors and reach their own conclusion as to the merits and likely tax consequences of an investment in Units.

Eligibility for Investment:

Provided the Trust qualifies as a mutual fund trust for purposes of the *Income Tax Act* (Canada) (the "**ITA**"), Units of the Trust will be qualified investments under the ITA for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a deferred profit sharing plan ("**DPSP**"), a tax-free savings account ("**TFSA**") and a registered disability savings plan ("**RDSP**") (each, an "**Exempt Plan**") subject to limitations described herein.

Adverse tax consequences may apply to an Exempt Plan, or the annuitant or holder of an Exempt Plan, if the plan acquires or holds property that is not a qualified investment or is a prohibited investment. See **Certain Canadian Federal Income Tax Considerations** and **Risk Factors – "Mutual Fund Trust" Status** sections of this Offering Memorandum.

Risk Factors:

There are certain risk factors pertaining to an investment in the Units as set out in the **Risk Factors** section of this Offering Memorandum. This is a risky investment. For more information about your rights you should consult a lawyer.

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DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set forth below.

“Advisory Committee” means a committee of three (3) persons selected by the Trust Manager;

“Affected Holders” means a person holding or beneficially owning Units in contravention of the restrictions on non-resident ownership as set out in the **Description of Trust Units** section of this Offering Memorandum;

“Affiliate” shall have the meaning ascribed to such term in the *Securities Act*;

“Associate” shall have the meaning ascribed to such term in the *Securities Act*;

“Borrowers” means the applicants or the borrowers for arrangement, commitment, underwriting or renewal of funding;

“Business Day” means a day other than a Saturday, Sunday, or any day on which Schedule I Banks located in Toronto, Ontario, Canada, are not open for business during normal banking hours;

“Chairman”, “President”, “Chief Executive Officer” and “Treasurer” means the Person holding the respective office from time to time if so appointed by the Trustees;

“Connected Issuer” shall have the meaning ascribed to such term in *National Instrument 33-105 – Underwriting Conflicts*;

“Declaration of Trust” means the Declaration of Trust dated January 24, 2019, as amended from time to time, that established Ready Capital Mortgage Investment Trust for the principal purpose of providing Unitholders with an opportunity to participate in a portfolio of mortgage loan investments through investment in units of limited partnership interest in the capital of the Partnership;

“Distributable Cash” means the net income of the Trust determined in accordance with the ITA and the Declaration of Trust;

“Distribution Date” means on or about the 15th day of each calendar month;

“DRIP” means the Distribution Reinvestment Plan of the Trust;

“DRIP Termination Notice” means formal written notice by a Unitholder to terminate participation in the DRIP, which shall take effect beginning with the next monthly income distribution date following thirty (30) days after delivery of such notice is received by the Trustees; the Trustees may terminate the DRIP, at any time and without notice, if it determines in its sole discretion that the DRIP is not in the best interest of the Trust;

“Exempt Plans” means registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans (“**DPSPs**”), registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSP**”) or tax-free savings accounts (“**TFSA**”);

“Extraordinary Resolution” means:

- (i) a resolution passed by the Limited Partners holding, in the aggregate, not less than 100% of the Units held by all Limited Partners, who, being entitled to do so, vote in person or by proxy at a duly convened meeting of the Limited Partners, or
- (ii) subject to applicable laws, regulations and regulatory policies, a written resolution, in one or more counterparts, by Limited Partners holding, in the aggregate, not less than 100% of the Units held by all Limited Partners entitled to vote at that time;

“Fair Market Value” in relation to a Unit, means the fair market value of such Unit as determined by the Trustees from time to time, acting reasonably, but in their sole discretion, based upon the price at which the Units were offered for sale in the most recent offering of Units by the Trust less the net issue costs of such Unit, adjusted as determined by the Trustees including, without limitation, an adjustment for profits and losses up to the date of determination; provided however, that such fair market value shall not exceed the proportionate share of the net asset value of the Trust represented by such Unit;

“Falcon Ridge” means Falcon Ridge Mgmt Ltd. a corporation incorporated under the laws of the Province of Ontario and licensed with FSCO as a mortgage administrator with licence number 13048;

“FSCO” means the Financial Services Commission of Ontario;

“General Partner” means Ready Capital Mortgage Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario, and its successors as General Partner under the Limited Partnership Agreement;

“GP Group” means the General Partner and its’ officers, directors, employees, and affiliates, and any other person contracted by the General Partner;

“IFRS” means the International Financing Reporting Standards;

“ITA” means the Income Tax Act (Canada), as amended from time to time;

“Limited Partner” in relation to the Partnership, means Ready Capital Mortgage Investment Trust, in its capacity as the sole limited partner of the Partnership unless the context indicates otherwise;

“Limited Partnership Agreement” means the Limited Partnership Agreement dated as of January 25, 2019, between the General Partner and the Limited Partner, as amended from time to time;

“Moneybroker” means Moneybroker Canada Inc., a corporation incorporated under the laws of the Province of Ontario licensed with FSCO as a mortgage brokerage with licence number 13024;

“Mortgage” means a mortgage, hypothec, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property, whether evidenced by notes, debentures, bonds, assignments of purchase and sale agreements or other evidence of indebtedness, whether negotiable or non-negotiable;

“Mortgage Investments” means, at any time, the mortgage loans or interests therein of the Partnership;

“Mortgage Administrator” means Falcon Ridge Mgmt Ltd., a corporation incorporated under the laws of the Province of Ontario and licensed with FSCO as a mortgage administrator with licence number 13048, and its successors, as Mortgage Administrator under the Mortgage Administration Agreement;

“Mortgage Administration Agreement” means the Mortgage Administration Agreement dated January 25, 2019, as amended from time to time, entered into between the Partnership and the Mortgage Administrator, providing for, among other things, the retention of the Mortgage Administrator by the Partnership;

“Mortgage Manager” means Rite Alliance Management Inc., a corporation incorporated under the laws of the Province of Ontario;

“Mortgage Management Agreement” means the Mortgage Management Agreement dated January 25, 2019, as amended from time to time, entered into between the Partnership and the Rite Alliance Management Inc. providing for, among other things, the retention of the Mortgage Manager by the Partnership;

“Mortgage Originator” means Moneybroker Canada Inc., a corporation incorporated under the laws of the Province of Ontario licensed with FSCO as a mortgage brokerage with licence number 13024, and its successors, as Mortgage Originator under the Mortgage Origination Agreement;

“Mortgage Origination Agreement” means the Mortgage Origination Agreement dated January 25, 2019, as amended from time to time, entered into between the Partnership and the Mortgage Originator, provided for, among other things, the retention of the Mortgage Originator by the Partnership;

“Mortgage Portfolio” means all Mortgage Investments of the Partnership;

“Mortgaged Property” means the underlying Real Property that secure Mortgage Investments;

“Net Capital Gains” means the net capital gains of the Trust for any taxation year of the Trust determined as the amount, if any, by which the aggregate of the capital gains of the Trust in the year exceeds (i) the aggregate of the capital losses of the Trust in the year, (ii) any capital gains which are realized by the Trust as a result of a redemption of Units, (iii) the amount determined by the Trustees in respect of any capital losses for prior taxation years, which is permitted by the ITA to deduct in computing the taxable income of the Trust for the year, and (iv) any amount in respect of which the Trust is entitled to a capital gains refund under the ITA, as determined by the Trustees; provided that, at the discretion of the Trustees, the Net Capital Gains for the year may be calculated without subtracting the full amount of the net capital losses for the year and/or without subtracting the full amount of the net capital losses of the Trust carried forward from previous years;

“Nominee” means Ready Capital Mortgage Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario, and its successors as designated under the Nominee Agreement to hold each Mortgage as bare trustee and nominee for the Partnership;

“Nominee Agreement” means the Nominee Agreement dated as of January 25, 2019, as amended from time to time, entered into between the Partnership and Ready Capital Mortgage Holdings Ltd., providing for, among other things, the retention of Ready Capital Mortgage Holdings Ltd. to hold legal title to Mortgage Investments on behalf of the Partnership;

“OSC” means the Ontario Securities Commission;

“Partnership” means Ready Capital Mortgage Limited Partnership, the limited partnership formed pursuant to the laws of the Province of Ontario by and among the General Partner and the Limited Partners;

“Partnership Capital” at any time, means all of the monies, interests, properties and assets of the Partnership, including, without limitation, all monies realized from the sale of assets of the Partnership or borrowing by the Partnership;

“Partnership Investments” means the Partnership’s investments in mortgage investments secured by real property in Canada;

“Partnership Units” means units of limited partnership interest in the Partnership;

“Person” means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts, or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof;

“Private Placement” means exemption from the prospectus requirements of *National Instrument 45-106 – Prospectus Exemptions*;

“Ready Capital Mortgage Holdings Ltd.” means a corporation incorporated under the laws of the Province of Ontario, for the principal purpose of holding all Mortgage Investments as bare trustee and nominee for and on behalf of the Partnership, in accordance with the Mortgage Administration Agreement and the Nominee Agreement;

“Real Property” means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of corporations the sole or principal purpose and activity of which is to invest in, hold and deal in real property;

“Register” means a listing kept by, or on behalf and under the direction of, the Trustees, that provides the names and addresses of all Unitholders, the respective number of Units held by each Unitholder, and a record of all transfers thereof;

“Residential Mortgages” means mortgages which are principally secured by single family residences and multi-family residential properties”;

“Rite Alliance” means Rite Alliance Management Inc., a corporation incorporated under the laws of the Province of Ontario and licensed with FSCO as a mortgage administrator with licence number 13024;

“Rite Alliance Management Inc.” means a corporation incorporated under the laws of the Province of Ontario;

“Schedule I Bank” means a bank listed in Schedule I of the *Bank Act* (Canada);

“Securities Act” means the *Securities Act, R.S.O., 1990, c. S.5* (Ontario), as amended from time to time;

“Subscription Documents” means:

- (i) an executed subscription agreement in the form provided with this Offering Memorandum; and
- (ii) a certified cheque, bank draft, wire transfer made payable to Ready Capital Mortgage Investment Trust in the amount of the Unit Subscription Price for the Units subscribed or an irrevocable direction to a financial institution to deliver to the Trust the full Unit Subscription Price for the Units subscribed;

“Subsidiary” shall have the meaning ascribed to such term in the *Securities Act*;

“Trust” means the Ready Capital Mortgage Investment Trust settled as an unincorporated open-ended investment trust under the laws of the Province of Ontario pursuant to the Declaration of Trust;

“Trust Capital” means, at any time, the aggregate amount of Unitholders’ equity;

“Trust Funds” at any time, means all of the monies, interests, properties, and assets that are at such time held by the Trustees for the purposes of the Trust, including, without limitation, the initial contribution made by the settlor of the Trust, and all monies realized from the sale of Units or borrowing by the Trust;

“Trust Income” means the income of the trust for any taxation of the Trust will be the income for such year computed in accordance with the ITA less, at the discretion of the Trustees, amounts of any non-capital losses of the Trust for the prior years that are deductible in computing the Trust’s taxable income for the year under the ITA; provided, however, that capital gains and capital losses will be excluded from the computation of Trust Income; and the Trustees will have the sole discretion to utilize or not utilize such deductions, provisions, and alternative calculations available under the ITA, including, without limitation, discretion as to timing and amount, in respect of offering expenses, operating expenses, and discretionary deductions;

“Trust Manager” means Rite Alliance Management Inc., a corporation incorporated under the laws of the Province of Ontario;

“Trust Management Agreement” means the Trust Management Agreement dated January 24, 2019, as amended from time to time, entered into between the Trust Manager and the Trust, providing for, among other things, the retention of the Trust Manager by the Trust;

“Trustees” means the trustees of the Trust;

“Unit” means one unit of the Trust;

“Units” means each of the units of the Trust and includes a fraction of a Unit of the Trust;

“Unitholder” means a person who holds Units of the Trust;

“Unitholders” means persons that hold Units of the Trust;

“Unit Offering” means the offering by the Trust, on a private placement basis, of units of the Trust at a price of \$100 per Unit;

“Unitholder Redemption Date” means the last day of each calendar month, provided that if the last day of a calendar month is not a Business Day, the Unitholder Redemption Date for that calendar month shall be the next succeeding Business Day;

“Unitholder Redemption Notice” means the notice, in a form approved by the Trustees, sent by a Unitholder to the Trustees requiring the Trust to redeem the Units so described in such notice;

“Unit Redemption Price” means, subject to Schedule A of the Declaration of Trust, the price per Unit equal to the Fair Market Value of the Unit to be redeemed calculated at the Valuation Date immediately preceding the Unitholder Redemption Date, plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Unitholder Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Units to be redeemed;

“Unit Subscription Price” means a price of \$100 per Unit; and

“Valuation Date” means the last business day of each calendar month and any such other days as may be determined from time to time by the Trustee.

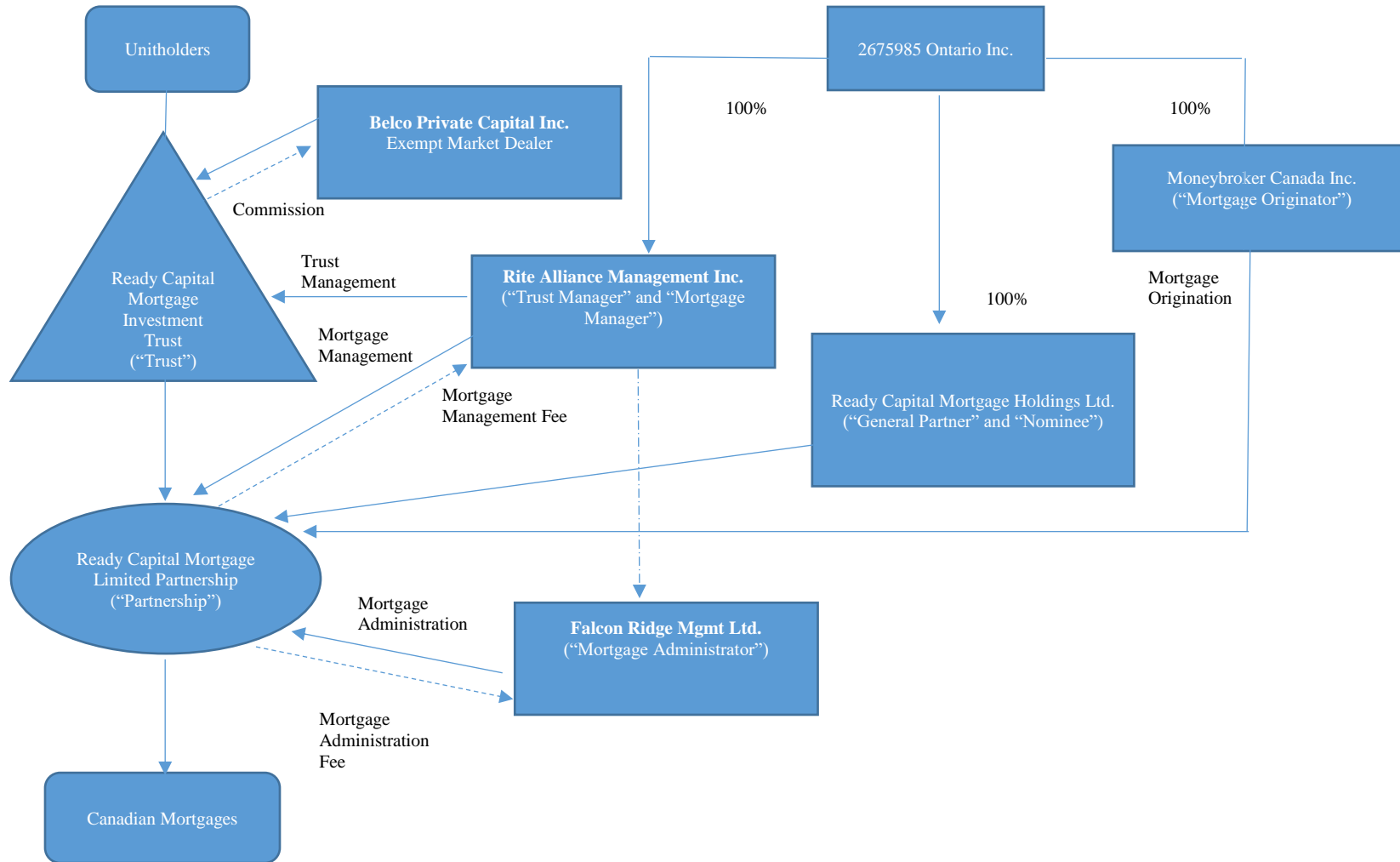
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STRUCTURE

The following chart shows the relationship between the Trust, the Unitholders, the Partnership, the General Partner, Rite Alliance Management Inc. as the Trust Manager of the Trust and as the Mortgage Manager of the Trust, Falcon Ridge Mgmt Ltd. as the Mortgage Administrator of the Limited Partnership, Ready Capital Mortgage Holdings Ltd. as bare trustee and nominee for the Partnership and General Partner of the Partnership, Belco Private Capital Inc. as the exempt market dealer of the Trust, and Moneybroker Canada Inc. as the Mortgage Originator.



THE TRUST

The Trust was settled as an unincorporated open-ended investment trust under the laws of the Province of Ontario on January 24, 2019, pursuant to the Declaration of Trust. The Trustees finance the activities of the Trust by selling Units and investing Trust Funds in Partnership Units and the capital therefrom is used by the Partnership to fund Mortgage Investments. The Trust will continue in force and effect so long as any property of the Trust is held by the Trustees, and the Trustees retain the powers conferred on them by law or by the Declaration of Trust. The principal place of business of the Trust is situated at the office of the Trust Manager which is located at 4400 Highway 7 East, Markham, Ontario L3R 1M2.

The Trust was established for the principal purpose of providing Unitholders with an opportunity to participate in a portfolio of Mortgage Investments through investment in units of the Partnership in the capital of the Partnership. The Trustees intend to provide Unitholders with stable distributions while preserving the Trust Capital. The long-term objective of the Trust is to provide Unitholders with stable and secure cash distributions generated through the Trust's indirect investment in Mortgage Investments through the Partnership. In addition to capital preservation and performance consistency, the Trust aims to grow the Trust Capital in a controlled manner and diversify Mortgage Investments geographically across different real estate asset types. The Trustees expect this intended growth will help to dilute annual fixed costs, including accounting, legal and administrative costs, of the Trust, which will enhance the return to Unitholders.

The Trust is intended to qualify as a "unit trust" and as a "mutual fund trust" under the provisions of the ITA and the regulations thereunder as replaced or amended from time to time. As such, the Trust intends to annually distribute substantially all of its net income and net realized capital gains (if any), as monthly distributions during each year or within ninety (90) days of its year-end. Net income for tax purposes may differ from accounting income due to the treatment of certain revenue and expense items under the ITA that is different from such treatment under IFRS. The Trust will also provide comparative data on an IFRS basis.

The Declaration of Trust provides for a minimum of 2 and a maximum of 10 Trustees. The Trust currently has 3 Trustees. Provided that Rite Alliance is retained as the Trust Manager, it shall have the right to appoint the Trustees, of which there are currently three (3).

Unless otherwise required by law, the Trustees will not be required to give a bond, surety or security in any jurisdiction for the performance of any duties or obligations under the Declaration of Trust nor will the Trustees be required to devote their entire time to the investments, purpose or affairs of the Trust. The Declaration of Trust provides an indemnity for each Trustee and states that the Trustees shall at all times be indemnified and saved harmless out of the property of the Trust from and against any costs, damages, liabilities or expenses, suffered or incurred by the Trustees, individually, or collectively, resulting from or arising out of any act or omission of the Trustees on behalf of the Trust in furtherance of the execution of their duties as Trustees under the Declaration of Trust unless such costs, damages, liabilities or expenses result from or arise out of any act or omission of the Trustees that constitutes fraud, gross negligence or willful misconduct of the Trustees. Further, the Trustees are not liable to the Trust or to any Unitholder for any loss or diminution in the value of the Trust or its assets in the ordinary course of business.

Trustees are entitled to receive such reasonable compensation, if any, as the Trustees may determine, from time to time, for their services as Trustees, including compensation for attending board or committee meetings. The Trustees are also entitled to reimbursement of reasonable out-of-pocket expenses incurred in acting as Trustees and to receive remuneration for services rendered to the Trust in any other capacity, either directly or indirectly. Such services may include, without limitation, services as an officer of the Trust, legal, accounting or other professional services or services as a broker or underwriter, performed by a Trustee or any person affiliated or associated with a Trustee.

The Trust was established for an indefinite term. Termination or the sale, or transfer, of all, or substantially, all the assets of the Trust (other than as part of an internal reorganization of the assets of the Trust as approved by the Trustees), can occur upon the instructions of the Trust Manager.

THE TRUSTEES

The Trustees together with their respective municipalities of residence and anticipated compensation are set forth below.

Name	Municipality of Principal Residence	Compensation anticipated to be paid by the Trust in the current fiscal year
Christine Xu	Markham	\$5,000
Martin Reid	Toronto	\$5,000
Ronald Cuadra	Vaughan	\$5,000

Biographies of the Trustees

Name	Principal occupation and related experience
Christine Xu	Christine Xu is currently the President/CEO and founder of Moneybroker Canada – Mortgage Architects Inc. She has over 20 years’ experience in mortgage brokering and another 10 years’ in the financial industry. She has won numerous mortgage industry awards, most notably “Alternative Lending Mortgage Broker of the Year”. Christine is also the recipient of the “Queen Elizabeth II Diamond Jubilee Medal” for her volunteer work in community service and she currently serves on the Board of Directors for the Canada China Real Estate Professionals Association. Christine is a graduate of The University of Toronto with a double major in Economics and East Asian Studies, along with an English Major from the University of China
Martin Reid	Martin Reid is a seasoned veteran with over 30 years of experience in the mortgage and financial industry. He was formerly the President and CEO at Home Capital Group, Inc and Home Trust Company. He was also Home Trust Company’s Treasurer. Prior thereto, Mr. Reid was Director, Market Risk at Deutsche Bank AG (New York Branch), and Treasurer of Deutsche Bank Canada. He has also held the role of Managing Director of Rates & Liquidity at Dundee Bank of Canada. Mr. Reid has held several board positions with Home Capital Group, Home Trust, PsiGate Inc., and Board of Trustees for HOOPP. Martin is a graduate of York University and has the ICD designation from the Institute of Corporate Directors from the Rotman School of Business.
Ronald Cuadra	Ronald Cuadra is an industry veteran with over 20 years of experience in mortgage lending and sales. Most recently he was the SVP of National Sales and Corporate Development with Marathon Mortgage Corporation. Ron was previously with Home Trust Company holding several roles including VP National Sales, VP Sales and Marketing and VP Mortgage Lending. He was also Director of Sales and Promotions for HLC Home Loans Canada and was a key member in the creation, development and growth of the company.

The Trustees, it is anticipated, will in the aggregate exercise control, directly or indirectly, over Units, which will represent approximately 5% of the outstanding Units of the Trust as at January 24, 2019.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise 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 Trustees, or any issuer of which any of the Trustees was a director, executive officer or control person at the time.

No director, executive officer or control person of the Trust has been subject to any 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 excepting an Order based upon the settlement

agreement of the Ontario Securities Commission dated June 19, 2017 with respect to Martin Reid in the matter of Home Capital Group Inc. The Order was made in connection with the company's failure to comply with its continuous disclosure obligations, including making misleading statements to its investors.

Loans

The Trust has no outstanding amount due under any loan or debenture to or from any of the directors, management, promoters or principal holders as at 30 days prior to the date of the Offering Memorandum.

FALCON RIDGE MGMT LTD.

Falcon Ridge Mgmt Ltd. ("**Falcon Ridge**") acts as the Mortgage Administrator of the Partnership. Falcon Ridge is licensed as a mortgage administrator in Ontario. As Mortgage Administrator, Falcon Ridge provides mortgage administration services to the Partnership.

MONEYBROKER CANADA INC.

Moneybroker Canada Inc. ("**Moneybroker**") acts as the Mortgage Originator for the Partnership and provides mortgage origination and underwriting services to the Partnership. Moneybroker was incorporated by Christine Xu and is licensed as a mortgage brokerage in Ontario. Christine Xu, President and Chief Executive Officer of Moneybroker, has been active in the mortgage industry since 2000.

Moneybroker, through its principal, Ms. Xu, has proven expertise and success in being able to obtain funding for mortgages which do not meet typical institutional lender requirements. The Partnership will provide funds for mortgages previously underwritten by private investors either individually or which were syndicated. The Trust will diversify the risk to investors of holding single mortgages.

The Mortgage Originator receives applications for mortgage loans from unaffiliated mortgage managers or brokerages and will from time to time recommend new mortgage loan investments from these sources. Also, the Mortgage Originator may, from time to time, recommend a share of such syndicated loan on a *pari-passu* basis or in priority to other shares of such syndicated loan.

All mortgage loan investment opportunities (in whole or in part) that are deemed eligible and sourced and originated by Moneybroker are considered for funding by the Partnership.

RITE ALLIANCE MANAGEMENT INC.

Rite Alliance Management Inc. ("**Rite Alliance**") acts as the Trust Manager of the Trust. Rite Alliance was incorporated on February 13, 2018, and provides ongoing fund management and administration services to the Trust.

Rite Alliance also acts as the Mortgage Manager of the Partnership, and services the Mortgage Investments for the Partnership.

The Trust is a Connected Issuer of Moneybroker and Rite Alliance. The Trustees have determined that the Trust is a Connected Issuer of Rite Alliance based on the following factors:

- Rite Alliance is entitled to appoint the Trustees of the Trust;
- A Trustee of the Trust is a director and officer of Rite Alliance, and the director of the general Partner is an employee of Rite Alliance;
- Pursuant to an agreement between Moneybroker and the Partnership, Moneybroker is responsible for Mortgage Investment origination activities of the Partnership. Please refer to the **Fees and Expenses** section in this Offering Memorandum for further information on amounts payable by the Partnership to Moneybroker; and
- Pursuant to certain agreements between Rite Alliance, the Partnership and the Trust, Rite Alliance is responsible for ongoing fund management of the Trust and servicing of the Mortgage Investments for the Partnership. Rite Alliance is compensated for services provided to the Partnership. Please refer to the **Fees and Expenses** section in this Offering Memorandum for further information on amounts payable by the Partnership to Rite Alliance.

THE UNIT OFFERING

The Trust is offering Units at a price of \$100 per Unit, each of which represent an equal undivided interest in the Trust with all outstanding Units.

Units outstanding, from time to time, shall participate, pro rata, in any distributions by the Trust and, in the event of the termination of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. Each Unit ranks equally with all other outstanding Units without discrimination, preference or priority. Unitholders interests in the Trust are determined by reference to the number of Units held. Units will be issued by the Trust on the terms and conditions that the Trustees determine in their sole discretion.

The Units will be offered on a Private Placement basis in the Province of Ontario in reliance upon exemptions from the prospectus requirements set out in National Instrument 45-106 – *Prospectus Exemptions*.

The Units have not been, and will not be, registered in the United States under the *Securities Exchange Act*, nor any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. This document does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States.

Fractions of Units will not be issued except pursuant to certain distributions of additional Units to all Unitholders in accordance with the Declaration of Trust. Fractional Units will not entitle the holders thereof to a vote.

DESCRIPTION OF TRUST UNITS

Units are subject to the terms and conditions of the Declaration of Trust. The statements in this Offering Memorandum in respect to the Declaration of Trust are intended as a summary of the provisions of the Declaration of Trust and as such do not purport to be complete. A copy of the Declaration of Trust shall be provided to prospective subscribers upon written request to the Trustees. Prior to executing the Subscription Documents, each prospective purchaser should review with their advisors the provisions of the Declaration of Trust for the complete details of such provisions and all other provisions thereof. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Declaration of Trust.

Rights and Characteristics of the Units

Each Unit has the right to one vote on any resolution of Unitholders, whether conducted at a meeting of Unitholders or in writing. There is no conversion, retraction, redemption, or pre-emptive rights attached to the Units, other than as specifically set out in the Declaration of Trust. The legal ownership of the assets of the Trust and the right to conduct the affairs of the Trust are vested exclusively in the Trustees; thus, Unitholders have no interest therein other than as provided in the Declaration of Trust. Unitholders will have no right to compel any partition, division or distribution of the Trust or any of the assets of the Trust. The Units are personal property and confer upon the Unitholders only the interest and rights specifically set forth in the Declaration of Trust.

Additional classes and series of Units may be created by the Trustees by an amendment to the Declaration of Trust without notice to or approval by the Trust Unitholders. The aggregate number of Units, classes and series of Units, which the Trust may issue, is unlimited. Each Unit when issued shall vest indefeasibly in the holder thereof.

Transfer of Units

A Unit may be transferred to any other person to the extent permitted under the Declaration of Trust and only if in compliance with all applicable securities laws.

Limitation on Non-Resident Ownership

It is the intention of the Trustees to cause the Trust to always qualify as a “unit trust” and a “mutual fund trust” under the provisions of subsection 108(2) and subsection 132(6) of the ITA. If non-residents of Canada within the meaning of the ITA (“**Non-Residents**”) become the beneficial owners of more than 49% of the Units in certain circumstances, the Trust may cease to qualify as a “mutual fund trust”. As such, the Trustees

may require declarations confirming the jurisdictions wherein all beneficial owners of Units are residents. If the Trustees become aware that the beneficial owners of 49% or more of the Units then outstanding are, or may be, Non-Residents, or that such a situation is imminent, and should the “unit trust” or “mutual fund trust” status of the Trust be threatened by such Non-Resident ownership, the Trustees shall not accept a subscription for Units, nor shall it issue or register a transfer of Units, to a person unless such person provides a declaration in form and content satisfactory to the Trustees that such person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, subject to all applicable securities and other laws, the Trustees may send a notice to the Affected Holders, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof to the Trust or to a person who is not a Non-Resident, in the sole discretion of the Trustees, within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such Unitholders sell such Units and, in the interim, suspend the voting and distribution rights attached to such Units.

Upon such sale, the Affected Holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of the sale. Unless the Trustees are required to do so under the terms of the Declaration of Trust, the Trustees are not bound to do or take any proceeding or action with respect to Non-Resident Unitholders by virtue of the powers conferred on them by the Declaration of Trust. The Trustees will not be deemed to have notice of any violation unless and until they have been given actual notice of such violation and will act only as required by the Declaration of Trust once an indemnity is provided by the Trust. The Trustees are not required to actively monitor the foreign holdings of Units of the Trust. It is acknowledged that the Trustees cannot monitor the Non-Resident holders of the Units where the Units are registered in the name of a broker or other similar intermediary. The Trustees will not be liable for any violation of the Non-Resident ownership restriction which may occur during the term of the Trust.

Unitholder Redemption Rights and Early Redemption Charge

Subject to the conditions set out in the Declaration of Trust, each Unitholder is entitled to require the Trust to redeem, at any time and from time to time, at the demand of the Unitholder, all or any part of the Units registered in the name of the Unitholder.

The last day of each month will be the Unitholder Redemption Date. If last day of a month is not a Business Day, the Unitholder Redemption Date for that period will be the next succeeding Business Day. In order to tender Units for redemption, a Unitholder must deliver to the Trustees a duly completed and properly executed Unitholder Redemption Notice (the “**Notice**”) that requires the Trust to redeem the Units. No Notice shall be accepted by the Trustees unless such Notice is in all respects satisfactory to the Trustees and is accompanied by any evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such Notice.

The Notice must be received by the Trustees the number of days set out below before a Unitholder Redemption Date for a redemption to be considered for such Unitholder Redemption Date. If the Notice is not received by the Trustees at least the number of days set out below before a Unitholder Redemption Date, the Trustees will not be required to consider redeeming the Units until the next subsequent Unitholder Redemption Date. The Trustees shall be entitled, in their sole discretion, to accelerate a Unitholder Redemption Date specified by a Unitholder in a Notice or to permit redemptions on any other terms.

Redemption Notice Requirements, Early Redemption Charge and Cash Distributions

The Unit Redemption Price for a Unit tendered for redemption will be reduced by an early redemption charge as follows:

Amount of Redemption	Unitholder Redemption Date Periods	Notice Delivery Requirement	Early Redemption Charge
Any amount	Within 12 months of when the Unitholder acquired the Units	Within 12 months of when the Unitholder acquired the Units the Notice shall be delivered 60 days before the Unitholder Redemption Date	3% of the original purchase price of the Units if redeemed in the first 12 month of acquisition.
Any amount less than \$1,000,000	After 12 months of when the Unitholder acquired the Units	<p>After 12 months of when the Unitholder acquired the Units the Notice shall be delivered 30 days before the Unitholder Redemption Date</p> <p>After 12 months of when the Unitholder acquired the Units the Notice shall be delivered 31 to 59 days before the Unitholder Redemption Date</p> <p>After 12 months of when the Unitholder acquired the Units the Notice shall be delivered 60 days or more before the Unitholder Redemption Date</p>	<p>2% of the original purchase price of the Units if the Notice has been delivered less than 30 days before the Unitholder Redemption Date</p> <p>1% of the original purchase price of the Units if the Notice has been delivered between 31 to 59 days before the Unitholder Redemption Date</p> <p>No early redemption charge.</p>
Any amount equal to or greater than \$1,000,000	After 12 months of when the Unitholder acquired the Units	The Notice shall be delivered 60 days or more before the Unitholder Redemption Date	2% of the original purchase price of the Units if the Notice has been delivered less than 60 days before the Unitholder Redemption Date with no early redemption charge if delivered 60 days or more before the Unitholder Redemption Date.

The Distributable Cash to which the Unitholder shall be paid for the Units being redeemed shall be determined as follows:

- (a) For redemptions within 12 months of when the Unitholder acquired the Units the actual net income subject to the Mortgage Management Fee to the Unitholder Redemption Date subtracted from the distributions received by the Unitholder during the same period;

- (b) For redemptions after 12 months of when the Unitholder acquired the Units:
- (i) for the period to December 31st in each year the Distributable Cash payable to all Unitholders;
 - (ii) for the period from the December 31st in each year to the Unitholder Redemption Date, the actual net income subject to the Mortgage Management Fee subtracted from the distributions received by the Unitholder during the same period.

The Unitholder will not cease to have rights with respect to the Units tendered for redemption until the Unit Redemption Price for each such Unit has been paid in full. The same Unitholder cannot redeem Units twice within a 90 day period without being subject to the early redemption charge.

All notices shall be date stamped on receipt by the Trustees. **The Trustees will not be required to cause the Trust to pay the Unit Redemption Price to a Unitholder for a Unit tendered for redemption on a particular Unitholder Redemption Date if the aggregate amount payable on such Unitholder Redemption Date by the Trust, its affiliates and subsidiaries, to Unitholders who have tendered their Units for redemption prior to such redemption request exceeds 3% of the aggregate Fair Market Value of Units outstanding on the Valuation Date immediately preceding such Unitholder Redemption Date.** If a Unitholder does not receive the Unit Redemption Price for a Unit tendered for redemption on a particular Unitholder Redemption Date due to the application of the above referenced restriction, payment to such Unitholder shall be deferred to the next subsequent Unitholder Redemption Date at which time the above referenced restriction shall again be applied. Payments shall be made to Unitholders in respect of Units tendered for redemption on a priority basis based on the time and date Notices are received by the Trustees. In addition, the Trustees shall be entitled, in their sole discretion, to extend the time for payment of any Unit Redemption Price for a Unit tendered for redemption if, in the reasonable opinion of the Trustees, such payment would be materially prejudicial to the interests of the remaining Unitholders.

The Unit Redemption Price payable in respect of a Unit tendered for redemption will be paid in cash by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of the registered Unitholder of the Unit tendered for redemption, or payable or deposited as otherwise instructed in writing by such registered Unitholder. Cash payments of the Unit Redemption Price made by the Trust are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonored upon presentment. Once the Unit Redemption Price for each Unit has been paid in full in accordance with the Declaration of Trust, the Trustees and the Trust will be discharged from all liability to the former registered Unitholder in respect of the Units so redeemed.

Trustees' Redemption Rights

The Trustees may in their sole discretion at any time, by providing a written redemption notice to a Unitholder, redeem all or any of the Units held by such Unitholder at a price per Unit to be redeemed equal to the Fair Market Value of the Units to be redeemed, calculated as at the Valuation Date immediately preceding the redemption date ("**Trustee Redemption Date**"), plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Trustee Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Units to be redeemed. The Trustee Redemption Date is set by the Trustees and will be a date that is not less than 1 or more than 60 days from the date of the notice, all in accordance with the conditions set out in the Declaration of Trust. From, and after the date of the notice, the holder of the Units to be redeemed will be entitled to exercise any of the rights of a Unitholder in respect thereof until the Unit Redemption Price has been paid in full.

Distribution Policy

The Trustees intend to distribute 100% of the Trustee's estimate of Distributable Cash for the month on the Distribution Date being on or about the 15th day of each month. Distributable Cash is the net income of the Trust determined in accordance with the ITA and the Declaration of Trust. Initially, the Trust expects the

distribution yield to be approximately 8.0% per annum, net of fees, paid monthly. The Trust reserves the right to change the expected distribution yield without notice to Unitholders.

If the Trustees believe that cash reserves should be provided for any ensuing period and determine that it would be in the best interests of the Trust and the Unitholders, the Trustees may reduce for any calendar month the percentage of Distributable Cash to be distributed to Unitholders. Distributable Cash may reflect adjustments determined by the Trustees in their discretion and Distributable Cash may be estimated whenever the actual amount has not been fully determined. Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Cash for the prior periods is greater than or less than the Trustees have estimated for the prior periods. In addition to the distribution of Distributable Cash, the following amounts are due to Unitholders of record at the close of business on December 31st in each year:

- (a) an amount equal to the amount, if any, by which the Trust Income for such year exceeds the aggregate of the distributions made by the Trust out of Trust Income in such year; and
- (b) an amount equal to the amount, if any, by which the Net Capital Gains for such year exceeds the aggregate of the distributions made by the Trust out of Net Capital Gains in such year;

provided that, to the extent that tax in respect to Net Capital Gains will be recoverable by the Trust with respect to the relevant taxation year or other tax refunds or credits will be so recoverable, such deemed distribution amount will be reduced so as to cause the Trust to accrue Net Capital Gains or other Trust Income in the amount required to recover such tax or credits, and further provided that in the event any such amounts are uncertain as at December 31st of the relevant taxation year, the amount of such deemed distribution will be estimated by the Trustees in their sole discretion at that time to maximize the Trust's tax recoveries. Such amounts will be paid to Unitholders on or before January 15th of the immediately following year, provided that such amounts may be estimated whenever the actual amount has not been fully determined, which estimate will be adjusted as of the subsequent Distribution Date when such amount has been fully determined.

Suspension of Redemption

The Trustees may suspend the right of Unitholders to redeem Units at any time the Trustees are of the opinion, in their sole discretion, that there are insufficient liquid assets in the Trust to fund redemptions or that the liquidation of assets would be to the detriment of the Trust generally, provided that the Trustees shall not suspend redemptions if, as a result, the Trust ceases to qualify as a "unit trust" for the purposes of the ITA and any Unitholders would be prejudiced thereby. The Trustees will advise Unitholders who have requested a redemption if redemptions will be limited or suspended on a designated Unitholder Redemption Date. Redemption requests which are rejected as at a designated Unitholder Redemption Date and not withdrawn will be accepted on the next Unitholder Redemption Date on which redemption requests are honoured.

Reinvestment Right

Subject to all applicable securities laws and to the right of the Trustees to suspend or terminate such right, a Unitholder has the reinvestment right (the "**Reinvestment Right**") at any time and from time to time to enroll in the Distribution Reinvestment Plan ("**DRIP**"). The Trust Manager and Trustees make no recommendation regarding participation in the DRIP nor will they provide any legal, tax or accounting advice regarding the suitability of participation in the DRIP. Unitholders shall assume full responsibility with respect to their decision to participate. The Trustees will determine the purchase price of Units to be purchased by Unitholders in the DRIP. Enrollment in the DRIP will take effect at the time of the first monthly income distribution following receipt and processing by Rite Alliance of a duly executed enrollment form. Rite Alliance makes no warranty concerning such processing time and assumes no responsibility for any processing delay; and Rite Alliance reserves the right to revoke any proposed enrollment in the DRIP without cause.

The Trust Manager will maintain an electronic registry of Units purchased under the DRIP. However, confirmation of the Units purchased on account of the DRIP will not be provided. DRIP purchases will be reflected on the monthly account statements issued by Rite Alliance to Unitholders.

Participation in the DRIP may be terminated by a Unitholder or by the Trustees at any time by a DRIP Termination Notice in a formal written notice. Such termination shall take effect beginning with the next monthly income distribution date following thirty (30) days after delivery of the DRIP Termination Notice

to the Trustees by a Unitholder and to all participating Unitholders by the Trustees. The Manager can terminate the DRIP, at any time and without notice, if it determines in its sole discretion that the DRIP is not in the best interest of the Trust.

Register

The Register of Unitholders will be kept under the direction of the Trustees. The Register will contain the names and addresses of all Unitholders, the respective number of Units held by each Unitholder, and a record of all transfers thereof. The Trustees may appoint an entity to act as transfer agent and as registrar for the Units and may provide for the transfer of Units in one or more places in Canada. The Register will at all reasonable times be open for inspection by the Trustees.

Only persons with Units recorded on the Register are entitled to vote, receive distributions or otherwise exercise or enjoy the rights of Unitholders. The Trustees will have the right to treat the person registered as a Unitholder on the Register as the owner of such Units for all purposes.

Unit Certificates

Certificates for Units will not be issued as the Trust maintains a book based system of registration.

Information and Reports

The Trust is not a “reporting issuer” as defined in the applicable securities legislation and therefore the continuous reporting requirements of those acts do not generally apply to the Trust, although the Trust does file Reports of Exempt Distribution and updated Offering Memorandums on SEDAR (www.sedar.com) as and when required.

By March 31 in each calendar year, the Trustees will forward to each Unitholder who was shown on the Register as a Unitholder at the end of the immediately preceding fiscal period such prescribed forms as are needed for the completion of Unitholders respective tax returns under the ITA and equivalent provincial legislation. By April 30th in each year, subject to compliance with applicable laws, the Trustees will make available to each Unitholder who was shown on the Register as a Unitholder at the end of the immediately preceding fiscal period an annual report for the immediately preceding fiscal period containing: (a) audited financial statements of the Trust as at the end of the fiscal period, with comparative financial statements as at the end of and for the immediately preceding fiscal period, if any; and (b) such other information as, in the opinion of the Trustees, is material to the activities of the Trust. A copy of such materials will be provided to a Unitholder upon request in writing to the Trustees.

Prior to each meeting of Unitholders, the Trustees will provide to each Unitholder, together with the notice of the meeting, a form of proxy which can be used by a Unitholder to appoint a proxy, who need not be a Unitholder, to attend and act at the meeting on behalf of the Unitholder, in the manner and to the extent authorized by the proxy and all information required by applicable law.

The Trust will maintain at its principal office or at any other place in Canada designated by the Trustees, records containing: (i) the Declaration of Trust; (ii) minutes of meetings and resolutions of Unitholders; (iii) the Trustees’ regulations (if any); and (iv) the Register. The Trustees will also prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the Trustees and any committee thereof subject to all applicable privacy and access to information laws in effect from time to time. A Unitholder may examine the Declaration of Trust and any amendments thereto, any regulations adopted by the Trustees in accordance with the Declaration of Trust, the minutes of meetings and resolutions of Unitholders and any other documents or records which the Trustees, in their sole discretion, determine should be available for inspection by such persons, during normal business hours at the principal office of the Trust.

MANAGEMENT OF THE TRUST

The operations of the Trust are subject to the control and direction of the Trustees. The Trust has retained Rite Alliance as the Trust Manager to manage the day to day operations of the Trust.

Pursuant to the Trust Management Agreement, the duties of the Trust Manager include, without limitation:

1. administering the day-to-day business and affairs of the Trust;
2. maintaining the books and financial records of the Trust;
3. ensuring preparation of reports and other information required to be sent to Unitholders;
4. recommending suitable individuals for nomination as Trustees; and
5. supervising the administration of the payment of interest and distributions to Unitholders.

In accordance with the Trust Management Agreement, the Trust Manager shall pay for certain expenses, including: employment expenses of its personnel, expenses of Trustees and officers of the Trust who also serve as directors, officers and employees of the Trust Manager and its affiliates, other than expenses incurred by such individuals in attending meetings as Trustees, in addition to rent, telephone, utilities, office furniture, and supplies. The Trust shall pay all expenses relating to the operations and activities of the Trust reasonably incurred by the Trust Manager in the performance of the duties of the Trust Manager, including amongst other things, interest and costs of borrowed money of the Trust, fees and expenses of lawyers, accountants, auditors, and bond rating agencies, insurance, and expenses in connection with payments of distributions of Units.

THE PARTNERSHIP AND MORTGAGE ADMINISTRATION, MANAGEMENT AND ORIGINATION

The Partnership has retained Falcon Ridge as the Mortgage Administrator to provide mortgage administration services to the Partnership. Falcon Ridge has served as the Mortgage Administrator since January 25, 2019.

The Partnership has retained Rite Alliance as the Mortgage Manager to service the Mortgage Investments. Rite Alliance has served as the Mortgage Manager since January 25, 2019.

The Partnership has retained Rite Alliance's Affiliate, Moneybroker, as the Mortgage Originator for the Partnership. The Mortgage Originator sources and originates mortgage loans for the Partnership. Moneybroker has been continuously active in the business of mortgage brokerage since it was incorporated in 2018.

Mortgage Administration Agreement

Under the Mortgage Administration Agreement between the Mortgage Administrator and the Partnership, dated January 25, 2019, the Mortgage Administrator has agreed to administer the Mortgage Investments for the Partnership. In administering the Mortgage Investments of the Partnership, the Mortgage Administrator is responsible for, among other things:

1. Collect all funds on account of the Mortgage Investments received on behalf of the Partnership and deposit all funds received by the Partnership.
2. Remit the proportionate interest of the Partnership in all amounts received by the Mortgage Administrator on account of Mortgage Investments as directed by the Trust Manager.
3. When required establish and manage property tax escrow accounts in respect of the Real Property provided as security for the Partnership's Mortgage Investments.
4. Comply with Section 18 of Regulation 189/08 under the *Mortgage Brokerages, Lenders and Administrators Act*, 2006, S.O. 2006, c. 29 with respect to Mortgage Investments under administration.

The Partnership can terminate the Mortgage Administration Agreement without cause, upon providing 1 months' written notice to the Mortgage Administrator.

The Mortgage Administration Agreement may be terminated by either party if the other party breaches any material term of the Mortgage Administration Agreement that causes a material adverse effect which is not cured within 60 days upon written notice of such breach or, commissions an act constituting bad faith, willful malfeasance, gross negligence or reckless disregard of its duties or, becomes bankrupt. The Partnership may terminate the Mortgage Administration Agreement upon 30 days' prior written notice to the Mortgage

Administrator. The Mortgage Administrator may also terminate the Mortgage Administration Agreement upon 90 days' prior written notice to the Partnership.

The Mortgage Administrator does not have any responsibility or liability to the Partnership, or to Unitholders, for any action taken, or for refraining from taking any action, in good faith, or for errors in judgment. The Mortgage Administrator will only be liable to the Partnership, the General Partner, or the Limited Partners, for breach of its obligations under the Mortgage Administration Agreement or acts constituting fraud, bad faith or negligence in respect of its duties under the Mortgage Administration Agreement.

The Partnership has agreed to indemnify and hold harmless Falcon Ridge and directors, officers, shareholders, employees, affiliates and agents thereof, from and against any and all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs and expenses including, without limiting the foregoing, reasonable legal fees and expenses, that arise from, or in connection to, actions or omissions by Rite Alliance as the Mortgage Administrator under the Mortgage Administration Agreement, provided that such action or omission is taken, or not taken, in good faith and without willful misconduct or gross negligence. This indemnity shall survive the removal or resignation of Rite Alliance, as the Mortgage Administrator, in connection to any and all of its duties and obligations under the Mortgage Administration Agreement.

Mortgage Management Agreement

Under the Mortgage Management Agreement between the Mortgage Manager and the Partnership, dated January 25, 2019, the Mortgage Manager has agreed to service the Mortgage Investments for the Partnership. In servicing the Mortgage Investments of the Partnership, the Mortgage Administrator is responsible for, among other things:

1. Arrange for the purchase, sale or exchange of such Mortgage Investments of the Partnership.
2. Provide to the Partnership, all necessary information relating to proposed acquisitions, dispositions, financing and related transactions with respect to the Mortgage Investments.
3. Ensure that all Mortgage Investments of the Partnership comply with the terms and restrictions contained in the Partnership Documents and forthwith bring to the notice of the Partnership, any Mortgage Investments that are non-compliant or become non-compliant with the Partnership Documents.
4. Upon request by the Partnership, provide the Partnership with all necessary information related to any Mortgage Investments (existing or proposed), including, without limitation, information required to determine the value and the gross outstanding principal amount of each Mortgage Investment, the weighted average daily balance of the outstanding balance of the Mortgage Investments and the net assets of the Partnership. Without limiting the generality of the foregoing, such information may include: (i) periodic delinquency reports with respect to the performance of the Mortgage Investments; and (ii) to the extent known by the Mortgage Manager, reports listing defaulted loans, poorly performing Mortgaged Premises as to which a material adverse event has occurred.
5. Inform the Partnership of any material default which may occur under any Mortgage Investment and which has not been cured within ten days of such default and taking whatever action that the Mortgage Manager, in its discretion, deems necessary or appropriate under the circumstances to enforce performance of the obligations of a defaulting debtor (or its successors and assigns) under any Mortgage Investment in default including realizing upon the security therefor, which may include, without limitation, the appointment of a receiver, the exercise of powers of distress, lease or sale, the institution of foreclosure or "power of sale" proceedings and the pursuit of any other remedy available at law that is necessary or required to protect the Partnership's Mortgage Investments. The Partnership and the defaulting borrower will have the duties and rights, and will be responsible for the costs, as outlined in the Mortgages Act.
6. Notify the Partnership if the Mortgage Manager becomes aware of a subsequent encumbrance on any Mortgage Investment or any other significant change in circumstances affecting any Mortgage Investment.

7. Provide recommendations to the Partnership in formulating, evaluating, and as required modifying the Investment Policies.
8. Supervise the day to day affairs applicable to the Partnership's investments on the Partnership's behalf.
9. Upon direction by the Partnership, take certain actions on behalf of the Partnership, concerning the Mortgage Investments, including the collection, prosecution and settlement of claims, foreclosing and otherwise enforcing security interests with respect to the Mortgage Investments, including the Impaired Investments.
10. Maintain records and accounts in respect of each Mortgage Investment.
11. Investigate, select and conduct relations with leasing agents, realtors and real estate agents and brokers, consultants, borrowers, lenders, finders, mortgagees, mortgage loan originators or brokers, correspondents and servicers, technical managers, property appraisers and consultants counsel, escrow agents, depositaries, financial institutions, agents for collection, bailiffs, insurers, insurance agents, contractors, developers and persons acting in any other capacity deemed by the Partnership as necessary or desirable.
12. Provide office space, office furnishings and equipment and personnel having the requisite experience and skill for the performance of the Management Services hereunder.
13. Once determined to meet the Investment Policies, perform or cause to be performed comprehensive due diligence on the assets underlying a Mortgage Investment, including but not limited to, obtaining structural reports, environmental reports, appraisals quantitative surveyor or architect certificates, title insurance, and to the extent possible, audited operating statements, as required, for each investment opportunity.
14. Review repurchased loans for compliance with the Investment Policies and present such loans to the Partnership or the Advisory Committee, if any, for review.
15. Monitor the Mortgage Investments to ensure that the Partnership continues to qualify as a mortgage investment corporation under the Tax Act.
16. Deliver portfolio reports to the Partnership on a regular basis with respect to the Mortgage Investments and provide documentation and/or other information as requested.
17. As required, enter into agreements with third party registered mortgage brokers and/or lenders licensed under the MBLAA or other applicable legislation, to carry out the activities, including origination of the Mortgage Investments, as contemplated by this Agreement.
18. At the written request of the Partnership, schedule and participate in a quarterly portfolio review with the General Partner to be held no later than thirty (30) days following the delivery of the quarterly and annual reports, at which the Mortgage Manager shall respond to any questions that the Partnership may have with respect to the Mortgage Investments.
19. Carry out such other actions in connection with its mortgage management function as may be beneficial to the management of the Partnership.

The Mortgage Management Agreement may be terminated by either party if the other party breaches any material term of the Mortgage Management Agreement that causes a material adverse effect which is not cured within 60 days upon written notice of such breach or, commissions an act constituting bad faith, willful malfeasance, gross negligence or reckless disregard of its duties or, becomes bankrupt. The Partnership may terminate the Mortgage Management Agreement upon 30 days' prior written notice to the Mortgage Manager. The Mortgage Manager may also terminate the Mortgage Management Agreement upon 30 days' prior written notice to the Partnership.

The Mortgage Manager does not have any responsibility or liability to the Partnership, or to Unitholders, for any action taken, or for refraining from taking any action, in good faith, or for errors in judgment. The Mortgage Manager will only be liable to the Partnership, the General Partner, or the Limited Partners, for

breach of its obligations under the Mortgage Management Agreement or acts constituting fraud, bad faith or negligence in respect of its duties under the Mortgage Management Agreement.

The Partnership has agreed to indemnify and hold harmless Rite Alliance and directors, officers, shareholders, employees, affiliates and agents thereof, from and against any and all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs and expenses including, without limiting the foregoing, reasonable legal fees and expenses, that arise from, or in connection to, actions or omissions by Rite Alliance as the Mortgage Manager under the Mortgage Management Agreement, provided that such action or omission is taken, or not taken, in good faith and without willful misconduct or gross negligence. This indemnity shall survive the removal or resignation of Rite Alliance, as the Mortgage Manager, in connection to any and all of its duties and obligations under the Mortgage Management Agreement.

Mortgage Origination Agreement

Under the Mortgage Origination Agreement between the Partnership and the Mortgage Originator, dated January 25, 2019, the Mortgage Originator is responsible for diligently seeking out, reviewing, and presenting mortgage investment opportunities consistent with the investment policies and operating policies of the Partnership. The Mortgage Originator also sources, originates and underwrites the Mortgage Investments on behalf of the Partnership and performs various activities relating to such services, including, without limitation:

1. identifying Mortgage Investments that satisfy the investment policies of the Partnership;
2. providing information to the General Partner related to proposed acquisitions, dispositions, and financing of Mortgage Investments; and
3. consulting with the General Partner and furnishing the General Partner with research, information, data, and opportunities with respect to the Mortgage Investments of the Partnership.

The Mortgage Originator will, in its sole discretion, retain the services of professionals accountants, lawyers, notaries or other professional advisors to assist with the ongoing management of the Partnership and its assets.

The Partnership can terminate the Mortgage Origination Agreement without cause, upon providing 30 days' written notice to the Mortgage Originator.

The Mortgage Originator will exercise its powers and discharge its duties in good faith and according to what the Mortgage Originator reasonably believes is in the best interests of the Partnership, and exercise the degree of care, diligence and skill of a prudent residential and commercial mortgage loan servicer.

If the standard of care has been met, the Mortgage Originator will not be liable to the Partnership or any other person for any loss occasioned by an honest error in judgment, or for any loss, damage or misfortune whatever which may happen in the proper exercise of its duties. In particular, the Mortgage Originator does not in any way guarantee the performance of the Mortgage Investments made by the Partnership and shall not be liable for any diminution in the value of such Investments or for any other loss, harm or damage sustained by the Partnership except to the extent that such diminution in value, loss, harm or damage is conclusively found by legal process to have been a direct result of the gross negligence, willful misconduct or dishonesty on the part of the Mortgage Originator.

The Partnership will indemnify and hold harmless the Mortgage Originator from and against any and all claims, actions, suits, proceedings, demands, assessments, judgments, losses, damages, liabilities, expenses, costs (including all legal fees and costs on a solicitor and his own client basis)) to which the Mortgage Originator, may be put or suffer as a result of performing its duties under the Mortgage Origination Agreement. The Partnership covenants and agrees to indemnify the Mortgage Originator, its directors, officers, employees and agents, any person or company retained by the Mortgage Originator and such person's or company's directors, officers, employees and agents, (the "**Indemnified Parties**") and save them harmless in respect of all judgments, amounts paid in settlement and costs (including legal costs on a solicitor

and client basis) (collectively, “**losses**”) whatsoever which the Indemnified Parties may incur in or about any claim, action, cause of action, suit or proceeding which is made, brought, commenced or prosecuted against it or them or any of them for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by it or any of them in or about the direct execution of its obligations and duties hereunder. No right of indemnity or reimbursement granted may be satisfied except out of the assets of the Partnership and no shareholder of the Partnership shall be personally liable to any person with respect to any claim for indemnity or reimbursement or otherwise.

In the event that any of the Partnership or its directors, officers or employees is successfully sued on the basis of any action or inaction of the Indemnified Parties which is determined to be a breach of this Agreement and as a result, the Partnership suffers any loss, damage, expense or cost (including legal costs on a solicitor and client basis), the Mortgage Originator covenants and agrees to indemnify the Partnership and its directors, officers and employees and save them harmless in respect of all such losses, damages, expenses and costs whatsoever which the Partnership or its directors, officers and employees may incur.

THE LIMITED PARTNERSHIP AGREEMENT

The Partnership is a limited partnership formed and organized under the laws of the Province of Ontario, pursuant to the *Limited Partnerships Act* (Ontario). The rights and obligations of the General Partner and the Limited Partners are governed by the Limited Partnership Agreement, signed on January 25, 2019. The objective of the Limited Partnership Agreement is to facilitate the investment of Partnership Capital contributed by the Limited Partners in Partnership Investments, which primarily include mortgage investments secured by real property in Canada. The Partnership will conduct its affairs through the Mortgage Administrator pursuant to the Mortgage Administration Agreement. The term of the Partnership will commence on the formation thereof and will continue until dissolved in accordance the Limited Partnership Agreement. All capitalized terms in this section not otherwise defined herein shall have the meanings as set out in the Limited Partnership Agreement.

The Trust is the sole limited partner of the Partnership.

Investment Policies

The primary investment policies (“**Investment Policies**”) for the Partnership are as follows:

1. Mortgages will be secured on Real Property located in Canada.
2. When advantageous to the Partnership, the Mortgage Administrator may sell any of the Mortgage Investments to other financial institutions and lenders.
3. The Partnership may participate in a Mortgage with other lenders on a syndicated basis.
4. The Partnership shall not make any investment, take any action or omit to take any action that would result in Units ceasing to be units of a “mutual fund trust” within the meaning of the ITA, or a qualified investment for Exempt Plans.

Operating Policies

The operations and affairs of the Partnership are required to be conducted in accordance with the following operating policies (“**Operating Policies**”):

1. the Partnership may borrow funds on commercially reasonable terms to acquire or invest in specific Mortgage Investments;
2. when making an investment in, or an acquisition of, a Mortgage or other Mortgage Investment, the General Partner may, in its sole discretion, but will not be obliged to require the Mortgage Originator to obtain or review an independent appraisal and/or broker opinion of value from a qualified appraiser or realtor, as the case may be, on the underlying Real Property which is the primary security for the Mortgage and may or may not obtain additional independent appraisals or audits of the underlying Real Property or any additional collateral and other properties secured by the Mortgage or other Mortgage Investment;

3. when deemed necessary by the General Partner, the Partnership will, where appropriate, require the Mortgage Originator to establish and manage property tax escrow accounts in respect of the Real Property provided as security for the Partnership's Mortgage Investments, if any; and
4. the legal title to each Mortgage Investment may be held by and registered in the name of the General Partner or a corporation or other entity that is an Affiliate, Associate or Subsidiary of the General Partner or its Affiliates, associates or subsidiaries. Where the Partnership's interest is held in trust, the trust arrangements must be approved by the General Partner. Where the legal title to an Mortgage Investment is held by and registered in the name of an entity wholly-owned by, or Affiliated or Associated with, the General Partner, or in the name of a person or persons in trust for the Partnership, such entity may hold legal title to such Mortgage Investment on behalf of other beneficial owners of such Mortgage Investment.

The General Partner may, in its sole discretion, amend, supplement or replace the Investment Policies and/or the Operating Policies of the Partnership.

Limitations on Authority of Limited Partners

No Limited Partner will be entitled to take part in the control of the business of the Partnership, to execute any document which binds the Partnership or any other Limited Partner, to purport to have the power or authority to bind the Partnership or any other Limited Partner, or to have any authority to undertake any obligation or responsibility on behalf of the Partnership. No Limited Partner will be entitled to bring any action for distribution or sale in connection with any interest in the property of the Partnership, or permit any lien or charge to be filed or registered against the property of the Partnership. Each Limited Partner nominates, constitutes and appoints the General Partner with full power and authority as its agent and true and lawful attorney.

Liability of the General Partner and Limited Partners

The General Partner will have unlimited liability for the debts, liabilities and obligations of the Partnership. The liability of each Limited Partner for the debts, liabilities and obligations of the Partnership will be limited to the capital account amount contributed by each respective Limited Partner, undistributed distributable cash, and repayment of capital on any distributions of income to the extent capital is reduced, with interest.

The liability of the General Partner is limited to the extent that the General Partner, and/or the GP Group, acted honestly and in good faith with the Limited Partners. The General Partner and each member of the GP Group are indemnified and saved harmless from the property of the Partnership from and against any and all costs, damages, liabilities, or expenses suffered or incurred, unless resulted from any act or omission of the General Partner or any member of the GP Group, which act or omission constitutes fraud, gross negligence or willful misconduct of the General Partner or any member of the GP Group.

The General Partner may, in its sole discretion, purchase and pay for, out of assets of the Partnership, insurance contracts and policies insuring the assets of the Partnership against all risks of the Partnership. This includes insurance that covers the Partnership, the Limited Partners, the General Partner, and any member of the GP Group against all claims and liabilities of any nature.

Other Activities of the General Partner and Limited Partner

Each of the General Partner, Mortgage Administrator, Trust Manager and Limited Partner are permitted to engage in, or hold an interest in, any other business, venture, investment or activity, whether or not similar to, or competitive with, the business of the Partnership.

Units of the Partnership

The interest in the Partnership of the Limited Partners will be divided into and represented by Partnership Units, which shall be issued for a price of \$100 per Partnership Unit. Each Limited Partner will have (i) the right to one vote for each Partnership Unit, (ii) the right to allocate taxable income or loss, and (iii) the right to share in distributions of the Partnership.

The General Partner may raise capital for the Partnership by a private offering of Partnership Units and determine all terms and conditions of such offering of Partnership Units. The General Partner is authorized to issue and allocate an unlimited number of Partnership Units on such terms as it, in its sole discretion, deems fit in accordance with the terms of the Limited Partnership Agreement. No subscriptions will be accepted for fractions of Partnership Units except upon reinvestment, and the General Partner has the right to refuse to accept any subscription for Partnership Units. The General Partner will maintain a registered office for the Partnership, maintain the register of Partnership Units for the Partnership, and maintain all such other records required by law.

Limited Partners will not be entitled to transfer or assign its Partnership Units to any person, except as provided in the Limited Partnership Agreement. The person that acquires the Partnership Units must also deliver to the General Partner: (i) a form of transfer; (ii) a counterpart to the Limited Partnership Agreement; and (iii) all such other documents as the General Partner may consider necessary to effect the transfer and assignment of Partnership Units.

Capital and Other Contributions and Accounts

The General Partner will establish an account on the books of the Partnership for the capital of the General Partner and each of the classes of the capital of the Limited Partners to which respective contributions of capital are credited and to which respective returns of capital are charged. The capital of the Limited Partners will be allocated among the Limited Partners in accordance with the number and class of Partnership Units held by each of the Limited Partners. The General Partner will contribute \$100 to the capital of the Partnership in consideration for its entitlements under the Limited Partnership Agreement.

None of the Limited Partners will have any right to withdraw any amount or receive any distribution from the Partnership except as expressly provided for in the Limited Partnership Agreement. No partner of the Partnership will have the right to receive interest on any credit balance of capital or any credit balance in the capital accounts except as expressly provided for in the Limited Partnership Agreement. The interest of a Limited Partner in the Partnership will not terminate by reason of there being a negative or zero balance of capital.

Distributions and Allocations

The General Partner is expressly authorized to deduct from the funds otherwise characterized as distributable cash of the Partnership amounts sufficient to maintain reasonable and adequate working capital and reserves. The General Partner will cause the Partnership to distribute distributable cash on a distribution date; first, as to 99.999% to the Limited Partners in proportion to the number of Partnership Units held by each Limited Partner, and second, as to 0.001% to the General Partner, to a maximum of \$100 per annum.

Management of the Partnership

The General Partner is authorized to carry on the business of the Partnership, with full power and authority, to administer, manage, control and operate the business of the Partnership. The General Partner will have all power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership. The General Partner has full power and authority for and on behalf of and in the name of the Partnership:

1. to enter into and to perform any agreement in connection with the day-to-day operation of the business of the Partnership, including, without limitation, the Mortgage Administration Agreement, Mortgage Management Agreement, the Mortgage Origination Agreement and the Nominee Agreement;

2. to borrow money, or refinance any existing debt on such terms as it, in its sole discretion, considers commercially reasonable, provided that such borrowings shall not exceed 30% of the book value of the Mortgages held in favour of the Partnership;
3. to employ all persons necessary for the conduct of business of the Partnership;
4. to retain such legal counsel, experts, advisors, or consultants as the General Partner considers appropriate and to rely upon the advice of such persons;
5. to open and operate any bank account of the Partnership;
6. to pay operating expenses and capital expenditures or other expenses of the Partnership;
7. to commence or defend any action or proceeding in connection with the Partnership or the property of the Partnership;
8. to file returns required by law by any governmental or like authority; and
9. to do anything that is in furtherance of or incidental to the business of the Partnership or that is provided for in the Limited Partnership Agreement.

The General Partner may contract, directly or indirectly, with the Mortgage Administrator, Mortgage Manager and Mortgage Originator to carry out any of the duties of the General Partner or may assign its obligations and may delegate to the Mortgage Administrator, Mortgage Manager and Mortgage Originator any power and authority of the General Partner as provided for in the Limited Partnership Agreement.

Partnership Meetings

The General Partner may, at any time, and will upon receipt of a written request from the Limited Partners holding, in the aggregate, not less than 25% of the Partnership Units of any class, call a meeting of the Limited Partners. At least 21 days' notice will be given prior to any meeting of Limited Partners stating the time and place of the meeting and matters that are the subject of a vote at such meeting. The President, or in his absence, any officer of the General Partner, will be the Chairman of any meeting of Limited Partners. The quorum at any meeting of Limited Partners will be Limited Partners holding in the aggregate, not less than 25% of the Partnership Units. The General Partner and the Mortgage Administrator will not be entitled to vote at any meeting of the Limited Partners.

The following matters must be resolved by an Extraordinary Resolution of the Limited Partners:

1. amend the Limited Partnership Agreement;
2. make an election under subsection 98(3) or under any other section or subsection of the ITA and under any analogous provincial legislation in connection with the dissolution of the Partnership;
3. approve or disapprove the sale or exchange of all or substantially all the property and assets of the Partnership; or
4. amend or rescind any Extraordinary Resolution.

Change, Resignation, or Removal of the General Partner

The General Partner may resign only upon having provided 20 days' written notice to all the Limited Partners, and such resignation will be effective upon the earlier of: (i) 30 days after such notice is provided; and (ii) the admission of a new general partner by ordinary resolution of the Limited Partners. The General Partner may not otherwise sell, assign, transfer, or otherwise dispose of its interest in the Partnership. The General Partner will be deemed to resign as the general partner of the Partnership upon bankruptcy, insolvency, dissolution, liquidation, or winding-up of the General Partner. The Limited Partners may also remove the General Partner or substitute another person as a general partner of the Partnership by way of an Extraordinary Resolution, upon a material breach by the General Partner of any of its duties or obligations under the Limited Partnership Agreement, which breach exists for a period of 120 days from the date of receipt of notice to remedy such breach by any Limited Partner.

Dissolution of the Partnership

The Partnership will be dissolved the earliest of: (i) a date specified by the General Partner, which date shall not be less than thirty (30) days following the date on which the General Partner gives notice in writing to each Limited Partner of such dissolution of the Partnership; (ii) the date which is sixty (60) days following the removal of the General Partner, unless a new General Partner is appointed prior to such date; or (iii) the date, as confirmed by the General Partner, upon which all of the property of the Partnership is sold, and the net proceeds realized therefrom have been distributed.

On dissolution of the Partnership, the General Partner will act as the receiver of the Partnership. If the General Partner is unable or unwilling to act as the receiver, the Limited Partners will, by ordinary resolution, appoint another appropriate person to act as receiver. The receiver will prepare a statement of financial position of the Partnership, which will be reported to the auditor of the Partnership. Upon dissolution the receiver will wind up the affairs of the Partnership and all property of the Partnership will be liquidated in an orderly manner.

The receiver will distribute the net proceeds from liquidation of the Partnership as follows: (i) first, to pay off the expenses of liquidation and the debts and liabilities of the Partnership; (ii) second, to provide reserves which are necessary for any contingent or unforeseen liability or obligation of the Partnership; and (iii) third, to the Limited Partners of the Partnership in accordance with the provisions of the Limited Partnership Agreement.

Amendments

The Limited Partnership Agreement may be amended by the General Partner, without notice or consent of the Limited Partners, to reflect the admission, resignation or withdrawal of any Limited Partner, or the assignment by any Limited Partner of the whole or any part of its interest in the Partnership. Unless resolved by Extraordinary Resolution, any amendment will result in a continuation of the Partnership. The General Partner may add covenants, restrictions, or provisions necessary for the protection of the Limited Partners or to cure any ambiguity or to correct or supplement any provision of the Limited Partnership Agreement, without the prior notice or consent of any Limited Partner, if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner as a Limited Partner.

The Limited Partnership Agreement may also be amended at any time by (i) by the General Partner with the consent of the Limited Partners given by Extraordinary Resolution; or (b) except with respect to a change in the investment objective of the Partnership, the General Partner without the consent of the Limited Partners provided that the Limited Partners are given not less than sixty (60) days' written notice prior to the effective date of the amendment (together with a copy of the amendment and an explanation of the reasons for the amendment). Each Limited Partner shall prior to the effective date of such amendment be given the opportunity to redeem all of such Limited Partner's Units.

No amendment may be made which allows any Limited Partner to take part in the management or control of the business of the Partnership or reduces the interest in the Partnership of any Limited Partner or changes the right of any Limited Partner entitled to vote at meetings or changes the Partnership from a limited partnership to a general partnership, or if the amendment adversely affects the rights or interests of the General Partner.

FEES AND EXPENSES

Mortgage Administration Fee

In consideration for the performance of the Administration Services, the Partnership shall pay to the Mortgage Administrator a fee of one thousand dollars (\$1,000.00) per month.

Mortgage Management Fee

In consideration of the services provided, the Partnership shall compensate the Mortgage Manager by payment of a monthly fee equal to 1/12th (one twelfth) of 2.00% (plus H.S.T) of the amount of the mortgage receivables of the Partnership as of the last business day of each calendar month (the "**Mortgage Management Fee**"). The Mortgage Management Fee may be subject to waiver or adjustment in accordance

with the terms of the Mortgage Management Agreement, including in order to meet the target distribution yield of the Trust of approximately 8.0% per annum, net of fees.

The Mortgage Manager is also entitled to a performance fee paid by the Partnership to the Mortgage Manager payable in respect of a calendar year in which the net return of the Partnership exceeds 8.0% for such year and is equal to 20% of the aggregate net return of the Partnership for such year which exceeds the 8.0% “hurdle” rate of return.

Mortgage Originator Fee

The Mortgage Originator is entitled to all lender, broker, origination, commitment, renewal, extension, discharge participation, NSF and administration fees (“**Lender/Broker Fees**”) generated on Mortgage Investments it arranges and presents to the Partnership. Generally, Lender/Broker Fees are in the range of 2–6% of the loan amount although in certain circumstances the amount can be higher. The Lender/Broker Fees are commensurate with fees paid to other entities providing similar services and to the fees charged by the Mortgage Originator for similar services provided to other clients.

Commission

The Trust has retained Belco and may from time to time retain and engage registered agents, securities dealers and brokers and other eligible persons to sell the Units. Any commissions, finder's fees or referral fees or other compensation payable (including expense reimbursements) by the Trust Manager in connection with the distribution and sale of the Units will be payable by the Trust. The Trust may pay a commission in connection with the Unit Offering of up to one percent (1%) of the value of the securities purchased in the Unit Offering.

Operating Expenses

The Trust is responsible for the payment of all routine and customary fees and expenses incurred relating to the administration and operation of the Trust including, but not limited to: Trustee fees and expenses; management fees; custodian, and safekeeping fees and expenses; registrar and transfer agency fees and expenses; audit, legal and record-keeping fees and expenses; communication expenses; printing and mailing expenses; all costs and expenses associated with the qualification for sale and distribution of the Units including securities filing fees (if any); investor servicing costs; costs of providing information to Unitholders (including proxy solicitation material, financial and other reports) and convening and conducting meetings of Unitholders; taxes, assessments or other governmental charges of all kinds levied against the Trust; interest expenses; and all brokerage commissions and other fees associated with the purchase and sale of portfolio securities and other assets of the Trust. In addition, the Trust will be responsible for the payment of all expenses associated with ongoing investor relations and education relating to the Trust. The Trust Manager will also be reimbursed for any expenses of any action, suit or other proceeding in which or in relation to which the Trust Manager or the Trustee and/or any of their respective officers, directors, employees, consultants or agents (as applicable) is entitled to indemnity by the Trust.

The foregoing expenses will be allocated by the Trust Manager to the Trust as determined by the Trust Manager, in its sole discretion. The Trust Manager may at its discretion from time to time agree to pay certain of the Trust's expenses.

The one-time expenses related to the establishment of the Trust and the Partnership are estimated to be \$200,000 and will be paid for by the Trust Manager. Thereafter, the Trust and the Partnership will be responsible for all expenses relating to ongoing operations as set forth above.

The Partnership will pay for all of its expenses incurred in connection with its operation and administration. The Partnership will also be responsible for its costs of portfolio transactions and any extraordinary expenses that may be incurred from time to time.

THE MORTGAGE PORTFOLIO

Investment Strategy

The investment goal of the Trust is to finance prudent conventional Mortgages secured by real property situated in Canada. Moneybroker reviews, selects and originates Mortgage Investments to present to the Partnership. The Mortgage Administrator manages and services such mortgage loan investments funded by the Partnership. In making selections to present to the Partnership, the Mortgage Originator adheres to the investment and operating policies of the Partnership. As part of the approval process, if applicable to the subject mortgage loan investment under consideration, the Mortgage Originator provides a full underwriting report that generally consists of a credit assessment and evaluation of the prospective borrower and Mortgaged Property and if necessary, an appraisal or a broker opinion of value.

The Mortgage Originator will recommend new mortgage loan investments for the Partnership when it is confident that the proposed borrowers have (i) demonstrated a legitimate use of the requested funds, (ii) the ability to satisfy interest payments; and (iii) a feasible repayment plan. The position of the Mortgage Originator is that any proposed mortgage loan should benefit both the Partnership and the proposed borrower.

The underwriting of private mortgage investments focuses on the value of the underlying Real Property, however the Mortgage Originator also considers the borrowers' defined business plans, real estate expertise, ability to make interest payments and strength of personal or corporate covenants or guarantees (where applicable). To maintain a stable interest yield, the Partnership manages risk through conservative underwriting, maintenance of a diversified mortgage portfolio and diligent and proactive mortgage servicing.

The Partnership intends to focus on mortgage loan investment opportunities in the term loan category. Term financing enables an owner of a completed or substantially completed income or non-income producing property to defer longer-term financing until conditions warrant more favourable financing terms. Mortgage rates vary, depending on the borrower, property location, property type and loan to value. These mortgages are usually short to mid-term as the borrowers' funding requirement is driven by a specific opportunity for use of the funds on an interim basis or as a method of bridge financing until the property qualifies for long-term, low cost institutional lender programs. Loans in this segment are expected to average between 12 and 24 months in duration. Occasionally, changes in market conditions or criteria of institutional lenders will create opportunities for longer-term mortgages.

Advisory Committee

Subject to the terms of the Limited Partnership Agreement, the Partnership may establish an Advisory Committee to review all Mortgage Investments proposed by the Mortgage Originator on behalf of the Partnership. The Advisory Committee if established would have at least three (3) members. The General Partner would consult with the Trust Manager to appoint members of the Advisory Committee.

The Partnership would indemnify and holds harmless the members of the Advisory Committee, from and against all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs and expenses including without limiting the foregoing, reasonable legal fees and expenses, arising from or about any actions or omissions arising from the members fulfilling their duties. This indemnity would survive a change in the composition of the members of the Advisory Committee.

The Advisory Committee would provide advice and recommendations to the Mortgage Originator and the Partnership with respect to the acceptance of an investment for the Partnership.

INVESTMENT POLICIES

The Partnership has adopted investment policies that are consistent with legislation governing the Partnership, and the Trust, the provisions of the ITA governing mutual fund trusts and the Declaration of Trust. The investment policies for mortgage loan investments are as follows:

1. Mortgages will be secured on Real Property located in Canada.
2. When advantageous to the Partnership, the Mortgage Administrator may sell any of the Mortgage Investments to other financial institutions and lenders.

3. The Partnership may participate in a Mortgage with other lenders on a syndicated basis.
4. The Trust shall not make any investment, take any action or omit to take any action that would result in Units ceasing to be units of a “mutual fund trust” within the meaning of the ITA, or a qualified investment for Exempt Plans.

PORTFOLIO DEVELOPMENT

Utilizing the services of the Mortgage Administrator, the Partnership, for the benefit of the Trust, will develop the Mortgage Portfolio by the following activities:

1. **Referral Sources**
Origination of mortgages through referral sources such as real estate agents and brokers, mortgage agents and brokers, lawyers, accountants, and previous borrowers.
2. **Direct Origination**
Origination of mortgages through direct negotiations with mortgage borrowers such as home builders, industrial and commercial developers and home owners, and those referred by financial institutions.
3. **Purchases in the Secondary Market**
Participation in the secondary market in which mortgages are bought and sold at market yields by financial institutions, investment dealers, pension funds and other lenders.
4. **Agency Origination**
Participation in mortgages originated by other qualified market intermediaries.

The Mortgage Administrator is responsible for managing the operations of the Partnership in accordance with the Investment Policies set forth herein, in addition to selecting mortgage loan investment opportunities and servicing the Mortgage Portfolio. Mortgage Investments must be approved by the Partnership. The Partnership is responsible for establishing bad debt allowances.

BORROWING POLICIES

The Partnership may from time to time borrow funds with the objective of having Trust Funds fully invested and obtaining a spread between the interest rate payable to the Partnership of the Mortgage Investments advanced with the proceeds of such borrowings and the interest rate paid by the Partnership in respect of such borrowings. The Partnership may borrow to the extent that the General Partner, acting in accordance with the policies established by the Trustees and the General Partner, is satisfied that the borrowing and additional investments will increase the overall profitability of the Trust.

Such borrowings are subject to the restriction that the total indebtedness from such entities may not exceed 30% of the book value of the Mortgages held by the Partnership as at the date of drawdown of the borrowed funds. See Risk Factors - Borrowing. Debt obligations of the Partnership could bear both fixed and floating rates of interest as necessary to satisfy the matching requirements of the Trust. The Partnership will fund the Mortgage Investments with equity, bank loans and fixed rate debt instruments.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a Unitholder who acquires Units pursuant to this Unit Offering and who, for the purposes of the ITA, is resident in Canada, holds the Units as capital property and deals at arm's length with the Trust and Rite Alliance. Units will generally be considered to be capital property to a Unitholder provided

that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Unitholders who would not otherwise hold Units as capital property may be entitled to make an irrevocable election under subsection 39(4) of the ITA to treat all "Canadian securities", as defined in the ITA, which generally will include units of a mutual fund trust, as capital property.

This summary is not applicable to: (i) a Unitholder that is a "financial institution", as defined in the ITA for purposes of the "mark-to-market" rules; (ii) a Unitholder, an interest in which is a "tax shelter" or "tax shelter investment" as defined in the ITA; (iii) a Unitholder that is a "specified financial institution" as defined in the ITA; (iv)) a Unitholder that enters into a "derivative forward agreement" as defined in the ITA with respect to Units; or (v) a Unitholder that reports its "Canadian tax results" in a currency other than Canadian currency. Any such Unitholder should consult its own tax advisor with respect to an investment in Units.

This summary is also not applicable to a Unitholder that is a Non-Resident for purposes of the ITA. **Non-Residents should consult their own tax advisors regarding the tax consequences of acquiring Units of the Trust pursuant to this Unit Offering.**

This summary is based upon the facts and assumptions set out in this Offering Memorandum, the provisions of the ITA in force as of the date hereof, all specific proposals to amend the ITA that have been publicly announced prior to the date hereof and the Trustees' understanding, based on publicly available published materials as of the date hereof, of the current published administrative and assessing policies of the CRA. This summary assumes that any proposed amendments will be enacted in the form proposed; however, no assurance can be given that any proposed amendments will be enacted in the form proposed, if at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as noted above, does not take into account any changes in the law, whether by legislative, governmental or judicial action, or any changes in the administrative policies and assessing practices of the CRA. This summary does not take into account any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is based upon the assumption that the Trust will, at all times, qualify as a mutual fund trust but will not be a "SIFT trust", within the meaning of the ITA. Further, this summary is based on the assumption that the Partnership will not be a "SIFT partnership" within the meaning of the ITA.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PROSPECTIVE UNITHOLDER. ACCORDINGLY, PROSPECTIVE UNITHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR ADVICE WITH RESPECT TO THE TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Mutual Fund Trust Status

To qualify as a mutual fund trust at any particular time, a trust must meet the following conditions:

- (a) the trust must be a unit trust (as defined in the ITA) resident in Canada;
- (b) the only undertaking of the trust must be the investing of its funds in property (other than real property or an interest in real property), or the acquiring, holding, maintaining, improving, leasing or managing of real property (or an interest in real property) that is capital property of the trust, or any combination of such activities; and
- (c) the trust must comply with certain prescribed requirements including that the trust units be qualified for distribution to the public and that at all relevant times there must be no fewer than 150 beneficiaries of the trust, each of whom holds at least one block of trust units (in this case at least 10 Units) having an aggregate fair market value of not less than \$500.

If the Trust does not qualify or ceases to qualify as a mutual fund trust, the income tax considerations would, in some respects, be materially different from those described below. See Risk Factors – Mutual Fund Trust Status.

SIFT Rules

The ITA contains rules (the “**SIFT Rules**”) relating to the taxation of certain publicly-listed or traded trusts and partnerships that qualify as a SIFT trust or SIFT partnership. These rules are designed to ensure that those trusts and partnerships pay income tax at a rate that is equivalent to general corporate tax rates.

A trust or partnership will be a SIFT trust or a SIFT partnership, respectively, generally only if, among other conditions, investments in the trust or partnership are listed or traded on a stock exchange or other public market.

The Trustees do not intend to list or allow trading of Units of the Trust or any interest in the Partnership on a stock exchange or other public market. Consequently, this summary assumes that the SIFT Rules will not apply to the Trust or the Partnership.

Taxation of the Trust

The Trust will be subject to tax under Part I of the ITA on the amount of its income for a taxation year, including the taxable portion of net realized capital gains. In computing its income for tax purposes, the Trust may deduct reasonable administrative expenses and 20% of its respective share of the total issue expenses of the Unit Offering, prorated for any taxation year which is less than 365 days, to the extent that the expenses were not otherwise deductible in a preceding year. The taxation year of the Trust ends on December 31.

The Trust will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the Partnership allocated to the Trust for the fiscal period of the Partnership ending in the Trust’s taxation year or coinciding with the end of the Trust’s taxation year, whether or not a distribution is received. In general, the Trust’s share of any income or loss of the Partnership from a particular source will be treated in its hands as if it were also income from that source and any provisions of the ITA applicable to that type of income will apply to the Trust. See **Taxation of the Partnership** below.

Upon the actual or deemed disposition of a security or other property held by the Trust as capital property, the Trust will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security or other property. The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains in an amount determined under the ITA based on the redemption of Units during the year (“**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year arising upon the sale of by the Trust of securities in connection with redemptions of Units.

The Trust will also be entitled to deduct from its income for a taxation year otherwise determined, after taking into account the inclusions and deductions outlined above, the portion of such income that becomes payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Trust or a Unitholder is entitled in the year to enforce payment of the amount. The Declaration of Trust requires that the Trust distribute or make payable to Unitholders its net income for tax purposes for each taxation year of the Trust to such an extent that the Trust will not be liable in any taxation year for income tax under Part I of the ITA on such net income (after taking into account any applicable losses of the Trust).

Taxation of the Partnership

For simplicity, the description of the taxation of the Partnership that follows is drafted as if the Partnership were a single partnership. However, the principles below apply to the Partnership the income of which must be separately computed and allocated among its partners.

The Partnership will not be subject to tax under the ITA. Rather, each partner, including the Trust, will be required to include in computing the partner’s income the partner’s share of the income or loss (limited in the case of a loss allocated to a limited partner, to the partner’s “at-risk amount”) of the Partnership for its fiscal year ending in or coincident with the partner’s taxation year, whether or not such income is distributed to the partner in the taxation year. For this purpose, the income or loss of the Partnership will be computed

for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership, deductions may be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income from its business and investments and available capital cost allowances, generally including interest on borrowed funds used to purchase Mortgage Investments.

Taxation of Unitholders

A Unitholder will generally be required to include in income such portion of the Trust's net income, including the taxable portion of the net realized capital gains, as is paid or becomes payable to the Unitholder in the Trust's taxation year that ends in or coincidentally with the Unitholder's taxation year. Provided that appropriate designations are made by the Trust, such portion of the Trust's net realized taxable capital gains, foreign source income and taxable dividends received or deemed received by the Trust on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that the Trust so designates in accordance with the ITA, Unitholders will be entitled to treat their proportionate share of foreign income or profits taxes paid by the Trust and foreign source income earned by the Trust as foreign taxes paid by, and foreign source income earned by, the Unitholders for the purpose of computing their foreign tax credits. There are limits on the eligibility for foreign tax credits and generally the foreign tax credit claimed cannot exceed the Canadian income tax payable on that foreign source income. Excess foreign taxes may be deductible in computing income in the circumstances described in the ITA. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations. Any loss of the Trust for purposes of the ITA cannot be allocated to and cannot be treated as a loss by the Unitholders.

The non-taxable portion of net realized capital gains of the Trust that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of a Unitholder's share of the net income of the Trust for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder's income for the year but will reduce the adjusted cost base of Units to the Unitholder. 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 will be increased by the amount of such deemed capital gain.

The cost to a Unitholder of a Unit acquired pursuant to the Unit Offering will equal the purchase price of the Unit plus the amount of any reasonable costs incurred in connection with the acquisition of the Unit. For the purposes of determining the adjusted cost base of a Unit, the cost of such Units will be averaged with the adjusted cost base of any other Units owned by the Unitholder as capital property immediately before that time.

Upon the disposition or deemed disposition by a Unitholder of a Unit, including on the redemption of a Unit by the Trust, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Unitholder's income as described above) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs associated with the disposition.

A Unitholder will be required to include one-half of the amount of any resulting capital gain (a "**Taxable Capital Gain**") in income and to deduct one-half of the amount of any resulting capital loss (an "**Allowable Capital Loss**") against Taxable Capital Gains realized in the year of disposition. Allowable Capital Losses not deducted in the taxation year in which they are realized generally may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against Taxable Capital Gains realized in such years, to the extent and under the circumstances specified in the ITA.

Taxable Capital Gains realized by a Unitholder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the Unitholder's circumstances.

Pursuant to the ITA, a Unitholder that qualifies as a "Canadian-controlled private corporation" throughout the relevant taxation year will be subject to a refundable tax of 30 2/3% after 2015 in respect of its "aggregate

investment income” for the year. Taxable Capital Gains and income from a trust generally will be included in aggregate investment income. A Unitholder, subject to the 30 2/3% tax, will be entitled to a refund of the tax at the rate of 38 1/3% of taxable dividends paid by it, subject to certain limitations contained in the ITA.

Eligibility for Investment

Provided that the Trust qualifies as a “mutual fund trust” within the meaning of the ITA, the Units of the Trust will be qualified investments for Exempt Plans. Adverse tax consequences may apply to an Exempt Plan or the annuitant or holder of the plan if the plan acquires or holds property that is not a qualified investment for the plan. See **Risk Factors - Mutual Fund Trust Status**.

In addition, the holder of a TFSA, the subscriber of an RESP or the annuitant of an RRSP, RDSP or RRIF will be subject to a penalty tax if the TFSA, RESP, RDSP, RRSP or RRIF acquires property that is a prohibited investment for the particular TFSA, RESP, RDSP, RRSP or RRIF. The Units of the Trust will be a prohibited investment for a particular TFSA, RESP, RDSP, RRSP or RRIF if the holder or annuitant, as the case may be, has a significant interest in, or does not deal at arm’s length with, the Trust and the Units are not excluded property as defined in the ITA for this purpose. **Not all securities are eligible for investment in Exempt Plans. You should consult your own professional advisor to obtain advice on the eligibility of these securities for investment in Exempt Plans.**

FATCA

On March 18, 2010, the U.S. *Hiring Incentives to Restore Employment Act* of 2010 was enacted into law and added a new information reporting and withholding tax system, often referred to as the *Foreign Account Tax Compliance Act* (“**FATCA**”). FATCA requires certain “foreign financial institutions”, the broad definition of which would include an investment fund established outside of the U.S., to undertake certain due diligence, reporting, withholding and certification obligations with respect to its direct investors. Pursuant to an intergovernmental agreement entered into between Canada and the U.S. (the “**IGA**”), and related Canadian legislation, Canada will import certain FATCA provisions into Canadian law which modify the FATCA reporting and withholding provisions as they apply to Canadian “financial institutions” (“**FIs**”). If the Trust and/or the Partnership is a Canadian FI, then it would be required to report certain information with respect to Unitholders who are U.S. residents, U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (but excluding certain registered plan Unitholders) to the CRA. The CRA would then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty (“**Treaty**”). The Trust and/or the Partnership intends to comply with its FATCA obligations if it is determined that there are any compliance requirements. If the Trust and/or the Partnership is unable to comply with any of its FATCA obligations, then the imposition of a 30% U.S. withholding tax on certain specified payments (i.e. U.S. source “withholdable payments” as defined under the FATCA regulations) made to the Trust and/or the Partnership, as well as penalties under the ITA, may result in reduced investment returns to Unitholders. The administrative costs of compliance with FATCA may also cause an increase in the operating expenses of the Trust and/or the Partnership further reducing investment returns to Unitholders. Unitholders should consult their own tax advisers regarding the possible implications of this legislation on them and their investment in the Trust.

In addition, Canada has signed the Organisation for Economic Co-operation and Development Multilateral Competent Authority Agreement and Common Reporting Standard (“**CRS**”). The CRS is a global model for the automatic exchange of information on certain financial accounts that is similar in many ways to FATCA. More than 95 countries, including Canada, have agreed to implement the CRS (referred to as “**CRS participating countries**”). Canada has enacted legislation under Part XIX (“**Part XIX**”) of the ITA, which received royal assent on December 15, 2016, effective as of July 1, 2017, that will require the annual reporting of information to the CRA beginning in May 2018. In addition, the CRA will then proceed to exchange information with those CRS participating countries with which Canada has a tax exchange agreement. Generally, the CRS will require the Trust and RIC to identify the tax residency status of, and other information relating to, Unitholders who are resident for tax purposes in any country other than Canada or the U.S.

If a Unitholder does not provide the information required to comply with these obligations under Part XVIII and/or Part XIX, as the case may be, the Unitholder’s Units may be redeemed at the sole discretion of the

Trustees. Notwithstanding the foregoing, the Trust's and Belco's due diligence and reporting obligations under FATCA and CRS will not apply with respect to Exempt Plans. If Belco or the Trust fails to meet its obligations under Part XVIII and/or Part XIX, as the case may be, it may be subject to the enforcement under the ITA.

In order to avoid adverse consequences, the Trust and Belco, and any Affiliates to whom FATCA or CRS may apply, intend to comply with FATCA. The administrative costs arising from compliance with FATCA and CRS may cause an increase in the operating expenses of the Trust, directly or indirectly, thereby potentially reducing returns to Unitholders. Investors should consult their own tax advisors regarding the possible implications of FATCA, Part XVIII, the Canada-U.S. IGA and CRS and Part XIX on their investment and the entities through which they hold their Units.

USE OF PROCEEDS

The net proceeds of the Unit Offering, after deduction of all fees and expenses, will be used to subscribe for additional Partnership Units thereby allowing the Partnership to have the capital to purchase Mortgage Investments. The Partnership, after completion of this Unit Offering, will be able to fund additional investments through its borrowing activities. The net proceeds of this Unit Offering are intended to be used to purchase mortgage loan investments and for no other purpose.

PLAN OF DISTRIBUTION

Subscriptions received are subject to rejection or allotment by the General Partner in whole or in part. The Trustees reserve the right to close the subscription books at any time without notice. If any subscription is not accepted, all applicable Subscription Documents and subscription proceeds will be returned to the potential subscribers, without interest or deduction.

There is no market through which the Units may be sold. The Trustees have determined the Unit Subscription Price arbitrarily.

Unless relying on an alternate exemption from the prospectus requirements, subscribers resident in or otherwise subject to the securities laws of any province where the Units may be sold are required to fall within the definition of "accredited investor" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions*), including one of the following:

- (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,

or be a director, executive officer, control person or founder, actively involved with the Trust at the time of the subscription as well as certain family members, close personal friends and close business associates of such persons.

If the subscriber is not an individual, it may also rely on the "minimum amount" exemption by investing a minimum of \$150,000 paid in cash at the time of the subscription if they have not been created or used solely to purchase securities under the exemption.

The Offering Memorandum Exemption ("OME") in National Instrument 45-106 provides for a class of subscribers that may invest in Units in the Trust. To be eligible to invest in an exempt market product under the OME, subscribers must satisfy one of the following criteria to be considered an "Eligible Investor":

- (a) an individual whose net income before taxes was more than \$75,000 in each of the two most recent calendar years and who expects it to be more than \$75,000.00 in the current calendar year;
- (b) an individual whose net income before taxes combined with a spouse was more than \$125,000 in each of the two most recent calendar years and who expects it to be more than \$125,000 in the current calendar year;

- (c) an individual who either alone or with a spouse has or have net assets of at least \$400,000.

In the event that a subscriber satisfies one or more of the above criteria they are eligible to invest \$30,000 in each calendar year, looking back over a 12-month period. If that subscriber has received advice from an Exempt Market Dealer based on a review of the subscriber's investment objectives, financial circumstances and risk tolerance resulting in a positive suitability assessment, then the permitted sum of \$30,000 per 12-month period can be increased to a maximum of \$100,000.00 looking back over a 12-month period.

In the event that a subscriber does not meet any of the Eligible Investor criteria, they have the opportunity to invest in Units, notwithstanding their status of "ineligible", in an amount not to exceed \$10,000.00 looking back over a 12-month period.

SUBSCRIPTION PROCEDURE

Subscribers may subscribe for Units in the Unit Offering by delivering to the Trust the Subscription Documents in accordance with the instructions set forth in the Subscription Agreement. The Trust will hold all subscription funds in trust, for a minimum of 2 days pending a closing under this Unit Offering.

There is a minimum subscription of 250 Units (\$25,000). Residents of certain provinces may be restricted in the amount they can invest when relying on this Offering Memorandum. Additional investments must be in the amount of not less than \$25,000. The Trust may in its discretion waive these minimum amounts for a particular investor.

Each subscriber has two (2) business days to cancel their subscription agreement to subscribe for these Units with restrictions to redeem thereafter. If there is a misrepresentation in this Offering Memorandum, subscribers have the right to sue for damages or to cancel their subscription agreements delivered to the Trust. See Securities Law Considerations and other Regulatory Matters – Purchasers' Rights.

The Trustees anticipate that there will be multiple closings on such dates it may determine from time to time. The Trustees reserve the right to accept or reject in whole or in part any subscription for Units and the right to close the subscription books at any time without notice. Any investment funds for subscription that are not accepted will be promptly returned after it has been determined not to accept the investment funds.

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

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

SECURITIES LAW CONSIDERATIONS AND OTHER REGULATORY MATTERS

Resale Restrictions

The Units are subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, subscribers will not be able to trade the Units unless they comply with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, subscribers cannot trade the Units before the date that is four (4) months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

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

- (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) 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.

Resale of the Units offered hereby will be subject to restrictions under the applicable securities legislation. Generally, the Units may be resold only pursuant to an exemption from the prospectus requirements of applicable securities legislation or pursuant to an exemption order granted by appropriate securities regulatory authorities, or after the expiry of a hold period following the date on which the Trust becomes a reporting issuer under applicable securities legislation. It is not anticipated that the Trust will become a reporting issuer. In addition, investors reselling the Units may have reporting and other obligations. Accordingly, investors are advised to seek legal advice with respect to such restrictions. Accordingly, each prospective investor must be prepared to bear an economic risk of an investment in the Units and are advised to seek legal advice with respect to such restrictions.

Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor.

Investors will be required to make certain representations in the subscription agreement and the Manager will rely on such representations, to establish the availability of an exemption from prospectus requirements as described above. No subscription will be accepted unless the Manager is satisfied that the subscription complies with applicable securities laws.

By executing the subscription agreement, each subscriber is acknowledging that the investment portfolio and trading procedures of the Trust are proprietary in nature and agrees that all information relating to such investment portfolio and trading procedures shall be kept confidential by such subscriber and will not be disclosed to third parties (with the exception of the subscriber's professional advisors) without the written consent of the Manager.

Purchasers' Rights

If you purchase these Units you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer. The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province in which they are resident and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

Two Day Cancellation Right

You can cancel your agreement to purchase Units. To do so, you must send a notice to the Trust by midnight on the 2nd business day after you sign the agreement to buy Units.

Contractual Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces and territories of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the Offering Memorandum and any amendment hereto contains a Misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

The summaries setting out the rights of action for damages or rescission in certain provinces and territories of Canada, which are subject to the securities legislation in such provinces and territories, are set forth in Schedule A, which is incorporated in and forms part of the Offering Memorandum.

Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province or territory of residence. The rights discussed in Schedule A are in addition to and without derogation from any other rights or remedies available at law to a purchaser of Units.

RISK FACTORS

The purchase of the Units offered hereby involves a number of risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following factors.

No Guaranteed Return

There is no guarantee that an investment in Units will generate a return to Unitholders in the short or long term. Moreover, the interest rates being charged for mortgages reflect the general level of interest rates and, as interest rates fluctuate, the aggregate yield on Mortgage Investments may also change. The Unit Offering is not suitable for investors who cannot afford to assume any significant risks in connection with their investments.

Speculative Investment

An investment in the Trust may be deemed speculative. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Trust. Subscribers should review closely the investment objectives and investment strategies to be utilized by the Partnership which will directly affect the Partnership and the Trust as outlined herein to familiarize themselves with the risks associated with an investment in the Trust. There is no assurance that the Partnership will be able to achieve its investment or income objectives, which would preclude the Trust from achieving its income objectives.

General Investment Risk

The value of a subscriber's Units will vary directly with the performance of the business of the Trust. There is no guarantee that the Trust, through the Partnership, will earn the targeted yield on its Mortgage Investments. There can be no assurance that borrowers will not default on their mortgage payments, that the value of the mortgaged property, if realized upon, will be sufficient to satisfy the borrower's obligations to the Partnership or that the Partnership will not incur losses. In the event that additional security is given by the borrower or that a third party guarantees the mortgagor's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Partnership whole if and when resort is to be had thereto.

The funds available for distribution to the Trust will vary according to many factors, notably the timing and amount of interest payments received in respect of mortgage loans held by the Partnership, the rate of return on the Partnership's cash balances and the costs associated with borrowing funds. Although mortgage loans made by the Partnership are carefully selected by the General Partner and the Mortgage Originator, there is no assurance that such loans will have a guaranteed rate of return to subscribers, or that losses will not be suffered on one or more loans.

Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage Investments will also change.

Liquidity Risk

As there is no developed market for the Units and the Units are subject to overall restrictions under applicable securities laws, a Unitholder will not be able to liquidate its investment or withdraw its capital at will. Other than in accordance with the redemption rights attached to the Units, a Unitholder may never be able to sell its Units and recover any part of its investment. Accordingly, an investment in Units should only be considered by investors who do not require certainty pertaining to liquidity.

Nature of Investments

Investments in mortgages are affected by general economic conditions, local real estate markets, demand for leased premises, fluctuation in occupancy rates, operating expenses and various other factors. The value of land, rights or interests in land (including without limitation leaseholds, air rights and rights in

condominiums, but excluding mortgages and any buildings, structures, improvements and fixtures located thereon), may ultimately depend on the credit and financial stability of the tenants.

Investments in mortgages are relatively illiquid, and as such may limit the Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions.

Reliance on Moneybroker

Since the source of all the Partnership's investments is through Moneybroker, the Partnership, and therefore indirectly the Trust, is exposed to adverse developments in the business and affairs of Moneybroker. This includes Moneybroker's management and financial strength, its ability to operate its businesses profitably and its ability to retain its mortgage brokerage license issued to it under applicable legislation. The ability of the Partnership to make investments in accordance with its objectives and investment policies depends upon the availability of suitable investments and the amount of funds available. There can be no assurance that the yields on the mortgages currently invested in by Moneybroker will be representative of yields obtained on future investments. Moneybroker must render its services honestly and in good faith, and must use reasonable commercial efforts to perform its duties and responsibilities. However, the services of Moneybroker, the directors and officers of Moneybroker and the members of the Advisory Committee are not exclusive to the Partnership. Moneybroker, Rite Alliance, their directors and officers, their affiliates, the members of its Advisory Committee and their affiliates may, at any time, engage in promoting or managing other entities or their investments including those that may compete directly or indirectly with the Partnership. Moneybroker has sole discretion in determining which mortgages and investments are presented to the Partnership.

Failure to Meet Commitments

The Partnership may commit to making future mortgage loan investments in anticipation of repayment of principal outstanding under existing Mortgage Investments. In the event that repayments of principal under existing Mortgage Investments are not made in contravention of the borrowers' obligations, the Partnership may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments for future mortgage loan investments, and the Partnership may face liability in connection with its failure to make such commitments.

Changes in Real Estate Values

The Trust's investments in mortgages will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby affecting the ability of the borrower to service the debt and/or repay the loan based on the property income.

A substantial decline in value of real property provided as security for a mortgage loan may cause the value of the property to be less than the outstanding principal amount of the mortgage loan. Foreclosure by the Trust on any such mortgage loan might not provide the Trust with proceeds sufficient to satisfy the outstanding principal amount of the mortgage loan.

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

The Units Are Not Insured

The Trust is not a member institution of the Canada Deposit Insurance Fund and the Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Fund. The Units are redeemable at the option of the holder, but only under certain circumstances. See **Description of Trust Units**.

Mortgage Loans Not Insured

Generally, mortgage loans 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 mortgage loans.

Dilution

The number of Units the Trust is authorized to issue under this Unit Offering is unlimited. In addition to alternate financing sources, the Trust may conduct future offerings of Units in order to raise the funds required.

Marketability

Although Units are transferable, there is no market for Units and a market for Units is not expected to develop. As there is no developed market for the Units and the Units are subject to overall restrictions under securities laws, a Unitholder will not be able to liquidate his investment or withdraw his capital at will. Other than in accordance with the redemption rights attached to the Units, a Unitholder may never be able to sell his Units and recover any part of his investment. Accordingly, an investment in Units should only be considered by investors who do not require certainty pertaining to liquidity.

Shortfall in Financing

Financing for the Trust's operations arranged for by the Trust Manager ("**Operation Financing**") may not be sufficient to cover any shortfalls in Distributable Cash or on payments to be made on redemption of Units or on termination of the Trust. Operation Financing shall be restricted to funds required to meet administrative and overhead expenses and to finance losses. If the Trust is fully invested in mortgages, there may be delays in liquidating same or losses associated with such investments. Notwithstanding the payment of the distributions, there is no guarantee that funds will be available to repay the aggregate redemption amount upon redemption of any Units.

Borrowing

Debt incurred by the Trust or Partnership could increase the risk of the Trust's insolvency and the risk of the Trust Manager's liability. There can be no assurance that such a strategy will enhance returns and in fact the strategy may reduce returns and increase the riskiness of an investment in the Units.

The security which the Trust or Partnership is required to furnish may include an assignment of mortgages to a third-party lender. If the Trust is unable to service its debt to such lender, a loss could result if the lender exercises its rights of foreclosure and sale.

Sensitivity to Interest Rates

It is anticipated that the market price for the Units and the value of the Mortgage Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Trust's income will consist primarily of interest payments on the mortgages comprising the Mortgage Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Trust's mortgages are based), the Trustees may find it difficult to purchase additional mortgages bearing rates sufficient to achieve the targeted payment of distributions on the Units. There can be no assurance that an interest rate environment in which there is a

significant decline in interest rates would not adversely affect the Trust's ability to maintain distributions on the Units at a consistent level. As well, if interest rates increase, the value of the Mortgage Portfolio may be negatively affected.

Reliance on the Trustee and Mortgage Originator

In assessing the risk of an investment in Units, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Trustees and the Mortgage Originator to assess the acquisition and disposition of the Trust's investments. Although investments made by the Trustees will be carefully selected, there can be no assurance that such investments will earn a positive return in the short or long term or that losses may not be incurred from such investments. There is no guarantee that the Trustees and the directors and officers of the Mortgage Originator will remain unchanged.

Reliance on the General Partner

In assessing the risk of an investment in Units, potential investors should be aware that they will be relying on the good faith, experience and judgment of management of the General Partner and those advisors appointed by the General Partner to assess the acquisition and disposition of the Partnership's investments. Although investments made by the Partnership will be carefully selected, there can be no assurance that such investments will earn a positive return in the short or long term or that losses may not be incurred by the Partnership from such investments.

Knowledge and Expertise of Rite Alliance and Moneybroker

The Partnership is dependent on the knowledge and expertise of Rite Alliance and Moneybroker. There is no certainty that the persons who are currently directors and officers of Rite Alliance and Moneybroker will continue to be directors and officers of Rite Alliance and Moneybroker in the future.

“Mutual Fund Trust” Status

It is intended that the Trust continue to qualify as a “mutual fund trust” for the purposes of the ITA. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of mutual fund trusts and unit trusts will not be changed in a manner which adversely affects the holders of Units. See **Certain Canadian Federal Income Tax Considerations – Mutual Fund Trust Status**. If the Trust fails to meet one or more conditions to qualify as a “mutual fund trust”, **the income tax considerations described under Certain Canadian Federal Income Tax Considerations, would, in some respects, be materially different.**

If the Trust ceases to qualify as a “mutual fund trust”, the Units will cease to be a qualified investment for trusts governed by Exempt Plans. An Exempt Plan (or the annuitant or holder of the plan) may be liable for one or more taxes based on the fair market value of a non-qualified investment at the time it is acquired or ceases to be a qualified investment. An Exempt Plan may also be subject to tax on any income earned from a non-qualified investment and may have its registration as an Exempt Plan revoked if it acquires or holds a non-qualified investment. Finally, if the Trust ceases to qualify as a mutual fund trust, it may be liable for tax under Part XII.2 of the ITA which may have adverse income tax consequences for certain Unitholders, including Non-Residents and Exempt Plans that acquire an interest in the Units directly or indirectly from another Unitholder.

If a trust governed by a TFSA, RRSP or RRIF acquires property that is not a qualified investment, the holder of the TFSA or annuitant of the RRSP or RRIF, as the case may be, must pay a tax equal to 50% of the fair market value of the property at the time it is acquired. A trust governed by a RRSP, RRIF or TFSA may be subject to tax on the income attributable to the holding or disposition of property that is not a qualified investment.

Changes in the Economy and Credit Markets

Historically, global financial markets have been subject to periods of volatility and uncertainty, driven by a wide range of factors at any given point in time. This volatility may impact the ability of the Partnership to maintain a funding facility with arm's length third party institutions on terms favorable to the Partnership.

Volatility in financial markets may also be reflected in volatility in the market value of the real property underlying the Mortgage Portfolio.

Limited Sources of Borrowing

Canada's financial marketplace is characterized as having a limited number of financial institutions that provide credit to certain entities. The limited availability of sources of credit may limit the Trustees' ability to take advantage of leveraging opportunities to enhance the yield on the Mortgage Investments. The Trustees intend to limit the Trust's exposure to the potential scarcity of such funds by continuously seeking out new sources of credit.

Availability of Mortgage Investments

The Trust invests in mortgages in Canada which meet the investment criteria of the Trust. There is no guarantee that the Trust will be fully invested in such mortgages or that it will be able to assemble a portfolio of Mortgage Investments adequate to meet its financial projections of return.

Renewal of Mortgages

There can be no assurances that any of the mortgages contained in the Mortgage Portfolio 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. With respect to each mortgage in the Mortgage Portfolio, it is possible that the mortgagor or the Manager as trustee, will not elect to renew such mortgage. In addition, if such mortgages 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 Manager as trustee and the Mortgage Administrator at the time of renewal.

Mortgage Extensions and Mortgage Defaults

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

When a mortgage loan is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Manager has the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely affect the cash flows of the Trust during the period of enforcement. In addition, as a result of potential declines in real estate values, there is no assurance that the Trust will be able to recover all or substantially all of the outstanding principal and interest owed to the Trust in respect of such mortgages by exercising its mortgage enforcement remedies. Should the Trust be unable to recover all or substantially all of the principal and interest owed to the Trust in respect of such mortgage loans, the net asset value of the Trust would be reduced, and the returns, financial condition and results of operations of the Trust could be adversely affected.

Composition of the Mortgage Portfolio

The composition of the Mortgage Portfolio may vary widely from time to time and may be concentrated by type of security, business or location, resulting in the Mortgage Portfolio being less diversified than anticipated. A lack of diversification may result in exposure to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, business or location.

Notwithstanding the foregoing, the Mortgage Portfolio has been diversified. See **Mortgage Portfolio**.

Foreclosure and Related Costs

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

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made during the enforcement process regardless of whether the property is producing income or whether mortgage payments are being made. The Trustees may therefore be required to incur such expenditures to protect the Trust's investments.

Litigation Risk

The Trust and/or the Partnership 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 Partnership may not receive payments of interest on the mortgage loan that is the subject of litigation, thereby impacting its cash flows. The unfavourable resolution of any legal proceedings could have a material adverse effect on the Trust, its financial position, and the results of its operations.

Canadian Tax Matters

The return on the Unitholder's investment in Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, governmental 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.

The Trustees recommend that prospective Unitholders consult their tax advisors for advice with respect to the tax consequences of subscribing for Units.

Conflicts of Interest

Conflicts of interest exist, and others may arise, between investors and the directors and officers of the Mortgage Administrator, Mortgage Manager, Mortgage Originator, General Partner and the Trust and their associates and affiliates.

The Mortgage Originator, its affiliates, officers, directors and shareholders, and the Trustees may, from time to time, transact business with the Trust, may transact business with each other and others doing business with the Trust and may earn fees from the Trust in connection therewith.

In addition, the Trust Manager, the Mortgage Manager and the Mortgage Originator are affiliates of the General Partner and Christine Xu, who is one of the Trustees. The Mortgage Manager will receive compensation from the Partnership pursuant to the Mortgage Management Agreement.

Belco, the agent retained in respect of the Unit Offering pursuant to a Distribution Agreement made between Belco, the Trust Manager and the Trust, is considered to be "connected" to the Trust under applicable law. The dealing representatives of Belco who are acting on behalf of Belco in connection with the Unit Offering,

are employees of an affiliate of the Trust Manager. These dealing representatives only offer the Moneybroker Group of Companies' products in their role as Dealing Representative for Belco.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to investors. Persons considering a purchase of Units pursuant to this Unit Offering must rely on the judgment and good faith of the directors, officers and employees of the Mortgage Administrator, Mortgage Manager, Mortgage Originator, General Partner and the Trust in resolving such conflicts of interest as may arise.

The Trust and its Unitholders are dependent in large part upon the experience and good faith of the Trust Manager. The Trust Manager is entitled to act in a similar capacity for other companies with investment criteria similar to those of the Trust. Notwithstanding this fact, the Trust Manager does not anticipate any difficulty in keeping the Trust fully invested in superior-yield mortgages.

Several of the Trust's mortgages may be shared with other investors affiliated or associated with the Trust Manager, which parties may include shareholders, directors or staff of the Trust Manager or the Trust Manager itself.

The Trust's investment position may rank either equally with, in priority to, or subordinate to other members of the syndicate or participating investors.

Personal Liability of Unitholders

The Declaration of Trust provides that no Unitholder shall be held to have any personal liability as such, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder. Moreover, the Trustees shall cause the operations of the Trust to be conducted in such a way as to avoid, to the extent practicable and consistent with their fiduciary duty, any material risk of liability on the Unitholders for claims against the Trust. The Trust is the sole limited partner of the Partnership, with the goal of providing enhanced liability protection for Unitholders. As a result of this structure, no business operation will be conducted by the Trust and the liability of the Trust is intended to be limited to its capital contribution as a limited partner in the Partnership.

Notwithstanding the above, to the extent that claims are not satisfied by the Trust, there is a risk that a Unitholder will be held personally liable for obligations of the Trust where the liability is not disclaimed in the contracts or arrangements entered into by the Trust with third parties. Personal liability may also arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered by the Trust's management to be remote due to the nature of the Trust's activities as beneficiary and creditor. In the event that payment of a Trust obligation is required to be made by a Unitholder, such Unitholder is entitled to reimbursement from the available assets of the Trust.

Specific Investment Risk for Non-Institutional Mortgage Investments

Non-institutional Mortgage Investments attract higher loan loss risk. This higher risk is compensated for by a higher rate of return. The failure of one or more borrowers to make payments according to the terms of their loan could result in the Partnership exercising its rights as mortgagee and may adversely affect the Partnership's rate of return (and consequently the Trust's rate of return), which is directly correlated to the receipt of mortgage payments. Also, the recovery of a portion of the Partnership's assets, i.e. The property put up as collateral by the defaulting mortgagor, would be tied up for a period of time, diverting resources away from the funding of new investments. Legal fees and other costs incurred by the Partnership in enforcing its rights as mortgagee against a defaulting borrower are borne by the Partnership. Although a portion of these fees and costs are often recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, there is no assurance that they will actually be recovered. Due to fluctuations in the market and the economy generally, there is a possibility that historical loan default rates may increase, resulting in increased fees and costs and lower profits, and that in any power of sale, the Partnership could lose some or a substantial portion of the principal amount loaned to the borrower.

Priority Over Security

Notwithstanding that the Mortgage Administrator monitors title issues and payment of realty taxes on a regular basis, any real property may be subject to one or more unregistered liens or charges which may take priority over a mortgage, even a first- ranking one. Such liens or charges may arise, for example, without limitation, as a result of unpaid municipal taxes, utility bills or condominium fees. It is possible for the holder of such lien or charge to take a number of actions against the borrower and ultimately against the underlying real property. Such actions may include foreclosure or an action forcing the underlying real property to be sold (known as a “power of sale”). Foreclosure may have the ultimate effect of depriving any other person, even the holder of a registered first-ranking charge on the underlying real property, of the security of such real property. If an action is taken to sell the underlying real property and sufficient proceeds are not realized from such sale to pay off all creditors who have charges or liens on the property ranking prior to the Partnership, the Partnership may lose all or part of its investment to the extent of such deficiency, unless it can otherwise recover such deficiency from other property owned by the borrower.

Leverage Strategy

Mortgages are generally an illiquid asset. The Partnership will be required to service any debt it incurs pursuant to its leverage strategy on the terms and timetable set out in the agreements governing such debt regardless of the availability of the Partnership's liquid assets. The interest rate on funds borrowed by the Partnership is subject to fluctuation while the Partnership may loan funds at fixed rates. With movement in interest rates the Partnership could suffer reduced net income if the interest rates on its borrowed funds exceeds the interest rates it receives on its loans. The timing of the debt servicing obligations could delay or prevent the Trust or the Partnership from meeting redemption requests and/or making distributions. Failure by the Partnership to service its debt, or repay its obligations, may result in a default and potential loss of assets of the Partnership which secure its debt obligations, including the mortgages registered in favour of the Partnership.

No Operating History for the Partnership

The Partnership has no operating or performing history upon which prospective subscribers can evaluate the Partnership's likely performance.

Potential Indemnification Obligations

Under certain circumstances, the Partnership might be subject to indemnification obligations in favour of the General Partner, the Mortgage Originator and the Mortgage Administrator, their directors, officers, shareholders and employees. The Partnership will not carry any insurance to cover such potential obligations and, to the General Partner's knowledge, none of the foregoing parties will be insured for losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Partnership's, and the Trust's, projected returns.

Lack of Independent Experts Representing the Limited Partner of the Partnership and Unitholders

The Trustees and General Partner have consulted with legal counsel regarding the formation and terms of the Trust and the Partnership and the offering of Units. The subscribers have not, however, been independently represented. Therefore, to the extent that the Trust, the Partnership, the subscribers or the offering of Units could benefit by further independent review, such benefit will not be available unless such review is obtained by each subscriber, at their cost.

Concentration

The Trust is a mortgage investment entity and so its investments are concentrated in mortgages. Exposure to a specialized industry, market sector, particular geographical area or asset class involves risk that the Trust will suffer loss because of market, economic (including interest rate) or regulatory events which affect the sector or asset class. The Trust is not a broadly diversified investment across many industries and types of economic activity.

Competition

The earnings of the Trust depend on the Trust's ability, with the assistance of the Partnership, to locate suitable opportunities for the investment and reinvestment of the Trust's funds and on the yields available from time to time on mortgages. The investment industry in which the Trust operates is subject to a wide variety of competition from private businesses in Canada and the United States, many of whom have greater financial and technical resources than the Trust. Although such competition, as well as any future competition, may adversely affect the Trust's success in the marketplace, at the present time the Trust has no reason to believe that such competition will prevent the Trust from successfully executing its business plan or operating profitably.

Availability of Investments

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

Possible Changes in Laws

There can be no assurance that income tax laws, securities laws and other applicable legislation or regulations will not be repealed, amended or implemented, from time to time, and that such change will not adversely affect Unitholders or necessitate changes in the manner in which the business of the Trust, the Partnership or the Manager is conducted.

General Economic and Market Conditions

The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. Adverse economic and market conditions could impair the Partnership's profitability or result in losses.

Construction Mortgage Lending

In such lending, the Trust commits and is obligated to fund construction at various stages of completion, as determined from time-to-time during the period of construction. There are additional risks associated with construction mortgage lending, including but not limited to: project completion, cost control, time to market, product marketability, ongoing funding availability and market demand risks. From time-to-time, the Trust will have significant obligations to fund construction lending projects that are already underway. Meeting such commitments requires ongoing availability of funding. In the event the Trust does not have sufficient funds to meet such commitments, the value of the Trust's assets could be eroded and the ongoing viability of the Trust could be at risk.

Development of Real Property

There are risks inherent in the development of real property, including the inability to obtain construction or mortgage financing on reasonable terms or at all, the inability or failure or unwillingness of any parties participating in the development to provide or procure guarantees, security and other credit support, the inability to secure planning, zoning or by-law approval or amendment on a timely basis or at all, construction delays due to force majeure, strikes, shortages of materials or labour, competition from other properties, limits on insurance coverage and increases in development costs due to general economic conditions.

Development projects are subject to certain significant expenditures including property taxes, development charges, maintenance costs, mortgage payments, insurance costs, professional services and advisory fees and related and ancillary charges which must be made regardless of whether the property is producing sufficient income to service such expenses.

In light of the foregoing there can be no assurance that the Partnership will generate its expected returns for the Trust and as a result, for Unitholders of the Trust.

OTHER AGREEMENTS

The following summarizes the agreement not described earlier in the Offering Memorandum, which includes the Nominee Agreement.

The Nominee Agreement

The Nominee Agreement made as of January 25, 2019, entered into between the Partnership and the Nominee, provides for, among other things, the retention of the Mortgage Administrator to hold legal title to the Partnership's Mortgage Investments in accordance with the terms of the Mortgage Administration Agreement. The relationship between the Partnership and Nominee is that of principal and agent and the terms thereof are as follows:

- (a) the Nominee will be bound by instructions received from investors (which may include the Partnership) holding more than 50% of the beneficial interests in the Mortgage Investments;
- (b) the Nominee shall hold bare legal title to the Mortgage Investments as nominee and agent for the Partnership and as such the Nominee will have no beneficial interest in the Mortgage Investments;
- (c) upon the written authorization and direction from the Partnership, the Nominee shall execute and deliver all documents and instruments relating to the Mortgage Investments as the Partnership may require from time to time including, without limitation, all deeds, transfers, mortgages, charges, assignments of beneficial interests, acknowledgements or other instruments in writing;
- (d) the Partnership shall be responsible for all expenses, losses or liabilities in any way connected with or related to the Mortgage Investments, the Nominee has no active duties to perform in connection with the Mortgage Investments, and all obligations, responsibilities, acts or omissions pertaining to the Mortgage Investments shall be performed by the Partnership or agents thereof; and
- (e) the Partnership releases the Nominee from any and all liability that the Nominee may incur in respect of any action taken by the Nominee either pursuant to the authorization or direction of the Partnership; and the Partnership shall indemnify and hold the Nominee harmless from all costs, expenses, losses, damages, claims, demands and liabilities of whatsoever kind and character that may arise out of being the registered titleholder and any responsibilities, acts or omissions.

For summaries of certain relevant provisions of the Declaration of Trust, please refer to the **Description of Trust Units** section of this Offering Memorandum. For a summary of the Trust Management Agreement, please refer to the **Management of the Trust** section of this Offering Memorandum. For a summary of the Mortgage Administration Agreement, please refer to the **Management of the Partnership - Mortgage Administration Agreement** section of this Offering Memorandum. For a summary of the Limited Partnership Agreement, please refer to the **Limited Partnership Agreement** section of this Offering Memorandum. For a summary of the Credit Facility Agreement, please refer to the **Borrowing Policies** section of this Offering Memorandum.

Copies of all material agreements may be reviewed by appointment during normal business hours for the duration of this Unit Offering at the offices of the Trust which is located at: 4400 Highway 7 East, Markham, Ontario L3R 1M2. The Trust can also be contacted at: telephone number: 905-305-8488, fax number: 905-305-8982 or e-mail: readycapital@belcopc.com.

AUDITORS

Since inception, Segal LLP, Chartered Professional Accountants, Toronto, Ontario had served as auditors of the Trust. Segal LLP is independent of the Trust within the meaning of the relevant rules of professional conduct and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements of the Trust for period ending January 31, 2019 are attached hereto.

SCHEDULE A

Rights of Action for Damages or Rescission

Securities legislation in certain of the provinces and territories of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the Offering Memorandum and any amendment hereto contains a misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation. **Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province or territory of residence.**

For the purposes of this section, **misrepresentation** means:

- (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of Units of that class of the Trust (a “**material fact**”); or
- (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A summary of the rights of action for damages or rescission in certain Offering Jurisdictions, which are subject to the securities legislation in such Offering Jurisdiction, are set forth below. Investors should refer to the applicable provisions of securities legislation for the full particulars of these rights or consult with their legal advisors. **The rights discussed below are in addition to and without derogation from any other rights or remedies available at law to a purchaser of Units of a Fund.**

Alberta

A purchaser of Units of a class of a Trust who is resident in Alberta and to whom this Offering Memorandum was delivered and who is relying on the Minimum Amount Exemption may rescind the contract to purchase such Units by sending written notice to the Trust not later than midnight on the second day, exclusive of Saturdays and holidays, after the purchaser signs the agreement to purchase the Units.

If this Offering Memorandum contains a misrepresentation when a purchaser resident in Alberta buys Units of a class of a Fund, securities legislation in Alberta provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the und and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Units of that class of the Trust such purchaser purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Trust nor anyone signing this Offering Memorandum will be liable if the Trust or such person or company proves that the purchaser purchased the Units of that class of the Trust with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Trust nor anyone signing this Offering Memorandum will be liable for all or any portion of such damages if the Trust or such person or company proves that they do not represent the depreciation in value of the Units of that class of the Trust as a result of the misrepresentation relied on; and
- (c) in no case will the amount recoverable under this right of action exceed the price at which the Units of that class of the Trust were sold to the purchaser.

No person or company, other than a Fund, is liable:

- (a) if the person or company proves that this 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 Trust that it was sent without the knowledge and consent of the person or company;

- (b) if the person or company proves that the person or company, on becoming aware of the misrepresentation, withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Trust of the withdrawal and the reason for it; or
- (c) with respect to any part of this 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) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

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

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased the Units of that class of the Fund; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased the Units of that class of the Fund.

British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of 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; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum 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 notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) 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, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not 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, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

A person is not liable for Misrepresentation in forward-looking information if the person proves that 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 the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these 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 an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

Manitoba

Sections 141.1, 141.1.2, and 141.4 of *The Securities Act* (Manitoba) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against a Fund, every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company, and every person or company that signed the Offering Memorandum for damages or, alternatively, while still the owner of the purchased Units, for rescission against a Trust (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that among other limitations:

- (a) a Trust will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, a Trust will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to a Fund, no person or company is liable if the person or company proves:
 - (i) that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent; and
 - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Partnership that it was sent without the person's or company's knowledge and consent;
- (d) other than with respect to a Fund, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's

or company's consent to this Offering Memorandum and gave reasonable notice to the Trust of the withdrawal and the reason for it;

- (e) if, 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 the person or company 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:
 - A. did not fairly represent the expert's report, opinion or statement; or
 - B. was not a fair copy of, or an extract from, the expert's report, opinion or statement;
- (f) other than with respect to the Fund, no person or company is liable with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority 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 an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;
- (g) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser; and
- (h) 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 of the Units; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) two years after the date of purchase of the Units.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to that information,
 - (i) 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;
 - (ii) 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.

If a Misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum.

New Brunswick

Sections 150, 154.1, and 161 of the *Securities Act* (New Brunswick) provide that if the Offering Memorandum or amendment to the Offering Memorandum delivered to a purchaser of Units resident in New Brunswick contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against a Trust or selling security holder for damages or, alternatively, while still the owner of the purchased Units, 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) provided that:

- (a) no person will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) 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 Units as a result of the Misrepresentation relied upon;
- (c) in no case shall the amount recoverable exceed the price at which the Units were offered under the Offering Memorandum or amendment;
- (d) a Trust shall not be liable where it is not receiving any proceeds from the distribution of the Units being distributed and the Misrepresentation was not based on information provided by the Trust unless the Misrepresentation:
 - (i) was based on information that was previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Partnership before the completion of the distribution of the Units being distributed; and
- (e) 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 Misrepresentation, and (B) six years after the date of the purchase.

No person will be liable for a Misrepresentation in forward-looking information if the person proves that:

- (a) the Offering Memorandum contains, proximate to that information,
 - (i) 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;
 - (ii) 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
 - (iii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Newfoundland and Labrador

Sections 130.1, 132, and 138 of the *Securities Act* (Newfoundland and Labrador) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Newfoundland and Labrador contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against a Trust and every person performing a function or occupying a position with respect to the Trust which is similar to that of a director of a company, for damages or, alternatively, while still the owner of the purchased Units, for rescission against the Trust (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that among other limitations:

- (a) where the person or company proves that the purchaser had knowledge of the Misrepresentation;
- (b) in an action for damages, the defendant will not be liable for all or any part of the damages that the Trust provides do not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to the Fund, if the person or company proves that the person or company, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Trust of the withdrawal and the reason for it;

- (d) other than with respect to the Trust if, 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 or company proves that the person or company 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
 - A. did not fairly represent the report, opinion or statement of the expert; or
 - B. was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
- (e) other than with respect to the Fund, 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) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (ii) believed there had been a misrepresentation;
- (f) other than with respect to the Fund, where 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 Trust that it was sent without the knowledge and consent of the person or company; and
- (g) the amount recoverable shall not exceed the price at which the securities were offered to the public;
- (h) no action may be commenced to enforce a right of action more than:
 - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to that information,
 - (i) 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;
 - (ii) 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.

If a Misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum.

Northwest Territories

Sections 112 and 121 of the *Securities Act* (Northwest Territories) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Northwest Territories contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against a Fund, the selling security holder on whose behalf the distribution is made, every person performing a function or occupying a position with respect to the Trust which is similar to that of a director of a company, and every

person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against a Trust or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person will not be liable if the person proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (b) a person (other than the Partnership or selling security holder on whose behalf the distribution is made) will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the 's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Trust that it was sent without the knowledge and consent of that person or company;
 - (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to a Trust of the withdrawal 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 purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
 - (iv) except a Trust and selling security holder, for any part of an Offering Memorandum that is 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, statement or opinion of an expert, unless the person:
 - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (c) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation;
- (d) a Trust and every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if a Trust does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by a Fund, unless the Misrepresentation:
 - (i) was based on information previously publicly disclosed by a Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by a Trust before completion of the distribution of the Units being distributed;
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered; and
- (f) no action may be commenced to enforce a right of action more than:
 - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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;
 - (ii) 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 or projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the Misrepresentation is deemed to be contained in the Offering Memorandum.

Nova Scotia

Sections 138, 139A, and 146 of the *Securities Act* (Nova Scotia) provide that if the Offering Memorandum or any amendment delivered to a purchaser of Units resident in Nova Scotia contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this Offering Memorandum has been sent or delivered and who purchases the Units is deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against a Fund, against every person acting in a capacity with respect to a Trust which is similar to that of a director of a company, and every person or company that signed the Offering Memorandum or alternatively, may elect to exercise a right of rescission against a Trust (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) no person other than a Trust is liable if the person proves that:
 - (i) this Offering Memorandum or the amendment to this Offering Memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;
 - (ii) after delivery of this Offering Memorandum or the amendment to this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, or amendment to this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum, or the amendment to this Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it;
 - (iii) with respect to any part of the Offering Memorandum or amendment to 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 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 to the Offering Memorandum
 - A. did not fairly represent the report, opinion or statement of the expert; or
 - B. was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
 - (iv) with respect to any part of this Offering Memorandum or amendment to 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

- A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (c) in an action for damages, a person is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
 - (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered; and
 - (e) no action may be commenced to enforce a right of action more than 120 days:
 - (i) after the date on which payment was made for the Units; or
 - (ii) after the date on which the initial payment was made for Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

In addition, a person is not liable in an action for a Misrepresentation in forward-looking information if:

- (a) this Offering Memorandum contains, proximate to that information,
 - (i) 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;
 - (ii) 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 had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or an amendment to this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum or an amendment to this Offering Memorandum.

Nunavut

Sections 112 and 121 of the *Securities Act* (Nunavut) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Nunavut contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against a Fund, the selling security holder on whose behalf the distribution is made, against every person acting in a capacity with respect to a Trust which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against a Trust or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (c) a person will not be liable if the person proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (d) a person (other than a Trust or selling security holder on whose behalf the distribution is made) will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to a Trust that it was sent without the knowledge and consent of that person;

- (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to a Trust 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 purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (iv) except for a Trust and selling security holder, for any part of an Offering Memorandum that is 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, statement or opinion of an expert, unless the person:
 - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (e) a Fund, and every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if a Trust does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by a Fund, unless the Misrepresentation:
 - (i) was based on information previously publicly disclosed by a Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by a Trust before completion of the distribution of the Units being distributed;
- (f) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation;
- (g) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered; and
- (h) no action may be commenced to enforce a right of action more than the earlier of:
 - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
 - (ii) in the case of an action for damages, (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a Misrepresentation in in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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
 - (ii) 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 had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the Misrepresentation is deemed to be contained in the Offering Memorandum.

Ontario

A purchaser of Units of a class of a Trust who is resident in Ontario and to whom this Offering Memorandum was delivered and who is relying on the Minimum Amount Exemption may rescind the contract to purchase such Units by sending written notice to the Trust not later than midnight on the second day, exclusive of Saturdays and holidays, after the purchaser signs the agreement to purchase the Units.

Sections 130.1 and 132.1 of the *Securities Act* (Ontario) provide that if the Offering Memorandum or amendment delivered to a purchaser of Units resident in Ontario contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against a Trust and a selling security holder on whose behalf the distribution is made or while still the owner of Units 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), provided that:

- (a) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for all or 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 relied upon;
- (c) a Trust shall not be liable where it is not receiving any proceeds from the distribution of the Units being distributed and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation,
 - (i) was based on information that was previously publicly disclosed by a Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by a Trust prior to the completion of the distribution of the Units being distributed;
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were offered; and
- (e) 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 following the date the purchaser first had knowledge of the Misrepresentation, and (B) three years after the date of purchase.

A person or company is not liable for a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to that information,
 - (i) 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
 - (ii) 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.

Rights referred to above do not apply in respect of the Offering Memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution 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.

Prince Edward Island

Sections 112 and 121 of the *Securities Act* (Prince Edward Island) provide that if the Offering Memorandum contains a Misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under this Offering Memorandum will be deemed to have relied upon the Misrepresentation and will have a right of action against a Fund, the selling security holder on whose behalf the distribution is made, against every person acting in a capacity with respect to a Trust which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against a Trust or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) no person will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) except a Trust or selling security holder, no person will be liable if it proves that
 - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to a Trust that it had been sent without the knowledge and consent of the person;
 - (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to a Trust 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 purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum (1) did not fairly represent the report, statement or opinion of the expert, or (2) was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (c) except a Trust or selling security holder, no person or company 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, an opinion or a statement of an expert unless the person,
 - (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 is not liable for any damages that the defendant proves do not represent the depreciation in value of the security resulting from the Misrepresentation;

- (e) an Partnership, and every person performing a function or occupying a position with respect to the Partnership which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, shall not be liable if a Trust does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by a Fund, unless the Misrepresentation
 - (i) was based on information that was previously publicly disclosed by a Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by a Trust before completion of the distribution of the Units being distributed;
- (f) in no case shall the amount recoverable by a plaintiff exceed the price at which the Units purchased by the plaintiff were offered; and
- (g) no action shall be commenced to enforce a right of action more than:
 - (i) for rescission, 180 days after the date of the purchase; or
 - (ii) for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

A person is not liable for a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to that information,
 - (i) 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
 - (ii) 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 had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the Misrepresentation is deemed to be contained in the Offering Memorandum.

Québec

Notwithstanding that the *Securities Act* (Québec) does not provide, or require the fund to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Trust hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

The contractual rights of action for rescission or damages granted to subscribers in Québec are in addition to and do not derogate from any other right that the subscriber may have at law.

Saskatchewan

Sections 138 and 147 of the *Securities Act* (Saskatchewan) provide that where an Offering Memorandum, together with any amendment to the Offering Memorandum, sent or delivered to a purchaser resident in Saskatchewan contains a Misrepresentation, a purchaser who purchases a security covered by the Offering Memorandum or an amendment to the Offering Memorandum has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against (a) a Trust or a selling security holder on whose behalf the distribution is made; (b) every promoter and every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company or the selling security holder, as the case may be, at the time the Offering Memorandum or the amendment to the Offering

Memorandum 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 clauses (a) to (c), signed the Offering Memorandum or the amendment to the Offering Memorandum; and (e) every person who or company that sells Units on behalf of a Trust or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum. In addition, such a purchaser also has a right of rescission against a Trust or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) except a Trust or selling security holder, no person or company is liable if the person or company proves that:
 - (i) the Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of its being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered;
 - (ii) after the filing of the Offering Memorandum or the amendment to the Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in the Offering Memorandum or the amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
 - (iii) with respect to any part of the Offering Memorandum or of the amendment to 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 or company had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation;
 - B. the part of the offering or of the amendment to the Offering Memorandum did not fairly represent the report, opinion or statement of the expert; or
 - C. the part of the Offering Memorandum or of the amendment to the Offering Memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;
 - (iv) with respect to any part of the Offering Memorandum or of the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a Misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:
 - A. the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the Offering Memorandum or of the amendment to the Offering Memorandum fairly represented the person's or company's report, opinion or statement; or
 - B. on becoming aware that the part of the Offering Memorandum or of the amendment to the Offering Memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the Offering Memorandum or of the amendment to the Offering Memorandum; or

- (v) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true;
- (c) except for the Partnership and selling security holder, no person or company will be liable for any part of the Offering Memorandum or the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company:
 - (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;
- (d) except for the Partnership and selling security holder, no person or company will be liable for any part of the Offering Memorandum or the amendment to 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 sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;
- (e) every person who or company that sells Units on behalf of a Trust or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum is not liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or the amendment to the offering memorandum;
- (f) 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 Units resulting from the Misrepresentation relied on;
- (g) in no case shall the amount recoverable exceed the price at which the Units were offered; and
- (h) no action shall be commenced to enforce a right of action more than:
 - (i) for rescission, 180 days after the date of purchase; or
 - (ii) for damages, the earlier of: (A) one year after the purchaser first had knowledge of the Misrepresentation, or (B) six years after the date of the purchase.

A person or company is not liable for a Misrepresentation in forward-looking information in the Offering Memorandum or amendment if the person or company proves that:

- (a) with respect to the document containing the forward-looking information, proximate to that information there is contained:
 - (i) 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
 - (ii) 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.

Yukon

Sections 112 and 121 of the *Securities Act* (Yukon) provides that where the Offering Memorandum is delivered to a purchaser resident in the Yukon and it contains a Misrepresentation, a purchaser who purchases

a security offered by the Offering Memorandum during the period of distribution is deemed to have relied on the Misrepresentation, and has a right of action for damages against a Fund, the selling security holder on whose behalf the distribution is made, every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against a Trust or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person or company will not be liable if the person or company proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (b) except a Trust and selling security holder, a person or company will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to a Trust that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person or company's consent to the Offering Memorandum and gave reasonable notice to a Trust 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 purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum (1) did not fairly represent the report, statement or opinion of the expert (2) or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (c) for any part of an Offering Memorandum that is 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, statement or opinion 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) a Fund, and every person performing a function or occupying a position with respect to the Trust which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Trust does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation
 - (i) was based on information that was previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Trust before completion of the distribution of the Units being distributed;
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered;
- (f) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation; and
- (g) no action shall be commenced to enforce a right of action more than:

- (i) for rescission, 180 days after the date of purchase; or
- (ii) for damages, the earlier of: (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

In addition, no person or company will be liable with respect to a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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
 - (ii) 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 or projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the Misrepresentation is deemed to be contained in the Offering Memorandum.

READY CAPITAL MORTGAGE INVESTMENT TRUST

**FINANCIAL STATEMENT
JANUARY 24, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Ready Capital Mortgage Investment Trust

Opinion

We have audited the accompanying financial statements of Ready Capital Mortgage Investment Trust (the "Trust") which comprise the statement of financial position as at January 24, 2019 and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at January 24, 2019 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 on our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Segal LLP's website at www.Segalllp.com. This description forms part of our Auditor's Report.

A handwritten signature in black ink that reads "Segal LLP". The word "Segal" is written in a cursive script, while "LLP" is in a simple, blocky font.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 31, 2019

READY CAPITAL MORTGAGE INVESTMENT TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 24, 2019**

ASSETS

Current

Cash

\$ 100

LIABILITIES

Net assets attributable to holders of redeemable units

\$ 100

Number of redeemable units outstanding

1

Net assets attributable to holders of redeemable units per unit

\$ 100

Approved on behalf of the Trust Manager:


_____, Director

_____, Director

See accompanying notes to the financial statements

READY CAPITAL MORTGAGE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 24, 2019

1. THE TRUST

Ready Capital Mortgage Investment Trust (the "Trust") was settled as an unincorporated open-ended investment trust under the laws of the Province of Ontario pursuant to a Declaration of Trust dated January 24, 2019. The Trust is the sole limited partner in Ready Capital Mortgage Limited Partnership (the "Partnership"). The Trust aims to provide its unitholders with stable and secure returns while preserving its investable capital. The term of the Trust is indefinite, subject to certain conditions. The Trust is not a reporting issuer in any province or territory of Canada. The Trust is not a trust company and does not carry on business as a trust company, and therefore, is not registered under applicable legislation in any jurisdiction.

The Trust is a non-bank provider of mortgage loans and will make monthly cash distributions to unitholders from monies received from the Partnership and in the ordinary course distribute all of the distributable cash of the Trust calculated in accordance with its distribution policy. The principal place of business of the Trust is located at 4400 Highway 7 East, Markham, Ontario L3R 1M2.

Christine Xu, Martin Reid and Ronald Cuadra are the trustees of the Trust. Rite Alliance Management Inc. is the Trust Manager of the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These financial statements were authorized to issue by the Trust Manager on January 31, 2019

Basis of preparation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective as at January 24, 2019. The Trust's annual reporting date is December 31.

These financial statements are presented in the functional currency of the Trust, Canadian dollars.

READY CAPITAL MORTGAGE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS JANUARY 24, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial instruments

IFRS 9, Financial Instruments – Classification and Measurement (“IFRS 9”) requires financial assets to be classified as amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of these assets. Assessment of the business model approach in use is an accounting judgment. Fair value changes for financial liabilities at FVTPL, which are attributable to changes in the entity’s own credit risk, are to be presented in other comprehensive income unless they affect amounts recorded in income. Financial assets and liabilities are recognized in the financial statements when the Trust becomes a party to the contractual provisions of the instruments. The Trust Manager has designated its cash as financial assets at FVTPL, which is measured at fair value.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

Provisions

The Trust recognizes a provision, if as a result of a prior event, the Trust has a current obligation requiring the outflow of resources to settle. Provisions are recorded at the Trust Manager’s best estimates of the most probable outcome of any future settlement.

Critical judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods.

READY CAPITAL MORTGAGE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS JANUARY 24, 2019

3. UNITS ISSUED AND OUTSTANDING

The authorized capital of the Trust consists of an unlimited number of trust units, issuable in series designated in one or more classes of units. Each issued and outstanding unit represents an undivided interest in the net assets of the Trust.

The initial unit transaction on January 24, 2019 is as follows:

Units outstanding, beginning of the period	-
Units issued at settlement	<u>1</u>
Units outstanding, end of the period	<u><u>1</u></u>

4. RELATED PARTY TRANSACTIONS

The initial subscription of 1 unit of the Trust is held by Rite Alliance Management Inc., the Trust Manager.

When related parties enter unitholder transactions with the Trust, the exchange amount of consideration is the transactional net asset value available to all other unitholders on that trade date.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 requires that the Trust disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Trust's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

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

The Trust Manager determined that cash amounting to \$100 is the only financial asset carried at fair value and is classified as Level 1.

READY CAPITAL MORTGAGE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 24, 2019

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Currency risk

Presently, the Trust is not exposed to currency risk as our financial instruments are denominated in Canadian Dollars.

Credit risk

Presently, the Trust is not subject to significant credit risk.

Interest rate risk

Presently, the Trust is not subject to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Trust manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

6. CAPITAL MANAGEMENT

The Trust Manager considers the Trust's capital to consist of the issued units and the net assets attributable to participating unitholders.

The Trust Manager manages the capital of the Trust in accordance with the Trust's investment objectives, policies and restrictions, as outlined in the Trust's offering documents, while maintaining sufficient liquidity to meet participating unitholder redemptions.

The Trust does not have any externally imposed capital requirements.

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

FINANCIAL STATEMENT

JANUARY 25, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Partners of Ready Capital Mortgage Limited Partnership

Opinion

We have audited the accompanying financial statements of Ready Capital Mortgage Limited Partnership (the "Partnership") which comprise the statement of financial position as at January 25, 2019 and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at January 25, 2019 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 on our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

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

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS



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Independent Auditor's Report
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Segal LLP's website at www.Segalllp.com. This description forms part of our Auditor's Report.

A handwritten signature in black ink that reads "Segal LLP". The word "Segal" is written in a cursive script, while "LLP" is in a simple, blocky font.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 31, 2019

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION AS AT JANUARY 25, 2019

ASSETS

Current

Cash	\$ <u>200</u>
------	---------------

LIABILITIES

Net assets attributable to holders of redeemable units	\$ <u>200</u>
--	---------------

Net assets attributable to holders of redeemable units per Class

Class A	\$ 100
---------	--------

General Partner	<u>100</u>
-----------------	------------

	\$ <u>200</u>
--	---------------

Number of redeemable units outstanding

Class A, note 5	1
-----------------	---

General Partner	-
-----------------	---

Net assets attributable to holders of redeemable units per unit

Class A	\$ 100.00
---------	-----------

General Partner	-
-----------------	---

Approved on behalf of the General Partner:

 _____, Director

_____, Director

See accompanying notes to the financial statements

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 25, 2019

1. THE PARTNERSHIP

Ready Capital Mortgage Limited Partnership (the "Partnership") is a limited partnership established under the laws of the Province of Ontario pursuant to the filing of a declaration of limited partnership on January 25, 2019. Ready Capital Mortgage Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario, is the General Partner (the "General Partner") of the Partnership. Falcon Ridge Mgmt Ltd. is the mortgage administrator (the "Mortgage Administrator") of the Partnership. Rite Alliance Management Inc. is the mortgage manager (the "Mortgage Manager") and Moneybroker Canada Inc. is the mortgage originator (the "Mortgage Originator"). The Partnership intends to carry on its business to invest in mortgages and to manage and administer the mortgage portfolio in accordance with the investment policies pursuant to the limited partnership agreement dated January 25, 2019. The principal place of business of the Partnership is located at 4400 Highway 7 East, Markham, Ontario L3R 1M2.

The Partnership is authorized to issue an unlimited number of redeemable units issuable in series designated in one or more classes of units. Each issued and outstanding unit represents an undivided interest in the net assets of the Partnership.

2. UNINCORPORATED BUSINESS

These financial statements reflect only the assets, liabilities, revenue and expenses of the unincorporated Partnership known as Ready Capital Mortgage Limited Partnership and do not include any other assets, liabilities, revenues or expenses of the partners or the liabilities of the partners for taxes on earnings of the Partnership. Such taxes, if any, are a liability of each partner. No provision has been made in the accounts of the salaries to the partners or interest on their invested capital.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These financial statements were authorized to issue by the General Partner on January 31, 2019.

Basis of preparation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective as at January 25, 2019. The Partnership's annual reporting date is December 31.

These financial statements are presented in the functional currency of the Partnership, Canadian dollars.

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS JANUARY 25, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial instruments

IFRS 9, Financial Instruments – Classification and Measurement (“IFRS 9”) requires financial assets to be classified as amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of these assets. Assessment of the business model approach in use is an accounting judgment. Fair value changes for financial liabilities at FVTPL, which are attributable to changes in the entity’s own credit risk, are to be presented in other comprehensive income unless they affect amounts recorded in income. Financial assets and liabilities are recognized in the financial statements when the Partnership becomes a party to the contractual provisions of the instruments. The General Partner has designated its cash as financial assets at FVTPL, which is measured at fair value.

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

Provisions

The Partnership recognizes a provision, if as a result of a prior event, the Partnership has a current obligation requiring the outflow of resources to settle. Provisions are recorded at the General Partner’s best estimates of the most probable outcome of any future settlement.

Critical judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods.

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS JANUARY 25, 2019

4. LIMITED PARTNERSHIP ENTITLEMENTS

The Limited Partners' entitlements with respect to the net assets attributable to the holders of redeemable units and distribution of income are generally as follows:

a) Ownership of assets

A prorata share of the net assets attributable to holders of redeemable units of the Partnership in the proportion that each Limited Partner's capital bears to the aggregate Limited Partners' capital.

b) Allocation of net income or loss

Net income of the Partnership will be allocated on an annual basis, in arrears, 99.999% to the Limited Partners and 0.001% to the General Partner to a maximum of \$100 per annum. The Limited Partners' share of the income and loss of the Partnership is allocated to Limited Partners in the proportion to their ownership of redeemable units at the commencement of the period.

c) Distributions of income

On each distribution date, on or about the 15th day of each calendar month, distributable cash will be distributed first, as to 99.999% to the Limited Partners in proportion to the number of units held by each Limited Partner on the distribution record date immediately preceding date of such distribution; and second, as to 0.001% to the General Partner to a maximum of \$100 per annum.

d) Redemptions

Limited Partners may redeem the units by tendering to the Partnership the redemption notice specifying: a) the Limited Partner wishes to have the units redeemed by the Partnership; and b) the redemption date which shall be the first business day of the month occurring 90 days after the delivery of the redemption notice.

Upon redemption, the Limited Partner will receive proceeds of redemption equal to aggregate fair value of the units, together with an amount equal to all interest dividends declared thereon and remaining unpaid.

The General Partner has the right to require a Limited Partner to redeem some or all of the units owned by such Limited Partner on a redemption date designated by the General Partner at the fair value per unit thereof on such date, less all applicable deductions and fees, by notice in writing to the Limited Partner before the date of redemption, which right may be exercised by the General Partner in its absolute discretion.

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS JANUARY 25, 2019

5. UNITS ISSUED AND OUTSTANDING

The authorized capital of the Partnership consists of an unlimited number of units, available in one or more classes.

The initial unit transaction on January 25, 2019 is as follows:

Units outstanding, beginning of the period	-
Units issued on formation	<u>1</u>
Units outstanding, end of the period	<u><u>1</u></u>

6. RELATED PARTY TRANSACTIONS

The initial subscription of 1 unit of the Partnership is held by Ready Capital Mortgage Investment Trust.

The General Partner has contributed \$100 on January 25, 2019 to the capital of the Partnership.

When related parties enter withholder transactions with the Trust, the exchange amount of consideration is the transactional net asset value available to all other withholders on that trade date.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 requires that the Partnership disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Partnership's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

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

The General Partner determined that cash amounting to \$200 is the only financial asset carried at fair value and is classified as Level 1.

READY CAPITAL MORTGAGE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS JANUARY 25, 2019

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Currency risk

Presently, the Partnership is not exposed to currency risk as our financial instruments are denominated in Canadian Dollars.

Credit risk

Presently, the Partnership is not subject to significant credit risk.

Interest rate risk

Presently, the Partnership is not subject to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Partnership manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Partnership's reputation.

8. CAPITAL MANAGEMENT

The General Partner considers the Partnership's capital to consist of the issued units and the net assets attributable to participating unitholders.

The General Partner manages the capital of the Partnership in accordance with the Partnership's investment objectives, policies and restrictions, as outlined in the Partnership's offering documents, while maintaining sufficient liquidity to meet participating withholder redemptions.

The Partnership does not have any externally imposed capital requirements.

OFFERING MEMORANDUM CERTIFICATE

Dated the 1st day of February, 2019

This Offering Memorandum does not contain a misrepresentation.

Ready Capital Mortgage Investment Trust

By its Manager and Promoter, Rite Alliance Management Inc.

(signed) "*Christine Xu*"

Chairman of the Board of Trustees

(signed) "*Martin Reid*"

Trustee

(signed) "*Ronald Cuadra*"

Trustee

Rite Alliance Management Inc.

The Trust Manager of Ready Capital Mortgage Investment Trust

By its Board of Directors

(signed) "*Christine Xu*"

President and Director

(signed) "*Ronald Cuadra*"

Director

Statements made in this offering memorandum are those of the issuer. No person is authorized to give any information or to make any representation in connection with this offering other than as referred to in this offering memorandum, and any information or representation not referred to in this offering memorandum must not be relied upon as having been authorized by the issuer.